



Fixed Income Investor Update

December 2019

Agenda

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Introduction and strategy

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UK, France and Ireland flagship destinations

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Premium Outlets

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Financial highlights

Hammerson plc

Hammerson plc ("Hammerson") was established in 1942 and is based in London, UK. The company, listed on the London Stock Exchange, is a constituent of the FTSE250 index and has a total portfolio value of £9.5bn.

At Hammerson, we own and operate high-quality flagship destinations and premium outlets in selected European countries. We create vibrant, continually evolving spaces, in and around thriving cities, where people and brands want to be. We seek to deliver value for all our stakeholders and to create a positive and sustainable impact for generations to come.

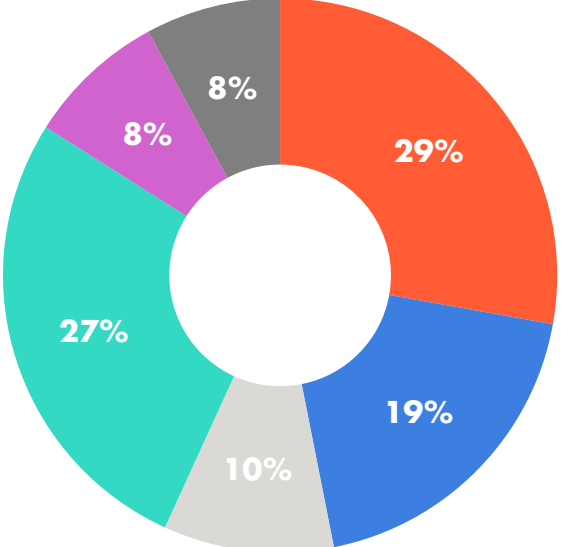
Rated Baa1/Negative (Moody's) and BBB+/Stable senior unsecured rating (Fitch), Hammerson is committed to maintaining an investment grade credit rating.

Key Metrics

	30 June 2019 (Pro forma) ⁽¹⁾	30 June 2019
Net debt	£3,055m	£3,447m
Gearing	61%	69%
LTV - headline	37%	40%
LTV - fully proportionally consolidated	43%	46%
Cash and undrawn facilities	£1,129m	£736m
Interest Coverage Ratio		3.4x

¹ Reflects gross proceeds from sale of Italie Deux (75%) and Oldbury land, excluding forward sale of Italik

£9.5 billion leading pan-European retail platform⁽¹⁾



UK flagship destinations - £2.7bn	■
France flagship destinations - £1.8bn	■
Ireland flagship destinations - £0.9bn	■
Premium outlets - £2.6bn	■
Development & UK other - £0.8bn	■
UK retail parks - £0.7bn	■

53
European destinations

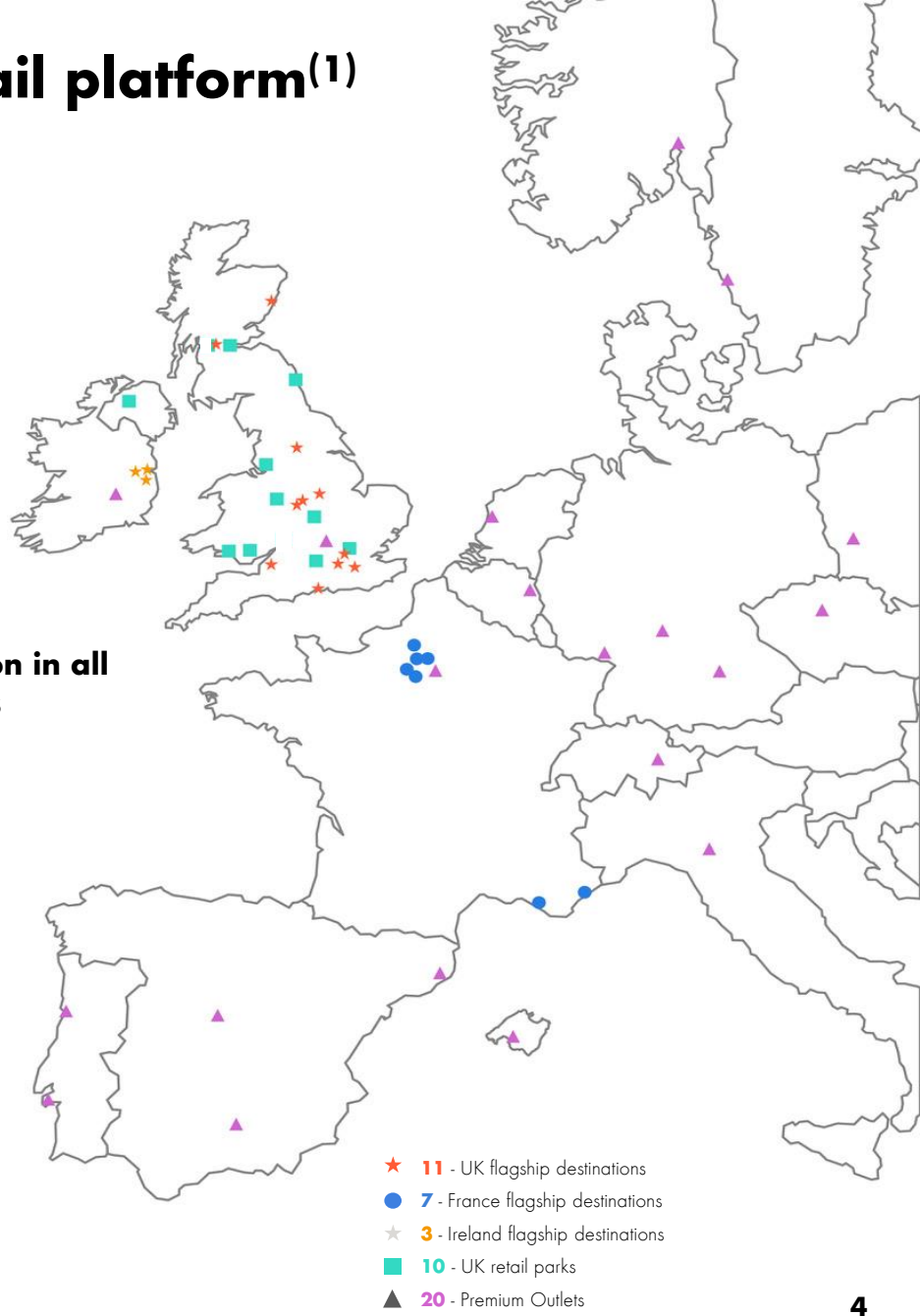
14
countries

Top 3
market position in all chosen sectors

2.2m
m² retail space

425m
visitors

4,700
tenants



- ★ 11 - UK flagship destinations
- 7 - France flagship destinations
- ★ 3 - Ireland flagship destinations
- 10 - UK retail parks
- ▲ 20 - Premium Outlets

Continued focus on debt reduction, active portfolio management and multi-use development

Capital efficiency



Reduce debt

Optimised portfolio



Exit Retail Parks and pursue portfolio-wide disposals

Establish City Quarters

Operational excellence



Manage the structural shift in retail

Debt reduction remains a key priority



**Capital
efficiency**



**Optimised
portfolio**

Reduce debt and portfolio-wide disposals

- Contracts exchanged with AXA for 75% of Italie Deux and the forward sale of the Italik extension for €473m (£423m), representing 8.5% discount to December 2018 book value, NIY 4.1%
- Total disposals of £577m YTD
- Transactions taking longer
- Pursuing further disposals into 2020

Commitment to exit retail parks over the medium term

- £154m of disposals from retail parks completed year to date

Manage the structural shift in retail – actively repurposing space, maintaining vibrancy



Operational excellence

Softer UK leasing metrics, stronger in France and Ireland

UK flagships over last 18 months⁽¹⁾:

- Passing rents -6.2%

UK flagships H1 2019:

- Tenant restructuring a continuing theme; 45 units affected in H1 2019
- High street fashion under pressure, increased temporary leasing (<3 years)
- Principal leasing (>3 years) to target categories more resilient

UK flagship destinations

COMPTOIR

HOT BREAKFAST ♦ COFFEE ♦ MINT TEA ♦ PASTRIES ♦ LEMONADES ♦ MEZZE PLATTERS ♦ TAGIN



H1 2019 operational update

UK flagship destinations

	H1 2019	H1 2018
Occupancy (%)	96.4	97.2
Leasing activity (£m)	4.4	6.8
Leasing vs. ERV (%)⁽¹⁾	-4	+5
Leasing vs. previous passing (%)⁽¹⁾	-8	+5
In-store retail sales (%)⁽²⁾	-2.0	-2.5
Footfall (%)⁽³⁾	+0.5	-1.6

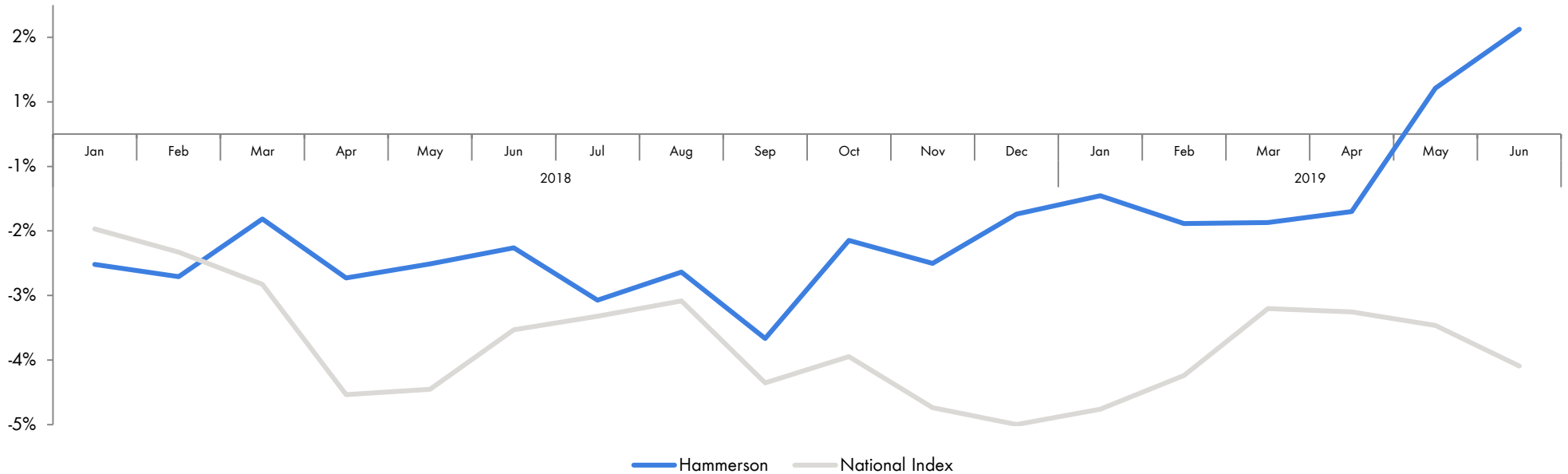


Cabot Circus, Bristol

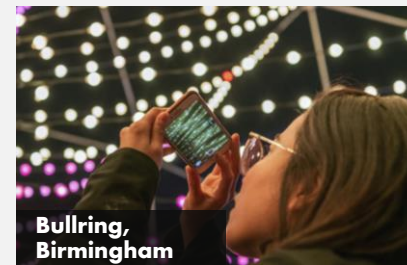
1 Principal leases only
 2 Sales: benchmark -1.7% (Source: Visa) Retail sales on same-centre basis
 3 Footfall: benchmark -3.2% (Source: Shoppertrak)

Footfall performance supported by operational excellence

Hammerson UK flagships footfall vs. national index three month moving average⁽¹⁾



Super events	Footfall YoY	Average drive time	New visitors
The Maze, Westquay	+2.7%	+14%	14%
Festival of Light, Bullring	+9.8%	+24%	31%



Bullring, Birmingham

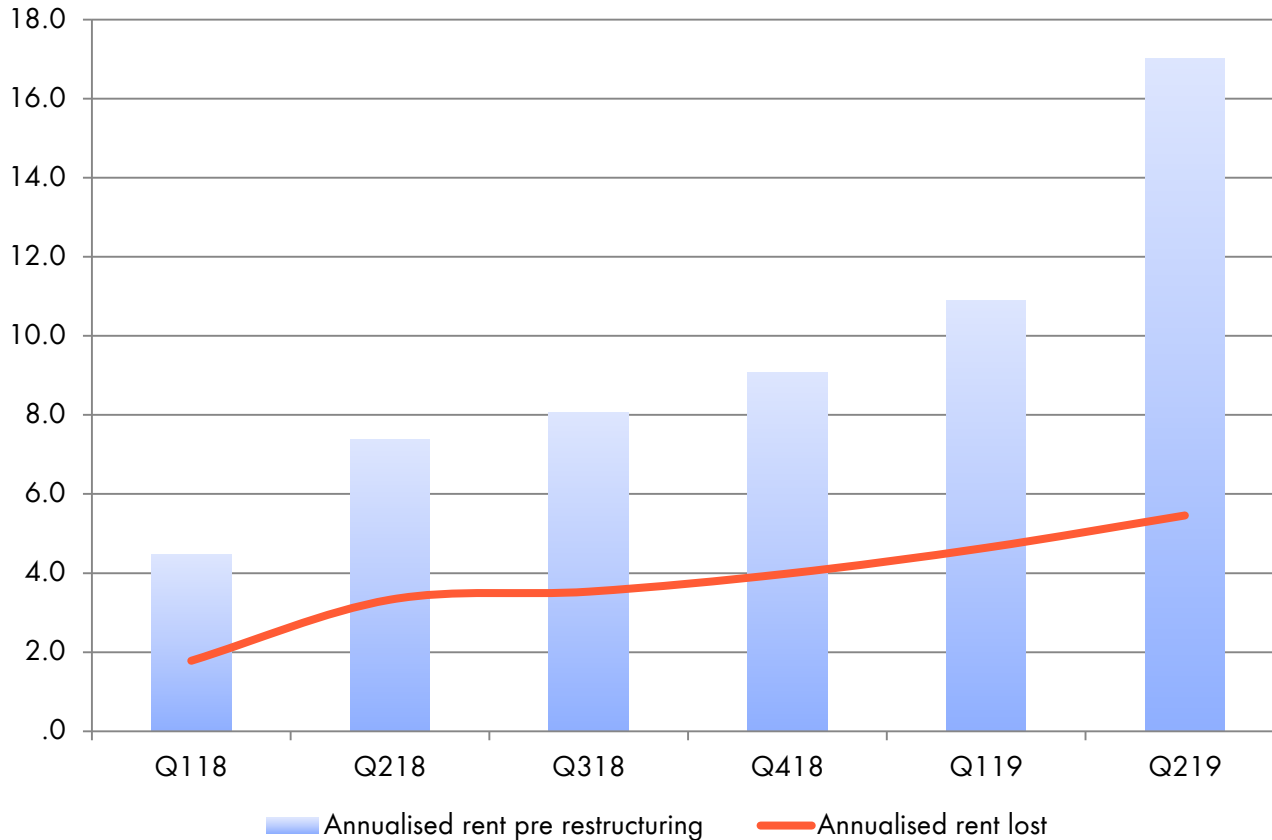


Westquay, Southampton

¹ Index source: Shoppertrak

Managing the challenge from tenant restructuring

Cumulative restructuring impact on rent - Q1 2018 – Q2 2019 (£m)



Key stats since January 2018⁽¹⁾

- 100 units affected by restructuring
- £5.5m run rate of rent lost (1.6% of passing rent)⁽²⁾
- 49% of Hammerson units subject to CVA in no rent change category vs 37% of market⁽³⁾
- 74% units trading, 64% with original occupier

2019 CVAs:

Debenhams

Arcadia

GIRAFFE

Papurchase

COTSWOLD
outdoor

1 UK flagships only
 2 Run rate of passing rent lost reflects difference between pre-restructuring rent and rent at 30 June 2019 from units affected
 3 Analysis based on Hammerson leases impacted by CVAs between December 2017 and June 2019, weighted by Hammerson's share of passing rent pre-CVA

Shifting the mix, leasing to winners

Category	Current mix ⁽¹⁾	Future mix ⁽¹⁾	New leasing ⁽¹⁾	Rent/sq ft	Near-term rental levels
Department stores	39%	c.28%	nil	c.£10/sq ft	↓
High street fashion (traditional)	15%	c.10%	nil	c.£30/sq ft	↓
F&B	9%	c.12%	31%	c.£40/sq ft	↔
High street fashion (contemporary)	8%	c.12%	nil	c.£30/sq ft	↔
Non-fashion and consumer brands	18%	c.20%	60%	>£50/sq ft	↑
Leisure/events	7%	c.10%	1%	c.£15/sq ft	↑
Fashion (aspirational)	4%	c.8%	8%	>£30/sq ft	↑
	100%	100%	100%		

UK flagship destinations

Proactively reconfiguring department store space

House of Fraser
Highcross, Leicester

Replaced with upsized Zara and JD Sports flagships, Adventure Golf, restaurants and additional car parking

Additional £1.5m of rental income

£17m project cost



Indicative plans for further repurposing

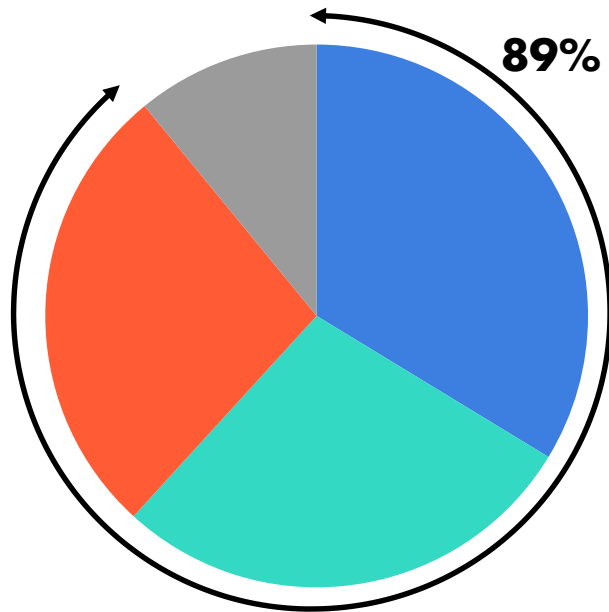


France flagship destinations



Portfolio remains weighted towards flagship assets

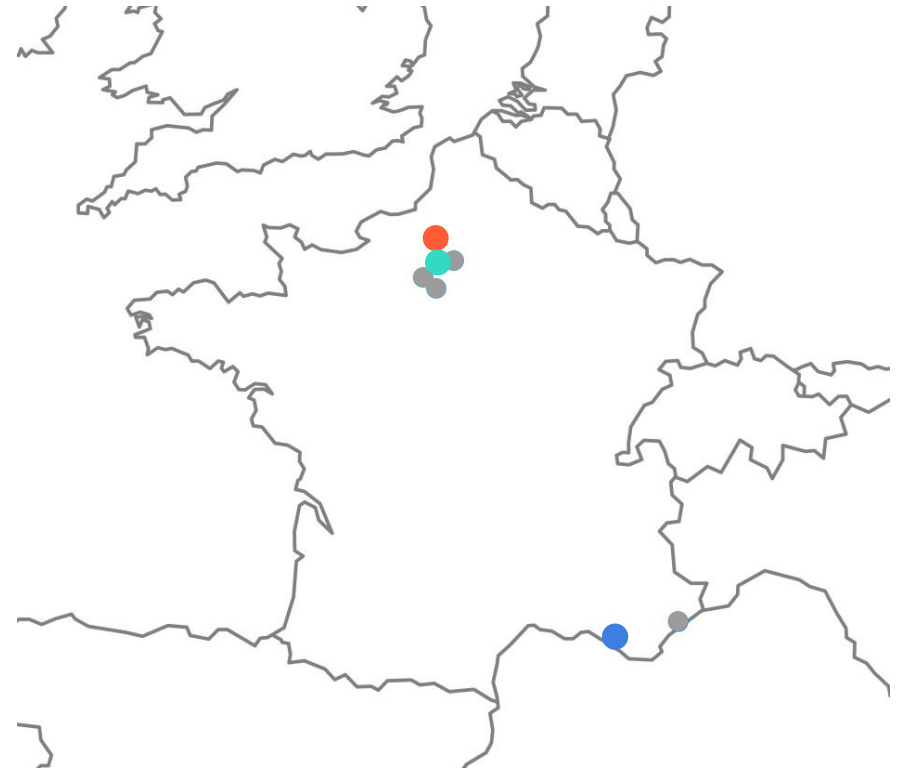
Focus on flagship destinations



■ Les Terrasses du Port ■ Italie Deux ■ Les 3 Fontaines ■ Other

Portfolio value: £2.0bn

Largest three assets 89% of portfolio⁽¹⁾

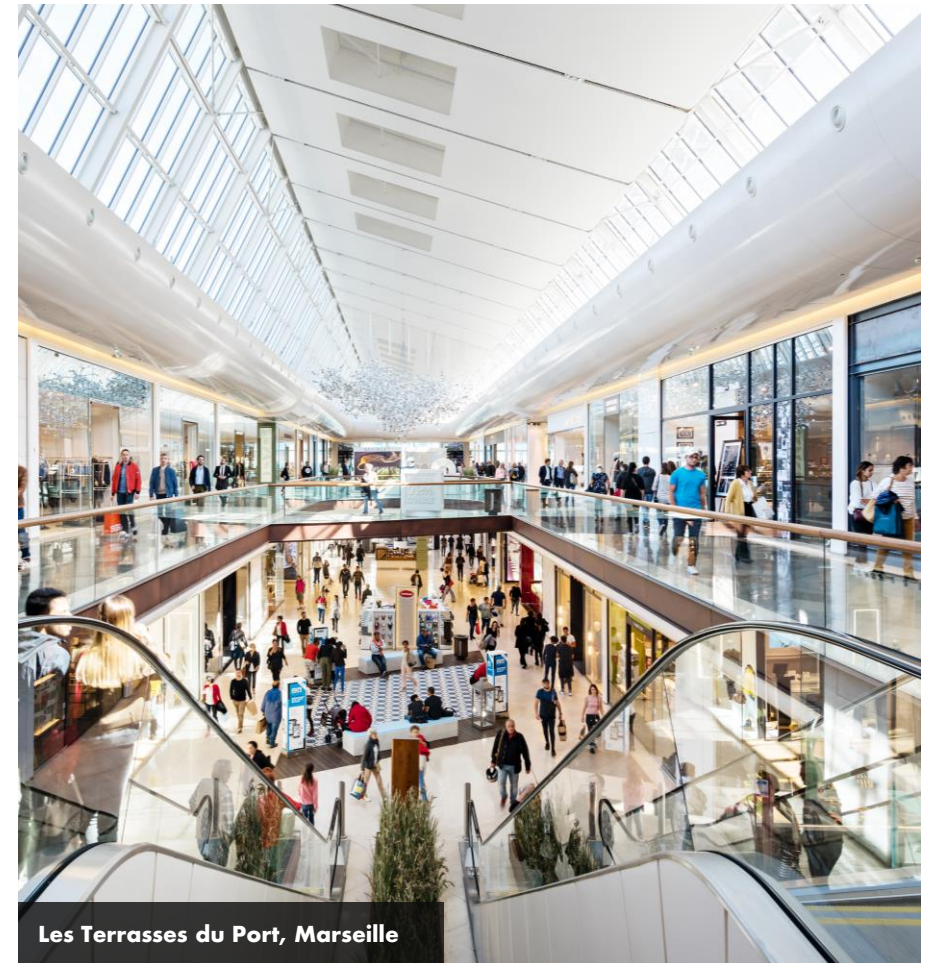


7 France flagship destinations

H1 2019 operational update

France flagship destinations

	H1 2019	H1 2018
Occupancy (%)	97.0	97.1
Leasing activity (£m)	2.8	3.6
Leasing vs. ERV (%)	+4	+2
Leasing vs. previous passing (%)	+5	+4
In-store retail sales (%)⁽¹⁾	+1.3	+2.9
Footfall (%)⁽²⁾	+0.5	+2.3



Les Terrasses du Port, Marseille

1 Sales: H1 2019 France benchmark +0.2% (Source: Banque de France, as at June 2019). Retail sales on same-centre basis
 2 Footfall: H1 2019 France benchmark +0.3% (Source: CNCC)

On-site extensions update

Les 3 Fontaines

- Scheme revised to increase proportion of leisure and F&B
- Food hall opening spring 2020, 100% pre-let
- Opening of main phase Q2 2021
- Leisure phase opening mid 2023
- Good progress on pre-letting, now 39%⁽¹⁾ (Dec18: 23%)
- Cost to complete +£34m, annual income +£1m, YOC 5.0%



Italik

- 41%⁽¹⁾ pre-let (Dec 18: 34%)
- Opening Q3 2020
- YOC 5.3%



Ireland flagship destinations



Ireland flagship destinations

200,000m² of prime space plus sustainable development opportunities

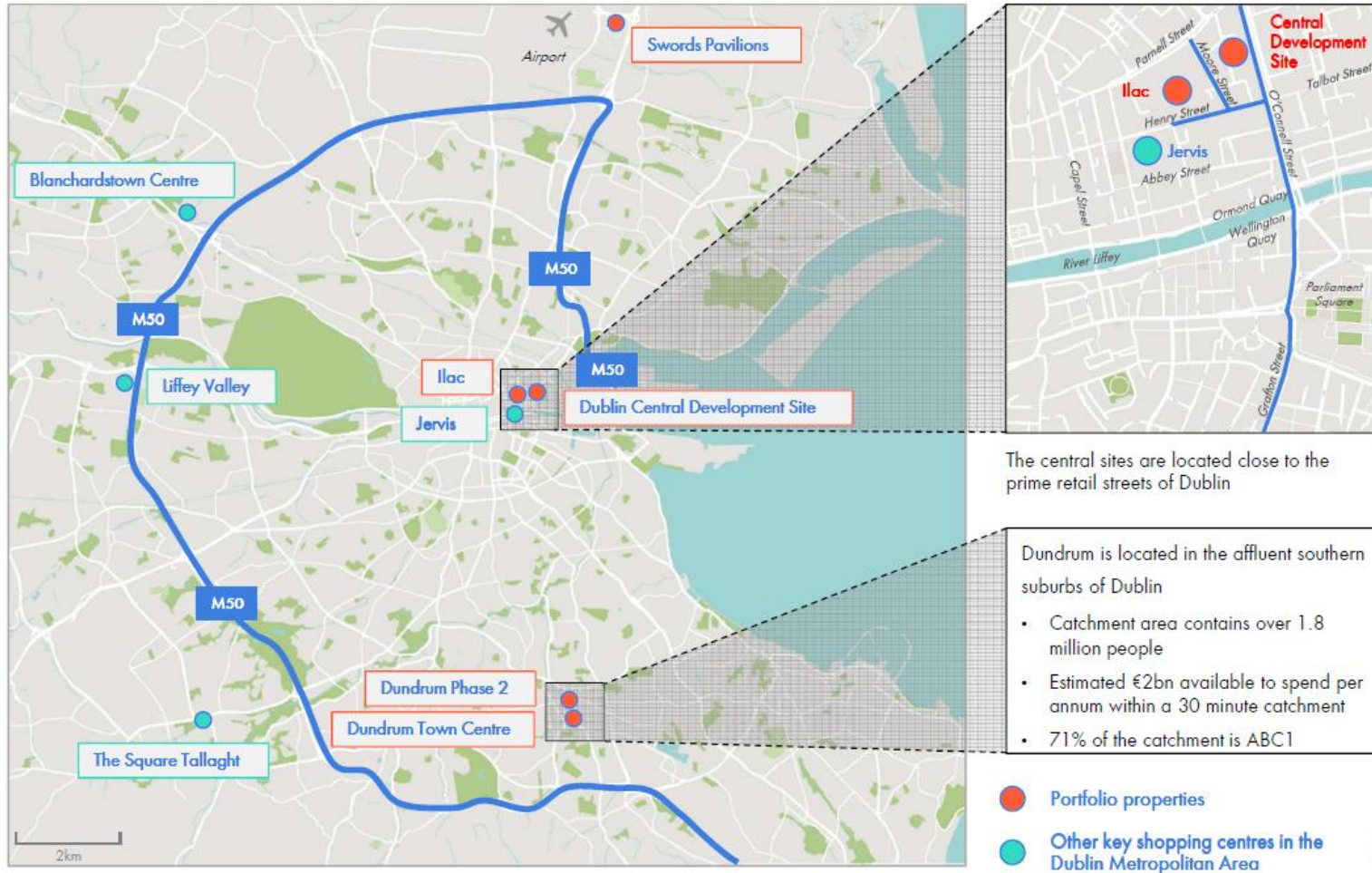
Focus on flagship destinations



■ Dundrum ■ Pavilions ■ Ilac ■ Developments

Portfolio value: £1.1bn
Dundrum 68% of portfolio⁽¹⁾

Key retail centres map



The central sites are located close to the prime retail streets of Dublin

Dundrum is located in the affluent southern suburbs of Dublin

- Catchment area contains over 1.8 million people
- Estimated €2bn available to spend per annum within a 30 minute catchment
- 71% of the catchment is ABC1

Ireland flagship destinations

H1 2019 operational update

Ireland flagship destinations

	H1 2019	H1 2018
Occupancy (%)	99.5	98.9
Leasing activity (£m)	1.2	1.5
Leasing vs. ERV (%)⁽¹⁾	+4	+6
Leasing vs previous passing (%)⁽¹⁾	+12	+23
Footfall (%)	+0.6	-3.0



Premium outlets



Premium outlets portfolio

Value Retail Villages

Bicester Village, Oxford

GLA: 28,000m²

Boutiques: 163

La Roca Village, Barcelona

GLA: 22,800m²

Boutiques: 131

Las Rozas Village, Madrid

GLA: 16,500m²

Boutiques: 95

La Vallée Village, Paris

GLA: 21,900m²

Boutiques: 106

Maasmechelen Village, Brussels

GLA: 20,000m²

Boutiques: 102

Fidenza Village, Milan

GLA: 20,900m²

Boutiques: 119

Wertheim Village, Frankfurt

GLA: 21,200m²

Boutiques: 118

Ingolstadt Village, Munich

GLA: 21,100m²

Boutiques: 115

Kildare Village, Dublin

GLA: 16,700m²

Boutiques: 97

VIA Outlets centres

Batavia Stad Amsterdam Fashion Outlet

GLA: 30,800m²

Units: 124

Fashion Arena Prague Outlet

GLA: 24,600m²

Units: 101

Freeport Lisboa Fashion Outlet

GLA: 36,700m²

Units: 126

Hede Fashion Outlet, Gothenburg

GLA: 16,700m²

Units: 53

Landquart Fashion Outlet, Zürich

GLA: 21,200m²

Units: 78

Mallorca Fashion Outlet

GLA: 32,600m²

Units: 77

Wroclaw Fashion Outlet, Poland

GLA: 13,700m²

Units: 88

Seville Fashion Outlet

GLA: 15,900m²

Units: 65

Zweibrücken Fashion Outlet, Germany

GLA: 29,100m²

Units: 114

Vila do Conde Porto Fashion Outlet

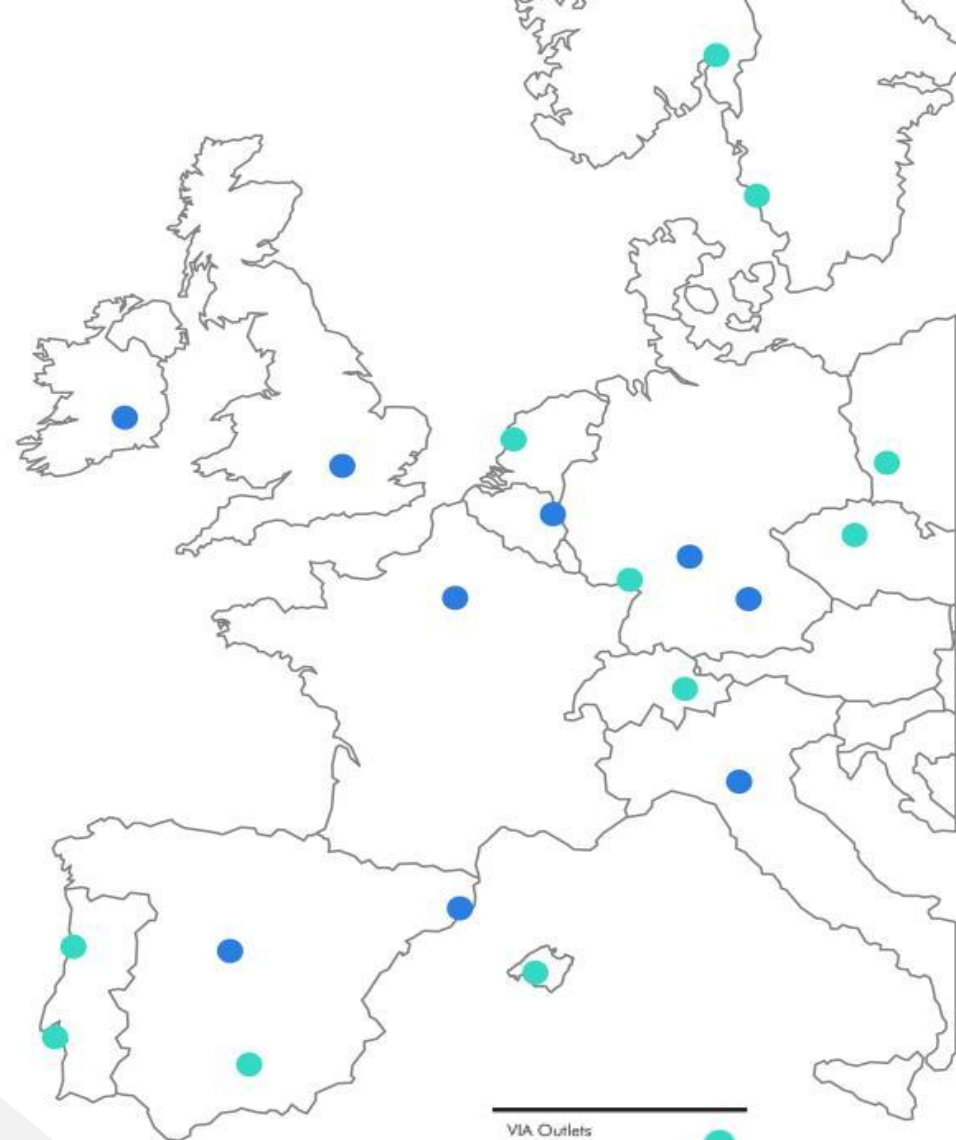
GLA: 28,100m²

Units: 121

Oslo Fashion Outlet

GLA: 13,400m²

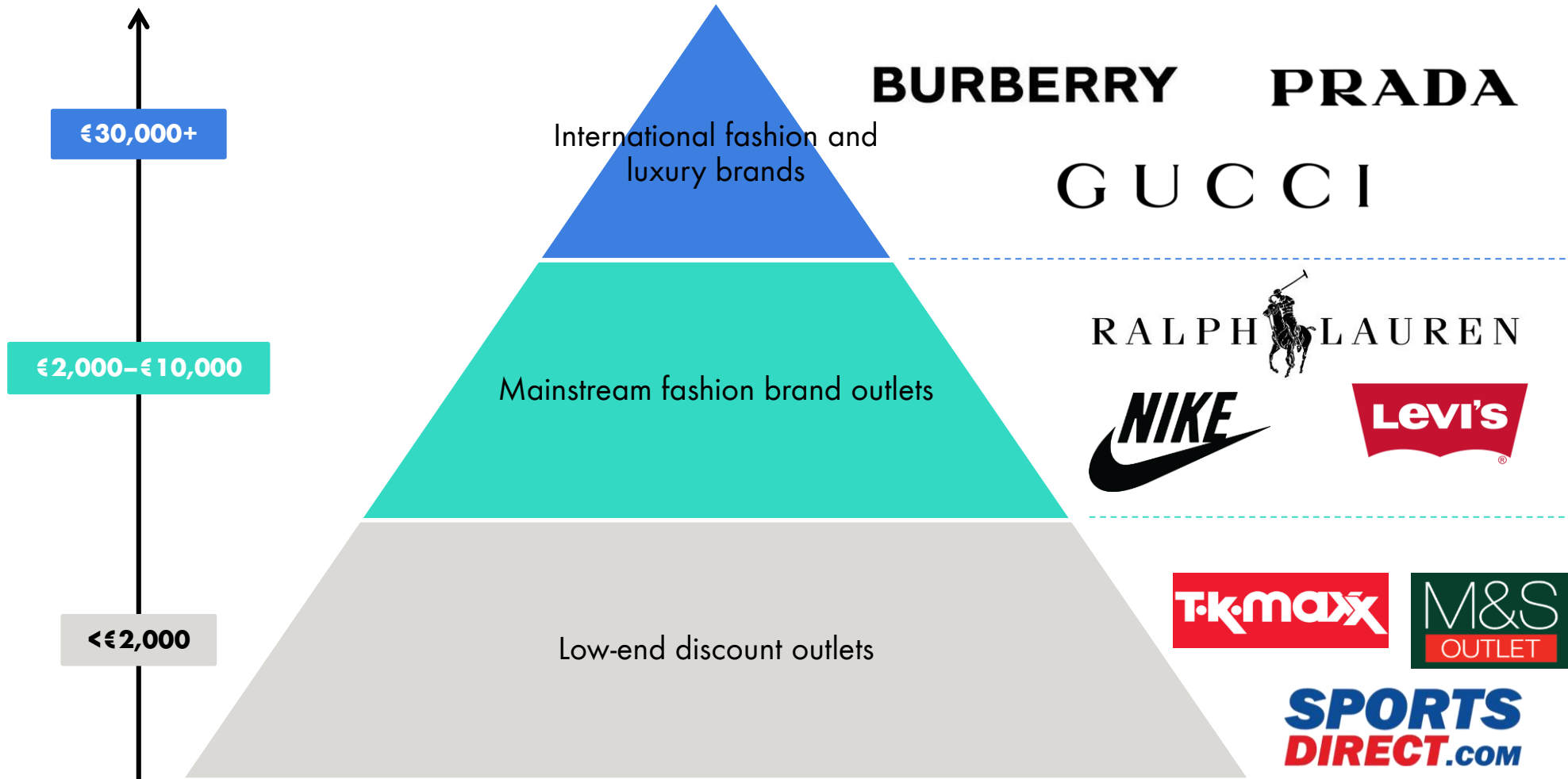
Units: 95



Premium outlets

Tiered European outlet market

Sales densities €/m²



H1 2019 operational update

	Value Retail ⁽¹⁾		VIA Outlets ⁽¹⁾	
	H1 2019	H1 2018	H1 2019	H1 2018
GAV Hammerson share (£m)	1,931	1,762	659	620
Brand sales growth (%)⁽²⁾	11	6	10	6
Footfall growth (%)⁽²⁾⁽³⁾	7	2	8	0
Average sales density growth (%)⁽²⁾	8	3	7	5
Like-for-like net rental income growth (%)⁽⁴⁾	14	3	4	7
Occupancy (%)	95	94	93	91

1 With the exception of LfL net rental income growth, figures reflect overall portfolio performance, not Hammerson's ownership share. 2018 figures have been restated at 30 June 2019 exchange rates

2 Figures include assets owned for 18 months

3 2018 VIA footfall metrics have been restated following the collection of more accurate footfall figures

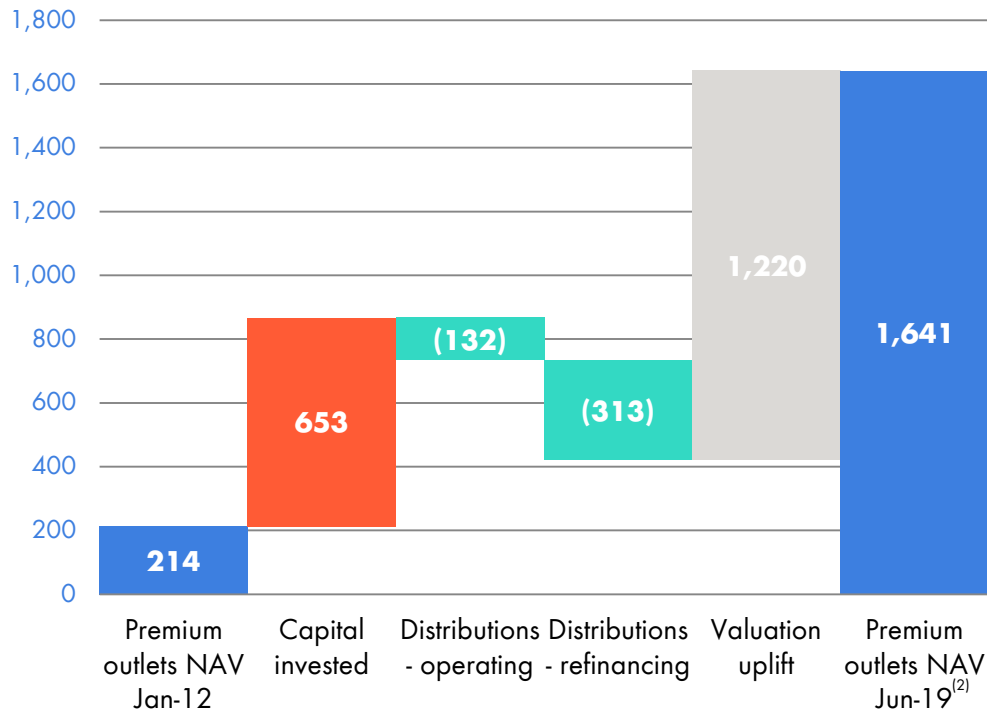
4 2018 like-for-like NRI has been restated to exclude the impact of extensions and reconfigurations. VIA Outlets 2018 like-for-like NRI has been restated for a foreign exchange correction (-6% impact to 2018 like-for-like NRI)

Premium outlets

Significant contribution to Group performance

Premium outlets value creation (£m)⁽¹⁾

7.5 year IRR - 24%



La Roca Village, Barcelona

1 IFRS NAV of Value Retail and VIA Outlets 1 January 2012 to 30 June 2019. Capital invested includes acquisition of VR investment stakes and VIA Outlet acquisitions.

2 Premium outlets NAV as at 30 June 2019 includes liabilities in respect of distributions received in advance of £20m which will be repayable upon disposal of stakes in Value Retail.



Rooftop Beehives, Silverburn, Glasgow

Future opportunities and sustainability



The Goodyard, London

Hammerson has set a target to be Net Positive for carbon, water, resource use and socio-economic impacts by 2030

“Hammerson was the first real estate company globally to set such comprehensive, challenging Net Positive targets and we are making good progress. Creating Positive Places underpins our delivery of best in class retail assets that respond to the major challenge presented by climate change.”

David Atkins, CEO



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.



Socio-economic impact

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.

Ambitious approach to sustainability underpins everything we do

We create destinations that deliver positive impacts economically, socially and environmentally

Our target is to be net positive for carbon, resource use, water and waste by 2030

Significant reductions in resource usage during H1 2019

Electricity

-12%

Gas

-21%

Carbon

-13%

Water

-14%

Beyond retail

City Quarters potential

100 acres

6,600 residential units

1,600 hotel rooms

**300,000m²
work space**

9 parks and public spaces



Martineau Galleries, Birmingham
100,000m² workspace
1,300 residential units
200 hotel rooms
Restaurants, cafés, shops and
high quality public realm

The City Quarters opportunity

	Key schemes	Area	Next planning submission	Start on site	Retail	F&B	Residential	Workspace	Leisure	Education	Culture	Hotel	Public spaces
Near term	Les 3 Fontaines, Cergy	8,400m ²	n/a	On site		✓		✓	✓				
	Citywall House, Southampton	2,800m ²	2019	Q2 2020				✓					
	Dundrum Building 5, Dublin	10,000m ²	2019	Q3 2020	✓		✓						
	Victoria Hotel, Leeds	8,400m ²	2019	Q3 2020								✓	
	Ladywood House, Birmingham	9,300m ²	2020	Q4 2020				✓					
Strategic	Martineau Galleries, Birmingham	7 acres	2019		✓	✓	✓	✓				✓	✓
	Callowhill Court, Bristol	9 acres	2020		✓	✓	✓	✓	✓	✓	✓	✓	✓
	Dublin Central	6 acres	2021		✓	✓	✓	✓				✓	✓
	Dundrum Phase 2	6 acres	2021		✓	✓	✓						✓
	Pavilions Phase 3, Swords	18 acres	2021		✓	✓	✓		✓				✓
	Victoria Phase 2, Leeds	10 acres	2021		✓	✓	✓	✓	✓	✓	✓	✓	✓
Major	Brent Cross	15 acres	n/a		✓	✓	✓	✓	✓		✓	✓	✓
	Croydon	22 acres	n/a		✓	✓	✓	✓	✓			✓	✓
	The Goodsyard, London	10 acres	2019		✓	✓	✓	✓			✓	✓	✓
TOTAL		103 acres											

Flexibility over future capital expenditure

Capex 2018-2020

Committed

	2018 Actual £m	2019 Forecast £m	2020 Forecast £m
On-site developments	95	70	80
Other committed capex ⁽¹⁾	74	25	-

169

95

80

Discretionary

Flagship destination investment

43

38

40

City Quarters

2

7

20

45

45

60

Total

214

140

140

¹ 2018 includes £31 million held in escrow for future Croydon land acquisitions



Financial highlights

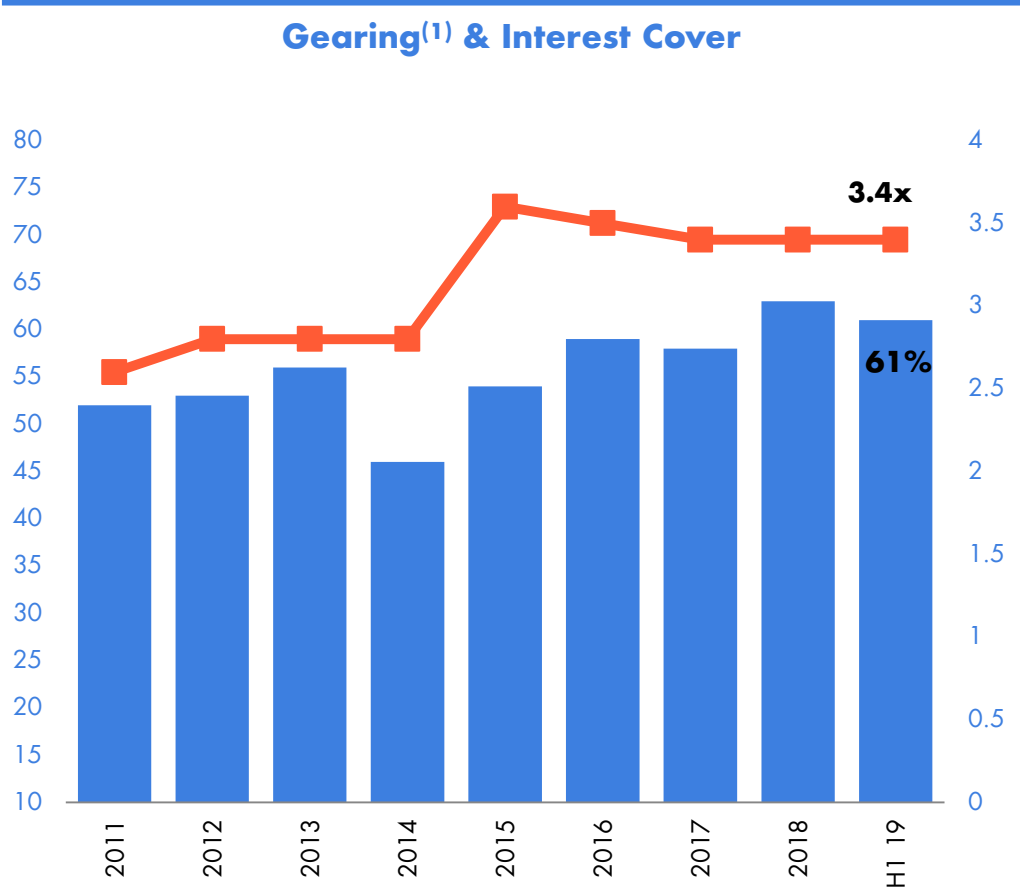
Credit ratios

	30 June 2019 (Pro forma) ⁽¹⁾	Internal guidelines	30 June 2019	31 Dec 2018
Net debt	£3,055m		£3,447m	£3,408m
Gearing	61%	<85%	69%	63%
LTV – headline	37%	<40%	40%	38%
LTV – fully proportionally consolidated	43%	<45%	46%	43%
Cash and undrawn facilities	£1,129m		£736m	£729m
Net debt/EBITDA	9.5x	<10x	10.2x	9.5x
Weighted average cost of debt			2.5%	2.7%
Interest cover		>2.0x	3.4x	3.4x
Fixed rate debt		>50%	73%	74%
GBP/EUR FX balance sheet hedging		70-90%	80%	79%

¹ Reflects gross proceeds from sale of Italie Deux (75%) and Oldbury land, excluding forward sale of Italik

Comfortably within debt covenants

Description	Tightest covenants
Gearing	<150%
Interest cover	≥ 1.25x



1

H1 2019 gearing is proforma for the Italie Deux disposal announced at half year.

Gearing sensitivity⁽¹⁾

		Disposals (£m) ⁽³⁾										
		0	100	200	300	400	500	600	700	800	900	1000
Reduction in Group values ⁽²⁾	0%	61%	59%	57%	55%	53%	51%	49%	47%	45%	43%	41%
	5%	67%	65%	63%	61%	59%	56%	54%	52%	50%	48%	45%
	10%	75%	73%	70%	68%	65%	63%	60%	58%	55%	53%	50%
	15%	85%	82%	79%	76%	73%	71%	68%	62%	62%	60%	57%
	20%	97%	94%	90%	87%	84%	81%	78%	75%	71%	68%	65%
	25%	113%	110%	106%	102%	98%	95%	91%	87%	84%	80%	76%

Gearing covenant 150%⁽⁴⁾

1 Pro forma - reflects sale of Italie Deux (75%) and Oldbury land, excluding forward sale of Italik
 2 Gearing sensitivity on changes in 30 June 19 values and future disposal proceeds. Values on a proportionally consolidated basis including premium outlets
 3 Calculations assume disposals are achieved at 30 June 19 book values
 4 Group's tightest gearing covenant on unsecured bank facilities and private placement senior notes

Credit rating

Rating Agency	Effective from	Senior unsecured long term rating	Outlook
Moody's	August 2019	Baa1	Negative
Fitch	June 2019	BBB+	Stable

Latest rating publications

Moody's Updated Credit Opinion (16 August 2019)

"Hammerson plc's Baa1 long-term issuer rating reflects (1) the prime quality of its shopping centre portfolio in the UK, with good tenant diversification and long lease maturities; (2) its good geographical diversification across multiple countries and various retail property formats; and (3) its significant financial flexibility from well-staggered debt maturities, with no material refinancing needs until 2022, low committed developments and drawing capacity under long-dated committed revolving credit facilities."

Fitch Rating Report (28 June 2019)

"The downgrade of Hammerson plc's ratings reflects the group's lower rental-derived cash flow generation and limited UK rental growth prospects. Instead of using proportionally consolidated figures, Fitch Ratings has used recurring cash flow figures."

Hammerson's resilience to a UK downturn

Greater geographic diversity	June 2019	December 2007
UK property/total property assets	51%	71%
Property value outside UK	£4.7bn	£2.1bn
London Office exposure	0%	22%
Lower committed development		
Development properties/total property assets	7%	14%
Development capital commitments/total property assets	2%	6%
Total capital commitments	£161m	£420m
Strong credit ratios		
Gearing⁽¹⁾	61%	57%
Gearing incl. committed capex⁽¹⁾	64%	67%
Interest cover	3.4x	1.9x
Cash and undrawn credit lines⁽¹⁾	£1,129m	£590m

Average of £400m disposed per year over the last five years

Hammerson annual disposal proceeds (£m)



Key disposals achieved 2017 – 2019 YTD

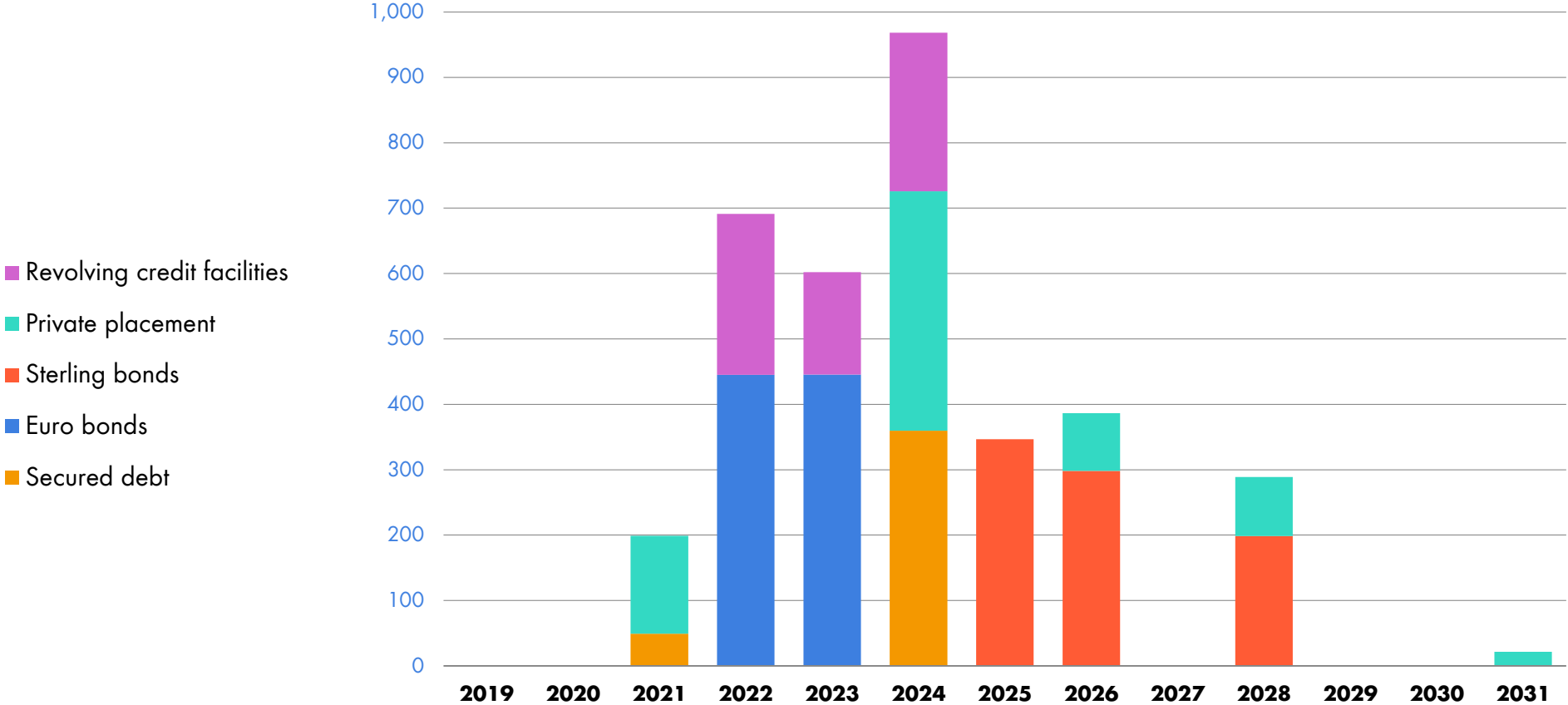
	Proceeds ⁽¹⁾ £m	Buyer
2017: average -3% below book value		
Westwood and Westwood Gateway Retail Parks, Thanet	80	BMO (private equity)
Saint Sébastien, Nancy	140	AEW (private equity)
Place des Halles, Strasbourg	167	Greenstone Oxford Limited
2018: average -7% below BV		
Battery Retail Park, Selly Oak	58	NFU Mutual
Wrekin Retail Park, Telford	35	Ediston/Europa
Imperial Retail Park, Bristol/Fife Central Retail Park, Kirkcaldy	164	Capreon (private equity)
Highcross, Leicester (50%)	236	Asian investor, introduced by M&G Real Estate
2019: average -4% below BV		
Dallow Road RP, Luton	24	Private equity
Italie Deux, Paris (75%)	423	AXA
Abbotsinch, Paisley	67	Ashby Capital
St Oswald's Retail Park, Gloucester	54	Local authority
Total 2017 – 2019 YTD⁽²⁾	1,549	

1 Gross proceeds

2 Total annual gross proceeds (includes ancillary disposals): 2017 - £402m; 2018 - £570m, 2019 - £577m

Debt maturity profile

Debt maturity profile 30 June 2019 (£m)⁽¹⁾



¹ Proportionally consolidated, excluding premium outlets

Conclusion

Concluding Thoughts

Our purpose

We create vibrant, continually evolving spaces, in and around thriving cities, where people and brands want to be. We seek to deliver value for all our stakeholders and to create a positive and sustainable impact for generations to come.

Prime quality portfolio

Highest quality flagship destinations and premium outlets in key cities across the UK and Europe.

Diversity

Flagship destinations – UK, Ireland and France.
Premium Outlets – 14 countries.
4,700 tenants

Delivering on disposals

Achieved £577m YTD (average of £400m disposed per year over the last five years).
Strengthened balance sheet through debt reduction.

Financing strategy

Transparent financing structure (primarily unsecured).
Long term discipline of maintaining within financial policies.

Senior unsecured long term credit rating

Baa1 (negative)	Moody's
BBB+ (stable)	Fitch