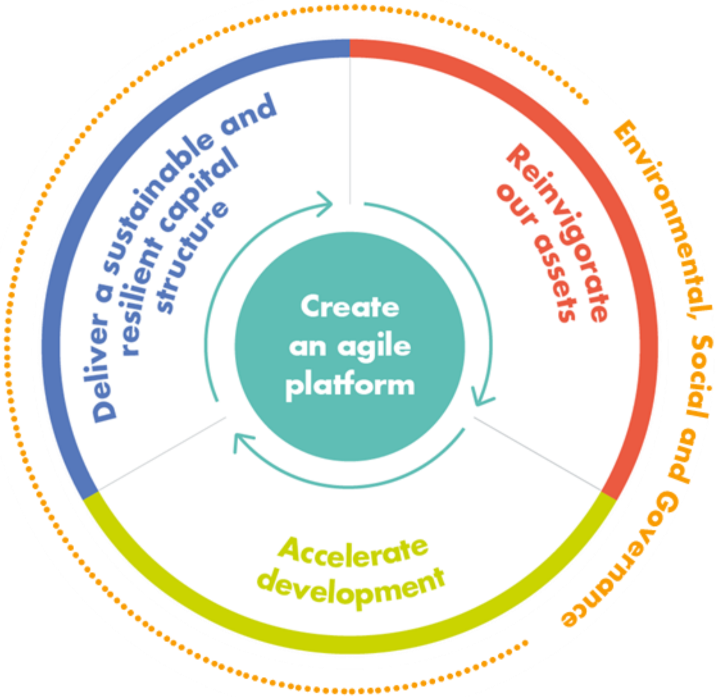
2022 Full-year results

9th March 2023

Dundrum Town Centre, Dublin

Agenda

- **Overview**
- **Full-year results**
- **Strategic execution**
- **Q&A**



Another year of strategic, operational and financial progress

Executing on FY22 priorities

What we said:

- Stabilise and optimise cash flow and underwrite the value of our flagships through relentless operational execution
- Unlock further value on existing estate
- Create optionality by hitting key milestones on our development opportunities
- Continue to drive organisational speed and agility via digitalisation and reduce cost at the same time
- Generate capital to reduce debt and recycle

What we did:

- ✓ LfL GRI +8%, LfL NRI +29%; significant increase in adjusted earnings
- ✓ Strongest leasing performance since 2018 with diverse mix (£45m by value @100%)
- ✓ Maintained 96% flagship occupancy, with significant rotation and regear of marquee brands, new concepts and experiences
- ✓ Completed repurposing of House of Fraser in Dundrum; Debenhams in Bullring in progress; advancing further repurposing plans
- ✓ Commenced construction of The Ironworks in Dundrum; planning submitted for Drum above Birmingham New Street, and Reading Riverside
- ✓ Reduced gross admin costs by 17% YoY, with more to come by 2024
- ✓ Completed £195m of disposals in 2022, on track for a further £300m in 2023
- ✓ Net debt down 4%; no Group refinancing not covered by existing cash until 2025
- ✓ Stable balance sheet – notwithstanding downward revaluations at the end of the year

Adjusted earnings of £105m

Full-year results

Les Terrasses du Port, Marseille

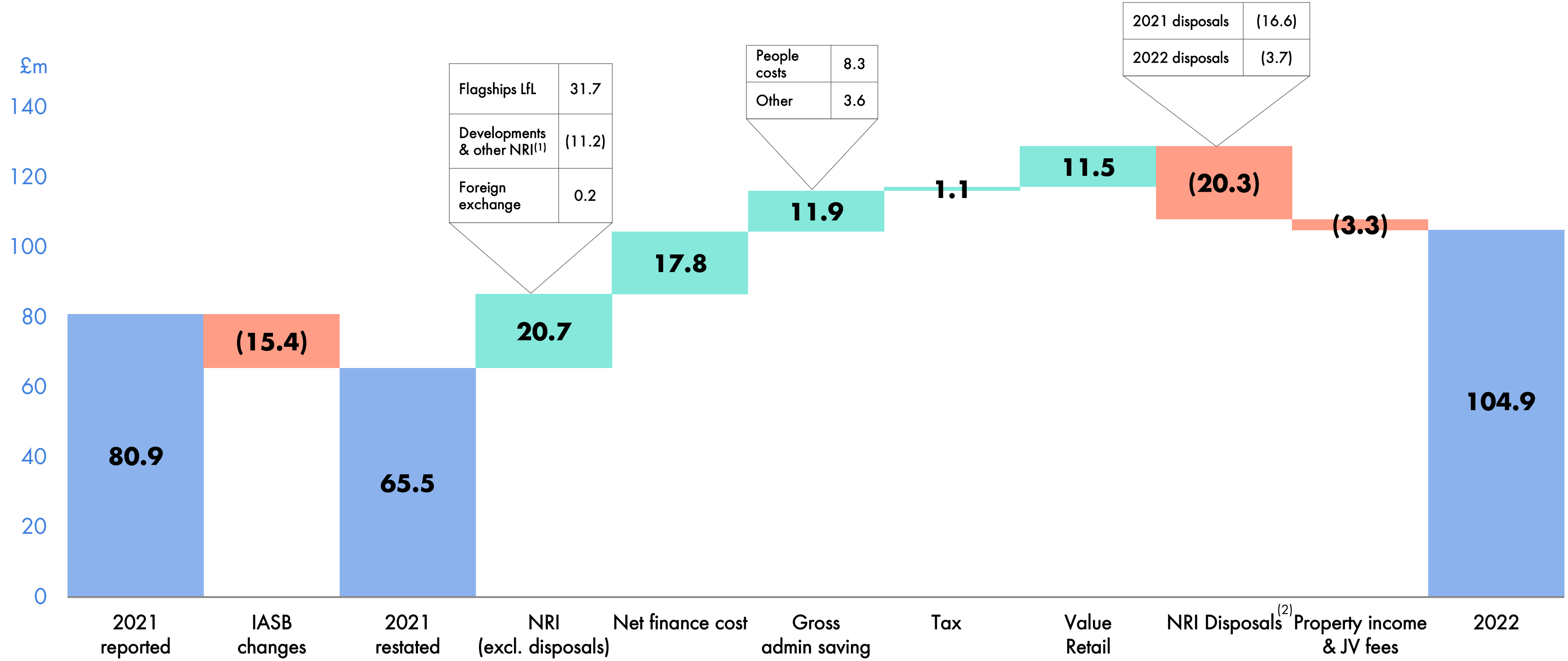
Financial summary

£175m	£105m	£5.1bn
NRI[1]	Adjusted earnings	Total portfolio value
LFL GRI +£12m (8%) LFL NRI +£32m (29%)	(2021: £66m[2]) EPS: 2.1p (2021: 1.3p[2])	5.3% Income return -5.8% Capital return -0.7% Total return

53p	£1.7bn	39%/47%
NTA per share	Net debt	LTV (headline/FPC[3])
(2021: 64p)	4% lower vs Dec-21[2] Net debt/EBITDA 10.4x (2021: 13.4x)[2]	(Dec-21: 39%/46%)[2]

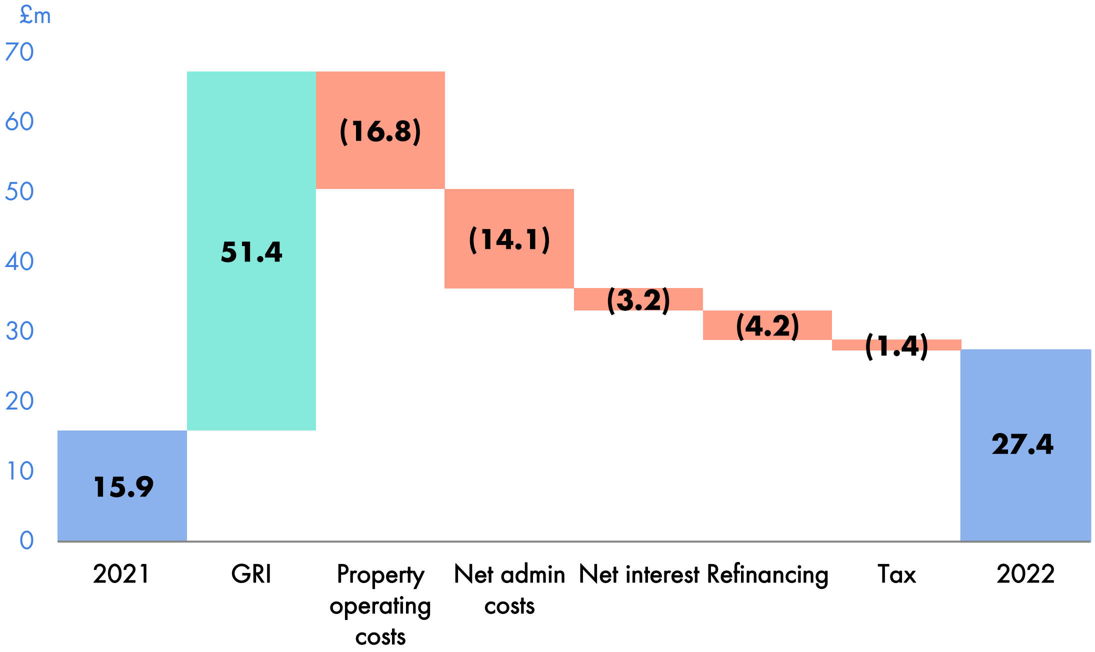
1 Adjusted NRI
2 2021 income statement figures have been restated to reflect the IFRIC Decision on Concessions and balance sheet figures have been restated to reflect the IFRIC Decision on Deposits. Additionally, 2021 earnings per share has been restated to reflect the bonus element of scrip dividends
3 Fully proportionally consolidated

Adjusted earnings walk



1 Includes YoY decrease in surrender premiums of £10.7m
2 Reflects YoY change in NRI from properties sold since the beginning of 2021

Value Retail earnings walk[1]



Operational:
- Footfall and brands sales approaching 2019
- Spend per visit up 5% on 2019 levels
- 332 leases signed
- 94% occupancy
- 100% collections

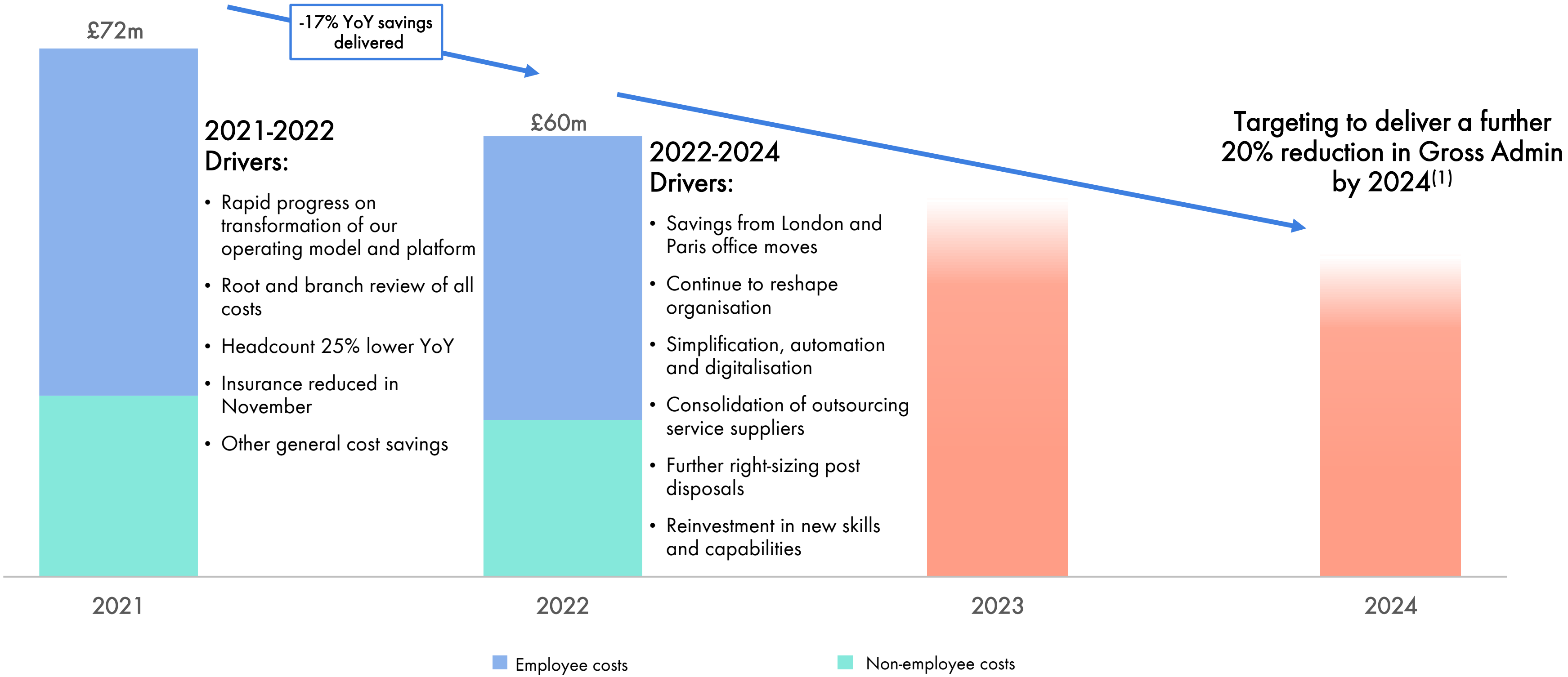
Debt/refinancing:
- >£1bn refinancing completed in 2022 including La Vallée and Bicester

Valuation:
- 5.25% - 6.5% Village equivalent yield range

Dividends:
- Expect to return to cash distribution in 2023

1 Figures at Hammerson share

Gross administration costs & trajectory



2021-2022 Drivers:

- Rapid progress on transformation of our operating model and platform
- Root and branch review of all costs
- Headcount 25% lower YoY
- Insurance reduced in November
- Other general cost savings

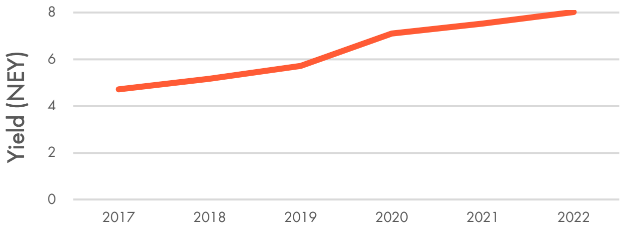
2022-2024 Drivers:

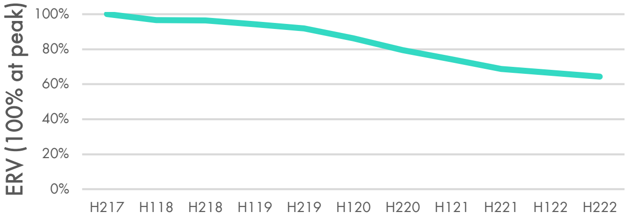
- Savings from London and Paris office moves
- Continue to reshape organisation
- Simplification, automation and digitalisation
- Consolidation of outsourcing service suppliers
- Further right-sizing post disposals
- Reinvestment in new skills and capabilities

1 vs 2022 base

Returns and yields by geography

UK flagships

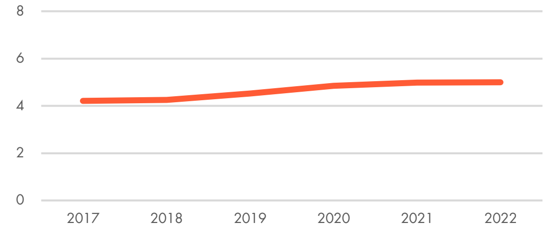


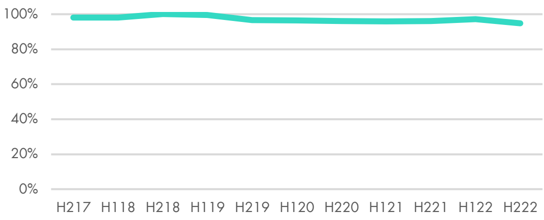


Peak to now[1]

Capital return	(65%)
ERV	(36%)
NEY	+330bps to 8.0%
Range Dec 2022:	7.2% – 9.5%

France flagships

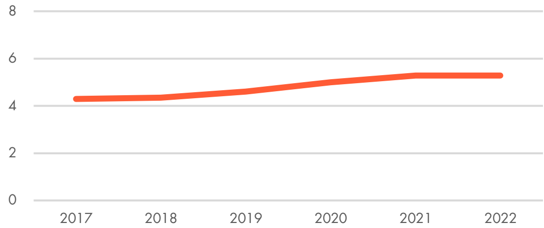


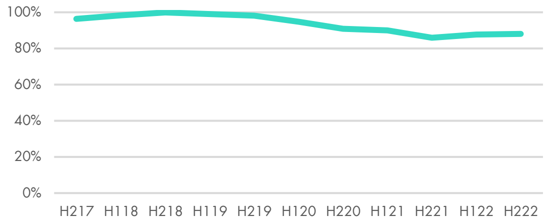


Peak to now[1]

Capital return	(30%)
ERV	(5%)
NEY	+80bps to 5.0%
Range Dec 2022:	4.7% - 6.4%

Ireland flagships





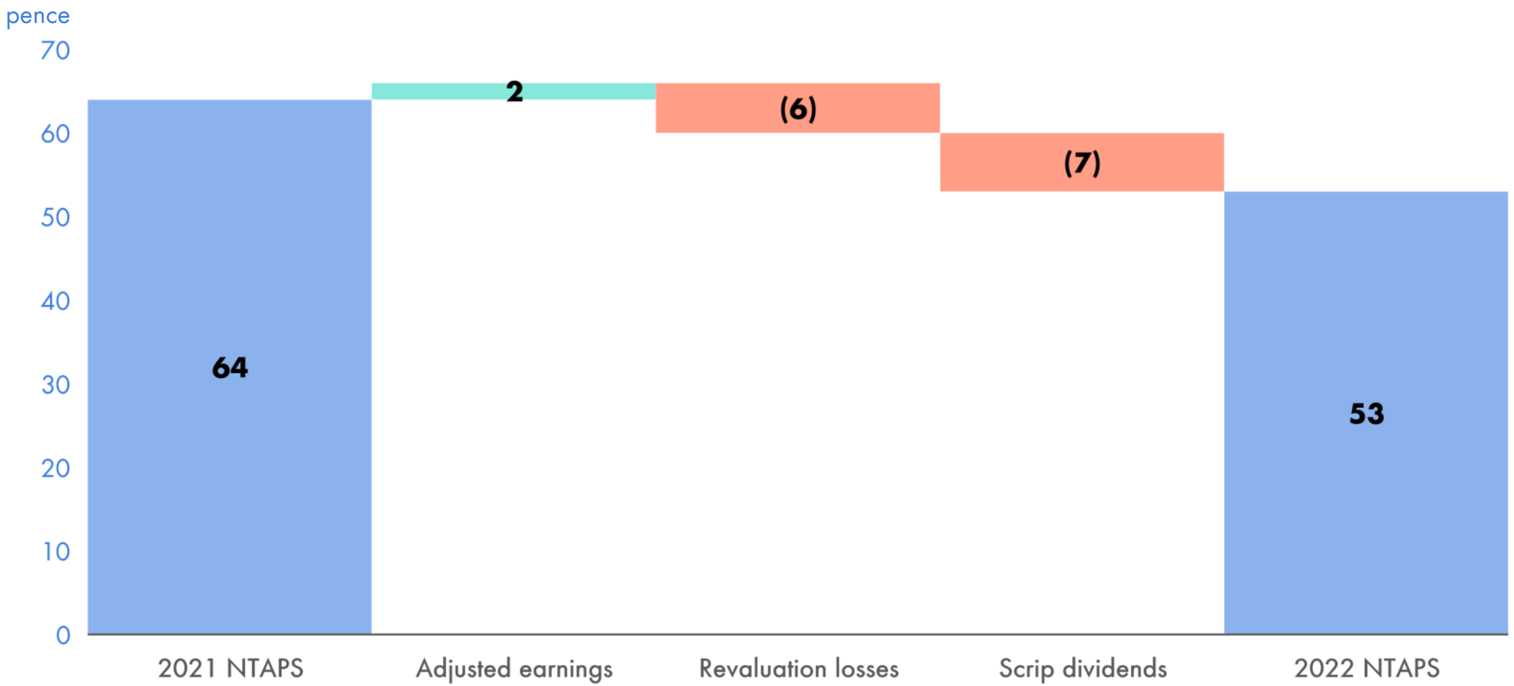
Peak to now[1]

Capital return	(31%)
ERV	(12%)
NEY	+110bps to 5.5%
Range Dec 2022:	5.3% - 6.0%

1 Peak - UK & France flagships 2017, Ireland 2018. Figures reflect current flagship portfolio

2022 full-year financial results

NTA per share walk



A stable balance sheet

£1.7bn

Net debt

4% lower vs Dec-21[(1)]

Net debt/EBITDA 10.4x

(2021 13.4x)[(1)]

39%/47%

LTV (headline/FPC)

Dec-21: 39%/46%[(1)]

68%

Gearing

Dec-21: 66%[(1)]

vs 150% covenant

£1bn

Liquidity

Dec-21: £1.5bn

2025

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

IG rating

Moody's and Fitch changed outlook from negative to stable

1 2021 restated for the effect of IASB accounting agenda decision on Covid-related concessions and demand deposits

No Group debt not covered by existing cash until 2025(1)

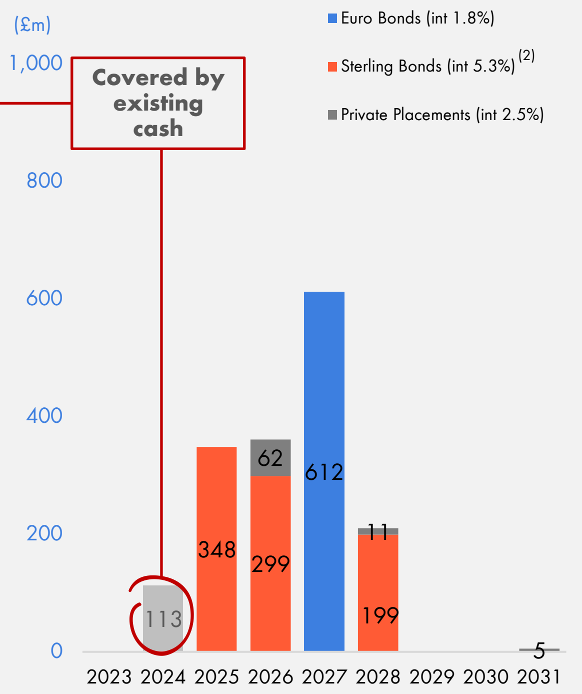
Liquidity position (£m)

	£m
RCFs – undrawn	660
Cash (31 Dec 2022)	336
Total liquidity	996

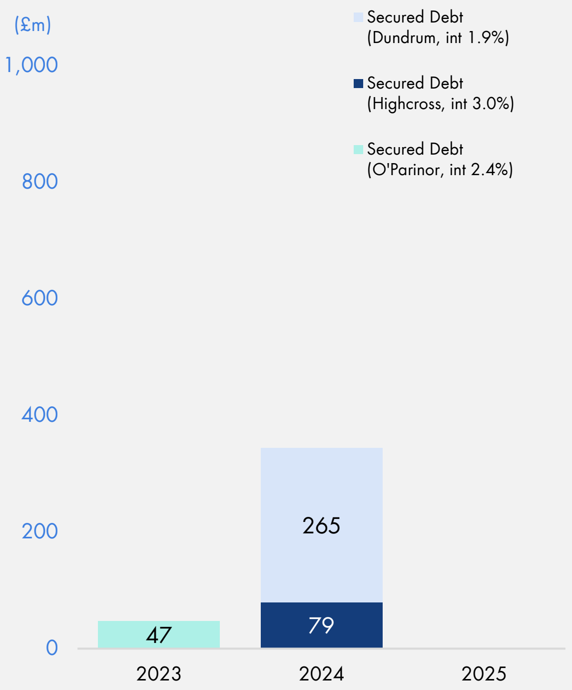
Net debt (£m)

	31-Dec 2021 £m	31-Dec 2022 £m
Net debt	1,799	1,732
Value Retail net debt	680	675

Group unsecured debt maturity



Secured debt in joint ventures(3)



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
3 Secured debt in joint ventures (shown at Hammerson share) is on a non-recourse basis. Highcross debt subject to receivership in February 2023

Modelling assumptions

GRI	• Underlying 2022 GRI £211m (reported GRI of £215m less £4m from disposals and surrenders) • Targeting mid-single digit growth (excluding disposals) from strong leasing and lower vacancy
Disposals	• Target of c.£300m of disposals in 2023[1]
NRI	• Assume margin to GRI of 80% in 2023
Admin costs	• Targeting to deliver further 20% reduction by 2024 • Some dilution of lost fee income from disposals (2022 fee income £17m)
Value Retail	• Earnings to have recovered fully to pre-pandemic levels in 2023 • Return to cash distributions expected in 2023
Finance costs	• 2023 net finance costs c.15% lower

Capex	• Expenditure expected to be £110m
	  ◦ £55m repurposing, placemaking, ESG and maintenance/stewardship
	  ◦ £55m land acquisition and promotion

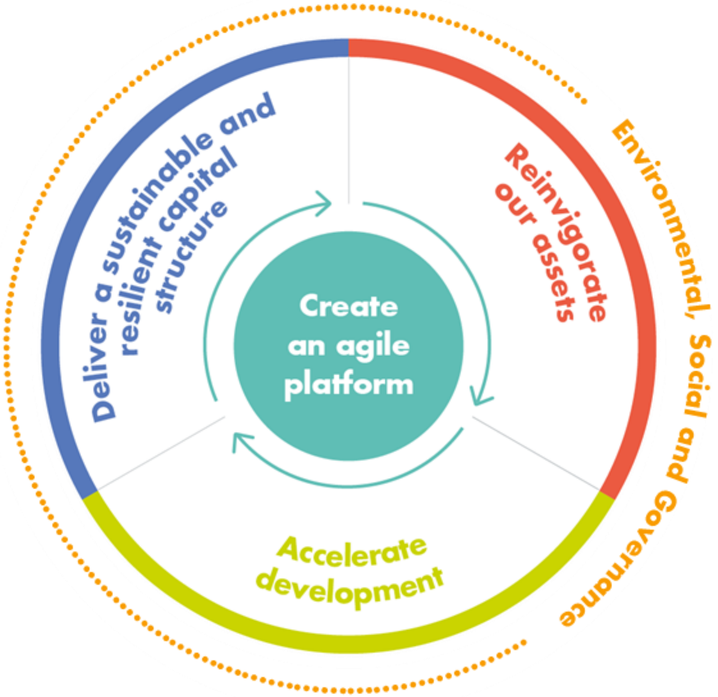
Dividend	• Anticipate a return to cash dividends in 2023

1 £195m already raised in 2022 from disposals of Silverburn and Victoria Leeds

Strategic execution

Carnival, Bullring

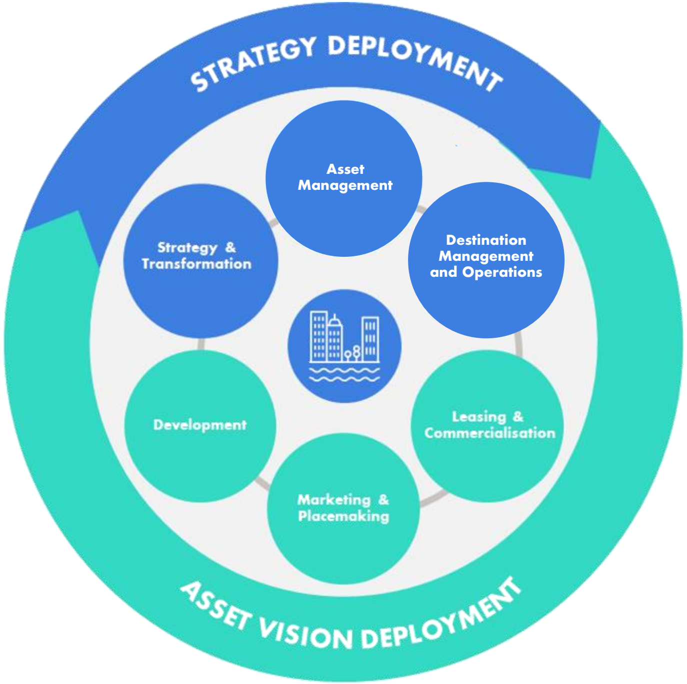
Two years of tangible results



Today, Hammerson is a better, more agile and resilient business

- ✓ A simplified and more focused portfolio following £628m of gross proceeds since start of 2021, stable balance sheet, with recycled capital for investment
- ✓ Rapid progress on the transformation of our operating model and platform, resulting in a significantly reduced cost structure and greater agility
- ✓ Enlivened and reinvigorated assets by introducing new occupiers, uses and concepts
- ✓ Actively repurposing our destinations, with an increased emphasis on commercialisation, marketing and placemaking, in turn creating exceptional spaces for our customers and occupiers
- ✓ Net Zero Asset Plans developed for each flagship asset; enhanced and realigned our activities to be specific to our local communities
- ✓ A sharper focus on our development opportunities, hitting key milestones, and creating value and optionality at each stage of the development cycle
- ✓ Strong grip on operations, backed by disciplined financial management

An agile, asset-centric operating model focused on occupiers and customers



- Shift to simplified asset and customer centric model, yielding clear benefits
- Leaner organisation: 42% reduction in headcount vs 2019
- Investing in and promoting key talent at all levels
- Increased speed of leasing and collections
- Consolidated UK property management suppliers
- Implementing more integrated, connected and automated systems to drive further efficiency
- -17% gross admin YoY
- Targeting a further 20% reduction in gross admin costs by 2024
- Expanding our best-in-class partnerships, e.g. in Birmingham with CPPIB

Our strongest leasing performance since 2018

317/£45m	34%
Leases/income[1]	ahead of previous passing
(£25.4m at our share) 2021: 371/£24.7m	2021: -2%

+2% vs ERV	8.0yrs/9.5yrs
Principal lettings[2]	WAULB[3]/ WAULT
2021: -11%	2021: 7.8yrs/8.9yrs

- ✓ 77% principal vs temporary[4]
- ✓ Two thirds/one third: new leases to renewals[4]
- ✓ 40% of new leasing volume, c.44k sq.m. to new concepts and/or significant upsizes
- ✓ >20% of renewal volume, c.10k sq.m., included significant refurbishments
- ✓ Diverse mix:
  - Fashion 43%
  - Restaurant, food, and social 21%
  - Balance to non-fashion and services

1 On a LfL basis, 2022 leasing income +10% (£2.1m)
2 On net effective basis
3 Principal leases, and excludes standard 3 year breaks in France
4 By number of leases

Creating a sense of place

We engage on a portfolio basis

We are bringing in new occupiers & concepts

We are increasing focus on commercialisation & placemaking

We have a refreshed approach to marketing

Local talent/influencers in our centres:

- Over 123m impressions (vs 54m impressions in 2021)
- 23% view-through rate (vs 15% industry wide standard)
- Tripling previous years' Click Through Rate, showing that authentic content engages audiences

Repurposing our spaces to introduce new occupiers and concepts

Completed → Progressing opportunities


Brown Thomas, Dundrum

Repurposing of former House of Fraser unit at Dundrum successfully completed

- Now occupied by Brown Thomas (Selfridges) and Penneys (Primark)
- Affording the opportunity to bring Dunnes Stores into Dundrum for the first time


TOCA Social, Bullring

Work continues on the former Debenhams unit at Bullring

- New occupiers: Flagship grocery-led M&S; new leisure concept, TOCA Social
- Underpinning a flurry of further leasing in 2022


The Oracle


Cabot Circus


Westquay


Brent Cross

Robust operational trends

96% / 98%

UK & France / Ireland Occupancy

18% / 13%

UK / France OCR

(UK pro forma 2022: 16%)[1]

c.90%

Group footfall[2] vs 2019 levels

+4% / -1% / +3%

UK / France/ Ireland Sales vs 2019[2]

- ✓ Footfall vs 2019 improved 11ppts from January to December[2]
- ✓ Strong continued recovery with footfall at +39% vs 2021 for the Group[2]
- ✓ Trends continuing with footfall in January 2023 YoY c.+10% in UK and France and c.+20% for Ireland[2]
- ✓ Average retail spend per customer at £91[3] vs £86[4] in 2019
- ✓ Average dwell time per customer at 85mins[3] vs 83mins[4] in 2019

1 2022 sales pro forma for rates reduction coming into effect in April 2023
2 Source: Hammerson. UK excludes Centrale, Grand Central & Highcross, France excludes Cergy, Ireland sales are Dundrum only
3 Source: CACI 2022
4 Source: Javelin

Accelerate development

Opportunity to unlock deep value

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

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

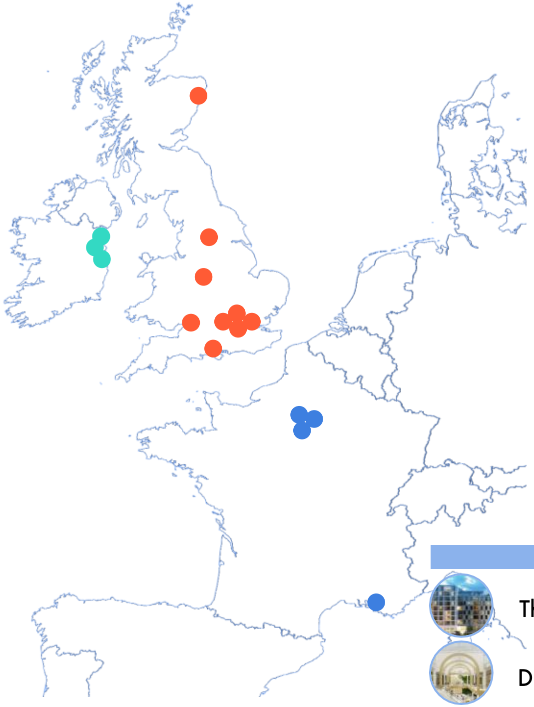
INTEGRAL TO OUR CORE URBAN ESTATE

Within the envelope of the scheme. Emphasis on creating new and engaging spaces, with a greater focus on placemaking and attracting new occupiers and services

Opportunity to realise value for all our stakeholders, connect our communities and deliver a positive impact for generations to come

Accelerate development

Enhancing the footprint and value of our estates



Eastgate, Leeds	Progressing the master planning for remaining c.10 acres
Bishopsgate Goodsyard	Signed s106 agreement, detailed design and next stage of enabling commenced
Bristol Broadmead	Engaged with City Council to explore potential uses and phasing of development
Dublin Central	Initial planning permission granted and discussions with operators and occupiers begun
Dundrum Phase II	Planning application submitted – c.900 homes, public square, retail, F&B and crèche
Martineau Galleries, B'ham	Working with local authorities to finalise details and prepare for first phases
Southern Lands, Brent Cross	Developing holistic brief for long term regeneration
The Ironworks, Dundrum	Commenced construction on 122 unit residential development
Drum, Birmingham	Submitted planning consent for amenity rich, workspace-led proposal
Reading Riverside	Planning applied for Eastern Quarter, developing c.450 rental apartments
Cergy extension	Opened in March 2022. 91% let

Our portfolio is aligned to the structural growth of cities and the evolution of retail

Strong fundamentals

- Cities are engines of economic growth
- Affluent catchments are resilient
- Rents have rebased to affordable levels, business rates to follow
- Flight to quality for both occupiers and customers: better stores means enhanced customer experience
- Post pandemic greater appreciation of community, lifestyle and experiential
- People need a sense of belonging
- ESG rising up the agenda for all stakeholders
- Online penetration maturing and costs are rising

Hammerson supports

216m visitors[1]

25m in catchment[2]

1,800 tenants

£5bn retail sales

30,000+ full-time jobs

Physical and digital converge in our spaces

- Occupiers and customers recognise the symbiotic nature of digital and physical
- Partnership approach with occupiers to deliver a truly integrated customer journey
- Showroom for instore and online purchases as customers become channel agnostic
- Convergence of service options: mobile payments, order online, self-checkout, click and collect, returns
- Leveraging instore expertise with insight-led technology to drive engagement and personalised customer service
- Engage with and retain consumers post-sale through digital promotions, local activities and events

1 Source: Shoppertrak
2 Source: CACI

Hammerson owns and operates dominant assets in leading cities

London, Dublin and Paris are ranked top three cities in Europe for economic potential[1]

Bristol, Southampton, and Birmingham all have more than 50% of their population under 34 years old, with all our other cities over 40%[2]

London will generate more office-based jobs than any other European city over the next 5 years[2]

Dublin is the European headquarters of Google, Facebook, Microsoft, Airbnb, PayPal, eBay[3]

1,600+ overseas companies are based in Dublin[3]

Paris is the capital of the Eurozone and represents 31% of national GDP[4]

Birmingham is the primary beneficiary of HS2, Europe's largest infrastructure project. Phase 1 will generate £28bn of economic benefits[5]

Dundrum, Dublin


Westquay, Southampton


Les 3 Fontaines, Paris


Bullring, Birmingham

1 Source: Fdi European Cities and Regions of the Future 2023
2 Source: Oxford Economics
3 Source: Invest in Dublin
4 Source: Paris Region Facts and Figures 2022
5 Source: UK.Gov

Flight to quality - best-in-class retailers value the importance of physical space

Our stores play an important role in supporting our Online customers; nearly half of our UK Online orders are collected instore and the majority of returns are through our stores (85%).
Next Annual Report 2022

The Group is committed to showcasing brands in a premium environment and stores remain a core part of our strategy
JD Sports Annual Report 2022

"Our smaller format concept stores allow us to design insight-driven journeys to personally engage with our customers, all with the purpose to inform, inspire and engage."
Lucy Ramseyer, senior retail director UK&IRE at NIKE 2022

The investment in M&S' accelerated store rotation programme aims to create an estate of 180 Full Line stores and 420 owned food stores by FY25/26, creating over 3,400 new jobs
M&S Press Release 2022

Certain stores have been designed and built to serve as high-profile venues to promote brand awareness
Apple Annual Report 2021

"You've got to start to question the maturity now of online in the United Kingdom"
John Bason, finance director of Associated British Foods 2023

We are a cities business

Reinvent our assets	Create agile platform	Deliver sustainable and resilient capital structure

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

OUR NEXT STEPS

Be the leading owner and operator of city centre multi-use assets	Be the cities asset manager of choice	Deliver a diversifying and stable income stream, and option value in our development portfolio

Disciplined capital allocation – our approach

Sources

- Sustainable and stable cash flow
- Disposals

Uses

- Underpin cash dividend to meet minimum REIT/SIIC obligations
- De-lever

  Retain IG credit rating
- Organic investment in existing assets and development opportunities
- Consolidate ownership in core assets and markets

Sustainable and resilient capital structure, through the cycle

Required returns > cost of capital

Total return focus

Remain opportunistic on capital deployment

We will remain disciplined in our operational and financial management

1	**Portfolio simplification and realignment**	• £628m non-core disposals completed since start of 2021 • Targeting to c.£300m in 2023 • Multi-use and more diverse income streams
2	**Leasing**	• Best leasing performance 2018, £25m of rent • Flight to quality • Strong pipeline in 2023 • Marquee brands, new concepts and experiences • Focus on cash flow and valuation
3	**Focus on cash**	• New tenant mix with strong covenants • 95% collection rate in 2022 • Collections normalised to pre-pandemic levels
4	**Agile platform**	• Asset-centric organisation yielding clear focus on occupier and value creation • Delivered 17% cost reduction in 2022 • Expect to deliver a further 20% by 2024
5	**Capital Allocation**	• Investor mindset • Total return
6	**Unlock value in our developments**	• Disciplined approach • Near-term capital light • Create optionality
7	**Conservative and resilient capital structure**	• Stable balance sheet, debt reduced, defined benefit pension buy-in • Ample liquidity • IG rating

Conclusion and 2023 priorities

2022

Another year of strategic, operational and financial progress

2023

Near-term priorities

Maintain strong operational grip on business:

- Deliver another year of robust underlying earnings and cashflow
- Target further 20% gross admin cost reduction by 2024 (vs 2022 base)
- Conclusion of £500m disposal programme
- Return to cash dividend

Medium-term priorities

Continue to:

- Deliver our proposition to the new channel agnostic reality
- Attract the best occupiers during the ongoing flight to quality
- Unlock deep value by bringing a broader mix of uses to the existing estate and option value on stand-alone projects

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

Q&A