Cabot Circus, Bristol

Hammerson

2018 half-year results and strategy update

24 July 2018

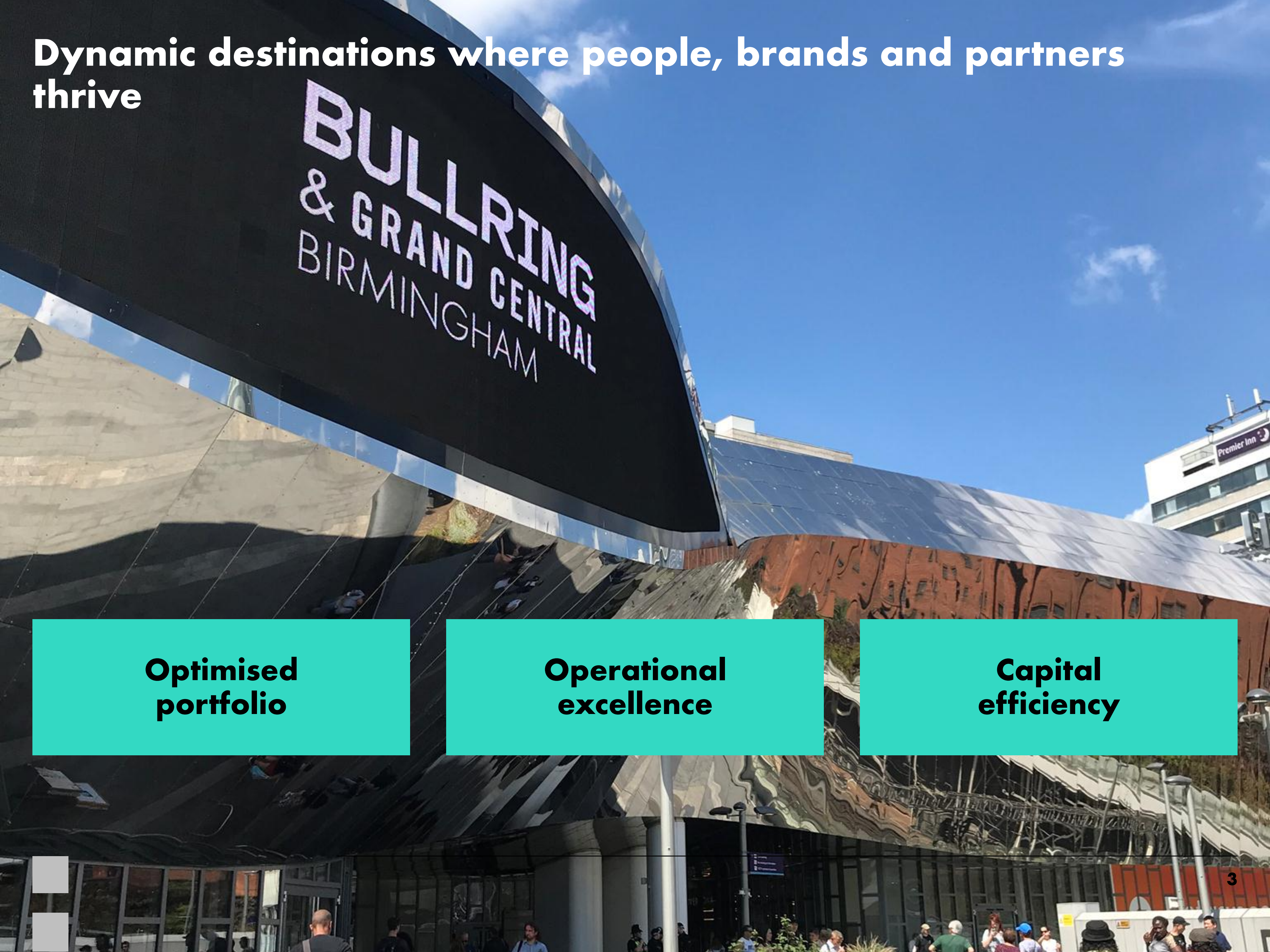
Today's agenda

01 **Market and strategy update**
David Atkins – CEO

02 **2018 half-year results**
Timon Drakesmith – CFO; Managing Director, Premium Outlets

03 **Conclusion and Q&A**
David Atkins – CEO

Dynamic destinations where people, brands and partners thrive



Optimised portfolio

Operational excellence

Capital efficiency

Agenda to boost returns

Optimised portfolio	Operational excellence	Capital efficiency
Higher growth	Proactive ahead of the market & reduce costs	Reprioritise investments
1 Focus on flagship retail destinations and Premium Outlets Exit retail parks	**5** Step change retailer line-up	**8** Implement £300m share buyback
2 Accelerate disposals: £1.1bn over two years	**6** Devoting more resource to experience-enhancing events and digital	**9** Deleverage to mid-30s% LTV
3 Increased geographical diversification	**7** Reduce costs by at least £7m p.a.	**10** Defer Brent Cross development
4 Progress City Quarters concept		

Westquay, Southampton

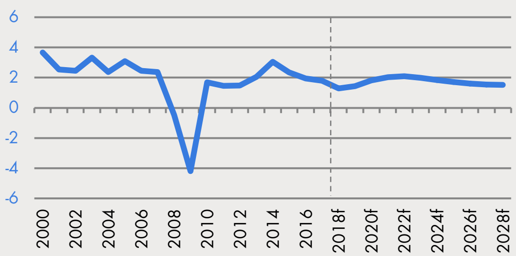
Market backdrop

Unusually turbulent period in UK retail

Economy

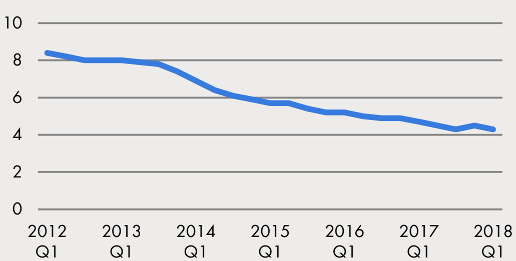
Disruption over Brexit and economic uncertainty

UK GDP growth, historic and forecast (%) [1]



Low unemployment and falling inflation still supportive

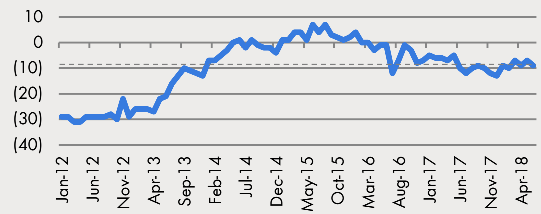
UK unemployment rate (%) [2]



Consumer

Consumer confidence in line with long run average

GFK consumer confidence index



Record levels of consumer debt

Shifting spending patterns

Online penetration[3]
17%

Growing spend on leisure [4]
+30%

Retail

Cost pressures currently heightened

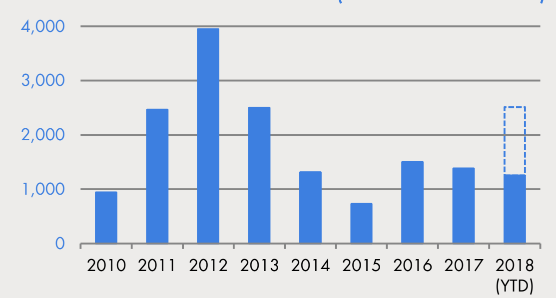
National living wage

Business rates

Currency movements

Increased store closures and CVAs

UK retailer administrations (number of stores)[5]



1 Source: Oxford Economics
2 Source: International Labour Organisation
3 Source: GlobalData (Verdict)
4 Source: Oxford Economics (rate of increase in spend on leisure relative to total consumer spend)
5 Source: Centre for Retail Research (as at June 2018); proforma annual run-rate indicated

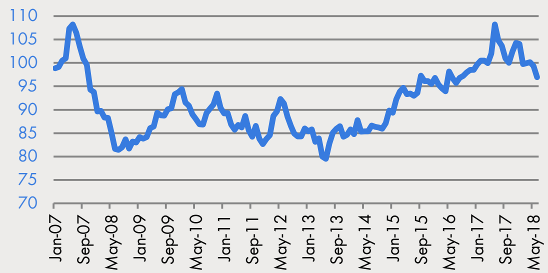
More stable backdrop in European markets

52% Continental Europe, Ireland and Premium Outlets

France (1)

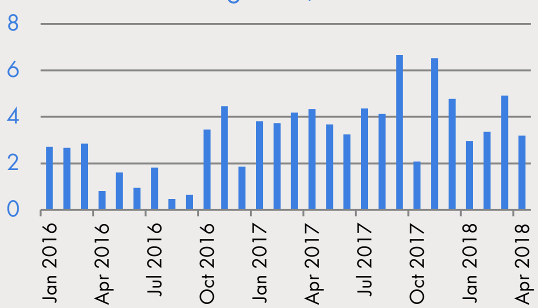
Confidence in line with average

Consumer confidence index



Solid retail sales growth

France retail sales growth, %

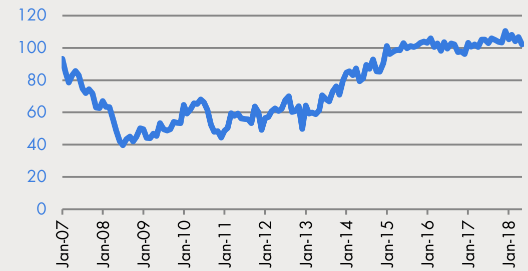


H1 2018 retail sales +3.6%

Ireland (2)

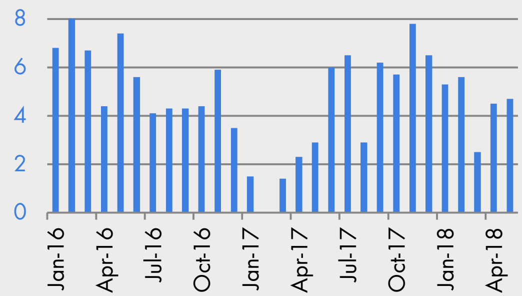
Rising consumer confidence

Consumer confidence index



Strong retail sales growth

Ireland retail sales growth, %

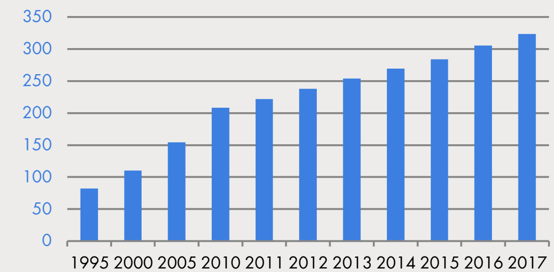


2018 YTD retail sales +4.5%

Premium Outlets (3)

Growing EU tourism from Asia

Number of tourists, (million)



Compelling returns

Market rental growth (2017)

9.9%

2017 sales density growth +6.4%

1 Source: INSEE (consumer confidence shows long-run average), (retail sales volume growth YoY, ex autos)
2 Source: ESRI (Ireland), ICSO (retail sales volume growth YoY, ex motor vehicles) Q1 2018 latest available
3 Source: UNWTO; Cushman & Wakefield

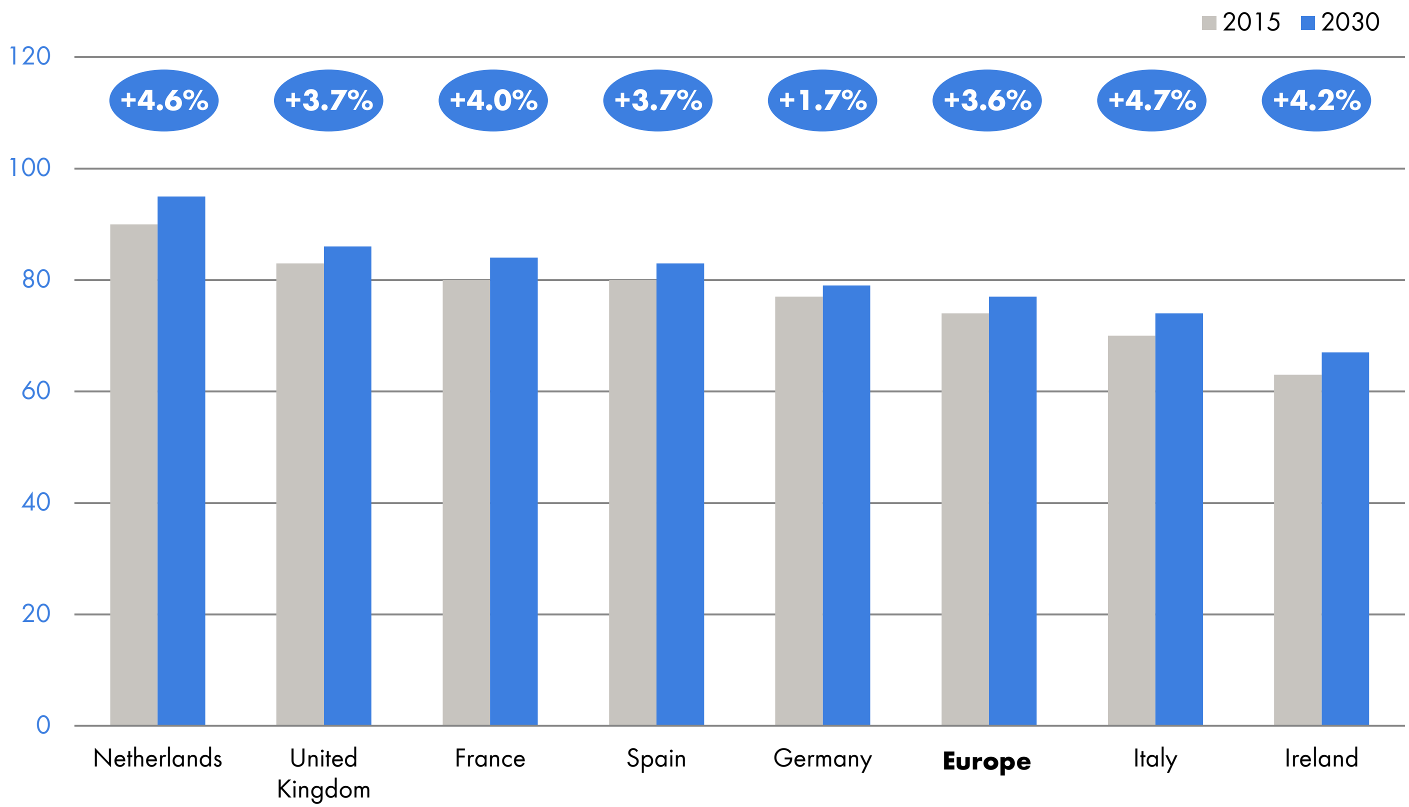
Victoria, Leeds

Key trends: the future of retail space

Key trends

Urban locations enjoy tailwinds

Proportion of population living in urban catchments in Europe (%) [1]



Large cities are positively associated with:

Income growth

Productivity

Transport and digital infrastructure

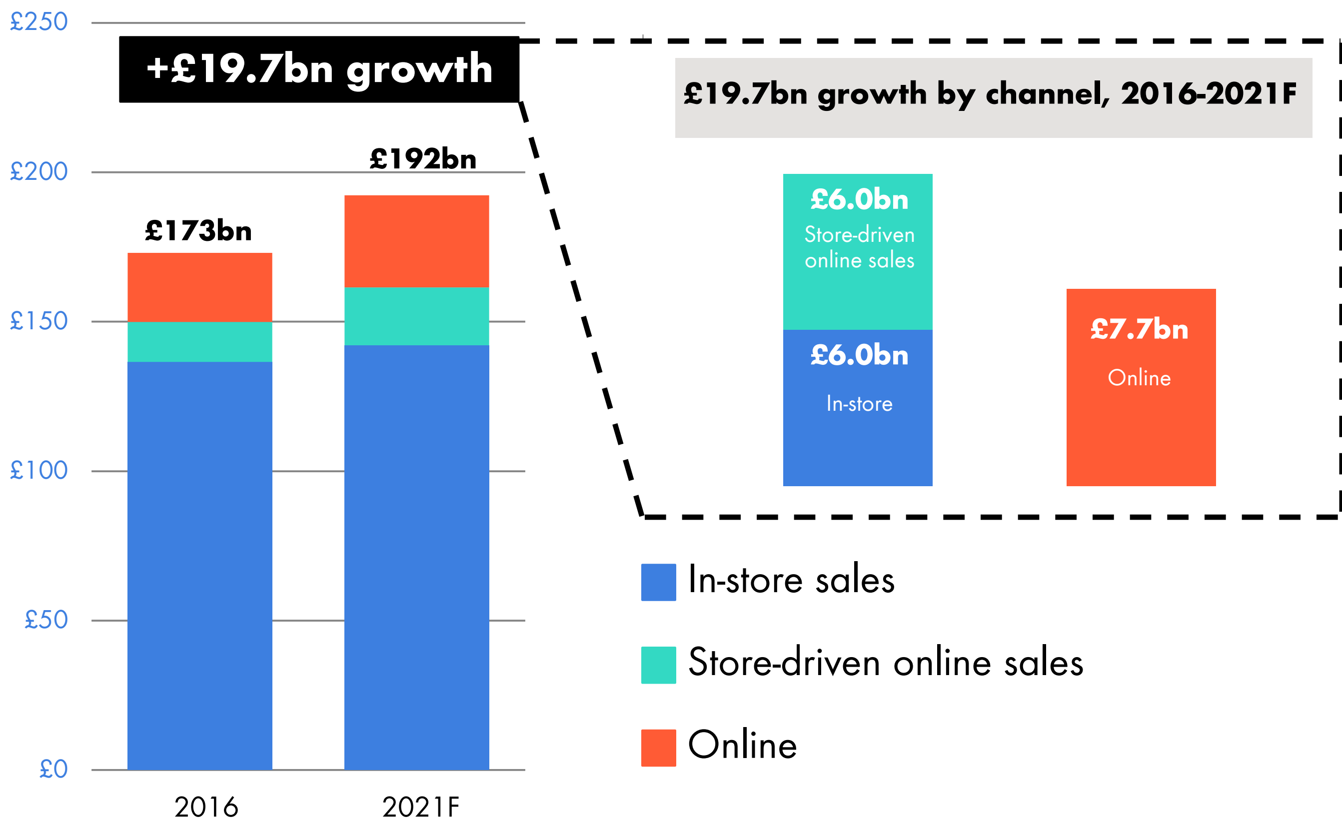
Technological adoption

By 2030, 573m people will be living in cities in Europe, representing 78%

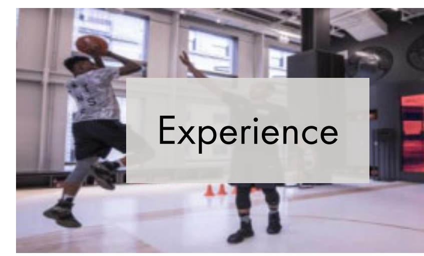
1 Source: United Nations

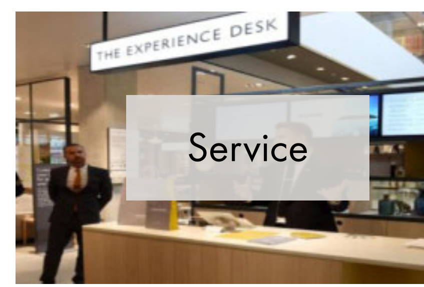
Key trends
Physical retail property remains core

Total UK retail sales growth by channel, 2016 – 2021F (£bn) [(1)]



Store differentiation

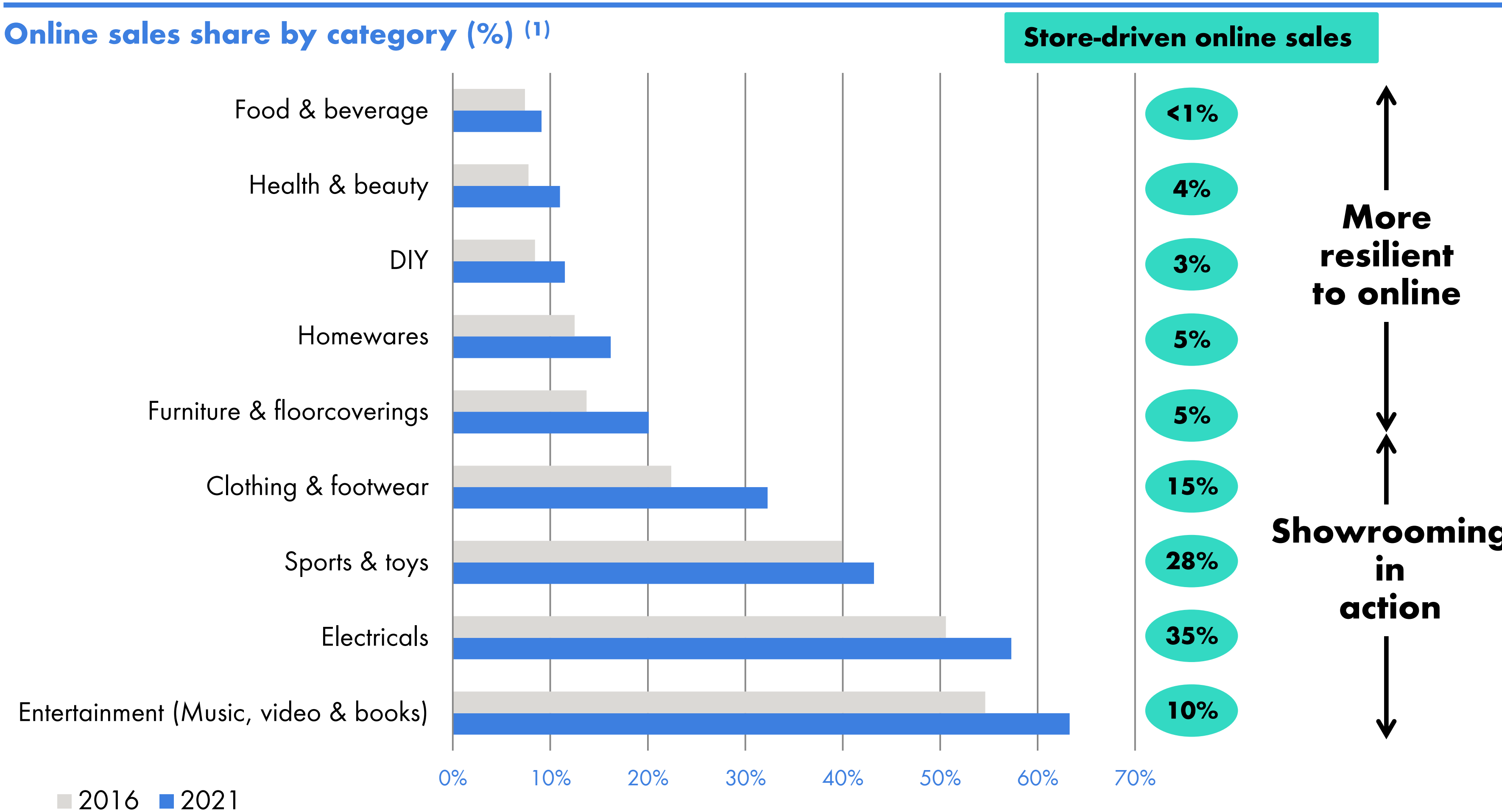




1 Source: GlobalData (Verdict)

Patterns in consumer demand will inform future category mix

Online sales share by category (%) [1]

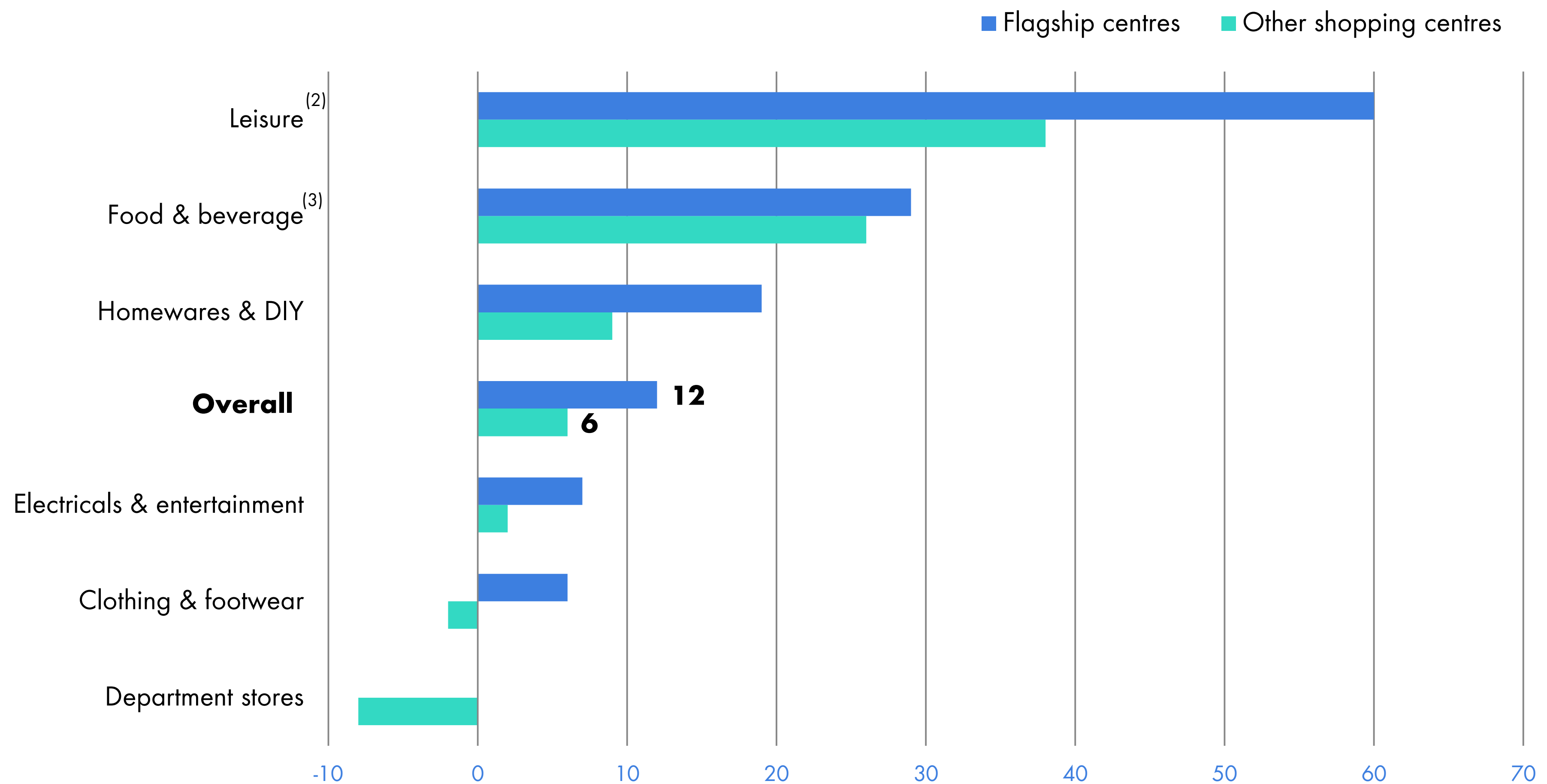


1 Source: GlobalData (Verdict)

Key trends

Large, flagship destinations outperform

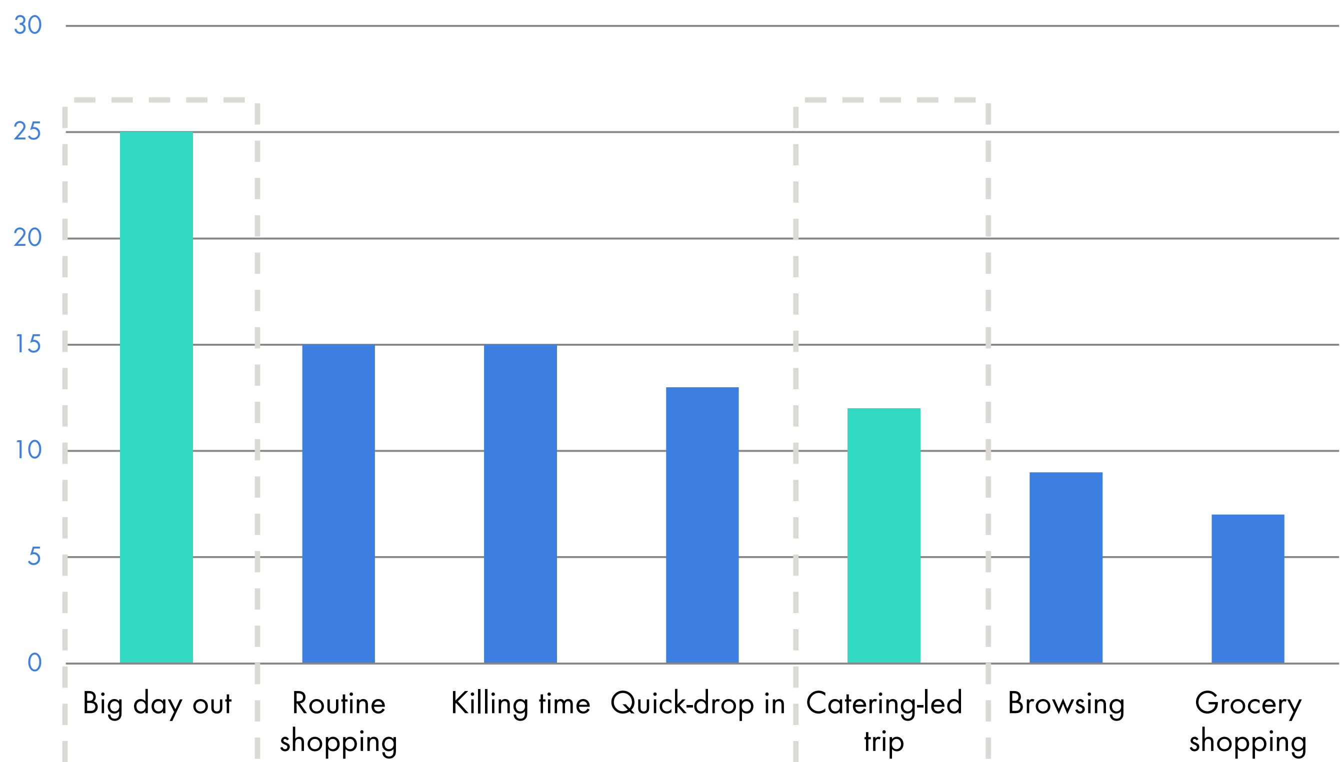
Change in number of units at large vs other shopping centres (% change 2015-2018) (1)



1 Change May 2015 to May 2018. Based on GlobalData (Verdict) classification of 20 UK supermalls, defined as a large centre that is over 92,900m² and usually has annual footfall over 20 million. Includes 5 Hammerson properties. Source: GOAD, GlobalData (Verdict)

Consumers want a 'big day out'

Distribution of shopping missions to large shopping centres (%) [1]



	Big day out	Routine shopping	Killing time	Quick-drop in	Catering-led trip	Browsing	Grocery shopping
Average spend	**£179**	**£38**	**£38**	**£80**	**£33**	**£57**	**£50**
Change 2014-2016	**+4%**	**-3%**	**-4%**	**-2%**	**+5%**	**0%**	**0%**

1 Source: CACI Shopper Dimensions

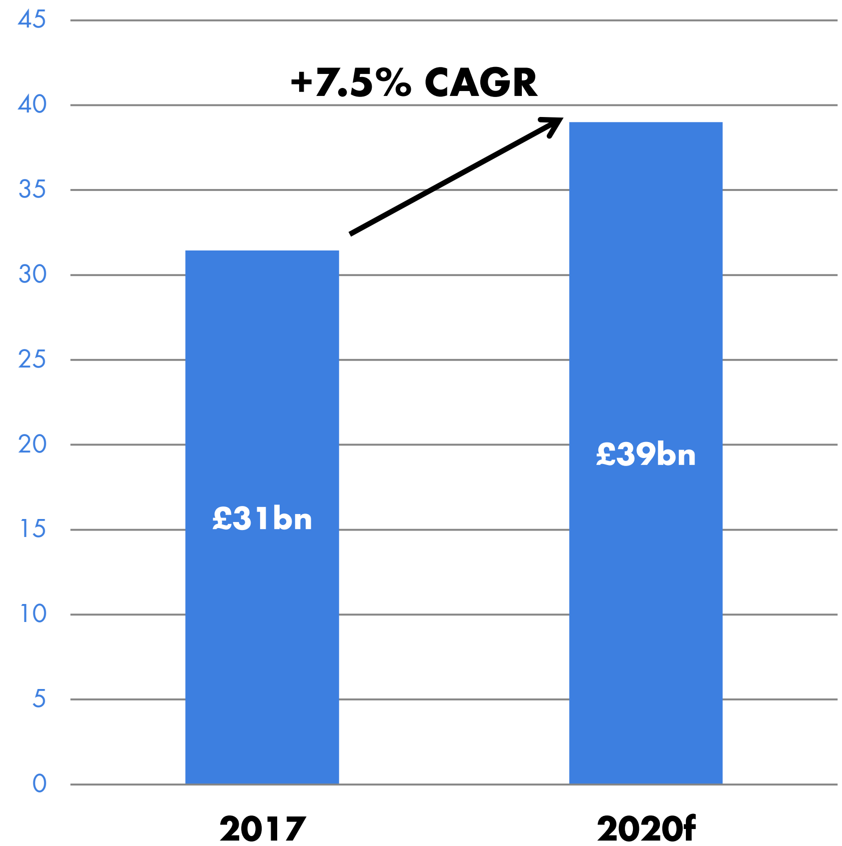
Key trends

Premium Outlets are positioned to outperform

Tax-free sales in Europe by source market [1]

	Share of 2017 sales	CAGR 2014-17
China	48%	+16%
S.E. Asia	14%	+14%
Gulf region	10%	+7%
Russia	5%	−10%
India	3%	+39%
US	1%	+25%
Other	19%	+12%

Global personal luxury goods off-price outlets sales (€bn) [2]



1 Source: Global Blue – Value Retail. Regions ordered by size of total number of visitors to Europe.
2 Source: Bain luxury goods study

Conclusions from our analysis

1

Urban locations enjoy tailwinds

2

Physical retail remains core

3

Consumer demand patterns inform future tenant mix

4

Large, flagship destinations outperform

5

Consumers want 'big day out'

6

Premium Outlets outperform

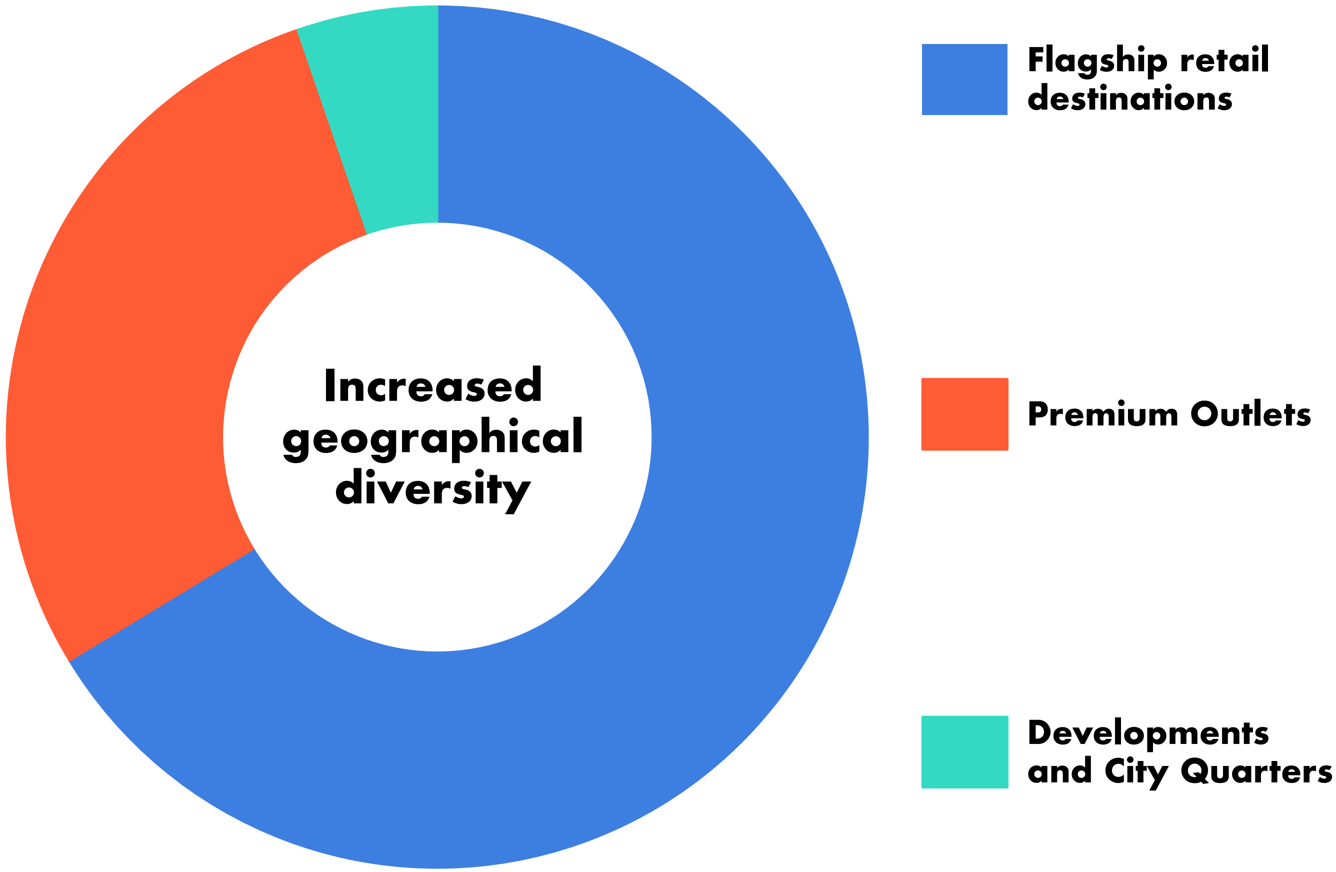
BarberBarber, LinkStreet Birmingham

Optimised portfolio

Optimised portfolio

Dynamic destinations

Illustrative portfolio mix (2020+)



Optimised portfolio

Defining our flagship retail destinations

Characteristics of our flagship retail destinations

Urban

>1.5m catchment

Consumer

>18m footfall

Brands

+45% more space allocated to F&B [1]

Scale of asset

+50% larger than average [1]

Historical financial performance

	Flagship retail destinations	Current group portfolio average
LfL NRI growth p.a. (%) [2]	**2.6%**	2.2%
ERV growth p.a. (%) [2]	**1.6%**	1.3%
5-year IRR (%) [2]	**9.2%**	6.6%

1 Operational metrics of flagship assets relative to current portfolio average
2 Average across assets, over 5 year period, Jan 2012 – Dec 2017

Optimised portfolio

Reshaping through increased disposals

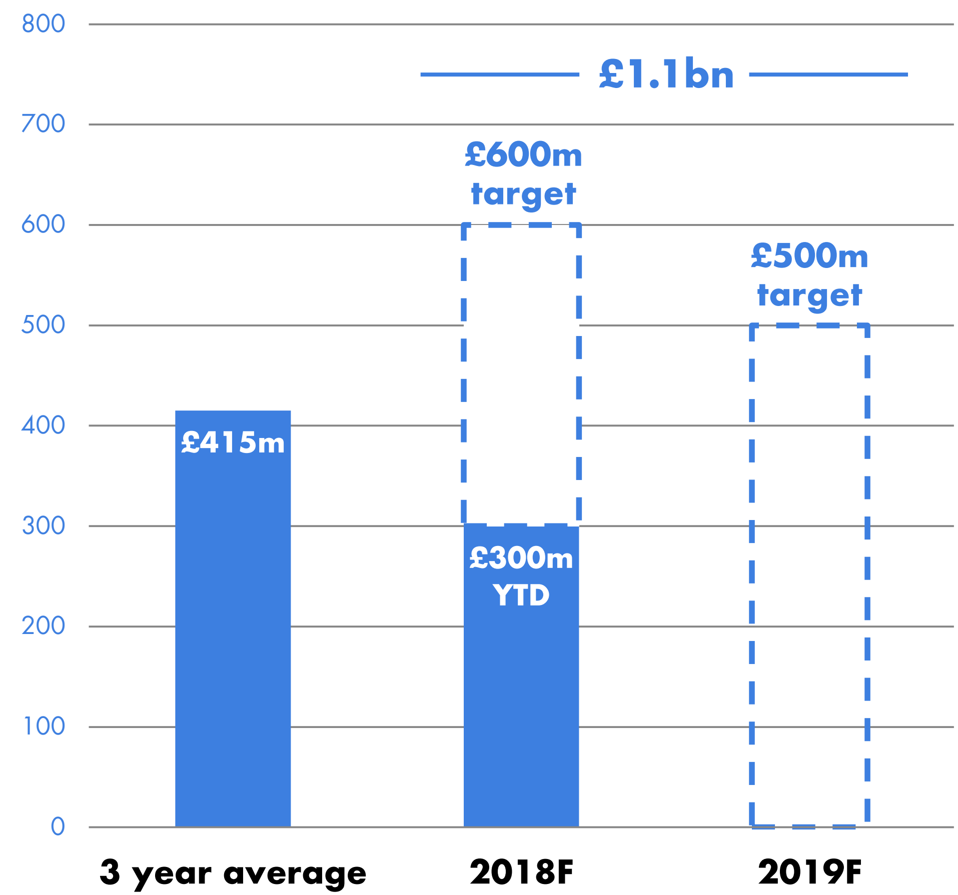
Portfolio reshaping

Focus on flagship destinations and Premium Outlets

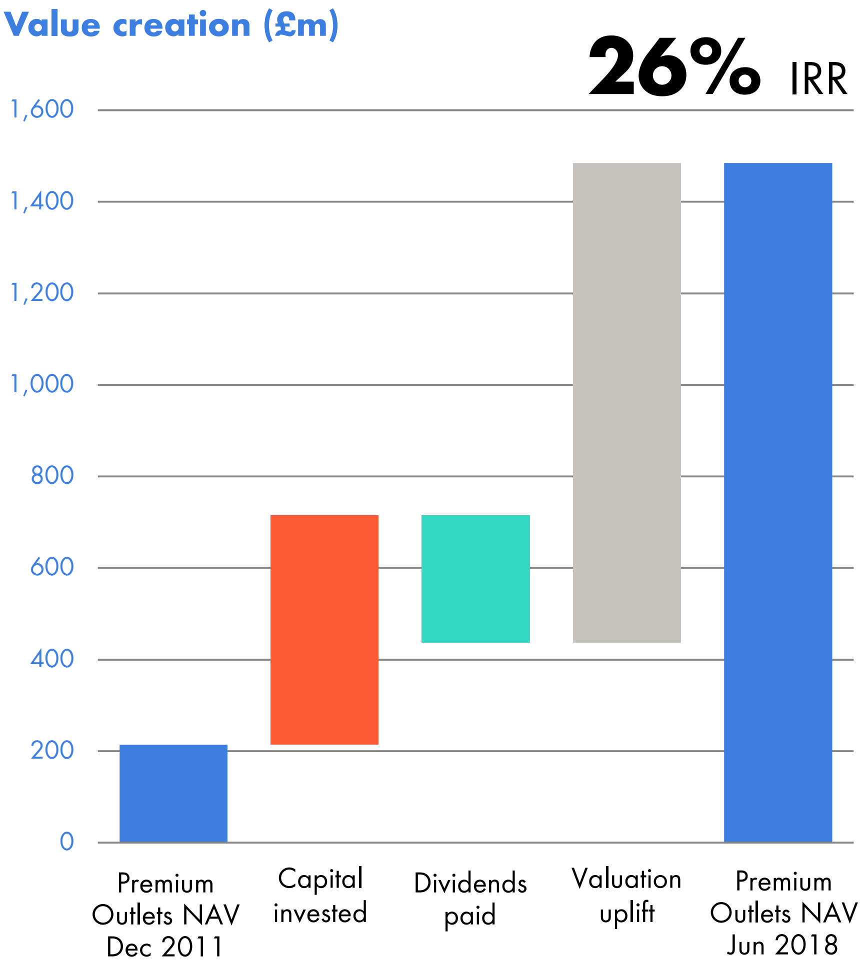
Exit retail parks portfolio

Accelerate disposals:
£1.1bn over 2018/19

Hammerson annual disposal proceeds (£m)



Capitalise on Premium Outlets' winning format



Hammerson's Premium Outlets partnership model

Cooperation
Shared expertise in management, leasing, marketing and financing

Alignment
Strategic partnership on key growth initiatives, acquisitions and extensions

Influence and preference
Governance rooted in multi-decade relationship and trust with reciprocal contractual rights

Optimised portfolio

Additional Premium Outlet investment opportunities

1 Acquisitions in VIA Outlets

2 VIA Outlets major reconfigurations

3 Strategic acquisitions of Value Retail ownership stakes

4 Value Retail extensions

Batavia Stad, Amsterdam

Bullring, Birmingham

Operational excellence

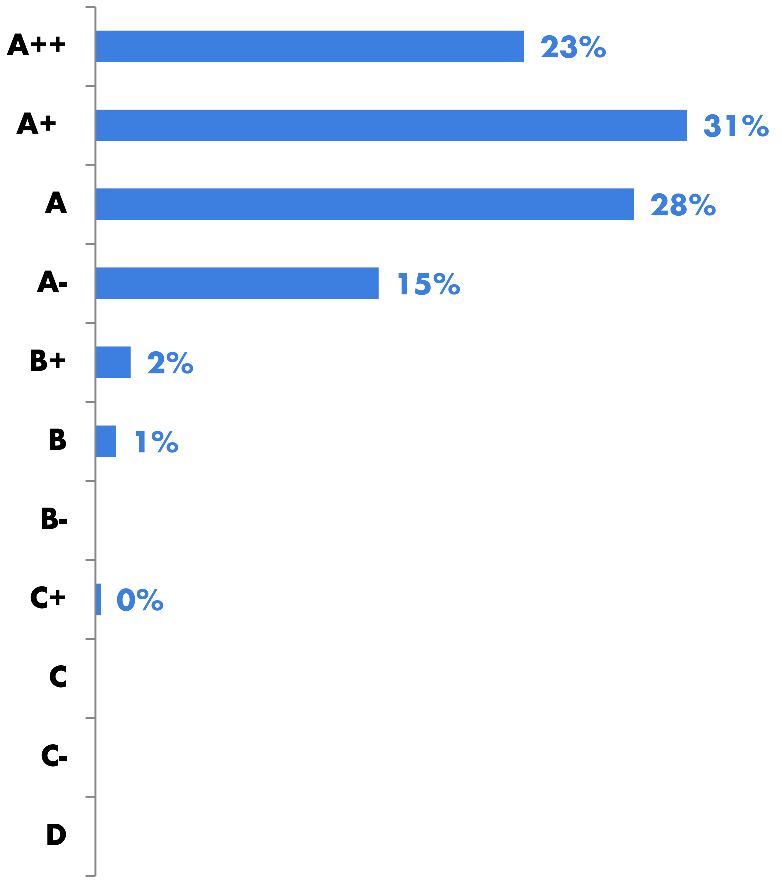
Operational excellence

Step change in UK retailer line up

Category	Current mix	Future mix	Rent/sq ft
Department stores	38%	**c.28%**	<£10/sq ft
Fashion (high street)	25%	**c.20%**	c.£30/sq ft
Fashion (aspirational)	5%	**c.10%**	+£30/sq f
Non-fashion and consumer brands	16%	**c.20%**	+£50/sq ft
F&B	10%	**c.12%**	c.£40/sq ft
Leisure/events	6%	**c.10%**	c.£15/sq ft

Operational excellence
Exceptional, well-invested portfolio

Hammerson asset quality by grade [1]




Victoria, Leeds

1 Source: Green Street Advisors database, Quality grade, weighted by Hammerson ownership

Operational excellence
Amplify the customer experience

1 **Repurpose retail**

2 **Enhance F&B and leisure offer**

3 **Maximise events**

4 **Amplify digital**

5 **Upgrade services**

Example: profiting from our position in Birmingham

Repurpose department store space

New flagship retail showrooms

Enhance event space productivity with improved public plazas

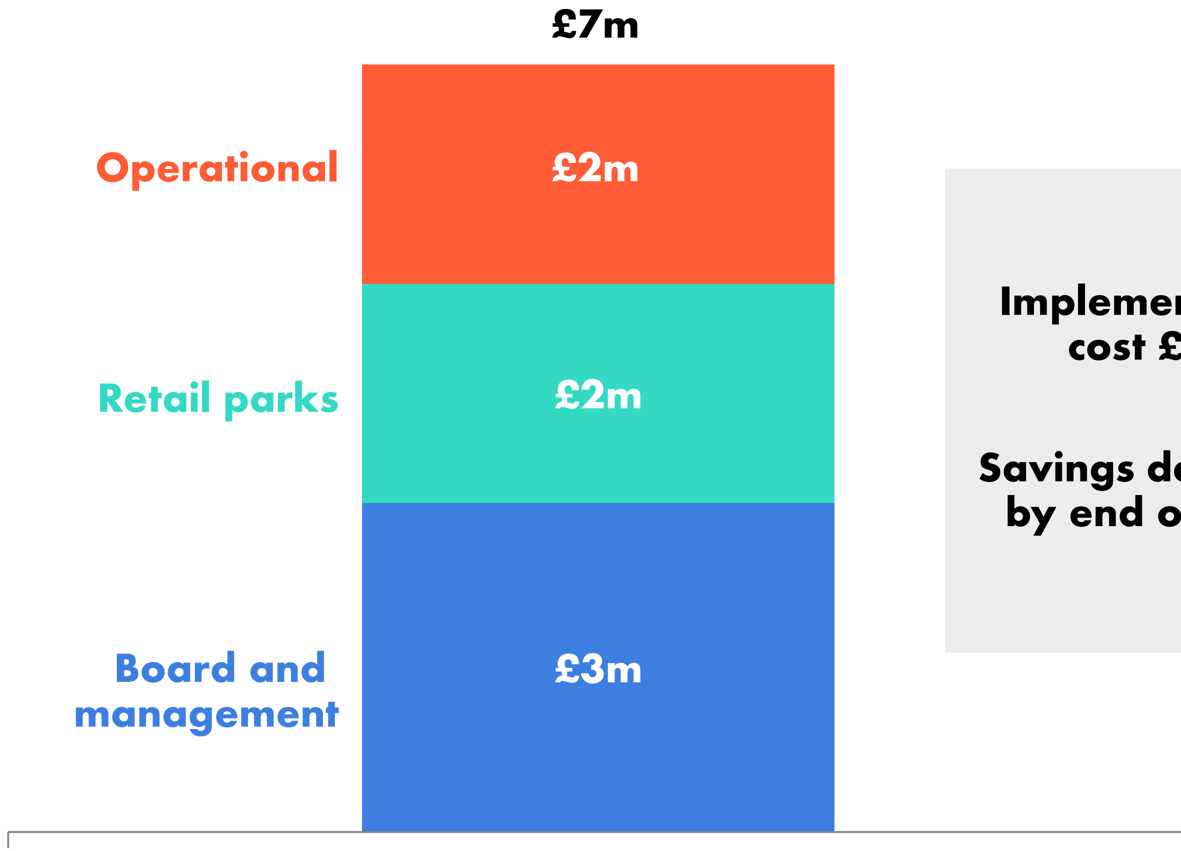
Boost annual events programme

Masterplan Martineau Galleries City Quarter

Operational excellence

Cost savings of at least £7m p.a.

Breakdown of annual cost savings (£m)



Implementation cost £4m

Savings delivered by end of 2019

Riverside at The Oracle, Reading

Capital efficiency

Capital efficiency

Current priority of capital deployment

Use of proceeds	Considerations	Financial returns/ time frame
Share buybacks	Invest in own high-quality portfolio at a discount to NAV	EPS and NAV accretive Near term
Deleverage	Proceeds from accelerated portfolio reshaping Reflect increased market uncertainty	De-risking Near/medium term
Premium Outlets	Very attractive financial returns Pursue growth opportunities	+10% IRR Near/medium term
Extensions and City Quarters and customer experience	On-site schemes progressing and financial targets on track Pre-letting slower but less risk than major developments European schemes (Ireland, France) currently preferred to UK	c.6% YOC Medium term
Major UK developments	Large, multi-stakeholder projects Decision to defer Brent Cross	c.6% YOC Medium/long term

Capital efficiency

Reduce future capex and defer the start of Brent Cross

Current forecast capex 2018 – 2019 (£m)

	2018	2019
On-site or completed developments (Les Trois Fontaines, Cergy; Italie Deux, Paris; The Orchard Centre, Didcot)	£130m	£80m
Other committed capex (Highcross and The Oracle reconfiguration, Croydon land assembly, The Goodsyard)	£100m	£40m **Defer start of Brent Cross development**
Asset management and City Quarters	£30m	£50m
Total	**£260m**	**£170m**

Capital efficiency

City Quarters concept


Victoria Leeds, phase 2


Martineau Galleries, Birmingham


The Goodsyard, London

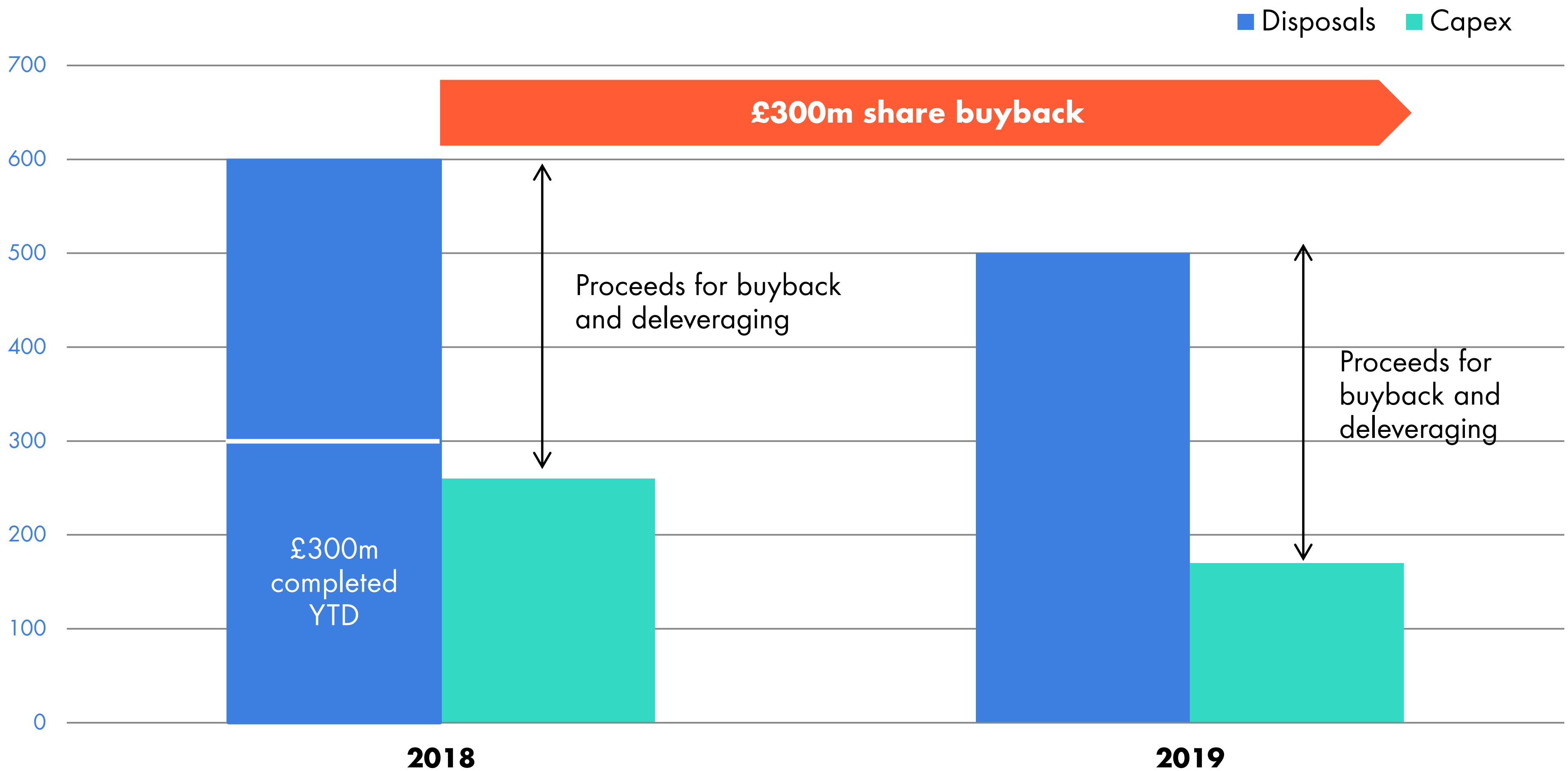

Dundrum, phase 2


Ladywood House, Birmingham


Pavilions, Swords

Significant proceeds from targeted disposals will be allocated to shareholder returns and deleveraging medium-term

Projected cash proceeds / uses (£m)



Agenda to boost returns

Optimised portfolio	Operational excellence	Capital efficiency
Higher growth	Proactive ahead of the market & reduce costs	Reprioritise investments

Optimised portfolio

1 Focus on flagship retail destinations and Premium Outlets

Exit retail parks

2 Increased geographical diversification

3 Accelerate disposals: £1.1bn over two years

4 Progress City Quarters concept

Operational excellence

5 Step change retailer line-up

6 Devoting more resource to experience-enhancing events and digital

7 Reduce costs by at least £7m p.a.

Capital efficiency

8 Implement £300m share buyback

9 Deleverage to mid-30s% LTV

10 Defer Brent Cross development

Spring Festival at Brent Cross, London

2018 half-year results

Timon Drakesmith – CFO; Managing Director, Premium Outlets

Operational highlights

Solid demand for our prime space

200 leases; £13.6m new rent
4% above ERV
5% ahead of previous passing

UK shopping centre occupancy stable

97.2% despite challenging backdrop

Progressing department store reconfigurations

House of Fraser at Highcross
Debenhams at The Oracle

On site developments in France on track

6% YoC

Premium Outlets continue to perform

Portfolio sales +6%
Bicester sales strong

Les 3 Fontaines, Cergy

Westquay, Southampton

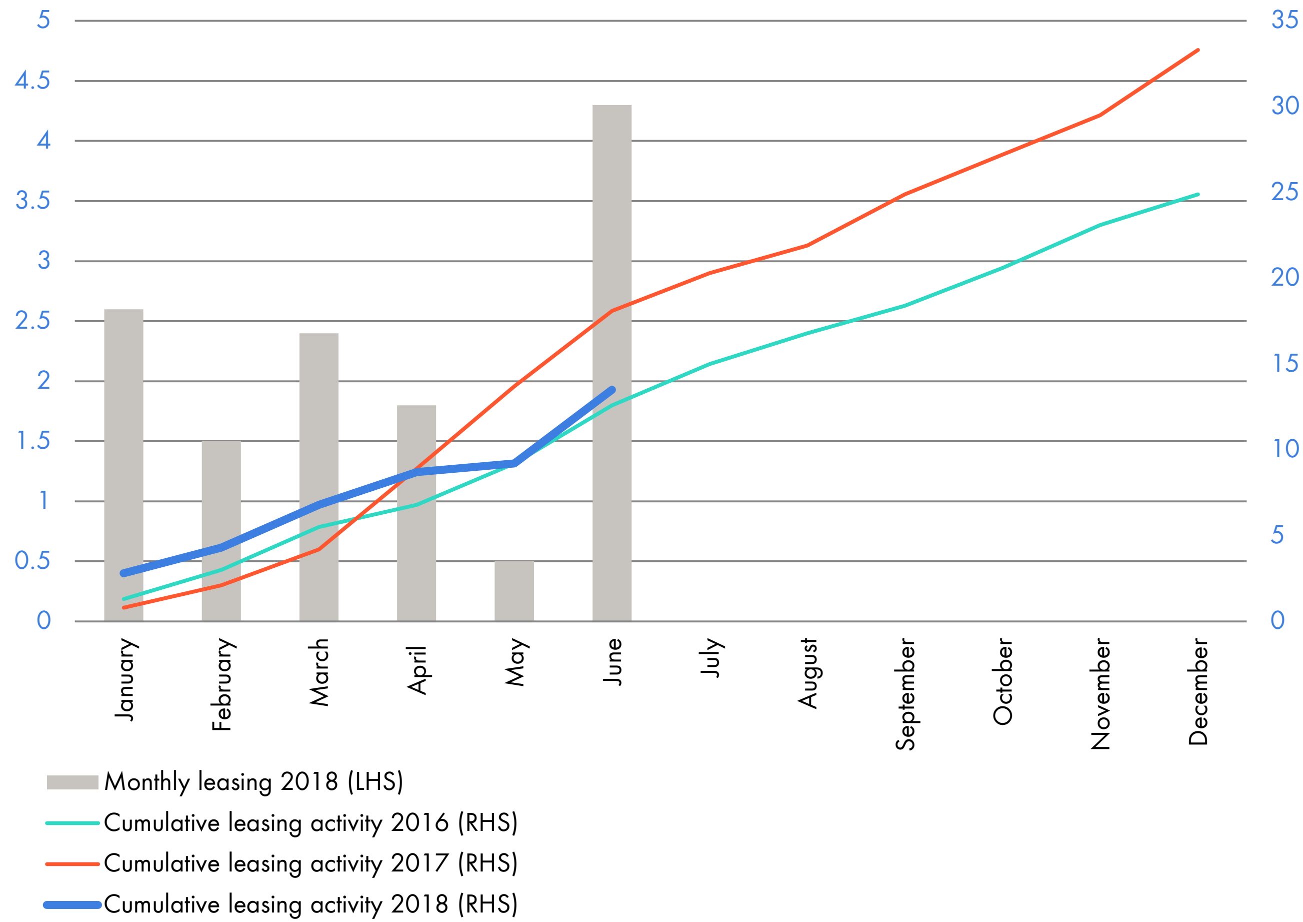
Dundrum, Dublin

Bicester Village extension

Grand Central, Birmingham

Solid progress on leasing to high-quality brands

H1 2018 leasing and cumulative vs. 2017 and 2016 (£m) (1)



1 Monthly leasing LHS axis, cumulative leasing RHS axis

H1 headline results

Income statement		30 June 2018	30 June 2017	Change
	Net rental income (£m)	178.5	184.0	−3.0%
	Adjusted profit (£m)	120.0	119.4	+0.5%
	Adjusted EPS (p)	15.1	15.1	-
	Interim dividend (p)	11.1	10.7	+3.7%

Balance sheet		30 June 2018	31 December 2017	Change
	Portfolio value (£m)	10,626	10,560	+0.6%
	EPRA NAVPS (p)	776	776	-
	LTV (%)	37%	36%	+1p.p.

2018 half-year results

LfL NRI

H1 2018 LfL NRI by sector

	LfL NRI growth (%)
UK shopping centres	–0.1%
UK retail parks	–3.4%
France	–1.1%
Ireland	4.0%
Group ex Premium Outlets	**–0.4%**
Premium Outlets	8.4%
Group	**1.6%**

UK CVA impact

UK shopping centres	H1 2018
Net rents, commercialisation and other	0.8%
CVAs and administrations	–0.9%
Total	**–0.1%**
UK retail parks	
Net rents, commercialisation and other	1.4%
CVAs and administrations	–4.8%
Total	**–3.4%**

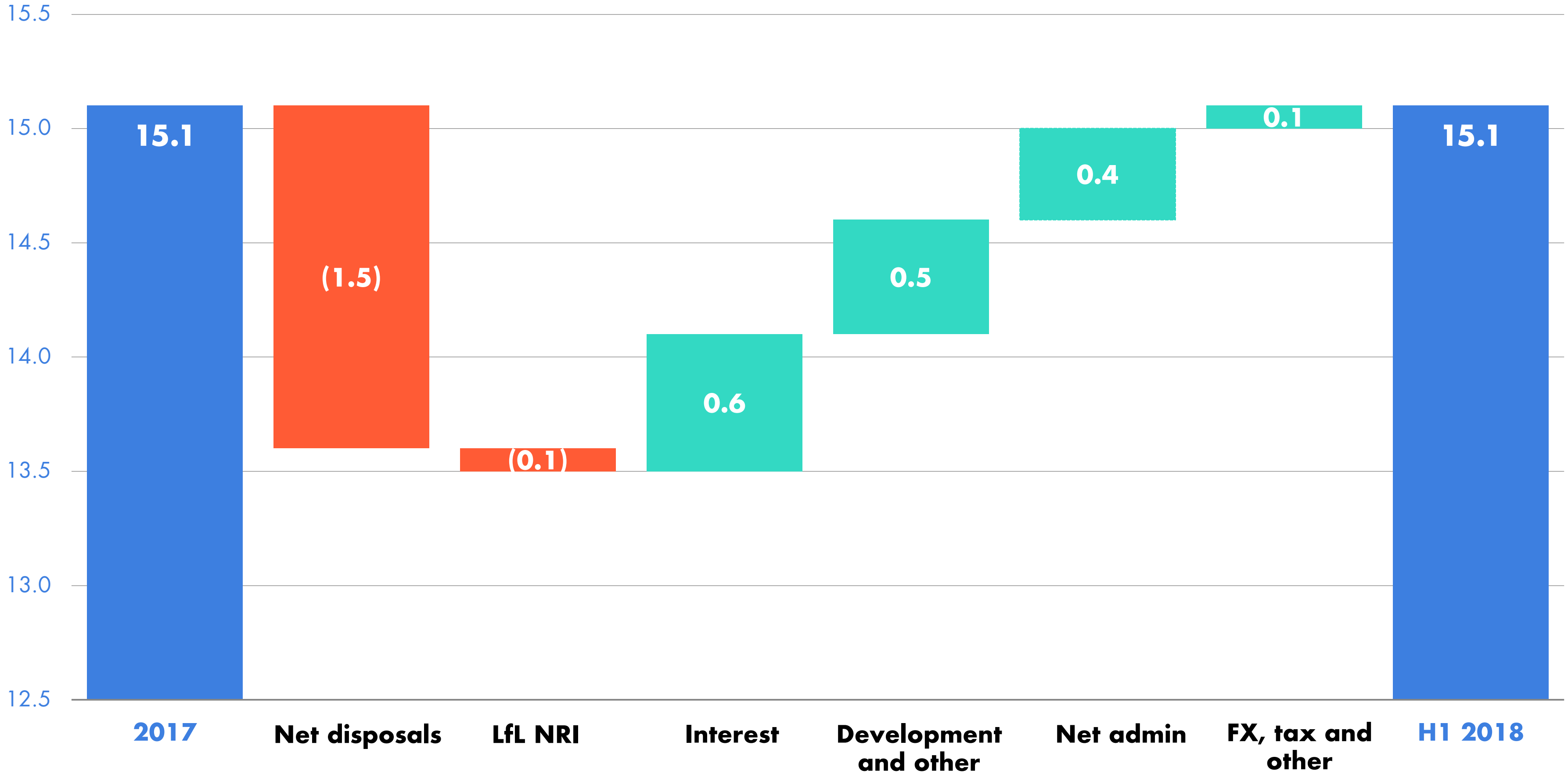
Reshaped portfolio supports enhanced LfL NRI growth

	FY 2018	2019 – 2021 range p.a.	Key drivers
UK shopping centres	−1% to +1%	+1% to +3%	Rent reviews and lease expiries Administrations and CVAs
UK retail parks	−3% to 0%	n/a	Exit Retail Parks
France	−1% to +1%	+2% to +4%	Indexation Reshaping of portfolio
Ireland	+3% to +5%	+2% to +6%	Rent review settlements Positive trading environment
Outlets	+5% to +10%	+5% to +10%	Sales growth International tourism
	+1% to +4%	**+3% to +6%**	**Reshaped portfolio** **Higher proportion of faster growth**

2018 half-year results

EPS walk

H1 2018 EPS walk (pence per share)



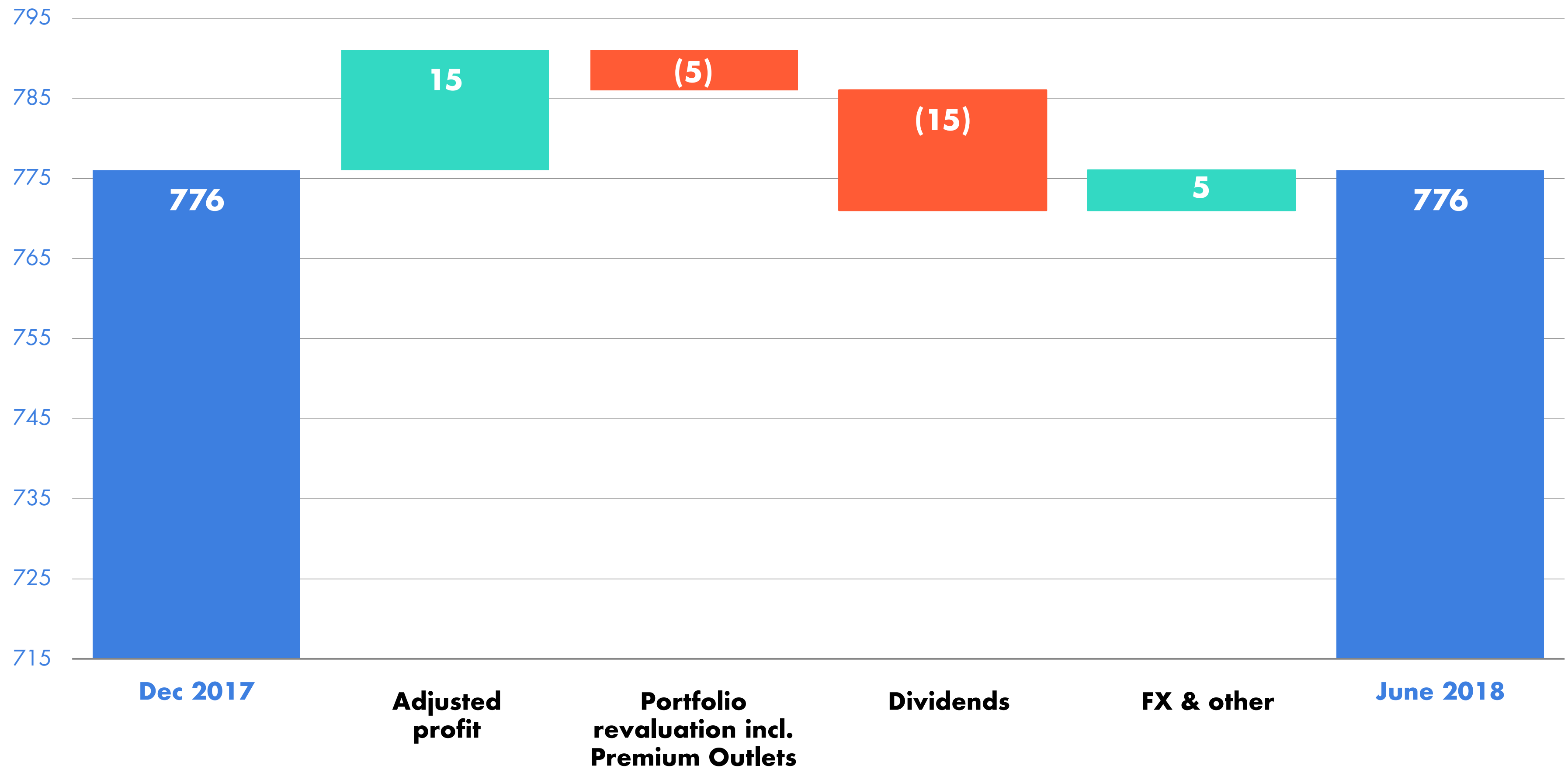
Valuations

	H1 2018 capital return [1] (%)	Drivers of underlying valuation change			Value at 30 June 2018 [2] (£m)
		Yield shift (%)	Income (%)	Other (%) [4]	
UK shopping centres	−1.4	−1.0	−0.4	-	3,502
UK retail parks	−3.7	−2.7	−1.0	-	1,141
UK other [3]	+4.8	−1.2	+0.4	+5.6	444
France	−0.6	−0.9	−0.1	+0.4	2,041
Ireland	+2.5	+0.8	+1.7	-	1,116
Premium Outlets	+1.2	+0.4	+0.8	-	2,382
Total	**−0.3**	**−0.6**	**+0.1**	**+0.2**	**10,626**

1 At constant exchange rates. Developments included per geographical segment
2 Figures on a proportionally consolidated basis
3 Principally assets held for development and non-core
4 Other capital movements reflects the impact of changes in purchasers' costs, development surpluses and capital expenditure

NAVPS

H1 2018 EPRA NAV movement (pence per share)

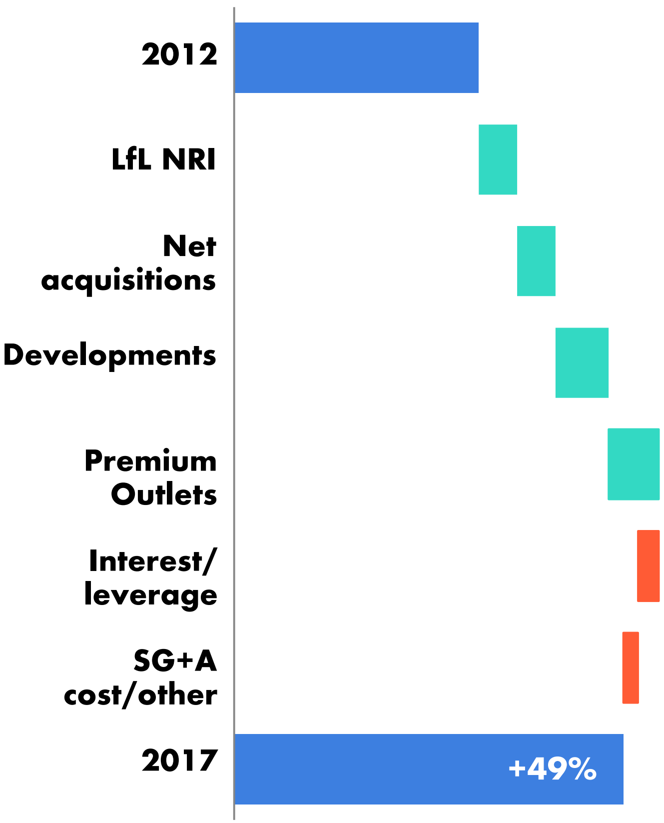


Balance sheet ratios

	Financing policy	30 June 2018	31 December 2017
Net debt	-	**£3,585m**	£3,501m
Gearing	<85%	**60%**	58%
Loan to value	<40%	**37%**	36%
Cash and undrawn facilities	-	**£878m**	£958m
Weighted average cost of debt	-	**2.8%**	2.9%
Interest cover	>2.0x	**3.4x**	3.4x
Net debt/EBITDA	<10x	**10.0x**	9.3x
Fixed rate debt	>50%	**81%**	78%
GBP/EUR FX balance sheet hedging	70% - 90%	**78%**	78%

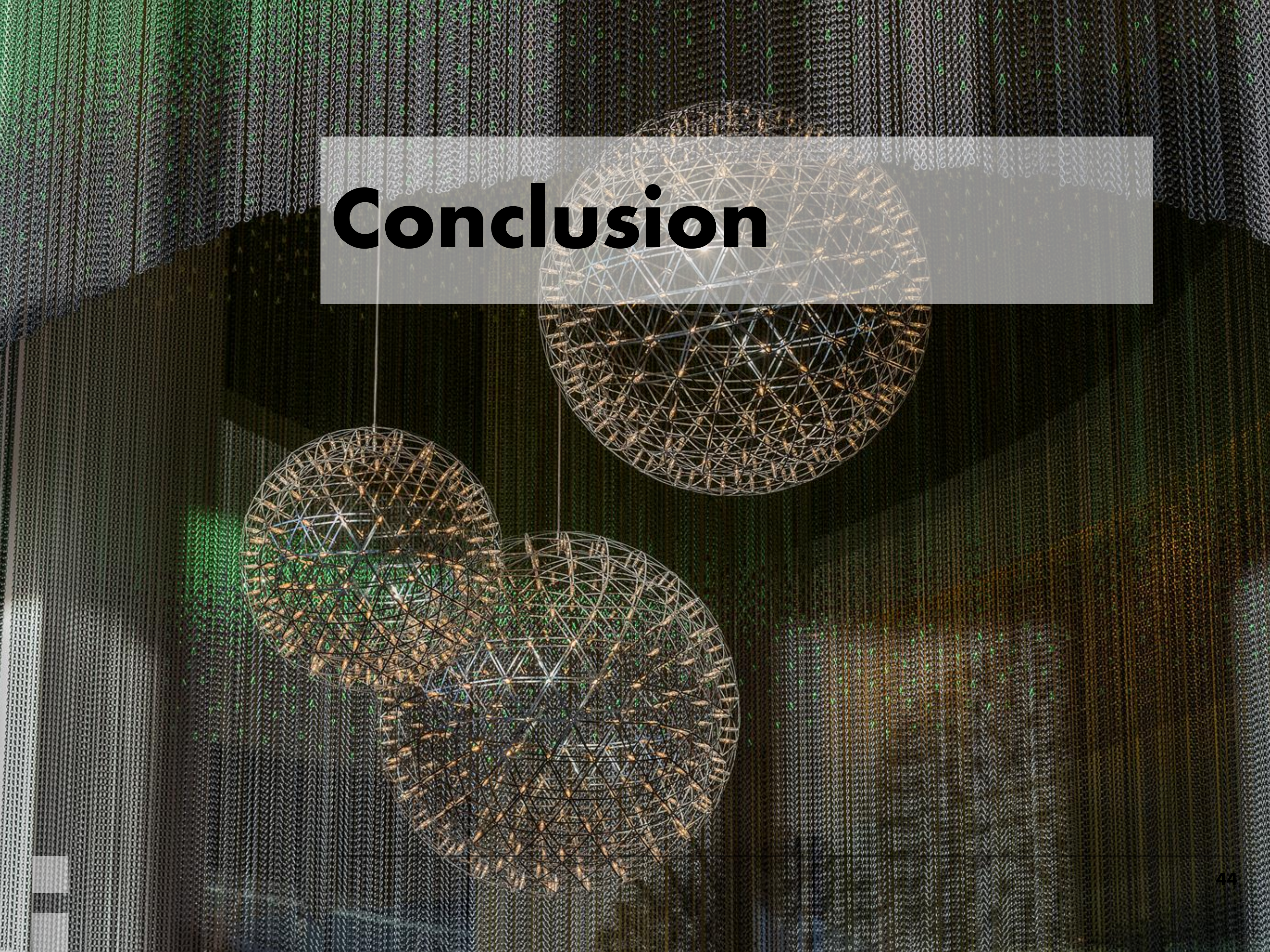
Enhance quality of future earnings

Drivers of EPS growth 2012-2017

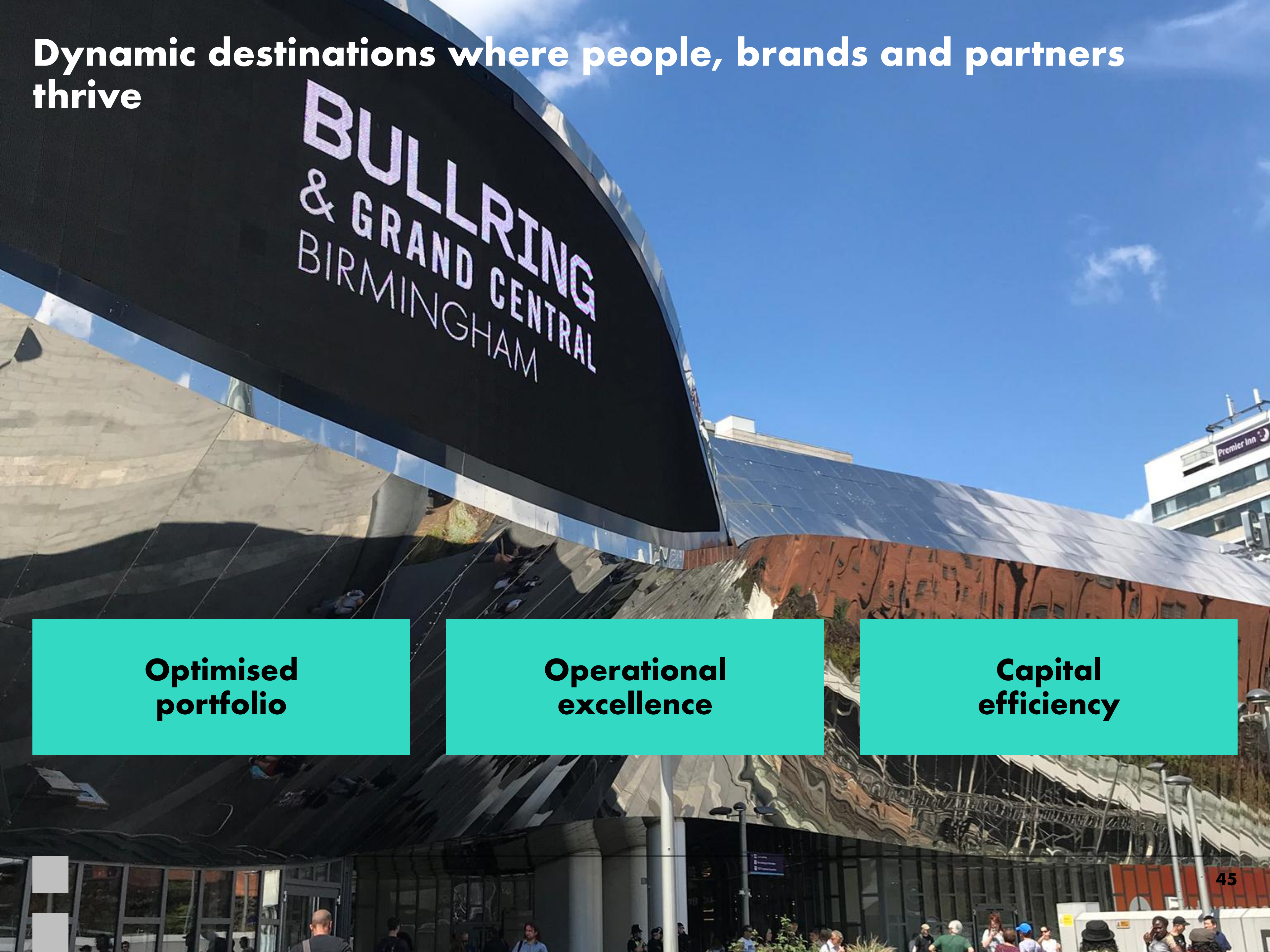


	Period of transition 2018-2019	Growth 2020+
LfL NRI	**Neutral** – Tougher backdrop	**Positive** – Enhance LfL NRI
Net acquisitions	**Negative** – Disposals	**Neutral** – Flat or net acquisitions
Developments	**Neutral** – Deferring projects	**Positive** – Cergy and Italie Deux completed
Premium Outlets	**Positive** – Structural growth	**Positive** – Structural growth
Interest/ leverage	**Positive** – Share buyback and interest savings	**Positive** – Interest savings
SG+A cost/other	**Neutral** – Delivery of cost savings	**Positive** – Cost savings

Conclusion



Dynamic destinations where people, brands and partners thrive



Optimised portfolio

Operational excellence

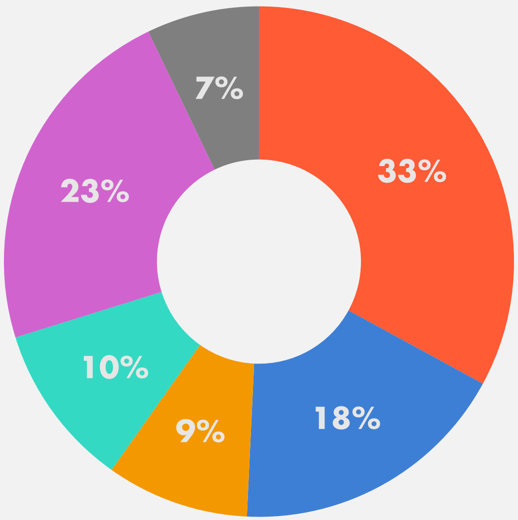
Capital efficiency

Questions

Cabot Circus, Bristol

Appendices

£10.6 billion leading pan-European retail platform



UK shopping centres - £3.5bn

France - £1.9bn

Ireland - £1.0bn

UK retail parks - £1.1bn

Premium Outlets - £2.4bn

Development & UK other - £0.7bn

57
European shopping destinations

14
Countries

Top 3
Market position in all chosen sectors

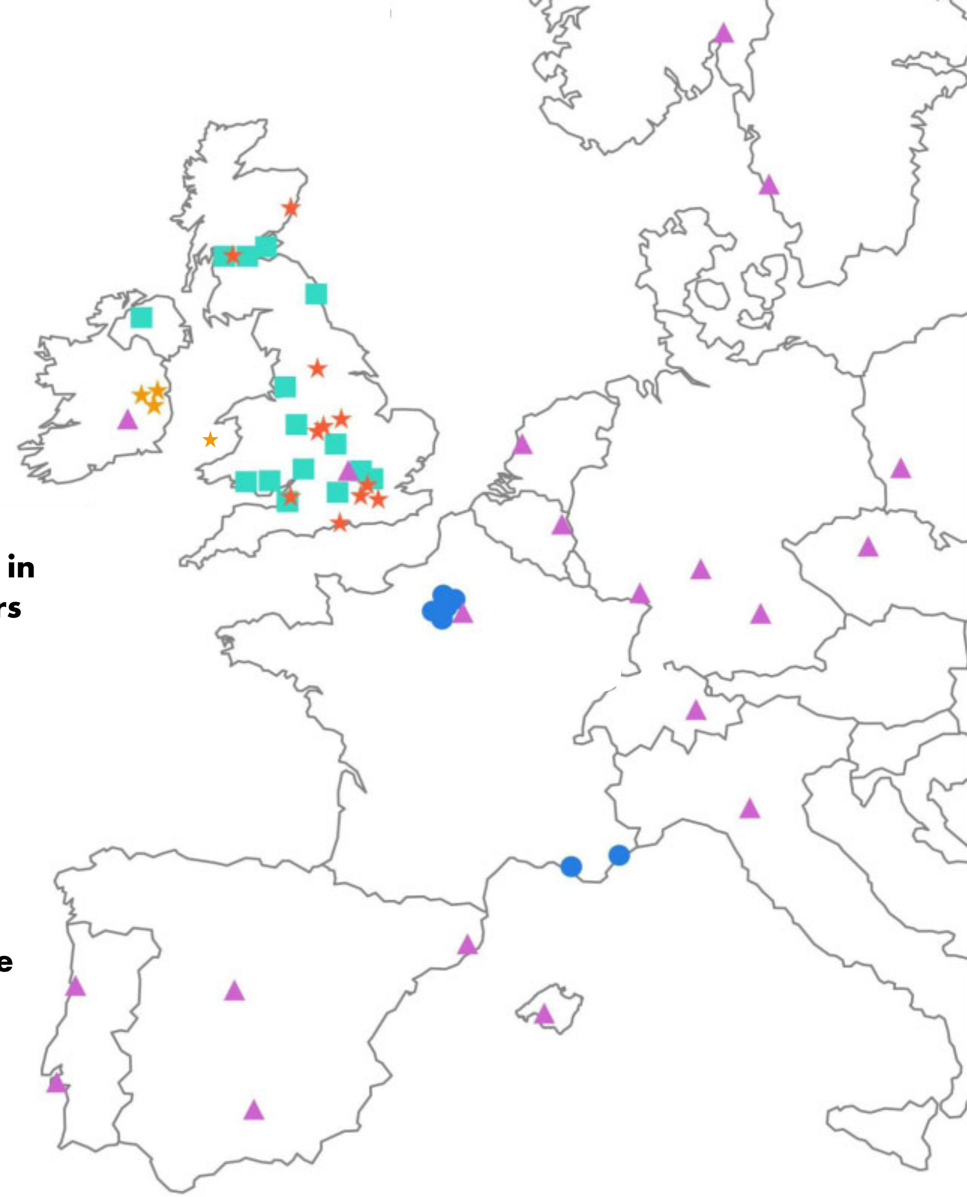
44%
non-UK assets

2.3m
sq m retail space

440m
visitors

4,800
Tenants

Position as at 30 June 2018



★ 11 - UK shopping centres
● 8 - France shopping centres
★ 3 - Ireland shopping centres
■ 15 - UK retail parks
▲ 20 - Premium Outlets

Appendices

H1 operational update: UK shopping centres

UK shopping centres H1 2018

LfL NRI (%)	–0.1
Occupancy (%)	97.2
Leasing activity (£m)	6.8
Leasing vs. ERV (%)	+5
In-store retail sales (%)	–2.5
Footfall (%)	–1.6

Key leases signed with:

TOMMY HILFIGER
TAGHeuer
COMPTOIR LIBANAIS LEBANESE CANTEEN
Bershka
SEASALT CORNWALL
& other Stories
Joules
CALVIN KLEIN
NYX PROFESSIONAL MAKEUP
HOLY MOLY

Comptoir Libanais, Grand Central

Average H1 2018 leasing package 8 months
(H1 2017: 10 months)

H1 operational update: UK retail parks

UK retail parks H1 2018

LfL NRI (%)	−3.4
Occupancy (%)	94.5
Leasing activity (£m)	1.3
Leasing vs. ERV (%)	+4
Footfall (%)	−1.9

Positive operational trends[1]:

- **+7%** Retail spend
- **+11%** Click + Collect spend
- **+3%** Dwell time

The Orchard Centre, Didcot now 71% let

The Orchard Centre, Didcot

1 Source: CACI consumer survey, YoY increase

H1 operational update: Ireland

Ireland H1 2018	
LfL NRI (%)	+4.0
Occupancy (%)	98.9
Leasing activity (£m)	1.5
Leasing vs. ERV (%)	+6

Leases signed with:

Improving the catering offer at Pavilions, Swords with three new restaurant units

Commenced construction of three new restaurant units

€3.3m scheme to link first floor retail mall to new restaurant quarter

Improving casual dining offer to drive dwell time

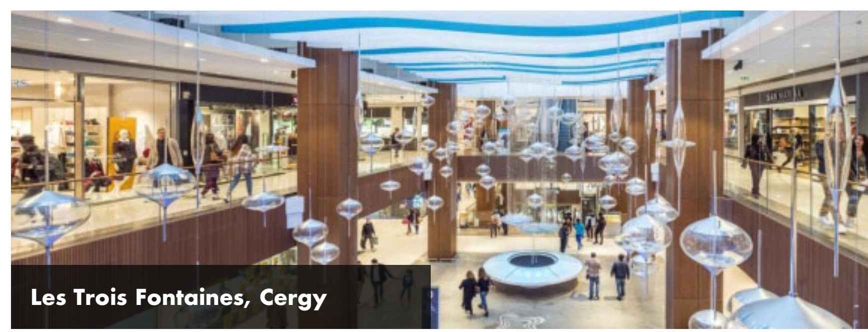
Leases signed with Five Guys and Milano

H1 operational update: France

France H1 2018	
LfL NRI (%)	–1.1
Occupancy (%)	97.1
Leasing activity (£m)	3.6
Leasing vs. ERV (%)	+2
In-store retail sales (%)	+2.9
Footfall (%)	+2.3

Key leases signed with:

Nespresso, Les Terrasses du Port


Les Trois Fontaines, Cergy

Progressing with key development projects in France

Les 3 Fontaines, Cergy

Co-ownership agreement, building permit and retail consent obtained

Acquired adjacent centre, Cergy 3

Main contractor selected

Good pre-letting to fashion brands (JD Sports) and F&B (Pret A Manger, Vapiano)

Project commenced

Size
44,300m²

Total development cost
£290m

Target rent
£16m

Italie Deux, Paris

Project to enhance tenant mix and F&B offer at central Paris scheme

Obtained planning consent

Pre-lets include Pret A Manger and M&S Simply Food

Project commenced

Size
6,400m²

Total development cost
£39m

Target rent
£2m

H1 operational update: Premium Outlets

	Value Retail	VIA Outlets
GAV Hammerson share (£m)	1,762	620
Sales growth YoY (%) (2)	6	6
Sales density growth YoY (%) (2)	3	4
Footfall growth (%) (2)	2	3
NRI growth (%) (3)	6	18

1 100% portfolio
2 Excludes assets acquired in 2017
3 Hammerson share

Administrations and CVAs

	UK shopping centres	UK retail parks	UK other interests	France	Group
Total units in administration or CVA	48	21	8	27	104
Total units occupied	41	13	6	27	87
NRI impact – H1 2018 (£m)	0.7	1.4	0	0	2.1
Projected FY 2018 NRI impact (£m)	2.5	3.1	0.2	0	5.8
FY 2018 impact (% passing rent)	0.7%	0.8%	-	-	1.5%

Note: 50 units in administration at 31 December 2017 (0.9% group passing rent). 41 of these units were occupied (0.8% group passing rent)

Premium Outlets portfolio

Value Retail Villages

Bicester Village, Oxford
GLA: 28,000m^2
Boutiques: 153

La Roca Village, Barcelona
GLA: 23,400m^2
Boutiques: 134

Las Rozas Village, Madrid
GLA: 16,500m^2
Boutiques: 100

La Vallée Village, Paris
GLA: 21,900m^2
Boutiques: 105

Maasmechelen Village, Brussels
GLA: 19,800m^2
Boutiques: 97

Fidenza Village, Milan
GLA: 20,900m^2
Boutiques: 120

Wertheim Village, Frankfurt
GLA: 21,200m^2
Boutiques: 111

Ingolstadt Village, Munich
GLA: 21,100m^2
Boutiques: 112

Kildare Village, Dublin
GLA: 16,700m^2
Boutiques: 98

VIA Outlets centres

Batavia Stad Amsterdam Fashion Outlet
GLA: 30,600m^2
Units: 121

Fashion Arena Prague Outlet
GLA: 24,100m^2
Units: 101

Freeport Lisbon Fashion Outlet
GLA: 36,100m^2
Units: 113

Hede Fashion Outlet, Gothenburg
GLA: 16,300m^2
Units: 53

Landquart Fashion Outlet, Zürich
GLA: 20,800m^2
Units: 76

Mallorca Fashion Outlet
GLA: 33,300m^2
Units: 71

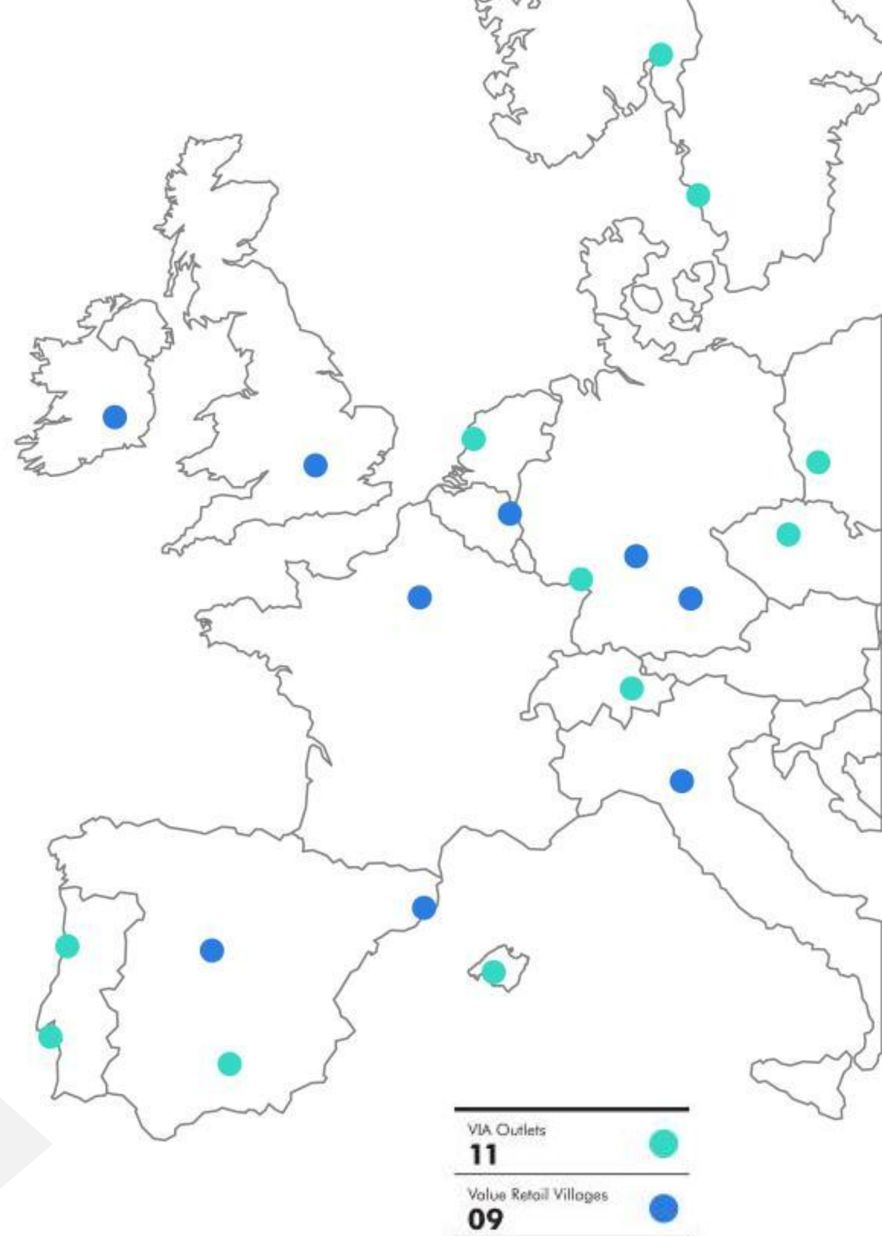
Seville Fashion Outlet
GLA: 16,500m^2
Units: 61

Wroclaw Fashion Outlet, Poland
GLA: 13,700m^2
Units: 84

Zweibrücken Fashion Outlet, Germany
GLA: 29,300m^2
Units: 116

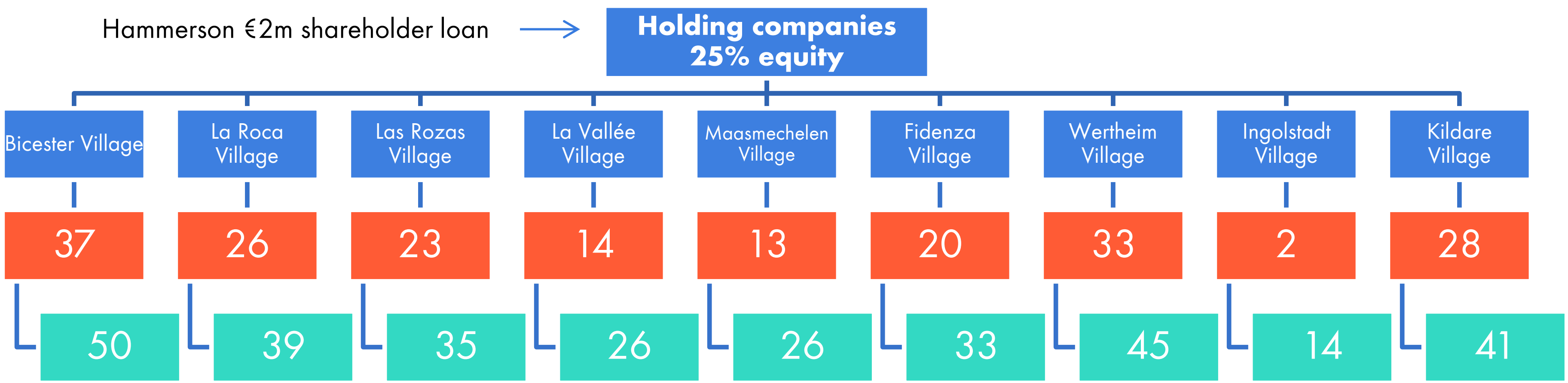
Vila do Conde Porto Fashion Outlet
GLA: 27,800m^2
Units: 123

Norwegian Outlet, Oslo
GLA: 13,300m^2
Units: 97



Appendices

Hammerson's total investment in Value Retail (38%)



Village ownership via LPs (%)

Total Village ownership (%) (1)

Value Retail ownership	Hammerson share (£m)	100% (£m)	%
GAV	1,762	4,834	36%
Participative loans	150	340	44%
GAV plus participative loans	**1,912**	**5,174**	**37%**
Other assets	193	666	29%
Total liabilities	(1,038)	(3,032)	34%
Investment in associate excl. goodwill	**1,067**	**2,808**	**38%**

(1) Total Village ownership calculated as economic entitlement of directly held and indirectly held interests

Appendices

Our Product Experience Framework

We create desirability

Iconic destinations

Built environment

Placemaking

Seamless technology

Flexible construction

Retail specialism

Optimal retail mix

Fresh concepts

Innovative retail technology

Operational efficiency

Experience led

Food & beverage

Leisure as anchor

Engaging events

Surprise & delight

Customer first

Insight driven

Frictionless experience

Enhanced services

Sensory experience

Positive for the environment | Positive for the community

Appendices

H1 2018 operational statistics

	UK shopping centres	France
Sales (1)	−2.5%	+2.9%
Footfall (2)	−1.6%	+2.3%
Rent:sales (3)	12.9%	11.2%
OCR (3)	22.0%	14.3%

Sales densities(4)	UK £/ft²	France £/ft²
2018	245 – 523	498 – 596
2017	240 – 490	395 – 620
2016	250 – 515	350 – 715

Occupancy (%)	UK shopping centres	UK retail parks	France	Ireland	Group
30 June 2018	97.2	94.5	97.1	98.9	96.6
31 December 2017	98.1	99.4	97.9	99.7	98.3
30 June 2017	97.2	99.0	96.6	99.9	97.3

1 Retail sales on same-centre basis, includes all shopping centres. H1 2018 UK benchmark -0.7% (Source: Visa Face to Face index); H1 2018 France benchmark -1.6% (Source: CNCC, as at May 2018)
2 H1 2018 UK benchmark -3.2% (Source: Tyco Shoppertrak); H1 2018 France benchmark -1.2% (Source: CNCC)
3 Excludes anchor stores. France data includes VAT (rent:sales and OCR)
4 Excludes anchor stores. France data includes VAT; Jeu de Paume, Beauvais, excluded

Appendices

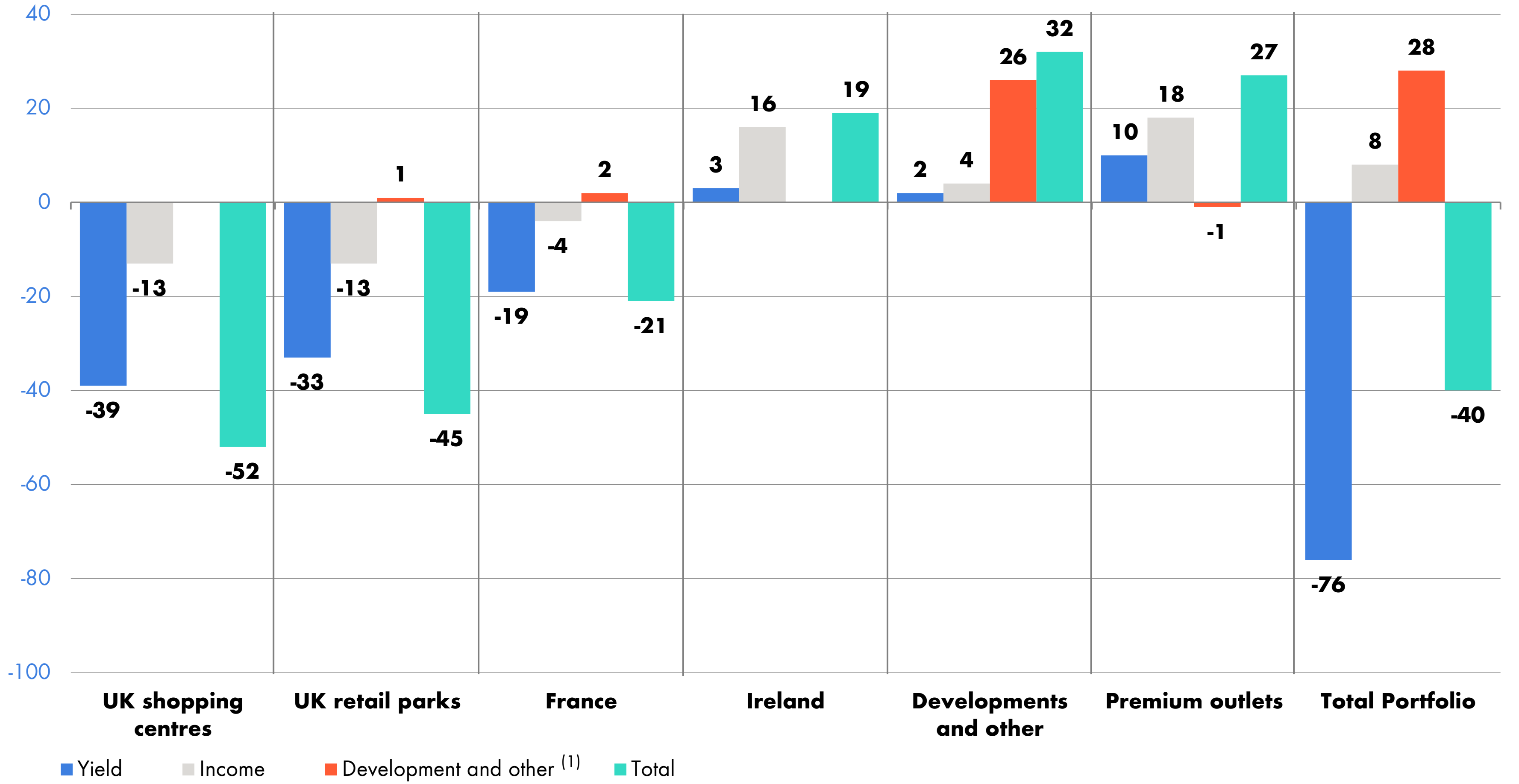
H1 portfolio leasing overview

	Leasing vs previous passing (%)	Leasing vs ERV (%)	Like-for-like ERV growth (%)	New rent secured from leasing (£m)
UK shopping centres	+5	+5	+0.1	6.8
UK retail parks	+2	+4	-0.8	1.3
France	+4	+2	+0.2	3.6
Ireland	+23	+6	+2.0	1.5
Group	+5	+4	+0.2	13.6[1]

(1) Including Ireland and UK Other properties (principally assets held for development and non-core)

H1 components of valuation change

Components of valuation change in H1 2018, total portfolio (£m)



1 Development and other includes the movement in the UK Other interests portfolio where valuations increased by a total of £16m during 2018. Other capital movements reflects the impact of changes in purchasers' costs, development surpluses and capital expenditure

Appendices

H1 valuation data

	UK shopping centres	UK retail parks	France	Ireland	UK other interests	Total portfolio
True equivalent yield (%)						
30 Jun 2018	5.2	6.3	4.4	4.4	7.4	5.1
31 Dec 2017	5.1	6.2	4.4	4.4	7.2	5.0
ERV (£m)						
30 Jun 2018	187.0	73.3	90.7	44.4	14.1	409.5
31 Dec 2017	186.7	75.4	91.7	43.3	14.1	411.2
LfL change (%)	0.1	-0.8	0.2	2.0	0.0	0.2

Breadth of buyers for prime European assets

Hammerson key disposals 2015 – 2018 YTD	Date	Buyer	Net proceeds £m
Drakehouse retail park, Sheffield	Mar-15	90 North (private equity)	61
Bercy 2, Paris	Oct-15	Tikehau (Institution)	47
Grand Maine, Angers	Oct-15	French Institution	46
Monument Mall, Newcastle	Jan-16	Standard Life	75
Villebon 2, Villebon-sur-Yvette	Apr-16	French Institution	124
Thurrock Shopping Park	Jun-16	TH Real Estate	98
Manor Walks shopping centre, Cramlington	Jun-16	Arch (local authority)	77
Westmoreland retail park, Cramlington	Jun-16	Arch (local authority)	36
Grand Central, Birmingham (50%)	Nov-16	CPPIB	173
Westquay South, Southampton (50%)	Dec-16	GIC	45
Westwood and Westwood Gateway Retail Parks, Thanet	Jul-17	BMO (private equity)	78
Saint Sébastien, Nancy	Dec-17	AEW (private equity)	144
Place des Halles, Strasbourg	Dec-17	Fund manager	167
Battery Retail Park, Birmingham	Feb-18	NFU Mutual	57
Wrekin Retail Park, Telford	Mar-18	N/A	35
Imperial Retail Park, Bristol and Fife Central Retail Park, Kirkcaldy	Jul-18	Capreon (Private equity)	164
Total			**£1.4bn**

Retail park disposals 2016 to 2018

2016	Proceeds £m	Buyer
Thurrock Shopping Park, Thurrock	98	TH Real Estate
Fir Lane, Folkestone (2)	6	The Drapers Company
Cramlington Retail Park, Cramlington	77	Arch (local authority)
Westmorland Retail Park, Cramlington	36	Arch (local authority)
2017		
Thanet Retail Parks, Kent	78	BMO (private equity)
Avenue Retail Park, Cardiff (2)	6	Greenstone Oxford Limited
2018		
Battery Retail Park, Selly Oak	57	NFU Mutual
Wrekin Retail Park, Telford	35	Ediston/Europa
Imperial Retail Park, Bristol/Fife Central Retail Park, Kirkcaldy	164	Capreon (private equity)
Total 2016 - 2018	**557**	

1 Topped up initial yield
2 Not separately disclosed

On-site and recently completed developments

On-site developments	Lettable area m²	Expected completion	Value 30 Jun 2018 £m	Estimated cost to complete[2] £m	Estimated annual income[3] £m	Let [5] %
Italik, Italie Deux extension, Paris	6,400	Q4 2019	18	24	2	57
Les 3 Fontaines extension, Paris	44,300	Q2 2021	170	158	16	22
Total	**50,700**		**188**	**182**	**18**	

Recently completed developments	Lettable area m²	Completed	Total development cost [2] £m	ERV[4] £m	Let [5] %
Parc Tawe redevelopment, Swansea	21,400	Feb 2018	16	2	78
Orchard centre extension, Didcot	8,700	Mar 2018	44	3	71
Total	**30,100**		**60**	**5**	

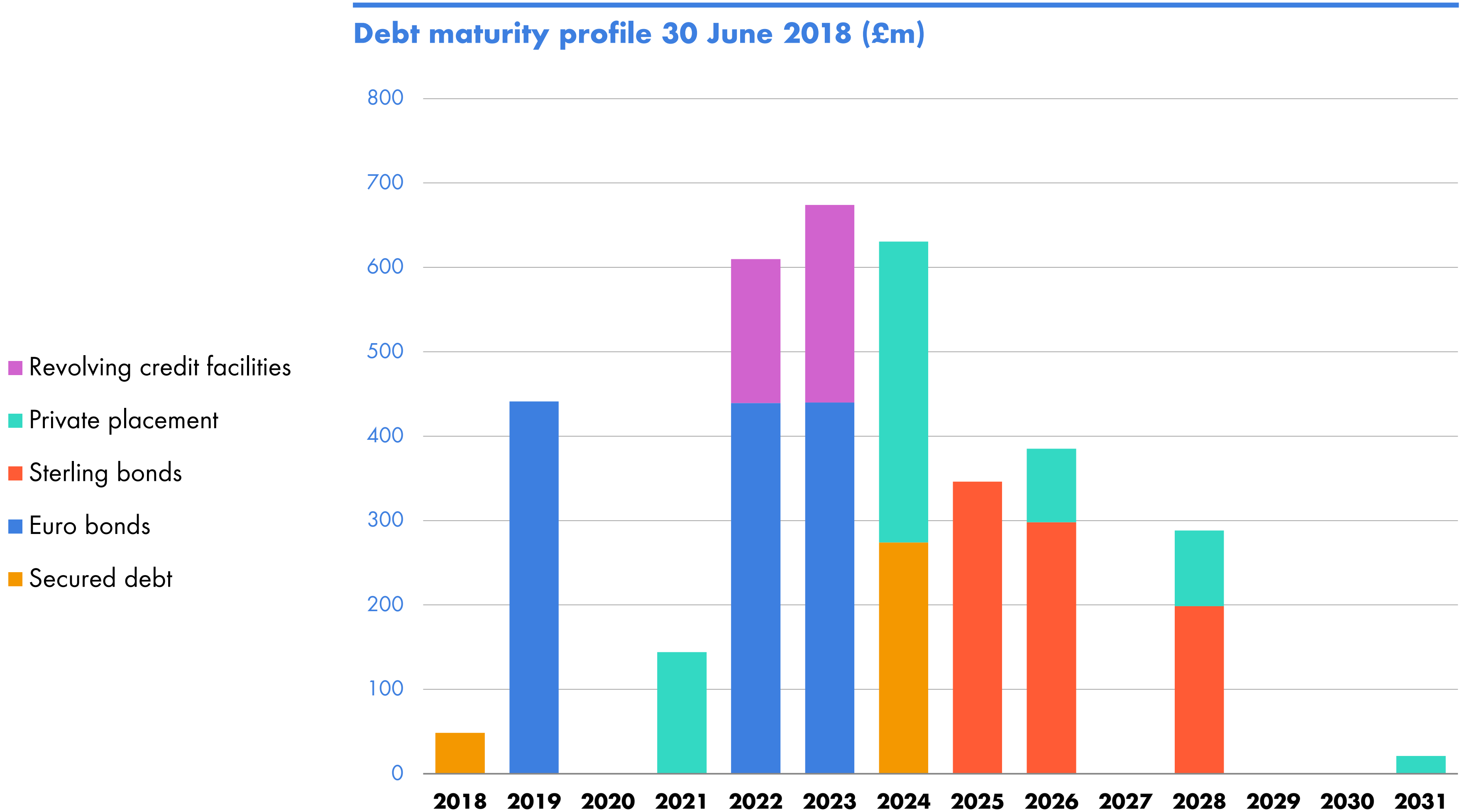
1 Group ownership 100% for all on-site schemes
2 Incremental capital cost including capitalised interest
3 Incremental income net of head rents and after expiry of rent-free periods
4 Estimated rental value as per the Group's valuers at 30 June 2018
5 Let or in solicitors' hands by income at 23 July 2018

Development pipeline opportunities

Scheme	Scheme area (m²)	
Brent Cross extension	90,000	Extension and refurbishment of Brent Cross, forming part of wider Brent Cross Cricklewood regeneration plans, totalling 175,000m² of retail, catering and leisure. Reserved matters planning application approved October 2017. The compulsory purchase order was confirmed in December 2017.Both are now free from challenge. Laing O'Rourke and Hochtief Graham have been selected as the preferred contractors for the retail extension and highway works.
Bristol investment properties (1)	74,000	Planning permission was granted in July 2018 for the redevelopment of a 3.5ha area of joint venture-owned properties forming part of the Broadmead estate adjoining Cabot Circus. Masterplan includes up to 74,000m² retail and leisure, 380 car parking spaces, and the potential for 150 residential units and a 150 room hotel.
Croydon Town Centre	200,000	Redevelopment of Whitgift Centre and refurbishment of Centrale shopping centre. Outline planning permission confirmed in April 2018 for the redevelopment of the Whitgift Centre. Partnership intends to serve CPO land drawdown notice shortly.
Ladywood House, Birmingham (1)	10,000	Vacant office building directly above Grand Central shopping centre with potential for leisure, hotel or residential usage. Desing works underway with planning submission expected within the next 12 months.
Martineau Galleries, Birmingham	285,000	Work underway to produce masterplan for 2.6ha area in centre of Birmingham. Site adjacent to proposed HS2 station with exciting mixed use development opportunities.
Silverburn (Phase 4), (1) **Glasgow**	50,000	Variation to planning condition consented in 2017 to permit phased delivery of a masterplan for a future extension of existing centre. Masterplan includes 31,250m² retail, 8,500m² leisure, plus a hotel.
Union Square, Aberdeen (1)	27,800	Planning permission was granted in July 2018 for an expansion of the existing shopping centre for up to 11,000m² of retail, 12,000m² of leisure and catering, plus up to 294 car parking spaces and a hotel.
Victoria, Leeds (Phase 2) (1)	95,000	Phase 1 Victoria Gate completed October 2016. Operator being sought for up to 200 bed hotel adjacent to new multi-storey car park. Phase 2 master planning underway to deliver a phased retail/leisure mixed-use scheme to complement Victoria Gate. Freehold control of 4.1ha Phase 2 site obtained.
Oldbury, Dudley (1)	10,900	Planning consent granted in May 2016 for new development of up to 11 retail and catering units. Leasing underway.
The Goodsyard, London E1	270,000	4.2ha site on edge of the City of London. A planning application for a major mixed-use development of up to 270,000m² was deferred by the GLA in April 2016 to allow further consultation. This work is progressing and we are now targeting a submission of the necessary amendments to the GLA by the end of 2018 to allow the Mayor to determine the scheme.
SQY Ouest, Saint-Quentin-en-Yvelines (1)	32,000	Opportunity to reposition existing shopping centre, creating a leisure-led destination. Trading consent obtained. Construction works and pre-letting on-going, Phase 1 completed with new units due to open in first half of 2018.
Dundrum Phase II, Dublin (1)	100,000	2.4ha site located adjacent to Dundrum Town Centre. Masterplan in preparation for a residential-led mixed-use scheme including retail.
Dublin Central, Dublin (1)	130,000	Extension of duration of planning consent granted until May 2022 to create a retail-led city centre scheme including 60,000m² of retail. The Court of Appeal in Dublin overturned the earlier ruling relating to buildings on Moore Street and their national monument status. Previously constrained by the court case, we are now engaging with stakeholders on the future of the site.
Swords Pavilions Phase III, Dublin (1)	272,000	Extension of planning consent granted to August 2021 to create a mixed-use development including 124,000m² of retail and commercial uses. Loan-to-own process complete. Masterplan for extension to be reviewed in 2018.
Total	**1,359,050**	

(1) Schemes are on Group owned land. No additional land acquisitions are required. Excludes occupational and long leaseholds.

Debt maturity profile



Note: Proportionally consolidated, excluding Premium Outlets

Appendices

LTV methodology

	30 Jun 2018	
Net debt	**Reported (£m)**	**Fully proportionally consolidated (£m)**
Group	3,585	3,585
VIA Outlets	-	224
Value Retail	-	622
Loan	3,585	4,431
Property values		
Group	8,244	8,244
VIA Outlets	-	620
Value Retail	-	1,762
Less minority interest	(1)	(1)
VIA Outlets net assets	330	-
Value Retail net assets	1,156	-
Value	9,729	10,625
LTV	37%	42%

Our objective is for Hammerson to be Net Positive for carbon, water, resource use and socio-economic impacts by 2030

"I am proud that Hammerson has become the first real estate company globally to identify such comprehensive targets and by extending our aims to tenant impacts we will be able to directly support our retail clients and deliver best in class retail assets that are fit for the future."

David Atkins, CEO, Hammerson plc

Carbon

Net Positive for carbon means carbon emissions avoided exceed emissions generated.

Resource Use

Net Positive for resource use means waste avoided, recycled or re-used exceeds materials used that are neither recycled, renewable nor sent to landfill.

Water

Net Positive for water means water replenished by external projects exceeds water consumed from mains supply.

Resource Use

Net Positive for socio-economic impacts means making a measurable positive impact on socio-economic issues relevant to our local communities beyond a measured baseline.

Steps to becoming Net Positive

Our phase one target is to be Net Positive for landlord controlled carbon emissions, water demand, resource use and socio-economic impacts by the end of 2020

2015

27,000 tonnes CO_2e

539,082 m^3 water

18,243 tonnes waste not recycled or reused

2016

24,000 tonnes CO_2e

511,888 m^3 water

17,293 tonnes waste not recycled or reused

40,000 FTE jobs supported across our assets

2017

Delivered carbon neutral development at Rugby

Installed 3 further solar PV arrays

Reduce energy demand by further 8% v 2015 baseline

Achieved 73% recycling rate and reduced net operational resource use from 3000 tonnes to1200 tonnes

2018 – 2020

Continue to reduce energy demand across operational assets

Continue investment in on-site renewables

Work with tenants to reduce tenant on site energy demand

Major developments to support long term carbon reduction

2021

Landlord CO_2e emissions reductions optimised and offset opportunities in place for remainder

Net positive approach embedded into new developments

Increase renewable capacity

Appendices
H1 sustainability highlights

5% reduction in energy demand across the UK LfL retail portfolio, saving 316 tonnes $C0_2$e

10% year on year reduction in energy demand at Les Terrasses du Port through our energy performance contract, saving 70t CO_2e

Generated 143mWh of electricity from on-site Photovoltaic (PV) arrays, saving 50t CO_2e

Saved 463t CO_2e through revised concrete space at Les 3 Fontaines, Cergy development

Powered 58,000 miles of driving from our electric vehicle charging points and installed a further 18 chargers at our car parks

Achieved a £40k YoY reduction in 2017/2018 Carbon Reduction Commitment costs

Initiated install of 850 kWp PV array at Silverburn with an estimated 12% yield on cost

Harvested over 9,000m^3 of rainwater, the equivalent of approximately 4 Olympic swimming pools

Supported 200+ budding entrepreneurs through hosting Pop-Up Business schools at three Hammerson sites

Organised 17 community events for over 280 Hammerson staff across the UK and Ireland, contributing almost 2,000 volunteering hours

Disclaimer

This presentation contains certain statements that are neither financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed or implied by these statements.

Many of these risks and uncertainties relate to factors that are beyond Hammerson's ability to control or estimate precisely, such as future market conditions, currency fluctuations, changes in interest rates, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social or regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, national or regional basis, changes in tax rates and future business combinations or dispositions.

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