Hammerson

2023 Half-year results

27th July 2023

Late Night Out – Market First Event at Bullring, Birmingham

2023 half-year results

Agenda

Overview

Half-year results

Operational & strategic update

Q&A

Eurovision Event at Westquay, Southampton

Strong first half, return to cash dividend, confident in the future

Consistent execution of strategy underpinning operational and financial progress

- Adjusted earnings £56m, up 15% driven by strong operational performance
- Streamlined portfolio focused on prime city centre destinations in high-growth cities
- Transforming our platform, delivering greater capability at a reduced cost
- Stable financial position enabling return to a cash dividend

We are well placed to deliver another year of robust adjusted earnings and cash flow, with a broad opportunity set ahead

Half-year results

3Festival at Cergy 3 Fontaines, France

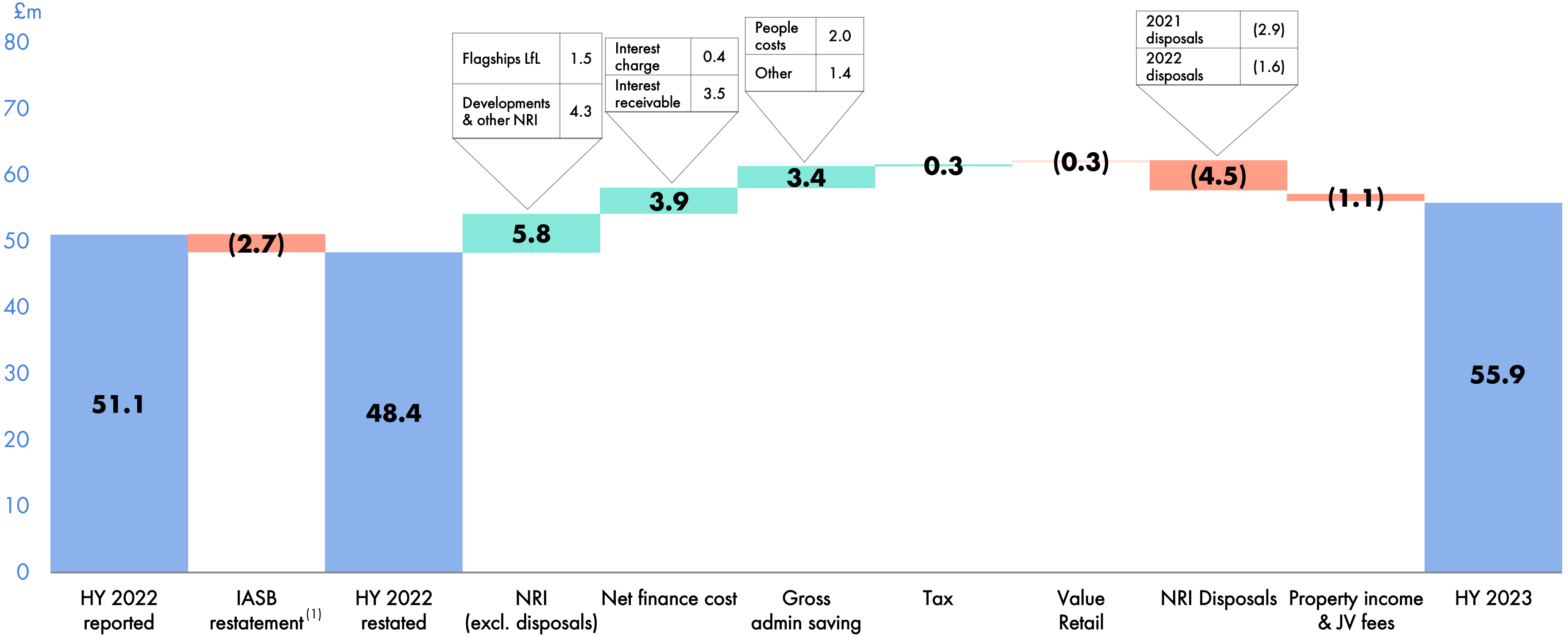
Financial summary

£56m	£4.7bn	52p
Adjusted earnings up +15% (HY 22: £48m[1]) EPS: 1.1p (HY 22: 1.0p[1])	**Total portfolio value** 2.5% Total return 2.8% Income return (0.3%) Capital return	**NTA per share** (FY 22: 53p)

£1.3bn	33%/43%	£36m
Net debt 24% lower vs FY 22 Net debt/EBITDA 7.7x (FY 22: 10.4x)	**Lower LTV (headline/FPC[2])** (FY 22: 39%/47%)	**Cash dividend** 0.72p per share

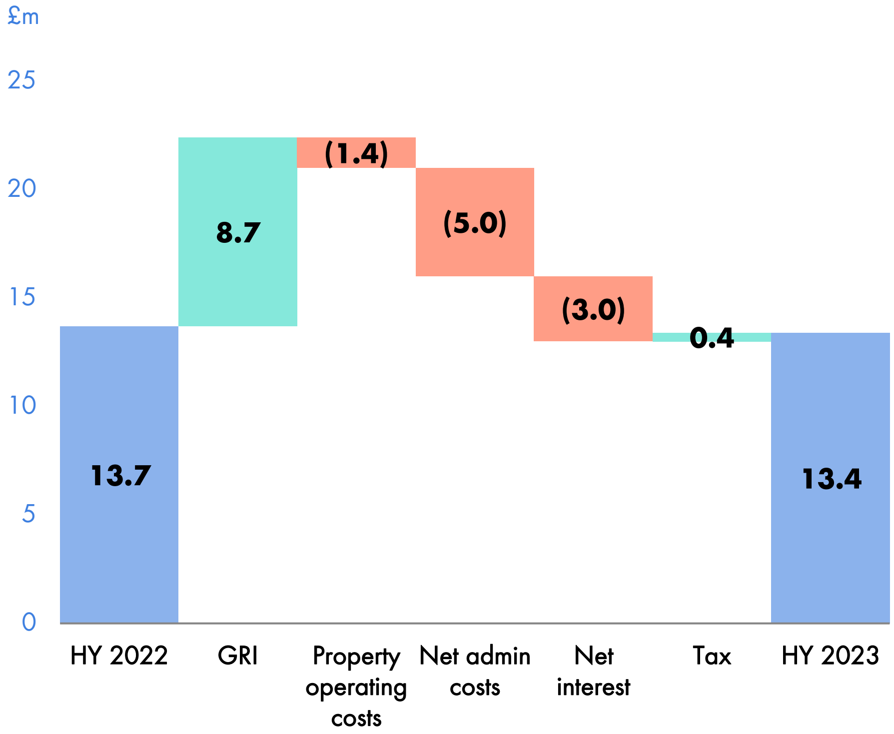
1 HY 22 income statement figures have been restated to reflect the IFRIC Decision on Concessions and balance sheet figures have been restated to reflect the IFRIC Decision on Deposits.
2 Fully proportionally consolidated

Adjusted earnings walk



1 HY 22 income statement figures have been restated to reflect the IFRIC Decision on Concessions

Value Retail – top-tier premium outlets platform



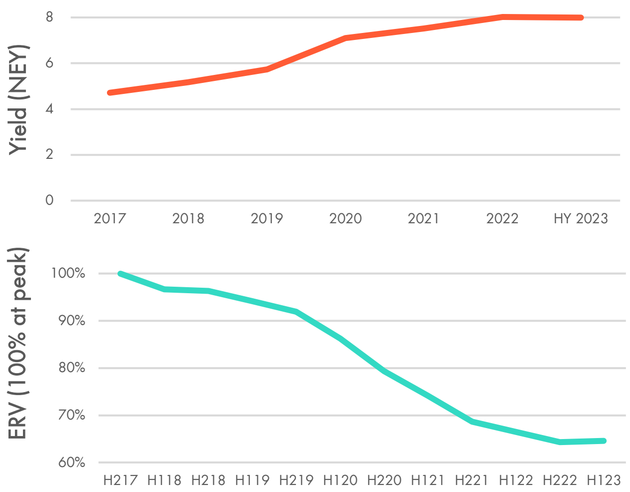
	HY 23	HY 22	% Growth
Footfall ('000)	**17,287**	15,327	+13%
Spend per visit (€)	**85.3**	84.6	+1%
Brand sales (€bn)	**1.5**	1.3	+14%
Avg sales density m² (€)	**7,986**	6,997	+14%
GRI HMSO% (£m)	**74**	65	+13%
NRI HMSO% (£m)	**53**	45	+16%
Village Equivalent Yield Range	**5.25% - 6.50%**	5.00% - 6.25%	N/A

Deals signed in HY 23

BREMONT CHRONOMETERS
CLAUDIE PIERLOT
ZADIG&VOLTAIRE
WILD&TheMOON
COWSHED
ZIMMERMANN
ETRO

Returns and yields by geography

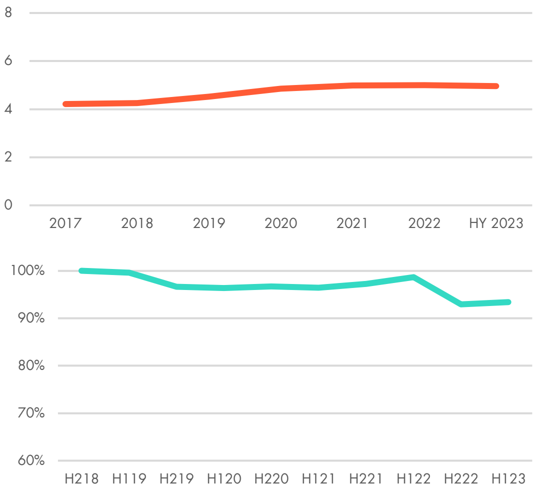
UK flagships



Peak to now[1]

Capital return	(64%)
ERV	(34%)
NEY	+330bps to 8.0%
Range June 2023:	7.2% – 9.5%
5yr Swap rate[2]	5.1%

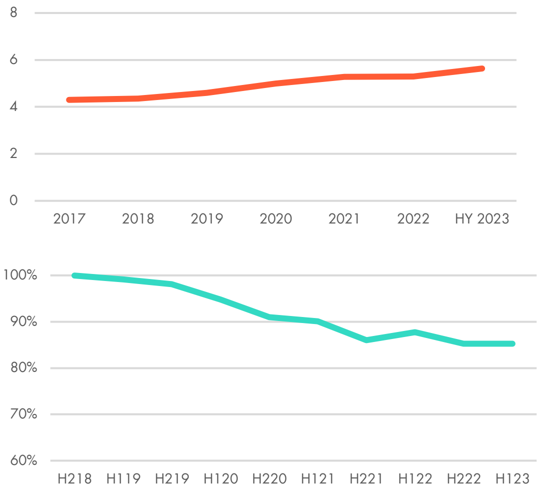
France flagships



Peak to now[1]

Capital return	(29%)
ERV	(4%)
NEY	+80bps to 5.0%
Range June 2023:	4.9% - 5.1%
5yr Swap rate[2]	3.3%

Ireland flagships

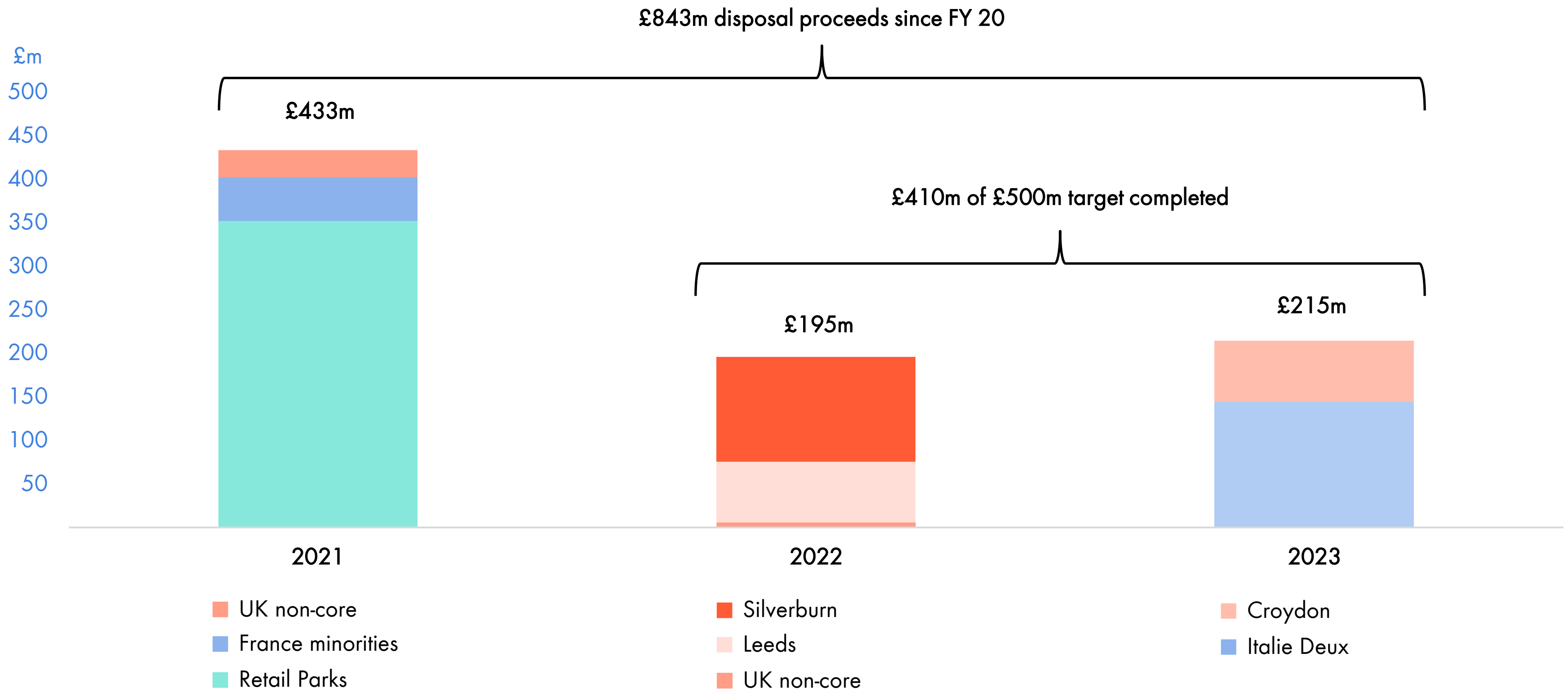


Peak to now[1]

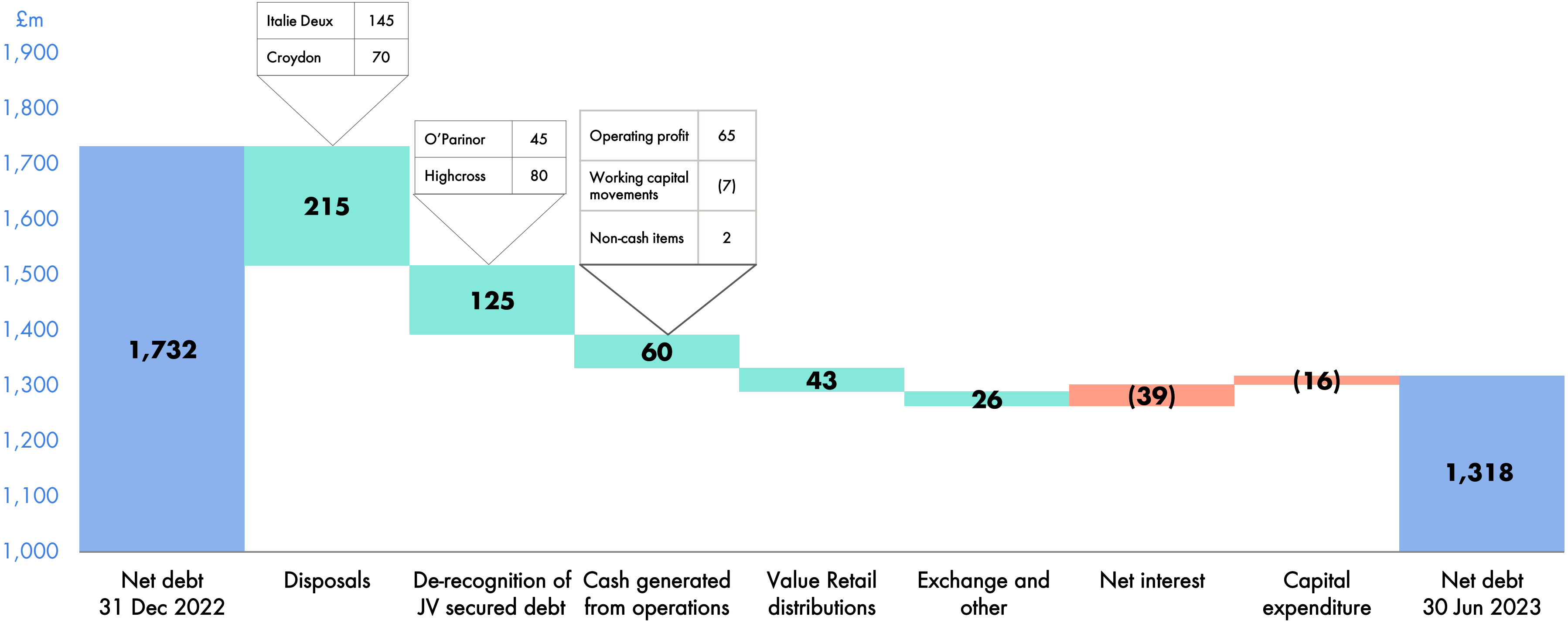
Capital return	(33%)
ERV	(14%)
NEY	+130bps to 5.6%
Range June 2023:	5.5% - 6.0%
5yr Swap rate[2]	3.3%

1 Peak - UK & France flagships 2017, Ireland 2018. Figures reflect current flagship portfolio
2 Source: Bloomberg, as at 30th June 2023

Simplifying the portfolio through non-core disposals

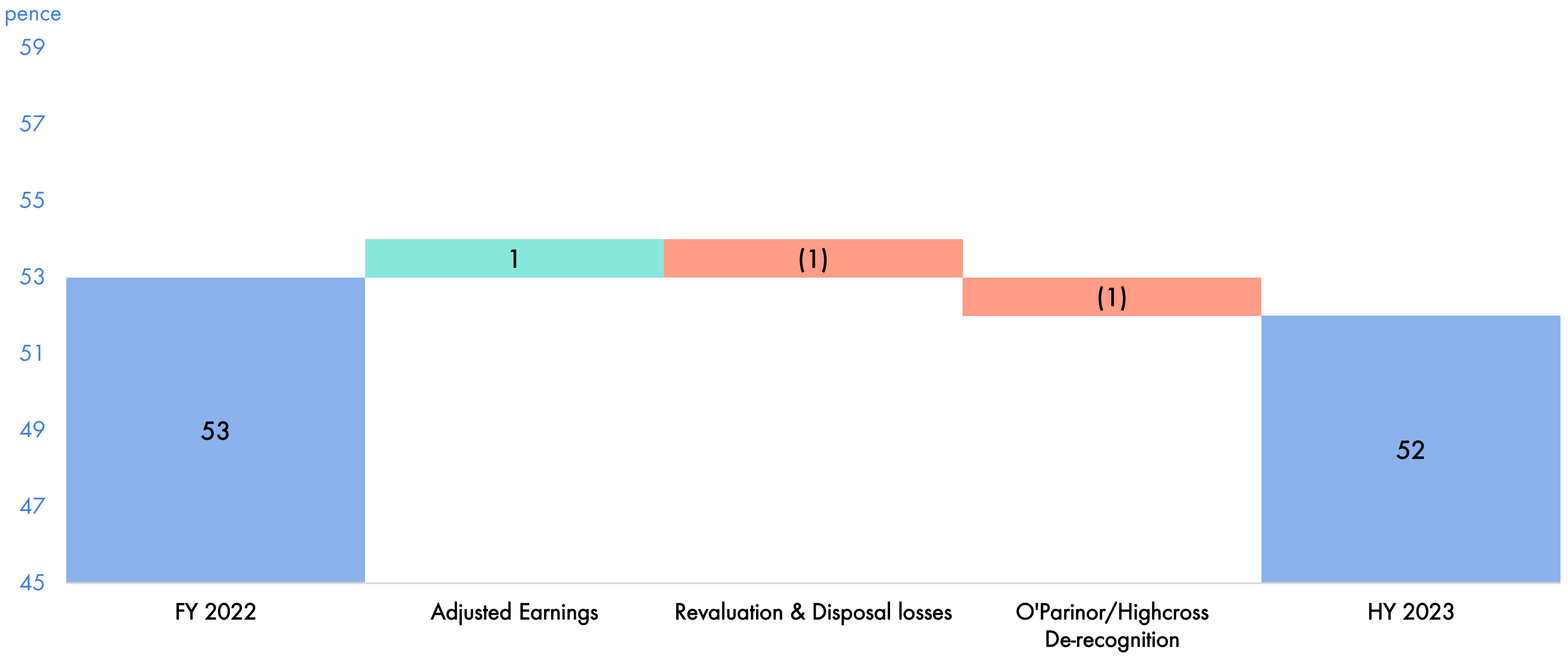


Net debt analysis[1]



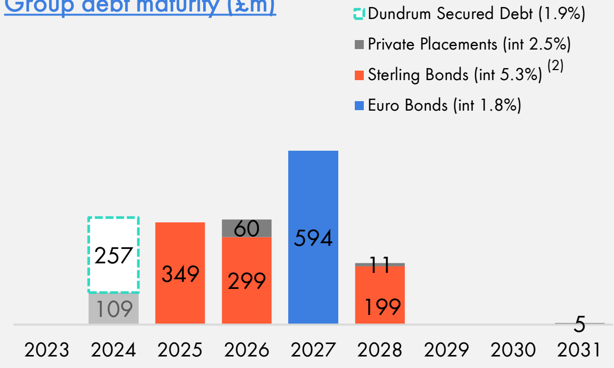
1 On a proportionally consolidated basis, excluding Value Retail

NTA per share walk



Group debt covered by existing cash until 2025[1]

Group debt maturity (£m)



Liquidity position (£m)

RCFs – undrawn	654
Cash (30 June 2023)	563
Total liquidity	1,217

Net debt (£m)	31-Dec 2022	30-Jun 2023
Net debt	1,732	1,318
Value Retail net debt	675	698

£1.3bn
Net debt
24% lower vs FY 22

2025
No material Group refinancings required until 2025 not covered by existing cash

33%/43%
LTV (headline/FPC)
FY 22: 39%/47%[1]

7.7x
Net debt/EBITDA
(FY 22 10.4x)

£1.2bn
Ample liquidity
FY 22: £1.0bn

IG rating
Maintained

1 Proportionally consolidated debt, excluding Value Retail. Interest rates are on a weighted average basis, post hedging derivatives other than for Sterling bonds
2 Sterling Bond hedging (excluded for simplicity) is; £350m maturing 2025 GBP3.5% fixed swapped to EUR2.2% fixed, £300m maturing 2026 GBP6% fixed swapped to GBP floating rates (linked to SONIA) until 2024. The £200m bond maturing 2028 with a fixed 7.25% coupon is unhedged

Dividend Policy

Sustainable policy

- Cash dividend of 60-70% of annual adjusted earnings, to be paid semi-annually, reflecting the continuing investment in our core assets, disposals & acquisitions, LTV, and changes in financing operating conditions
- The Board has declared an interim dividend in respect of £36m / 0.72p per share to be paid entirely as a PID
- Policy reflects confidence in future cash generation of the Group

Operational & strategic update

Penneys Grand Opening at Dundrum, Ireland

Operational trends remain positive and our customer resilient

95%	+4%
Flagship occupancy +1pt vs HY 22	**Group footfall**[1] vs HY 22 levels

+3% /+2% /+7%	16% / 15%
Sales vs HY 22[2] UK / Ireland / France	**OCR** UK / France

- Footfall vs HY 22 is resilient
  - UK +2%, France +7%, Ireland +7%[1]
- Return of footfall to cities benefitting our assets[3]
  - Birmingham +6%
  - Marseille +8%
  - Dublin +13%
- Average retail spend at £107 vs £90[4]
- Dwell time improved from 84mins to 88mins[4]

1 Source: Hammerson. UK excludes Grand Central, France excludes O'Parinor & Q1 excludes Cergy
2 Source: Hammerson. UK excludes Grand Central, France excludes O'Parinor & Q1 excludes Cergy, Ireland is Dundrum only
3 Bullring, Les Terrasses du Port, and Ilac respectively
4 Source: CACI, Average dwell time per customer UK & IRE 2023 vs 2022

Our leasing momentum is continuing

134/£18m	+20%
Leases/income	**ahead of previous passing**
£11m at share (+13% LFL)[1] HY 22: 143/£18m	HY 22: +31%

+8% vs ERV	7.1yrs/9.4yrs
Principal lettings[2]	**WAULB[3]/ WAULT**
HY 22: +1%	HY 22: 7.6yrs/10yrs

- 70% principal vs temporary[4]
- 50/50 split: new leases to renewals[4]
- Diverse mix:
  - Fashion 46%
  - Non fashion and services 31%
  - Food, leisure and social 9%
  - Other 14%
- Strong pipeline, £15m in solicitors' hands

1 On a LfL basis, HY 23 leasing income +£1.3m
2 On net effective basis
3 Principal leases, and excludes standard 3 year breaks in France
4 By number of leases

High-quality assets with unique exposure to fast-growing cities in Europe

GEOGRAPHIC FOOTPRINT

HIGHLIGHTS

Eleven city centre estates with complementary land and two standalone developments

- 86% of destinations A-rated, remainder B+[1]
- c.175m visitors per annum[2]
- 22m in catchment[3]
- 1,400 tenants
- £3.8bn of retail sales
- Supporting 23,000+ full time jobs
- c.80 acres of development land
- All assets have ISO14001 certified-managed systems. BREEAM accreditation across Dundrum and all French assets, UK targeted by FY 23

Cities remain the engines of economic growth

- London, Dublin and Paris are ranked top three cities in Europe for economic potential[4]
- Birmingham, Bristol and Southampton all have >50% of population under 34 years old, with all other cities >40%[5]
- Dublin is the European headquarters of Google, Facebook and Microsoft[6]
- Paris is the capital of the Eurozone, accounting for almost a third of the national GDP[7]
- Marseille is the second most populated city in France, with over 40% of people aged under 34[5]

1 Source: Green Street, July 2023. Excludes developments.
2 Source: Shoppertrak/Hammerson, 2022
3 Source: CACI
4 Source: Fdi European Cities and Regions of the Future 2023
5 Source: Oxford Economics
6 Source: Invest in Dublin
7 Source: Paris Region Facts and Figures 2022

We are a cities business

Investing in our assets	An agile platform	Sustainable and resilient capital structure
✓ Prime destinations in the centres of high-growth cities across UK, Ireland and France ✓ Multi-use and diversification opportunities ✓ Strengthening the customer proposition with new concepts and best-in-class partners ✓ Placemaking to attract and retain customers and new sources of revenue	✓ Transformed operating platform and cost base ✓ Disciplined, integrated owner and investor ✓ Focused on strategic asset management, placemaking and investment into our core assets ✓ Property management and associated accounting services outsourced	✓ Resilient income stream, underpinning a sustainable dividend ✓ Strong balance sheet with IG credit rating maintained ✓ Disciplined capital allocation, recycling capital to our core portfolio

Environmental, Social and Governance at the heart of everything we do

We are actively investing in our core assets

Department store repurposing to drive repositioning

- Repurposing of House of Fraser to Brown Thomas (Selfridges) and Penneys (Primark) at Dundrum complete; Nike backfill opened; Dunnes backfill opening H2
- Former Debenhams at Bullring handed over to M&S, handover to TOCA Social in H2: underwritten at c.20%; expect to outperform
- Planning consent for Drum modern workspace in Birmingham in former JLP space
- Reading Riverside planning application for c.450 apartments

Landlord works to attract the best mix and enhance customer proposition

- Design teams appointed for asset enhancement projects
- Refresh of entrances, public realm, signage and facilities at core assets

Increasing our data capabilities

- AI CCTV project trial in Bullring, Les Terrasses du Port and Dundrum

Dundrum: Nike Live

Birmingham: TOCA Social

Reading: Riverside repositioning

We are placemakers

We are securing new deals and key renewals with best-in-class brands

PRINTEMPS

INDITEX

Bershka

PULL&BEAR

H&M

Boots

We are bringing in new occupiers & concepts

NIKE

Western Union

Lane7

DROIT AU BUT

SANDBOX VR

We are increasing focus on commercialisation & placemaking

SHEIN

Charity Super.Mkt

TESLA

FLORESCENZA

Commercialisation


Cabot Circus Skate Park


TDP Jul Pop-Up

We have a refreshed approach to engagement

Brand Building

Digital First


Fast X

Placemaking


Late Night Out


3Festival

Investment and enabling works to maximise value and optionality

Integral

The Ironworks, Dundrum — **Structural steelwork commenced on programme**, agreement for **long lease of 15 affordable apartments**


Drum, Grand Central — **Planning consent achieved** for amenity rich workplace proposal, **strip out nearing completion**


Reading Riverside — **Planning consent for c.450 apartments** in progress as part of **asset repositioning**


Cergy 3 — **Add-on development** to capitalise on **strong demand**

Complementary


Dublin Central — Ongoing **discussions with potential end users, initial planning consents expected to be finalised** imminently


Dundrum Phase II — **Planning application** remains in progress


Martineau Galleries — Continuing to **engage with City Council** and **reviewing further work** on phasing, grant funding and programme for delivery


Brent Cross Southern Lands — Engagement with key stakeholders to **consider future masterplan**

Standalone


The Goodsyard, London — Progressing with **detailed design and feasibility, procurement of initial demolition and preparation works**, engagement with Network Rail

Croydon Properties — **Successful exit** of 50% share of all land and corporate interests **close to book value**


Eastgate, Leeds — Ongoing **master planning and development agreement** with City Council

Dundrum: from retail pureplay to multi-use estate

A Ireland's only super-prime retail-anchored asset, well connected

B Investments to repurpose former department store space to broaden mix of uses, enhance environment and increase income streams – delivered IRR of c.20%

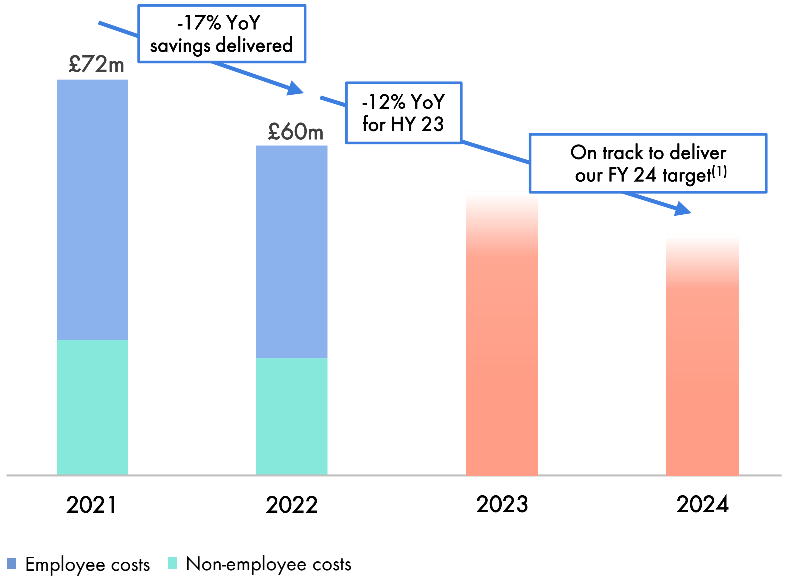
BROWN THOMAS PENNEYS DUNNES STORES NIKE

C D Redevelopment to create living spaces - residential, workspace, restaurant and leisure - driving incremental footfall and diversifying income

FASTER • STRONGER • FITTER • FFS GYM   Western Union

E Opportunity to further significantly diversify mix to residential on adjacent land

Transformed operating model and platform



Anticipated cumulative reduction of 30% FY 20 – FY 24

- ✓ Transformed platform with an investor mindset
- ✓ Significant progress made to increase efficiency, integration, ways of working, digitalisation and automation
- ✓ Asset centric organisation focused on strategic capital allocation, portfolio and asset management, placemaking and the repositioning of our assets
- ✓ Building a high-performance, high-engagement culture with an emphasis on career development
- ✓ Property management and associated accounting currently being consolidated with quality providers of scale
- ✓ -17% cost reduction delivered at FY 22, -12% for HY 23
- ✓ Net headcount reduction of -57% since FY 20
- ✓ On track to deliver FY 24 target of -20% off FY 22 base

1 FY 24 target to reduce gross administration costs by 20% off FY 22 base.

Our approach to capital allocation is disciplined

Sources

Sustainable cash flow

Disposals

Uses

De-lever

Retain IG credit rating

Distributions to shareholders

Organic investment in existing assets and development opportunities

Consolidate ownership in core assets and markets

Stable and resilient capital structure

Required returns > cost of capital

Total return focus, but committed to a sustainable cash dividend

Remain opportunistic on capital deployment

Looking forward

HY 23

Another half year of operational, strategic, and financial progress

FY 23

Near-term priorities

Maintain strong operational grip on business:

- Deliver another year of robust underlying earnings and cash flow
- Achieve our cost reduction target of -20% by 2024
- Conclude our £500m disposal programme

Medium-term priorities

Continue to:

- Evolve our proposition to the new channel-agnostic reality
- Partner with the best-in-class occupiers during the ongoing flight to quality
- Invest in our core portfolio to drive further value
- Maximise value and optionality in our development portfolio
- Deliver total returns underpinned by a sustainable cash dividend

Strong platform > **Multiple opportunities** > **Unlock deep value**

A value-generating platform, with more opportunities ahead

Bullring, Birmingham

Dundrum, Dublin

Cabot Circus, Bristol

FUTURE PLATFORM

Core city centre estates and consolidated ownership of assets

Integral development programme delivered

Asset quality significantly enhanced

Complementary and Standalone developments progressed for value and optionality

Realise value from our investment in Value Retail

INVESTMENT PROPOSITION

Attractive financial metrics

- Resilient and growing earnings and cash flow
- Sustainable cash dividend
- Rents rebased and values recovering from bottom of cycle
- Stable and resilient balance sheet, committed to an IG rating, with capacity for investment

Underpinned by lean, more agile, scaleable organisation

- Working towards further reduction post delivery of FY 24 target

Options to recycle capital for growth

- Further redeployment into existing assets, consolidation, and complementary development

Q&A


THE SISTERHOOD
H&M
LATE NIGHT OUT
Connecting communities and delivering a positive impact for generations to come

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Additional disclosures

Charity Super.Mkt, the first multi-charity retail store launch at Brent Cross

Contents

Managed portfolio

ESG

Value Retail

Sunset Live at Terrasses du Port, Marseille

Over two years of strategic progress

Sustainable and resilient capital structure	An agile platform	Reinvigorated assets	Accelerated development pipeline

Environmental, Social and Governance

Sustainable and resilient capital structure

- ✓ Strengthened balance sheet with £843m of disposals since FY 20, including £410m of £500m programme
- ✓ HY 23 net debt £1,318m (FY 20:£2,234m)
- ✓ HY 23 headline LTV 33% (FPC 43%) (FY 20: 40%/46%)
- ✓ HY 23 net debt/EBITDA 7.7x (FY 20: 14.1x)
- ✓ Ample liquidity of £1.2bn
- ✓ No group refinancing until 2025 not covered by cash, albeit shortfall in unrestricted cash
- ✓ IG credit rating maintained
- ✓ Returned to sustainable cash dividend

An agile platform

- ✓ Significant progress made to increase efficiency, ways of working, digitalisation and automation
- ✓ Colleagues more empowered and able to focus on the value add – property management and associated accounting work currently being outsourced to quality providers of scale: JLL; SCC
- ✓ Increased focus on data and insights capabilities, e.g. 'AI CCTV' investment
- ✓ Headcount at 224, -57% reduction (FY 20: 518)
- ✓ -17% cost reduction delivered at FY 22, -12% for HY 23
- ✓ On track for FY 24 target of -20% off FY 22 base
- ✓ Cumulative savings will be -30% in FY 24 off FY 22 base

Reinvigorated assets

- ✓ HY 21 to HY 23 LFL GRI growth +20%
- ✓ 822 leases signed since FY 20 to diverse mix of fashion, non-fashion, restaurant and leisure
- ✓ Since FY 20, roughly one third of department store space disposed, one third repurposed or in train:
- ✓ House of Fraser in Dundrum to Brown Thomas and Penney's
- ✓ Debenhams in Bullring to M&S and TOCA Social
- ✓ Maintained high occupancy at 95% (FY 20: 94%, FY 21: 96%, FY 22: 96%)

Accelerated development pipeline

- ✓ Recategorised development pipeline to integral; complementary and standalone opportunities
- ✓ Progressed underwriting and de-risking in capital light manner to unlock value and optionality
- ✓ Strategic exit of Croydon interests to URW close to book value
- ✓ Progressive exit of non-core land since FY 20, generating incremental £38m of disposal proceeds
- ✓ Ironworks (122 unit resi) structural steel work commenced on programme in Dundrum
- ✓ Planning consent granted for Drum in Grand Central, with strip out works nearing completion
- ✓ Further detailed engagement to progress land acquisition and assembly at both Martineau Galleries and The Goodsyard

Managed portfolio

H&M Grand Opening of Upsized Store at Cabot Circus, Bristol

Birmingham estate super-prime multi-use estate

A Consolidation of the city centre retail offer:

M&S relocating from their historic high street location into the Bullring with a full-line store – including food hall - opening by Christmas 2023

A B Creation of critical scale with an agglomeration of best in class social and entertainment partners; repurposing obsolete space and bringing diversified use and income:

B C Investments to bring latest global retail concepts and new store programmes to reinvigorate the merchandise mix and customer engagement, including:

D Integral development of Drum above New Street Station to repurpose obsolete department store into new workplace, diversifying use and income.

E Longer term development programming for Martineau Galleries to fit with Birmingham City Council future city plan and densification of the city centre.

We have categorised and refined our development opportunities

CAPITAL INTENSITY

STAND-ALONE TO OUR CORE URBAN ESTATE

Stand-alone schemes on self-contained land. Have the strength of location and potential scale to create critical mass and returns of their own. Offer both short- and long-term investment potential

COMPLEMENTARY TO OUR CORE URBAN ESTATE

Complementary to existing schemes. They have potential to increase our scale and critical mass and unlock development returns as well as further halo and diversification effect on the retained estate

INTEGRAL TO OUR CORE URBAN ESTATE

Within the envelope of the existing core assets. Emphasis on creating new and engaging spaces, with a greater focus on placemaking and attracting new occupiers and services and diversified income

TIME TO DELIVERY/OPPORTUNITIES FOR LIQUIDITY

Rent collection performance and top 10 occupier exposure

Rent collection – flagships[1]	UK (%)	France (%)	Ireland (%)	Group (%)
FY 22	97	98	99	98
H1 23	95	94	96	95

Occupier	Rental exposure (£m)	% of passing rent	% of NIA
Inditex	7.6	4.1	3.3
H&M	3.7	2.0	3.0
Next	2.9	1.6	3.5
JD Sports	2.7	1.5	1.0
River Island	2.6	1.4	1.1
Boots	2.3	1.2	1.2
CK Hutchison Holdings	2.3	1.2	0.6
Superdry	2.0	1.1	0.6
Printemps	1.9	1.1	1.1
Marks & Spencer	1.9	1.0	3.2

1 Rent only as at 21 July 2023

LTV methodology

	31 June 2023		31 December 2022	
Net debt	With Value Retail net asset value (£m)	Fully proportionally consolidated (£m)	With Value Retail net asset value (£m)	Fully proportionally consolidated (£m)
Managed portfolio	1,318	1,318	1,732	1,732
Value Retail		698		675
Loan	1,318	2,016	1,732	2,407
Property values				
Managed portfolio	2,805	2,805	3,220	3,220
Value Retail	-	1,889	-	1,887
Value Retail net assets	1,172	-	1,189	-
Value	**3,977**	**4,694**	**4,409**	**5,107**
LTV	**33%**	**43%**	**39%**	**47%**

ESG

Dundrum Solar Installation, Dublin

ESG continues to be a focus across Hammerson

Environmental

	HY 2023	HY 2022	% Change	2023 Target
Carbon emissions ('000 tCO_2e)	3.1	3.2	-5%	-5%
Energy ('000 MWh)	16	18	-12%	-5%
Waste recycling (%)	39	40	-3%	60%
Water ('000m^3)	172	208	-17%	-7%

Net Zero Asset Plans

- All NZAPs are included in the assets BPs from 2023 onwards.

39%[1] tCO_2e vs HY19

- UK assets are progressing with lighting and metering surveys, BMS reviews and a HVAC design and tender package of works.
- French assets are prioritising renewable energy options aligned to legislation.
- Irish assets are progressing all workstreams with further HVAC survey work being undertaken in DTC. Pavilions and Ilac will also both be gas free in 2023, 5 years ahead of schedule.

1 Proportionally Consolidated, Like for Like as at 30 June 2023

Social

	HY 2023	HY 2022	% Change
Organisations supported	96	76	26%
People engaged	3,195	3,244	-2%

Giving Back Day

- On the 9th June colleagues volunteered with charities, organisations and groups
- Colleagues participated in a range of activities making a positive difference to communities local to our offices and assets
- In the UK and Ireland 102 colleagues engaged in 8 activities aligned to our social value themes
- In France 65 colleagues partnered with an organisation supporting employability

Governance

Benchmarks

MSCI ESG RATINGS – Rating: AA

ISS ESG – Rating: C+ Prime

GRESB – Score: 3 Star / 75

EPRA sBPR Gold – EPRA Gold standard reporting

SUSTAINALYTICS – Low Risk

Management Systems- ISO

- Creation of a new combined ISO compliant Health, Safety, Environment and Energy Management System.
- Inclusive system enables efficiencies and consistent management approach to aid business continuity.

TCFD

- Transition to more realistic climatic scenarios aligned to climate science.
- Undertaking updated physical climate risk reviews to inform risk profile.

Reporting and Assurance

GRI · EPRA · BDO · JLL

Value Retail

Bicester Village

Hammerson's interest in Value Retail

Village	Bicester	La Roca	Las Rozas	La Vallée	Maas-mechelen	Fidenza	Wertheim	Ingolstadt	Kildare
Opening	1995	1998	2000	2001	2002	2003	2003	2005	2006
Sponsor interest	13.7%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%
Investor interest	37%	29%	25%	14%	14%	22%	33%	2%	29%
Economic interest	50%	41%	38%	26%	27%	34%	45%	15%	41%

£1.5bn GAV (Bicester – La Vallée)

£0.4bn GAV (Maasmechelen – Kildare)

Birmingham Weekender at Bullring, Birmingham