Hammerson

Friday 4 March 2022

PRESS RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

HAMMERSON plc – RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Rebuilding a strong business

Rita-Rose Gagné, Chief Executive of Hammerson, said:

"Since the beginning of 2021, we have made fundamental changes in our business, realigning our portfolio with £623m of disposals, significantly strengthening the balance sheet, re-setting our organisation and putting in place a clear strategy for value creation focused on our prime urban estates.

The pandemic has accelerated trends in our operating environment, with people engaging with physical space in new ways. Our role is to create and curate relevant, appealing and sustainable spaces for the future.

We are already seeing the tangible results from our strategy with strong occupier leasing demand, reduced vacancies, improved collections, a lower cost base and clear path to value creation from our land bank.

We have more to do. Today we are a forward-looking organisation with our assets at the heart of driving value creation."

Summary financial and operating performance:

- Adjusted earnings up 122% to £81m (FY20: £37m), benefiting from increased net rental income, a strong recovery in Value Retail earnings, and lower finance costs. 2021 earnings benefit from a £17m year-on-year increase in surrender premiums and a £12m net rental income contribution from in year disposals
- Adjusted earnings per share up 38% to 1.8p (FY20: 1.3p – restated[1])
- IFRS loss of £429m (FY20: £1,735m loss) largely due to £470m Group portfolio revaluation deficit (H1 £361m, H2 £109m). Basic loss per share of (9.8)p (2020: (62.4)p – restated[1])
- Group portfolio value of £5.4bn, with capital returns beginning to stabilise in the second half: FY -7.9%, H2 -1.7%
- EPRA net tangible assets (NTA) per share reduced to 64p from 69p at 30 June and 82p at FY20

Strengthened balance sheet

- £503m of disposals contracted in 2021, including £70m from Silverburn due to complete in March 2022
  - Net debt down 19% to £1.8bn at 31 December 2021
  - Ample liquidity of £1.5bn in undrawn committed facilities and cash at 31 December 2021
  - Headline LTV 39% (FY20: 40%), fully proportionally consolidated (FPC) LTV 47% (FY20: 46%)
- Further £120m disposal of Victoria, Leeds completed in 2022 bringing total disposals to £623m since the beginning of 2021
  - pro forma net debt down 27% to £1.6bn, liquidity £1.7bn
  - pro forma headline LTV 37%, FPC LTV 45%
- Investment grade credit rating re-affirmed by Moody's in February 2022; outlook changed from negative to stable

Strong operational trends

- Strong footfall recovery in all territories when restrictions relaxed; occupier sales ahead of footfall
- Strong demand for prime space: flagship leasing value of £25m, up 150% on 2020; flagship occupancy improved to 96% from 93% at half year
- Headline leasing broadly in line with previous passing rent, net effective rent -11% vs ERV (H1 -18%, H2 -5%)
- Strong momentum on leasing into 2022, with YTD deals above previous passing rent and in line with ERV
- Maintained focus on rent and arrears collection: FY20 now at 99%; FY21 90%; FY22 YTD 83%
- Strong recovery in footfall, brand sales and leasing in Value Retail

Dividend

- Subject to shareholder approval, the Board is proposing a final dividend of 0.2 pence per share in cash with an enhanced scrip dividend alternative of 2.0 pence per share. Both the Final 2021 Dividend and the Enhanced Scrip Dividend Alternative will be paid as a Property Income Distribution ("PID"), net of withholding tax where appropriate.

Results presentation today:

Hammerson will hold a presentation for analysts and investors to present its full year financial results for the 12 months ended 31 December 2021, followed by a Q&A session.

Date & time: Friday, 4 March 2022 at 09:00 am (GMT)

Webcast link: https://kvgo.com/IJLO/hammerson_2021_full_year_results

Conference call: Quote Hammerson when prompted by the operator

Please join the call 5 minutes before the booked start time to allow the operator to transfer you into the call by the scheduled start time

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Timetable of events

Ex dividend date (SA)	30 March 2022
Ex-dividend date (UK & Ireland)	31 March 2022
Record date	1 April 2022
Final dividend payable	10 May 2022

Shareholders will be provided with further details in relation to the final cash dividend and enhanced scrip dividend alternative in due course. The dates above are subject to change and any changes made will be communicated as soon as practicably possible.

1. Adjusted and basic loss per share for 2020 have been restated from 1.6p and (76.9)p respectively as a result of the application of IAS33 'Earnings per share' in respect of the bonus element of scrip dividends declared by the Company. See note 8B for further details

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Unless otherwise stated, figures have been prepared on a proportionally consolidated basis, excluding premium outlets as outlined on page 9 of the Financial review.

	2021	2020	Table	Page
Income				
Gross rental income	**£241.6m**	£286.9m	24	57
Adjusted earnings – Value Retail	**£15.9m**	£(7.1)m	3	10
Adjusted earnings – VIA Outlets	–	£14.0m	3	10
Adjusted finance costs	**£71.8m**	£95.4m	9	13
Adjusted earnings	**£80.9m**	£36.5m	3	10
Revaluation losses – managed portfolio	**£(457.5)m**	£(1,438.8)m	12	15
Revaluation losses – Group portfolio, including premium outlets	**£(469.5)m**	£(1,596.1)m	12	15
Loss for the year (IFRS)	**£(429.1)m**	£(1,734.8)m	3	10
Adjusted earnings per share (2020 restated[1])	**1.8p**	1.3p	3	10
Basic loss per share (2020 restated[1])	**(9.8)p**	(62.4)p	3	10
Final dividend per share (2.0p enhanced scrip)	**0.2p**	0.2p	n/a	13
Operational				
Like-for-like net rental income	**+21.7%**	–41.0%	6	11
Occupancy - flagships	**95.5%**	94.7%	26	58
Leasing activity	**£24.7m**	£9.9m	1	5
Leasing v ERV (principal leases)	**-11%**	-5%	1	5
Leasing vs Passing rent (principal leases)	**-2%**	-4%	1	5
Passing rent	**£214.8m**	£269.7m	24	57
Like-for-like passing rent change	**-4%**	-9%	n/a	6
ERV	**£219.4m**	£279.7m	24	57
Like-for-like ERV change	**-7%**	-11%	14	16
EPRA Cost ratio	**40.3%**	54.9%	32	60
Capital and financing				
Managed portfolio value	**£3,478m**	£4,414m	12	15
Group portfolio value (including Value Retail)	**£5,372m**	£6,338m	12	15
Total property return (including premium outlets)	**-3.9%**	-18.3%	16	16
Capital return (including premium outlets)	**-7.9%**	-20.9%	16	16
Net debt	**£1,819m**	£2,234m	21	19
Gearing	**67%**	70%	47	68
Loan to value - headline	**39%**	40%	46	67
Loan to value - fully proportionally consolidated	**47%**	46%	46	67
Liquidity	**£1,464m**	£1,748m	20	19
Interest cover	**250%**	181%	45	67
Net debt:EBITDA	**12.4 x**	14.1 x	44	67
Equity shareholders' funds	**£2,746m**	£3,209m	10	13
EPRA net tangible assets (NTA) per share	**64p**	82p	10	13

1. Adjusted and basic loss per share for 2020 have been restated from 1.6p and (76.9)p respectively as a result of the application of IAS33 'Earnings per share" in respect of the bonus element of scrip dividends declared by the Company. See note 8B for further details

Chief Executive's statement

2021 was always going to be a year of change. We announced a review of our strategy, portfolio and operating model whilst at the same time recognising the need to strengthen our balance sheet. The review showed that fundamentally Hammerson has a unique market position and considerable opportunities for future value creation. In order to address that potential, we needed radical change to adapt and thrive.

Our operating environment has changed extensively in the last few years. Covid-19 accelerated trends are impacting how we consume, work and live. People are engaging with spaces in a new way; at the same time occupiers are recognising the importance of their physical channels alongside digital. Our portfolio and offering had not kept pace with these changes. As a Group, our organisation, culture and working practices were not forward looking, and our organisational review identified the need to bring in new talent, to change our operating model and our culture. We are now focused on new ways of working, agility, innovation, and ultimately on driving performance.

Our team has shown incredible resilience, commitment and resourcefulness, and has delivered an improved performance. This has all been achieved alongside managing the continued impact of Covid-19 through periods of enforced closure for all but essential retail and additional restrictions in line with government guidance.

I would like to take this opportunity to thank all colleagues. A lot has been accomplished. Clear action has been taken and this will continue to drive the business forward and position it for the future:

- The first half of the year was about stabilising and de-risking the balance sheet; reducing debt through non-core asset sales and refinancing
- We set out a new strategic vision for the business at the half year, giving us a clear focus on a core portfolio of prime urban estates
- We introduced new brands and concepts throughout to reposition our destinations
- In the second half, we accelerated organisational changes across the business to foster a high performance culture with a focus on value creation.

Financial performance

Adjusted earnings increased from £37 million to £81 million. Gross rental income was £242 million, down £45 million largely due to in-year disposals, which will have a full year effect in 2022. The increase in adjusted earnings, therefore, was principally a result of stronger rent collections, higher than usual surrender premiums, a strong contribution from Value Retail, and reduced finance costs. 2021 earnings benefit from a £17 million year-on-year increase in surrender premiums and a £12 million net rental income contribution from in year disposals.

EPRA NTA was £2,840 million at 31 December 2021, a decline of 14% over the year (2020: -26%), largely attributable to the continuing effect of the global Covid-19 pandemic on property valuations in the first half of the year. Yields showed signs of stabilising in the second half of the year, and rental levels were more resilient in France and Ireland, while the decline in the UK is slowing as we approach trough values and investment markets gain more confidence in pricing income streams.

Nonetheless, the revaluation deficit drove an IFRS loss of £429 million (2020: £1,735 million).

Our financial position has improved. Net debt was £415 million lower, principally arising from disposals completed during the year. Headline loan to value improved to 39% (2020: 40%), while fully proportionally consolidated loan to value, including the Group's proportionate share of Value Retail debt, was 47% (2020: 46%). Net debt to EBITDA improved to 12.4x (2020: 14.1x), reflecting both the lower net debt and the recovery in earnings.

Our strategy

We own flagship destinations around which we can curate and reshape entire neighbourhoods and city centre spaces. Our new strategy recognises the unique position that Hammerson has in urban locations and the opportunities to leverage our experience and capabilities to create appealing destinations, serving occupiers, customers and communities.

Our aim is simple and clear - to create total returns for shareholders through consistent execution against our four strategic elements:

- **Deliver a sustainable and resilient capital structure**
- **Create an agile platform**
- **Reinvigorate our assets**
- **Accelerate development**

Underpinning our strategy is our commitment to sustainability. In a year where COP26 highlighted the urgency for individuals, businesses and nations to tackle climate change, our strong commitment to sustainability was manifested in our issue of the first sustainability-linked bond in the real estate sector. In 2022, we will review our sustainability strategy in the light of COP26.

Deliver a sustainable and resilient capital structure

Our strategy review identified that we own and operate unique assets in some of the fastest growing cities in the UK, Ireland and France and hold investments in the best-in-class premium outlet villages. Equally, we identified assets where we did not see opportunities to deliver a sustainable return on capital over the long term.

We continue to re-align our portfolio through a disciplined disposals programme of non-core assets, re-focusing the Group on a portfolio of prime urban estates; reducing indebtedness and generating capital for redeployment into core assets and developments.

We have made considerable progress in 2021, reducing our net debt by 19% to £1.8 billion, extending our debt maturities, and simplifying and focusing our portfolio. We achieved this through completed sales of £433 million of assets including minority stakes in Espace Saint-Quentin and Nicétoile in France, and a collection of non-strategic retail and commercial properties in the UK.

This work continues and since the year end, we have completed the sale of Victoria, Leeds for £120 million, and expect to complete the sale of Silverburn, Glasgow for £70 million, at our share, by the end of March. On a pro forma basis reflecting these post year end sales, net debt reduces to £1.6 billion and headline LTV to 37%.

In a first for the real-estate sector, in June 2021, we successfully issued a €700 million sustainability-linked bond with a six year maturity period and a 1.75% coupon. With the proceeds of sales and this issue, we refinanced near term debt maturities, repaying the €500 million 2022 and 53% of the €500 million 2023 bonds, and £297 million of private placement notes. These actions have materially extended and de-risked our maturity profile.

At 31 December 2021 the Group had liquidity, in the form of cash balances and undrawn RCFs, totalling £1.5 billion and has no significant unsecured refinancing requirements until 2025 not covered by existing liquidity.

Create an agile platform

At the start of the year, Hammerson was at an inflection point and we needed to reset the organisation to be more efficient and effective. Our operating model was dated, fragmented and too costly, and our decision making was overly bureaucratic. Creating an agile platform is about a shift to a high performance culture and a leaner, flatter, more empowered, asset-centric and customer-focused organisation.

Our strategy is to continually evolve our skills and capabilities to respond to the changing needs of our occupiers and customers, and the environments in which we operate; to create a more efficient organisation with more decision-making power for the teams closest to our assets and customers; to build new skill sets and strategic partnerships; and to increase the digitalisation and automation of our business.

Our organisational review identified the need to strengthen our leadership and capability in a number of key areas. I was pleased to be joined by Himanshu Raja, CFO, who brings a wealth of experience in transformation and in operating in UK listed plcs, and Harry Badham, Chief Development and Asset Repositioning Officer, who has a strong track record in urban regeneration as we look to reinvigorate and reshape our prime urban estates and adjacent development land to a greater mix of future uses.

During 2021 we also implemented a new operating model which is already delivering results, reducing layers of management to create a flatter structure centred on our assets. Sadly, these changes resulted in a number of colleagues leaving the Group over the financial year. Combined with a higher than usual level of voluntary turnover, this meant headcount was down 18% over the year. Further changes will occur as the portfolio evolves through disposals and reinvestment.

At the same time, we have taken the opportunity to bring the business together in a more connected way, with greater empowerment and accountability. We have brought in new talent and future-focused skills and capabilities. This will help us realise the full potential of our destinations and achieve greater value creation and performance in the future.

Reinvigorate our assets

We have some of the best assets in the very best prime city centre catchments, and, due to the strong ties we have in the communities in which we operate, supportive local authorities. There are near term opportunities to grow income and significant opportunities for repositioning these assets in the medium term. We will do this by maximising income through optimising use of space including: the repurposing of department stores; redeveloping under-utilised space to alternative uses; curating new and engaging spaces; and attracting new occupiers and services.

My experience from other international markets inspires me when I think about the future of our destinations. Creating a more asset-focused portfolio and changing the makeup of occupiers to a broader mix of uses is a real opportunity. This is already happening.

In 2021, a key focus of our teams was reviving the leasing pipeline. We had a busy year signing 371 leases, 70% more than in 2020 and broadly in line with 2019. In value terms, we secured £24.7 million in 2021, 150% higher than in 2020, and 27% higher than 2019.

Net effective rent for principal deals was 11% below ERV; there has been a noticeable difference in the negotiating tension across our portfolio, and a clear improvement in the second half, as shown in Table 1. The UK remains the most challenging and fast-moving market, while France continues to exhibit stability and even some growth, and the fundamentals in Ireland remain strong.

We also continued to sign temporary leases of less than one year and we signed 109 short-term leases in 2021. These help to maintain vibrancy at our destinations, trial new concepts, mitigate potential annual vacancy costs of approximately £6.5 million, and allow time to secure a longer term lease with the best occupier for each destination's catchment.

Table 1

	No. of deals	Leasing activity £m	NER vs ERV %	Headline rent vs previous passing rent
H1	127	9.6	-18%	4%
H2	135	13.5	-5%	-6%
Principal	262	23.1	-11%	-2%
Temporary	109	1.6	-61%	-44%
Total	**371**	**24.7**	**-18%**	**-7%**

To be successful, our destinations need to attract the best occupiers and provide an engaging offer for customers with greater entertainment and social spaces and a broader range of occupiers - including healthcare, wellbeing and education partners - to deliver experiences that are hard to get online. To support this, a new leasing approach has been taken in 2021, with 69% of principal leasing to restaurants, leisure, services and non-fashion brands. In fashion, our focus continues to be on best-in-class brands and exciting new concepts.

A more targeted and appealing offer to our customers, communities and local industry will create the most connected and vibrant places. We will forge new partnerships, try new concepts, create new customer experiences, and tap into new sources of revenue for the future. We have started to see a more symbiotic relationship between physical and digital commerce – recognition that it is not an either/or situation and that customers want both.

For example, in 2021:

- We commenced the repurposing of the former Debenhams department store in the Bullring, Birmingham, for a new consolidated Marks & Spencer with food, clothing and home offers. Moving from the High Street, it will open in late 2022/early 2023. In 2023, TOCA Social will introduce its immersive sports-led entertainment experience to the upper levels
- At Dundrum Town Centre, Dublin high-end specialist grocer, Donnybrook Fair opened an extensive food hall and restaurant that also delivers culinary masterclasses and events. Supplementing Brown Thomas moving into part of the former House of Fraser, JC Penney has taken the remaining former department store space, upgrading its in-centre offer and giving us opportunity to repurpose the existing footprint
- We also continued to partner with digital native brands – those having started their journey online and taking their first steps into physical – and helped them grow their consumer visibility. Two key successes this year were Kick Game in the Bullring, Birmingham and Colonel Moutarde in Les Terrasses du Port, Marseille

Sales and footfall

Our focus on activating our destinations and partnering with ambitious occupiers has seen footfall in our UK destinations recover steadily over the year: Q3 vs Q2 was up 15% points and Q4 vs Q3 was up a further 4% points. Ireland had some partial restrictions in the latter months of the year but despite this, footfall for H2 was up 33% points vs H1. Even with lockdowns in the early part of 2021 and vaccine passes introduced in August, France saw a similar recovery with footfall in Q4 +5% points vs Q3.

Sales during the year showed encouraging trends, reflecting higher spend per visit and larger basket sizes, particularly in the UK where Q3 and Q4 sales were 98 and 97% of 2019 levels, respectively. Strong category performers throughout 2021 included jewellery and sportswear.

Occupancy and passing rent

Maintaining this vibrancy, even in a challenged environment, meant Group flagship occupancy levels remained robust at 96%, compared to 95% at the beginning of the year, and up from 93% at the half year. Occupancy at UK destinations at the end of 2021 was 94%, Ireland 98% and France 96%. There is a significant opportunity to drive incremental income from leasing up lower value space to new occupiers and uses.

Group passing rent at 31 December 2021 was £215 million, £55 million lower than at the start of the year. £40 million of this reduction related to properties sold in the year, principally UK retail parks. On a like-for-like basis, Group destinations were 4% lower, with the UK being -6%, France -1% and Ireland -2%.

Collections

Over the course of the year we continued to support our occupiers, especially during periods of closure. During the third Covid-19 lockdown in the UK and Ireland, in early 2021, we offered occupiers 50% rent free for the period of closure, with some exceptions for businesses who were able to continue to trade strongly.

We rigorously reviewed our collections process and implemented improvements including enhanced reporting, which enabled us to maximise and drive collection rates higher as the year progressed. For FY20, the Group rent collection rates currently stands at 99%; for FY21, 90%. FY21 collections for the UK are 90%, with Ireland at 95% and France at 86%. We have been open and fair with our occupiers during the pandemic but we have not hesitated to resort to legal proceedings where our approach has not been reciprocated.

Value Retail

The restrictions imposed in the early part of 2021 saw the temporary closure of all but one of the Villages and impacted income in the first half of the year due to prevalence of turnover rents. However, during this period, brands continued to take space in the Villages with 120 leases signed, demonstrating the continued popularity of the premium outlets sector. Isabel Marant and Jil Sander opened in Bicester and Dolce & Gabbana opened a fully refitted flagship boutique in Fidenza all in the first half of 2021. Overall, Value Retail signed 288 new leases in 2021, and occupancy remained strong at 96%.

Domestic customers continued to remain loyal to the Villages with footfall of 26.9 million which was 23% above 2020 levels and 30% down on 2019 footfall. Brand sales saw recovery with €2.3 billion, 32% above 2020 levels.

Adjusted earnings were negative £2 million at half year but have recovered substantially in the second half of the year to finish at £15.9 million. This is primarily due to an increase in gross rental income driven by restrictions being lifted across Europe, and the drive to encourage domestic customers to the Villages, including virtual shopping. At 31 December 2021, the Group's interest in Value Retail's property portfolio was just under £1.9 billion and the net assets were £1.1 billion, the variance is principally due to the amount of secured debt within the Villages, with the average LTV across the Villages being 41%.

Accelerating development

By driving excitement and placemaking we create an amazing platform to enable future successful development and city-centre regeneration.

In the short term we are focused on where we can unlock value and enable development, especially where this can complement our existing assets.

During 2021, we completed the expansion of Italie 2, Paris, with Italik, creating a new restaurant and food pop-ups offer in the heart of Paris. The major extension to Les 3 Fontaines, Cergy will open in March 2022, currently more than three quarters pre-let and with the District Food Court already fully occupied and operating.

We have just over 100 acres of land ownerships and we are progressing detailed feasibility studies for mixed-use developments, largely adjacent to our existing retail destinations.

Today this land promotion portfolio can be roughly divided into three:

- First, four near term projects – Martineau Galleries, Birmingham; The Goodsyard, London; Dublin Central; and Grand Central, Birmingham – where we are either well advanced on detailed planning, or able to achieve rapid progress in the case of the latter. Progressing these projects in the near term to a point where they are genuinely 'ready to go' development opportunities will create significant value and optionality about how we take them forward and/or look for liquidity opportunities
- Second, projects like Dundrum Village, Dublin; Eastgate, Leeds; Bristol Broadmead; and Croydon which are largely at earlier feasibility and planning stages, and therefore more mid-term prospects in terms of value creation and liquidity
- The strategic land in Swords is more long-term in nature

These projects offer the potential for us to become one of the leading city regeneration developers, creating lasting concepts and retaining long term custodianship using our placemaking and operational expertise.

Sustainability

Whilst the operation of our assets in 2021 continued to be impacted by the pandemic, we remained focused on our strong sustainability platform to deliver benefits to our stakeholders. In the first half of the year, we connected the Thassalia geothermal installation in Les Terrasses du Port, Marseille and in the second half, we installed solar panels, LED lighting and atrium vents in Dundrum Town Centre, Dublin. In the UK we continued with our roll-out of smart metering. All our projects led to a reduction in carbon emissions.

Our 2021 environmental targets were set against a 2019 baseline as the most recent normal operating year. Overall, carbon emissions fell by 17% in the year compared to 2019, reflecting the energy savings we were able to make in the second half of the year when our assets reopened and we were able to complete energy efficiency projects.

Table 2

Proportionally consolidated basis	**Year ended 31 December 2021**	Year ended 31 December 2019	**Reduction**	**2021 target reduction**
Carbon emissions (mtCO_2e)	**9,928**	11,928	-17%	-17%
Energy demand (MWh)	**51,911**	58,312	-11%	-8%
Water demand (m^3)	**151,053**	236,887	-36%	-7%

Our social impact work has delivered a strong programme of events with the use of available space for social enterprise and local initiatives. This resulted in 2021 in £2.0 million of investment through cash and in-kind donations. The exhibition celebrating the history of the Windrush generation in one of our units at the Whitgift Centre, Croydon proved to be particularly uplifting for the local community.

As the world transitions to a zero-carbon economy, it is essential that we continue to understand the implications this has for the Group's business and its wider stakeholders. Hammerson's long-standing sustainability strategy has put it in a strong position to respond to the forthcoming challenges, but progress in some areas will in the future rely on the business community working more closely together.

Outlook

The major changes across the consumer and occupier landscape mean it is an exciting time to be in real estate. We are anticipating and starting to set new trends in how physical space is used in Europe's major cities within our portfolio. Hammerson has a unique opportunity to be part of shaping future cities and transforming urban spaces.

We are a stronger business today. We have developed a robust strategy to take advantage of future opportunities. We will further strengthen the balance sheet by continuing to simplify the portfolio, as well as generating capital for reinvestment.

We are focused on: reducing vacancy and void costs; repurposing space; delivering a mix that occupiers and customers demand; and unlocking value from the development opportunities in the portfolio. By continuing to execute our strategy, we will continue to build a better business, and that will deliver value for shareholders.

When I joined, I was excited by the assets and how these can be curated. I am even more certain now that we have a unique opportunity to shape our cities and contribute positively to our communities.

This has once again been a busy year, and also one of great progress against our strategic priorities. I want to thank our investors, the Board, colleagues and all our stakeholders for their continued support as we continue to deliver our strategy during 2022 and beyond.

Financial review

IFRS loss for the year

£(429)m

(2020: £(1,735)m loss)

Shareholders' funds

£2,746m

(2020: £3,209m)

Adjusted earnings

£80.9m

(2020: £36.5m)

EPRA NTA per share[1]

64p

(2020: 82p)

Net debt

£1,819m

(2020: £2,234m)

Gearing

67%

(2020: 70%)

1. See note 8D to the financial information for calculation.

Overview

Our financial focus for 2021 has been on strengthening the balance sheet to put in place a sustainable and resilient capital structure. At the beginning of the year, we embarked on a strategic and organisational review that set out a new strategy, and that has been underpinned by improved financial management disciplines in leasing, collections, reporting and performance management, and reducing our operating costs.

We contracted disposals of £503 million during the year, with a further £120 million of gross proceeds already received in 2022. Financing activities included the issuance of a €700 million 1.75% sustainability-linked bond maturing in 2027, the buyback of €765 million bonds maturing in 2022 and 2023, the buyback of £297 million private placement notes, and the refinancing of a €415 million Revolving Credit Facility by way of £200 million of new facilities.

Whilst our results continue to be impacted by the pandemic, with an IFRS loss of £429 million, this has been considerably less severe than the initial shock of Covid-19 in 2020 where the IFRS loss was £1,735 million. Adjusted earnings for the year were £80.9 million, compared to £36.5 million in the prior year. The broader economic recovery has facilitated the agreement of rent concessions and collection of arrears, albeit the continuing Government restrictions on landlords' ability to enforce payment has contributed to trade receivables remaining higher than pre-pandemic levels.

On 4 February 2022, Moody's re-affirmed the Group's Baa3 rating as well as changing the outlook to stable from negative. Moody's cited the following reasons for the change: the recovery in operating performance; recovering investment markets for retail reducing the likelihood of further significant valuation declines; the ongoing asset disposal plans that will aid further deleveraging; and the progress made in managing the balance sheet including accessing debt markets and refinancing upcoming debt maturities.

Revaluation losses for the year totalled £470 million, principally across our managed portfolio where the revaluation loss was £458 million. Approximately three quarters of the movement was recognised in the first half of the year, with values showing encouraging signs of stabilising in the second half of the year.

Our investment in Value Retail has remained resilient, contributing £15.9 million to adjusted earnings, driven by increased sales following the easing of Covid-19 restrictions, and the expansion of their virtual platform. Values have remained broadly unchanged.

Presentation of financial information

Our property portfolio comprises properties that are either wholly owned or co-owned with third parties. Whilst the financial information is prepared under IFRS, management reviews the results of the Group on a proportionally consolidated basis, accounting for our interests in joint ventures and associates on a line-by-line basis. The only exception to this relates to our investments in premium outlets, Value Retail and VIA Outlets (up to the date of its disposal in October 2020). As these are externally managed, independently financed and have differing operating metrics to the Group's managed portfolio, they are excluded from the proportional consolidation and consolidation of key metrics such as net debt or passing rent. However, for a number of the Group's Alternative Performance Measures (APMs), for enhanced transparency, we do disclose metrics combining all the Group's property interests. These include property valuations and returns and certain credit metrics.

This approach results in us splitting out property interests between our 'managed portfolio', being those properties we proportionally consolidate, and those owned by Value Retail and VIA Outlets prior to its disposal in 2020.

The information presented in this Financial review is derived from the Group's financial statements, prepared under IFRS. Within this Financial review, the Group financial information and the Additional disclosures, properties which are wholly owned or where the Group's share is in a joint operation are defined as being held by the 'Reported Group', whilst those in joint ventures and associates are defined as 'Share of Property interests'.

As detailed in note 6 to the financial information, during the first half of 2021, we completed the sale of eight retail parks. As this formed substantially all of an identifiable segment of the business, the results from 'UK retail parks' for the current and comparative periods have been disclosed separately from the rest of the business as discontinued operations. However, for the purposes of the Financial review, proportionally consolidated figures include the results from the UK retail parks up to the date of their disposal.

Details of the classification of the portfolio and accounting treatment thereof, both under IFRS and management reporting bases are as follows.

		Accounting treatment	
Classification	Definition	IFRS	Management reporting
Managed portfolio: Reported Group	Wholly owned properties and those held within a joint operation	Consolidated/joint operations are proportionally consolidated	Proportionally consolidated
Managed portfolio: Share of Property interests	Flagship and other properties in joint ventures and associates	Single line item – share of results/investment in joint ventures/associates	Proportionally consolidated
Managed portfolio: Discontinued operations	UK retail parks portfolio, wholly owned and joint venture	Single line item - discontinued operations	Proportionally consolidated
Premium outlets	Investments in Value Retail and VIA Outlets (up to the date of disposal in October 2020)	Single line item – share of results/investment in joint ventures/associates	Single line item – share of results/investment in premium outlets

Going concern statement

To assess whether it is appropriate to prepare the Group's 2021 financial statements on a going concern basis, the Directors have undertaken a detailed review of the current and projected financial position of the Group.

The review involved preparing and flexing two scenarios: a 'Base' scenario and a 'Severe but plausible' scenario.

The Group's balance sheet and financial position has significantly strengthened during the course of 2021 as a result of refinancing and disposals. Group net debt at 31 December 2021 was £1,819 million, £415 million lower than at the start of the year, and we had liquidity of £1,464 million, gearing of 67%, and interest cover of 2.5 times. Also, there are no material unsecured refinancing requirements which are not covered by existing cash balances until 2025.

At 31 December 2020 and 30 June 2021, the Group's going concern assessment included a material uncertainty clause, the latter associated with the material uncertainty concerning the refinancing of secured loans within the Group's investment in Value Retail.

Given the aforementioned improvements in net debt, liquidity and financial ratios, at 31 December 2021, under both the Base and Severe but plausible adverse scenarios, the Group now has sufficient forecast headroom in its unsecured banking covenants to withstand a full impairment of its net investment in two Value Retail Villages which have secured loans of £1,035 million (Group's share: £451 million) that mature over the going concern period.

Consequently, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for at least the next 12 months. The financial statements have therefore been prepared on the going concern basis, and the material uncertainty reported at the half year has been removed.

Alternative Performance Measures (APMs)

The Group uses a number of APMs, being financial measures not specified under IFRS, to monitor the performance of the business. Many of these measures are based on the EPRA Best Practice Recommendations (BPR) reporting framework, which aims to improve the transparency, comparability and relevance of the published results of listed European real estate companies. The Group's key EPRA metrics are shown in Table 23 within the Additional disclosures section. For other APMs, the Financial review and Additional disclosures sections contain supporting information, including reconciliations to the IFRS financial information. Definitions for APMs are also included in the Glossary.

We present the Group's results on both an IFRS and adjusted basis. The adjusted basis enables us to monitor the underlying earnings as it excludes capital and non-recurring items such as revaluation movements, gains or losses on the disposal of properties, other one-off exceptional items or balances which skew the results such as the change in provision for amounts not yet recognised in the income statement, which results in the cost and corresponding income being recognised in different periods. We follow EPRA guidance to calculate adjusted figures, with any additional Group specific adjustments detailed in note 8B to the financial information.

During 2021, following the implementation of the strategic review, £8.6 million has been incurred in relation to business transformation costs. These have been recognised as 'exceptional' by virtue of their nature and size and therefore removed from the Group's adjusted earnings metrics, as the Directors believe these costs distort the underlying recurring earnings of the Group.

The reclassification of substantially all of the Group's investment in VIA Outlets to assets held for sale at 30 June 2020 resulted in the Group ceasing equity accounting from 30 June 2020, with any subsequent movements in the net assets of the investment between the date of reclassification and completion being incorporated within impairment movements. For the year ended 31 December 2020 and all subsequent reporting periods, the adjusted earnings from investments in joint ventures and associates, from the date of reclassification to assets held for sale up to the completion date, have been included within the Group's adjusted earnings metric. Management believes this provides more relevant and useful information to users of the financial statements by incorporating all of the adjusted earnings to which the Group is entitled.

Income statement

Table 3

Summarised income statement

	Year ended 31 December 2021			Year ended 31 December 2020		
	Proportionally consolidated[1] £m	Adjustments[1] £m	Adjusted £m	Proportionally consolidated[1] £m	Adjustments[1] £m	Adjusted £m
Net rental income	**197.9**	**(8.1)**	**189.8**	157.6	12.0	169.6
Net administration expenses	**(60.0)**	**8.6**	**(51.4)**	(44.1)	–	(44.1)
(Loss)/Profit on sale of properties	**(22.4)**	**22.4**	**–**	11.6	(11.6)	–
Revaluation losses - managed portfolio	**(457.5)**	**457.5**	**–**	(1,438.8)	1,438.8	–
(Impairment)/Reversal of impairment on reclassification to/from assets held for sale	**(0.9)**	**0.9**	**–**	22.4	(22.4)	–
Other net gains[2]	**11.4**	**(11.4)**	**–**	4.9	(4.8)	0.1
Share of results – Value Retail (VR)	**20.0**	**(4.1)**	**15.9**	(135.8)	128.7	(7.1)
Share of results – VIA Outlets (VIA)[4]	**–**	**–**	**–**	(20.7)	34.7	14.0
Impairment of joint ventures and associates[5]	**(12.2)**	**12.2**	**–**	(207.7)	207.7	–
Net finance costs	**(103.6)**	**31.8**	**(71.8)**	(83.6)	(11.8)	(95.4)
Tax charge	**(1.8)**	**0.2**	**(1.6)**	(0.6)	–	(0.6)
(Loss)/Profit for the period	**(429.1)**	**510.0**	**80.9**	(1,734.8)	1,771.3	36.5
Basic/Adjusted (loss)/ earnings per share (pence)[3]	**(9.8)**		**1.8**	(62.4)		1.3

1. As set out in note 2 to the financial information
2. Comprises net exchange gains and losses recycled on disposal of foreign operations and changes in fair value of other investments
3. As detailed in note 8B to the financial information. Comparatives for basic and adjusted earnings per share have been restated for the impact of the scrip dividend issue
4. The Group sold its investment in VIA Outlets in October 2020. As explained above, adjusted earnings from VIA Outlets include earnings for the period from reclassification to assets held for sale until completion
5. Comprises impairment of the Group's investments in Highcross, Leicester and a related loan (2020: Value Retail and VIA Outlets)

The Group's IFRS loss for the year ended 31 December 2021 was £429 million, compared to a loss of £1,735 million in the prior year. The principal year-on-year changes comprised: a reduction in revaluation losses on the Group's managed portfolio totalling £981 million; the recognition of impairments in our investments in Highcross, Leicester in 2021 versus impairments in our investments in Value Retail and VIA Outlets in 2020; and an increase in the Group's share of results from Value Retail of £156 million, of which £115 million was derived from lower revaluation losses.

We recognised adjusted earnings for the year of £81 million, £44 million higher than the prior year. The table below bridges adjusted earnings and adjusted EPS between the two years. Explanations of variances are provided later in this Financial review.

Table 4

Reconciliation of adjusted earnings for the year

Including premium outlets	Reported Group £m	Share of joint ventures £m	Share of associates £m	Adjusted earnings for the year £m	Adjusted EPS pence
Adjusted earnings – year ended 31 December 2020	(51.2)	89.2	(1.5)	**36.5**	**1.6**
Restatement for impact of scrip dividend	–	–	–	**–**	**(0.3)**
Adjusted earnings restated - year ended 31 December 2020	(51.2)	89.2	(1.5)	**36.5**	**1.3**
Rights issue dilution	–	–	–	**–**	**(0.5)**
Increase/(Decrease) in adjusted net rental income[1]	1.0	20.0	(0.8)	**20.2**	**0.5**
Increase in net administration expenses[2]	(7.0)	(0.3)	–	**(7.3)**	**(0.2)**
Decrease in net finance costs[3]	24.0	(0.4)	–	**23.6**	**0.5**
(Decrease)/Increase in premium outlets earnings	–	(14.0)	23.0	**9.0**	**0.2**
Exchange and other	(1.1)	–	–	**(1.1)**	**(0.1)**
Adjusted (loss)/earnings – year ended 31 December 2021	(34.3)	94.5	20.7	**80.9**	**1.8**

1. Net of £8.1 million income (2020: £12.0 million cost) in respect of changes in provision for amounts not yet recognised in the income statement. This has been excluded from adjusted earnings as management believes this distorts earnings by reflecting the income and corresponding cost in different periods.
2. Net of £8.6 million of exceptional administration expenses.
3. Net of £22.0 million of Debt and loan facility cancellation costs.

Net rental income (NRI)

Table 5

Analysis of net rental income

Proportionally consolidated, excluding premium outlets, including discontinued operations	Reported Group £m	Share of Property interests £m	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m	Change £m
Like-for-like managed portfolio	51.7	89.3	**141.0**	115.9	**25.1**
Disposals	10.8	0.9	**11.7**	24.6	**(12.9)**
Developments and other	17.5	19.6	**37.1**	26.4	**10.7**
Exchange	–	–	–	2.7	**(2.7)**
Adjusted net rental income	80.0	109.8	**189.8**	169.6	**20.2**
Change in impairment provision relating to items not yet recognised in the income statement	2.9	5.2	**8.1**	(12.0)	**20.1**
Net rental income	82.9	115.0	**197.9**	157.6	**40.3**

Table 6

Like-for-like NRI change:	Year ended 31 December 2021
UK	**+31.0%**
France	**-1.4%**
Ireland	**+26.1%**
Managed portfolio	**+21.7%**

Net rental income increased by £40.3 million, or £20.2 million on an adjusted basis excluding the change in impairment provision relating to items not yet recognised in the income statement.

The key factors causing the increased NRI were improved collections which resulted in a reduced bad debt allowance, surrender premiums, increased variable net turnover rent and income from car parks and commercialisation, partly offset by higher void costs, and reduced rents associated with lease renewals and temporary leasing.

Properties sold in 2021 caused a £12.9 million reduction in NRI. £11.0 million of this reduction related to the sale of Brent South Shopping Park in February 2021 and the portfolio of seven retail parks in May 2021. The remaining £1.9 million reduction related principally to the sale of the Group's investments in Nicétoile, Nice and Espace Saint-Quentin, Paris in April 2021.

Further analysis of net rental income is provided the Additional disclosures.

Administration expenses

Table 7

Administration expense analysis

Proportionally consolidated, excluding premium outlets, including discontinued operations	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m	(Decrease)/ increase in expenses £m
Employee costs – excluding variable costs	**37.5**	39.6	**(2.1)**
Variable employee costs	**9.6**	3.8	**5.8**
Other corporate costs	**24.6**	24.4	**0.2**
Gross administration expenses	**71.7**	67.8	**3.9**
Property fee income	**(13.2)**	(15.2)	**2.0**
Management fees receivable	**(7.1)**	(8.5)	**1.4**
Adjusted net administration expenses[1]	**51.4**	44.1	**7.3**
Business transformation costs - exceptional	**8.6**	–	**8.6**
Net administration expenses	**60.0**	44.1	**15.9**

1. In 2021 £0.7 million (2020: £0.4 million) of the Group's proportionally consolidated administration expenses related to the Group's Share of Property interests.

During 2021, adjusted net administration expenses increased by £7.3 million. While employee costs, excluding variable costs, fell by £2.1 million, these were more than offset by variable employee costs which increased by £5.8 million year-on-year due to the minimal bonus payouts in the 2020 pandemic year. Increases in Directors and Officers insurance premiums totalling £2.2 million were offset by a reduction in other professional fees.

At the beginning of the year, we announced our business transformation programme. The programme is designed to: right-size the business and reorganise team structures to align with the new strategy; streamline processes and systems to drive efficiency; simplify and embed a performance culture across the business; and deliver significant cost savings. Business transformation costs recognised in 2021 totalled £8.6 million and comprised incremental consultancy costs of £4.4 million and redundancy costs of £4.2 million directly attributable to the programme. These costs are not reflective of the underlying earnings of the Group and have therefore been excluded from the Group's adjusted earnings metrics.

Our accounting policy is to capitalise the cost of colleagues working directly on onsite development projects. In 2021, £1.5 million of employee costs were capitalised on this basis, compared with £2.2 million in 2020.

Loss on sale of properties

We raised net cash proceeds of £425 million during the year, relating to the disposals of Brent South Shopping Park, Espace Saint-Quentin and Nicétoile, the portfolio sale of seven retail parks in the first half of the year and the sale of six non-core assets in the second half of the year. These disposals, which were recognised at an aggregate discount to the December 2020 value of 4%, generated a loss on disposal of £22 million, principally in relation to the retail parks portfolio sale.

Share of results of joint ventures and associates, including investments in premium outlets

Our interests in joint ventures and associates are detailed in the property listing on page 69 and notes 10 and 11 to the financial information. Our share of results from joint ventures and associates under IFRS for the year ended 31 December 2021 was a loss of £154.8 million (2020: £1,023.9 million loss). As detailed on page 9 of the Financial review, for the purposes of management reporting, joint ventures and associates are proportionally consolidated with the exception of our investments in Value Retail and VIA Outlets (up to the date of its disposal in 2020) which are reported as prescribed under IFRS as an associate and joint venture, respectively.

In 2021, due to the breach of financial covenants on the secured loan at Highcross, Leicester, we recognised an impairment of £11.5 million against our investment in the Highcross joint venture. During 2020, we reviewed our investments in joint ventures and associates for impairment, resulting in the recognition of impairments against the Group's s investments in Value Retail and VIA Outlets of £94.3 million and £9.6 million respectively, equivalent to the goodwill previously reported.

The table below shows the contribution to the Group's adjusted earnings from joint ventures and associates.

Table 8

Contribution to adjusted earnings

	Joint ventures[1] £m	Associates (incl. VR) £m	Year ended 31 December 2021 Total £m	Joint ventures[1] £m	Assets held for sale-VIA[2] £m	Associates (incl. VR) £m	Year ended 31 December 2020 Total £m	Change £m
Share of results – IFRS	**(170.4)**	**15.6**	**(154.8)**	(882.7)	7.1	(148.3)	(1,023.9)	**869.1**
Revaluation losses on properties	**274.6**	**21.2**	**295.8**	957.9	–	144.7	1,102.6	**(806.8)**
Other adjustments (notes 10B/11B)	**(9.7)**	**(16.1)**	**(25.8)**	5.9	1.0	2.1	9.0	**(34.8)**
Total adjustments	**264.9**	**5.1**	**270.0**	963.8	1.0	146.8	1,111.6	**(841.6)**
Adjusted earnings/(loss) contribution	**94.5**	**20.7**	**115.2**	81.1	8.1	(1.5)	87.7	**27.5**
Analysed as:								
Share of Property interests	**94.5**	**4.8**	**99.3**	75.2	–	5.6	80.8	**18.5**
Value Retail	–	**15.9**	**15.9**	–	–	(7.1)	(7.1)	**23.0**
VIA Outlets	–	–	–	5.9	8.1	–	14.0	**(14.0)**
	94.5	**20.7**	**115.2**	81.1	8.1	(1.5)	87.7	**27.5**

1. Includes discontinued operations and VIA Outlets up to the date of its disposal
2. VIA Outlets was reclassified to assets held for sale in June 2020, prior to its disposal in October 2020

Adjusted earnings from the Share of Property interests increased by £18.5 million year on year to £99.3 million. The increase was principally due to higher NRI in 2021, derived from the unwinding of provisions against trade receivables and surrender premiums received, partially offset by the net impact (after smoothing) of rent concessions completed in the year.

Value Retail

On an adjusted basis, the Group's investment in Value Retail generated adjusted earnings of £15.9 million compared to a £7.1 million adjusted loss in 2020. The year-on-year improvement principally reflects increased sales resulting from the easing of Covid-19 restrictions and the expansion of the virtual platform which was launched in May 2020. Additionally, due to the differing contract structures, rental adjustments granted by Value Retail have been recognised for accounting purposes in the period to which they relate and not as lease modifications. Consequently, the impact of rental adjustments was more weighted to 2020 when longer lockdown periods were suffered.

Table 9

Finance costs

Proportionally consolidated, excluding premium outlets, including discontinued operations	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m	Change £m
Interest costs	**92.2**	110.2	**(18.0)**
Interest capitalised[1]	**(5.3)**	(5.0)	**(0.3)**
Finance income	**(15.1)**	(9.8)	**(5.3)**
Adjusted net finance costs	**71.8**	95.4	**(23.6)**
Debt and loan facility cancellation costs	**22.0**	–	**22.0**
Change in fair value of derivatives	**9.8**	(11.8)	**21.6**
Net finance costs	**103.6**	83.6	**20.0**

1. Interest capitalised on our two Paris development schemes, Italie Deux and Les 3 Fontaines, Cergy.

Net finance costs, calculated on a proportionally consolidated basis, totalled £103.6 million in 2021, £20.0 million higher than the prior year.

£97.9 million related to the Reported Group and £5.7 million to the Share of Property interests as shown in note 2 to the financial information.

Adjusted net finance costs, which exclude the change in fair value of derivatives, debt and loan facility cancellation costs (which include early redemption fees), totalled £71.8 million for the year ended 31 December 2021, a decrease of £23.6 million year-on-year. The reduction principally related to the refinancing undertaken over 2021 and 2020, with the former explained on pages 19 and 20, and a reduction in net debt during the year from £2,234 million to £1,819 million, arising principally from disposals.

We incurred debt and loan facility cancellation costs of £22.0 million in the year, primarily relating to the repayment of bonds and private placement notes.

The supporting calculation for adjusted finance costs is shown in Table 41 of the Additional disclosures on page 66.

Tax and dividends

The Group's tax charge was £1.8 million in 2021, or £1.6 million on an adjusted basis excluding £0.2 million relating to disposals, compared to £0.6 million in the prior year. The Group is a UK REIT and a French SIIC. These tax regimes exempt the Group's property income and gains from corporate taxes subject to its activities meeting certain conditions including, but not limited to, distributing at least 90% of the Group's UK tax exempt profit as property income distributions (PID). The Irish assets are held in a QIAIF which provides a similar tax treatment to a UK REIT, but subjects distributions and certain excessive interest payments to a 20% withholding tax. The residual businesses in the UK, France and Ireland are subject to corporate taxes as normal.

We publish guidance explaining the Group's tax strategy annually in 'Hammerson's Approach to Tax' which is available on the Group's website www.hammerson.com.

On 5 August 2021, the Company declared a 2021 interim dividend of 0.2 pence per share in cash with an enhanced scrip dividend alternative of 2.0 pence per share. As detailed in note 7 of the financial information, the total dividend of £73.0 million was paid on 7 December 2021. A final dividend of 0.2 pence per share in cash has been proposed by the Board, to be paid entirely as a PID, net of withholding tax where applicable. The Company will be offering an enhanced PID scrip dividend alternative of 2.0 pence per share.

Table 10

Net assets

	31 December 2021				31 December 2020			
	Reported Group £m	Share of Property interests £m	Adjustments[1] £m	EPRA Net tangible assets £m	Reported Group £m	Share of Property interests £m	Adjustments[1] £m	EPRA Net tangible assets £m
Property portfolio	**1,595**	**1,883**	**–**	**3,478**	2,153	2,261	–	4,414
Investment in joint ventures	**1,452**	**(1,452)**	**–**	**–**	1,814	(1,814)	–	–
Investment in associates: Value Retail	**1,141**	**–**	**95**	**1,236**	1,154	–	116	1,270
Other	**106**	**(106)**	**–**	**–**	144	(144)	–	–
Assets held for sale	**71**	**(71)**	**–**	**–**	–	–	–	–
Trade receivables (net)	**28**	**18**	**–**	**46**	62	29	–	91
Net debt	**(1,565)**	**(254)**	**–**	**(1,819)**	(1,920)	(314)	(8)	(2,242)
Other net liabilities	**(82)**	**(18)**	**–**	**(100)**	(198)	(18)	–	(216)
Total shareholders' equity/Net assets	**2,746**	**–**	**95**	**2,841**	3,209	–	108	3,317
EPRA NTA per share (pence)				**64**				82

1. Adjustments in accordance with EPRA best practice, principally in relation to deferred tax, as shown in note 8D to the financial information.

During 2021, equity shareholders' funds decreased by £463 million, or 14%, to £2,746 million, principally due to the revaluation deficit on the managed property portfolio totalling £458 million. Net assets, calculated on an EPRA Net Tangible Assets (NTA) basis, were £2,841 million, or 64 pence per share, a reduction of 18 pence year-on-year. This is equivalent to a total accounting return of -14.0%. The movement in net assets during the year is shown in Table 11.

Table 11

Movement in net assets

Proportionally consolidated, including Value Retail	Equity shareholders' funds £m	Adjustments[1] £m	EPRA net tangible assets £m	EPRA NTA pence per share
31 December 2020	3,209	108	**3,317**	**82**
Scrip dividend - share dilution	–	–	–	**(7)**
Property revaluation: Managed portfolio	(458)	–	**(458)**	**(11)**
Premium outlet properties	(12)	–	**(12)**	–
	(470)	–	**(470)**	**(11)**
Adjusted earnings for the year - managed portfolio	65	–	**65**	**1**
Adjusted earnings for the year - Value Retail	16	–	**16**	–
Exceptional finance costs	(22)	–	**(22)**	–
Loss on sale of properties	(22)	–	**(22)**	**(1)**
Impairment of joint ventures	(12)	–	**(12)**	–
Change in deferred tax	(8)	(5)	**(13)**	–
Dividends	(13)	–	**(13)**	–
Exchange and other movements	3	(8)	**(5)**	–
31 December 2021	**2,746**	**95**	**2,841**	**64**

1. Adjustments in accordance with EPRA best practice shown in note 8D to the financial information.

Property portfolio analysis

Investment markets

During the first half of 2021, the retail investment market continued to be adversely impacted by the closure of non-essential shops, compounding the recent structural changes and accelerating the shift online, particularly in the UK. The second half of 2021 saw a noticeable improvement in investment sentiment and transaction activity.

In the UK, shopping centre transaction volumes totalled £1.6 billion, compared to £0.3 billion in 2020, still significantly lower than the ten year average of c. £3 billion, but higher than the five year average of £1.2 billion (Source: C&W). Key transactions in the year were the sale of a 25% stake in Bluewater in December 2021 and Touchwood, Solihull in the first half of the year.

In France, shopping centre transactions totalled €0.7 billion (2020: €1.8 billion), the most significant being the sale by Wereldhave of a portfolio of shopping centres for €305 million at a yield of 8.1%. In addition, market evidence was provided by the sale of Shopping Centre Sud in Austria at a yield of 4.35% and creation of a new joint venture of two portfolios between Altarea and Crédit Agricole Assurances which transacted at a yield of around 5% (Source: JLL).

In the Irish property investment market, there was limited activity with retail transactions of approximately €300 million with no major shopping centre transactions.

During 2021 there was one outlet transaction in Europe at Outlet Aubonne, Switzerland for a reported €95 million at a 7% yield. Additionally, VIA Outlets proceeded with a bond issue raising €600 million. The bond was six times oversubscribed, reflecting returning market confidence in the sector. Demand appears to remain for the best outlet assets, driven by their perceived resilience, potential rental growth and a lack of supply, and it is anticipated that a number of European outlets will come to market in 2022. (Source: C&W).

Portfolio valuation

The Group's external valuations continue to be conducted by CBRE Limited (CBRE), Cushman & Wakefield LLP (C&W) and Jones Lang LaSalle Limited (JLL), providing diversification of valuation expertise across the Group. For the year ended 31 December 2021, the majority of our UK flagship destinations have been valued by JLL and CBRE, the French portfolio by JLL, and the Irish portfolio, Value Retail (VR) and Brent Cross have been valued by C&W.

At 31 December 2021, the Group's portfolio was valued at £5,372 million, a reduction of £966 million or 15% during the year. This movement was primarily due to revaluation losses of £470 million and disposals totalling £452 million, including £386 million relating to the disposal of the Group's remaining UK retail parks properties.

Movements in the portfolio valuation are shown in Table 12.

Table 12

Movements in portfolio valuation

Proportionally consolidated[1]	Flagships £m	UK retail parks £m	Developments and other £m	Managed portfolio £m	Value Retail £m	Group portfolio £m
Value at 31 December 2020	3,415	384	615	**4,414**	1,924	**6,338**
Revaluation losses	(379)	–	(79)	**(458)**	(12)	**(470)**
Capital expenditure	49	2	51	**102**	41	**143**
Disposals	(43)	(381)	(23)	**(452)**	–	**(452)**
Reclassifications[2]	(137)	(5)	142	–	–	–
Capitalised interest	1	–	5	**6**	–	**6**
Exchange	(117)	–	(17)	**(134)**	(59)	**(193)**
Value at 31 December 2021	2,784	–	694	**3,478**	1,894	**5,372**

1. Includes the Group's investments in Italik, Paris, where 75% was transferred to trading properties, and Silverburn, Glasgow which was moved to assets held for sale in 2021.
2. Comprises the reclassification of Grand Central, Birmingham and Highcross, Leicester from Flagships and ancillary UK retail parks properties. Further details are set out in note 3 to the financial information.

Valuation change

Chart 13 below analyses the valuation change for the Group's portfolio, allocating the underlying valuation movement between yield, income and development and other impacts.

Chart 13

Components of valuation change (£m)

During 2021, we recognised a £470 million revaluation deficit on the Group portfolio, principally comprising £458 million in respect of the managed portfolio. Reflecting improved investor sentiment, this was split £109 million in the second half of the financial year compared to £361 million in the first half of the financial year.

UK flagship destinations suffered a revaluation deficit of £254 million, of which £103 million was attributable to outward yield shift, averaging 52 basis points across the portfolio. All UK flagships suffered revaluation deficits in the year. The remaining £151 million was attributable to lower income.

The underlying value of the French portfolio fell by £64 million, with outward yield movements averaging 15 basis points accounting for £21 million of the reduction and lower income causing a further loss of £42 million. All assets were subject to some yield expansion.

In Ireland, a combination of yield expansion, averaging 26 basis points across the portfolio, and a 3% reduction in ERVs, resulted in a valuation deficit of £61 million.

A deficit of £79 million was recognised on the 'Developments and other' portfolio. This principally reflected the scheme revisions at Les 3 Fontaines, Cergy and reductions to the value of the Group's land holdings in Birmingham, Bristol, Croydon, Dublin, Leeds and London.

The Value Retail portfolio was more resilient, reporting a revaluation deficit of £12 million.

Further analysis is included in Table 33 in the Additional disclosures on page 61.

Change in ERV

Table 14

ERV change (like-for-like)

Proportionally consolidated, excluding Value Retail	UK %	France %	Ireland %	Flagship destinations %
2021	**(10.6)**	**(1.5)**	**(3.0)**	**(6.7)**
2020	(14.3)	(4.9)	(6.5)	(10.6)

ERVs for the Group's flagships fell by 6.7% in 2021 comprising a 4.1% reduction in the first half of the year but a lesser reduction of 2.7% in the second half of the year. This compared to a reduction of -10.6% in 2020.

ERVs at UK flagships fell by 10.6% in 2021, compared with a decline of 14.3% in 2020, and 6.8% in the first half of 2021. This was largely due to continued weak occupational demand and an over-supply of retail space following CVAs and administrations, principally in 2020. This was further exacerbated by the forced closures of non-essential stores during lockdown periods. The most significant ERV reductions were at Victoria, Leeds and Union Square, Aberdeen.

ERVs in France reduced by 1.5%, following a 4.9% decline in 2020, and a 0.3% decline in the first half of 2021. Rental values were reduced at all properties with the most significant movements at Italie 2, Paris and Les 3 Fontaines, Cergy, where in the latter case the ongoing extension work has increased the supply of space at the centre.

In Ireland, ERVs fell by 3.0% following a decline of 6.5% in 2020 and 1.1% in the first half of 2021. Covid-19 closures continued to have an adverse impact on the occupational market.

Capital expenditure

In 2021, capital expenditure totalled £102 million. Table 15 shows the expenditure on a segmental basis and analyses spend between the creation of additional area and the creation of value through the enhancement of existing space.

Table 15

Capital expenditure analysis

Proportionally consolidated, excluding premium outlets	UK £m	France £m	Ireland £m	Flagship destinations £m	Developments and other £m	UK retail parks £m	Managed portfolio £m
Capital expenditure – no additional area	9	6	4	**19**	6	–	**25**
Capital expenditure – creating additional area	–	11	–	**11**	43	–	**54**
Capital expenditure – tenant incentives	6	8	5	**19**	2	2	**23**
	15	25	9	**49**	51	2	**102**

Further analysis of capital expenditure between Reported Group and Share of Property interests is provided in Table 35 on page 62.

Capital expenditure where no additional area was created of £25 million included the progression of development schemes at Croydon, Dublin Central, Martineau Galleries and The Goodsyard totalling £9 million, with a further £16 million relating to other asset management initiatives including cladding works and car park works in Birmingham and reconfiguration of anchor space at Dundrum Town Centre, Dublin.

Capital expenditure creating area of £54 million principally related to the two extension projects in France at Les 3 Fontaines, Cergy and Italik, Paris. Italik was opened in June 2021 and at Les 3 Fontaines, Cergy, the main extension is due to open at the end of March 2022.

The extension scheme at Les 3 Fontaines is currently valued at £211 million, recognising a small revaluation loss of £9 million in the year. Pre-letting for the extension is currently 75% and when fully complete and let, the project is forecast to achieve an estimated yield on cost of 5%.

Disposals

Disposals reduced the property portfolio by £452 million. The total proceeds were £430 million and related to the sale of Brent South Shopping Park in February 2021 for £22 million, Espace Saint-Quentin and Nicétoile in April 2021 for £48 million, the Group's remaining UK retail parks for £330 million in May 2021 and the sale of other non-core properties totalling £30 million in the second half of the year.

Returns

Table 16

Property returns analysis

2021

Proportionally consolidated	UK %	France %	Ireland %	Flagship destinations %	Developments and other	UK retail parks %	Managed portfolio %	Value Retail %	Group portfolio %
Income return	7.0	3.8	4.8	**5.4**	2.9	2.6	**5.1**	2.7	**4.3**
Capital return	(16.7)	(6.6)	(8.3)	**(11.6)**	(9.3)	(8.5)	**(11.3)**	(0.6)	**(7.9)**
Total return	(10.8)	(3.0)	(3.9)	**(6.8)**	(6.6)	(6.1)	**(6.7)**	2.1	**(3.9)**

The Group's property portfolio generated a total property return of -3.9% in 2021, comprising a capital return of -7.9% and an income return of 4.3%. The capital return is consistent with the underlying valuation performance explained in the 'Valuation change' section on page 15 and an analysis of the capital and total property returns by business segment is included in Table 33 in the Additional disclosures on page 61.

We compare the individual portfolio returns against their respective MSCI benchmarks and compare the Group's portfolio against a weighted 50:50 UK All Retail Universe: Bespoke Europe (excluding UK) All Retail Universe index. These indices include returns from all types of retail property.

As the annual MSCI benchmarks are not available until after this Annual Report has been published, it is not yet possible to gauge the Group's comparative performance. The UK MSCI Annual All Retail Universe for 2021 reported a total property return for UK shopping centres of -7.0%, 380 basis points higher than the Group's UK flagship return of -10.8%.

In 2021, the Reported Group portfolio produced a total property return of -5.0%, whilst properties held by our joint ventures and associates generated a total property return of -8.1%.

Table 17

Shareholder returns

Return	Cash basis[1] %	Scrip basis[1] %	Benchmark	%
Total shareholder return over one year	**33.6**	**47.5**	FTSE EPRA/NAREIT UK index over one year	**25.2**
Total shareholder return over three years p.a.	**(37.5)**	**(33.6)**	FTSE EPRA/NAREIT UK index over three years p.a.	**8.8**
Total shareholder return over five years p.a.	**(31.1)**	**(28.6)**	FTSE EPRA/NAREIT UK index over five years p.a.	**3.2**

1. Cash and scrip bases represent the return assuming investors opted for cash or scrip dividends, respectively, with the assumption that those opting for scrip dividends continued to hold the additional shares issued.

Hammerson's total shareholder return for 2021 was 47.5% on a scrip basis (33.6% on a cash basis), an outperformance compared with the FTSE EPRA/NAREIT UK index of 25.2% as the retail property sub-sector (which was hit harder by the Covid-19 global pandemic than the wider property index) recovered.

Investment in joint ventures and associates

Details of the Group's joint ventures and associates are shown in notes 10 and 11 to the financial information. Table 18 shows the Group's investment in joint ventures and associates on both IFRS and EPRA net tangible assets (NTA) bases, split between the proportionally consolidated Share of Property interests and investments in premium outlets.

Table 18

Investment in joint ventures and associates

	31 December 2021			31 December 2020		
Excludes assets held for sale	**Total joint ventures and associates £m**	**Deduct: Share of Property interests £m**	**Value Retail £m**	Total joint ventures and associates £m	Deduct: Share of Property interests £m	Value Retail £m
Investment properties	**3,708**	**(1,814)**	**1,894**	4,185	(2,261)	1,924
Net debt	**(936)**	**256**	**(680)**	(1,003)	314	(689)
Other net liabilities	**(73)**	**–**	**(73)**	(70)	(11)	(81)
Net assets	**2,699**	**(1,558)**	**1,141**	3,112	(1,958)	1,154
EPRA NTA adjustments - see notes 10D and 11D:						
Deferred tax	**94**	**–**	**94**	98	–	98
Other	**3**	**(2)**	**1**	24	(6)	18
	97	**(2)**	**95**	122	(6)	116
Investment in joint ventures/associates - EPRA NTA basis	**2,796**	**(1,560)**	**1,236**	3,234	(1,964)	1,270

During the year, on an EPRA NTA basis, our total investment in the Group's Share of Property interests reduced by £404 million to £1,560 million. The most significant movements were net revaluation losses totalling £284 million, disposals of Nicétoile, Espace Saint-Quentin and Brent South, London totalling £77 million, and the transfer of Silverburn, Glasgow, to assets held for sale totalling £72 million. These variances were partially offset by adjusted earnings of £99 million.

Value Retail

The Group's total investment in Value Retail, on a net tangible asset basis, reduced by £34 million during the year. This principally comprised adverse foreign exchange movements of £32 million and revaluation losses of £12 million, partially offset by adjusted earnings of £16 million. As explained earlier, the premium outlets sector remained more resilient than the flagship portfolio during the year.

Trade receivables

The Group applies the simplified approach under IFRS 9 and adopts a provisioning matrix to determine the Expected Credit Loss (ECL). This involves grouping receivables dependent on the risk level, taking into account historical default rates, credit ratings, ageing, future expectations and the ongoing impact of Covid-19, and applying an appropriate provision percentage after taking account of rent deposits and personal or corporate guarantees held.

Trade receivables have reduced from £170 million at 31 December 2020 to £100 million at 31 December 2021. Whilst continuing government restrictions on landlords' ability to enforce collection has resulted in trade receivables remaining higher than normal, collection rates have improved across the Group, facilitated by the conclusion of many Covid-19 related rent concession agreements.

On a proportionally consolidated basis, a total provision of £53 million was recognised at 31 December 2021, compared to £80 million at 31 December 2020, equating to a 76% provision against trade receivables net of deposits and VAT. The reduction includes £13 million utilisation of the opening provision associated with amounts written off. Management recognises that remaining trade receivables which relate to periods of Covid-19 related closures have become more challenging to recover with the passage of time. This is reflected in the increase in the overall provision rate from 64% at 31 December 2020.

The table below analyses the total provision by country against the respective trade receivable balances. Further information on the ageing of receivables is provided in note 12B to the financial information.

Table 19

Trade receivables and provisioning

Proportionally consolidated excluding Value Retail	31 December 2021 Trade receivables £m	 Trade receivables net of deposits and VAT £m	 Total provision £m	31 December 2020 Trade receivables £m	 Trade receivables net of deposits and VAT £m	 Total provision £m
UK	**47**	**38**	**27**	101	82	53
France	**45**	**26**	**22**	51	28	19
Ireland	**8**	**7**	**4**	18	15	8
Property portfolio	**100**	**71**	**53**	170	125	80
Less Share of Property interests	**(45)**	**(37)**	**(26)**	(87)	(67)	(44)
Reported Group	**55**	**34**	**27**	83	58	36

Assets held for sale

In December 2021, we exchanged contracts for the sale of Silverburn, Glasgow, with completion due in March 2022. At the date of exchange, the investment in Silverburn met the IFRS 5 criteria for 'held for sale'. Consequently, the assets and liabilities relating to the Group's investment in Silverburn were reclassified to assets held for sale and impaired to their fair value, based on the agreed sale price, less costs of disposal.

Financing and cash flow

Our financing strategy is to borrow predominantly on an unsecured basis under the Group's standard financial covenants to maintain flexibility at a low operational cost. Secured borrowings are occasionally used, mainly in conjunction with joint venture partners. Value Retail also predominantly uses secured debt in its financing strategy, although this is independent of the rest of the Group.

The Group's borrowings are arranged to maintain short term liquidity and to ensure an appropriate maturity profile. Acquisitions may initially be financed using short term funds before being refinanced with longer term funding depending on the Group's financing position in terms of maturities, future commitments, disposals and market conditions. Short term funding is raised principally through syndicated revolving credit facilities from a range of banks and financial institutions with which we maintain strong working relationships. Long term debt comprises the Group's fixed rate unsecured bonds, private placement senior notes and secured borrowings within three of the Group's joint ventures.

Derivative financial instruments are used to manage exposure to fluctuations in foreign currency exchange rates and interest rates, but are not employed for speculative purposes.

The Board regularly reviews the Group's financing strategy and approves financing guidelines against which it monitors the Group's financial structure. In 2021, the Group's guideline loan to value and net debt:EBITDA metrics have been changed to reflect the strategy update and the focus on maintaining an investment grade rating. These guidelines, together with the relevant metrics, are summarised in Table 20 which shows the Group's much improved financial position at 31 December 2021.

Table 20

Key financial metrics

Proportionally consolidated, excluding Value Retail unless stated	Group debt covenants	Guideline[1]	31 December 2021	31 December 2020
Net debt (£m)	n/a	n/a	**1,819**	2,234
Liquidity (£m)	n/a	n/a	**1,464**	1,748
Weighted average interest rate (%)	n/a	n/a	**3.0**	3.0
Weighted average maturity of debt (years)	n/a	n/a	**4.1**	3.5
FX hedging (%)	n/a	70-90%	**89**	73
Gearing (%)[2,3]	Maximum 150%/175%	Maximum 85%	**67**	70
Unencumbered asset ratio[6] (times)	At least 1.5	At least 1.75	**1.82**	1.89
Interest cover (times)[2]	At least 1.25	At least 2.0	**2.51**	1.81
Loan to value – headline(%)[4]	n/a	Maintain Investment Grade credit rating	**39**	40
Loan to value (%) – fully proportionally consolidated[4]	n/a	Maintain Investment Grade credit rating	**47**	46
Net debt/EBITDA (times)[5]	n/a	Maintain Investment Grade credit rating	**12**	14.1
Secured borrowings/equity shareholders' funds (%)[2]	Maximum 50%	Maximum 50%	**14**	13
Debt fixed (%)	n/a	At least 50%	**85**	97

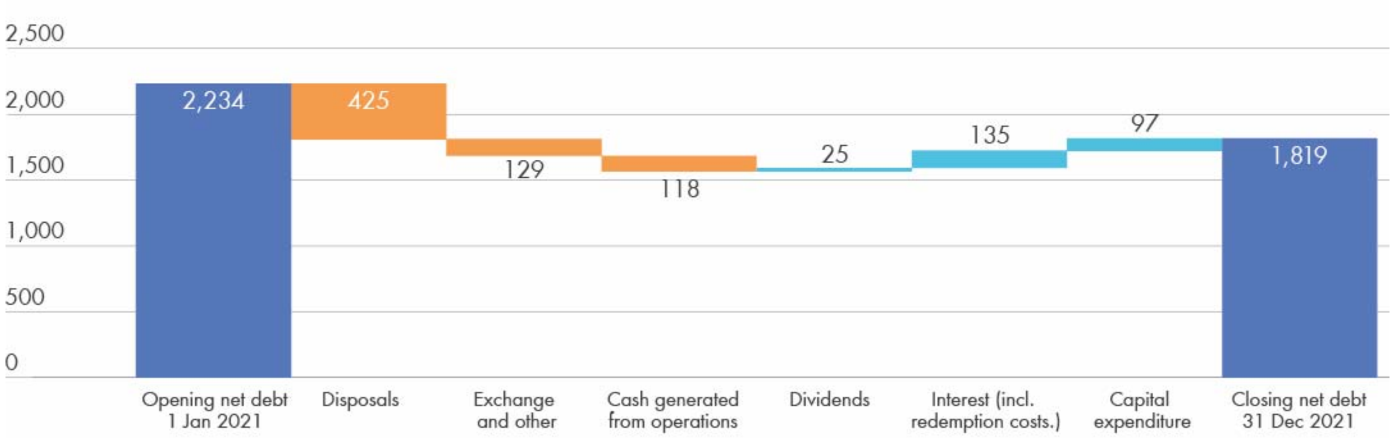
1. Guidelines should not be exceeded for an extended period.
2. Included in borrowing covenants as detailed on page 21.
3. See Table 47 in Additional disclosures for supporting calculation.
4. See Table 46 in Additional disclosures for supporting calculation.
5. See Table 44 in Additional disclosures for supporting calculation.
6. See Table 48 in Additional disclosures for supporting calculation.

Net debt

Chart 21

Movement in net debt (£m)

Proportionally consolidated, excluding Value Retail



The Group completed significant refinancings during 2021 which has strengthened the capital structure.

On a proportionally consolidated basis, net debt reduced by £415 million to £1,819 million at 31 December 2021. This comprised loans of £2,209 million and the fair value of currency swaps of £44 million, less cash and deposits of £434 million.

The Group's weighted average interest rate was 3.0% for 2021, consistent with the average rate for 2020, and 85% of debt was at fixed interest rates at 31 December 2021.

The Group's liquidity at 31 December 2021, comprising cash and undrawn committed facilities, was £1,464 million, £284 million lower than at the beginning of the year, substantially as a result of the repayment of debt and refinancing of revolving credit facilities. The Group's weighted average maturity of debt increased to 4.1 years (2020: 3.5 years).

On 3 June 2021, the Group issued a new €700 million sustainability-linked bond with a 1.75% coupon and a maturity in 2027. The bond incentivises the reduction of carbon emissions. The coupon is linked to the achievement of two Sustainability Performance Targets: 60% reduction in Scope 1 and 2 and selected Scope 3 Greenhouse gas (GHG) emissions under the Group's direct control and 50% reduction in Scope 3 GHG emissions (which relate to space operated by brands within its destinations) both against the Group's 2019 (pre-Covid-19) baseline. If these targets are not met, an additional margin will be payable of 37.5 basis points per annum for the last year of the bond from June 2026 to the June 2027 maturity date for each of the two targets, 75 basis points in total, payable at the final interest payment date.

Together with existing liquidity, the proceeds of the new €700 million bonds were used in June to repay €310 million of the €500 million 2.0% bond maturing in 2022 and €265 million of the €500 million 1.75% bond due to mature in 2023 and £297 million of private placement notes. On 8 July 2021, the Group repaid the remaining €190 million of the €500 million 2.0% bonds.

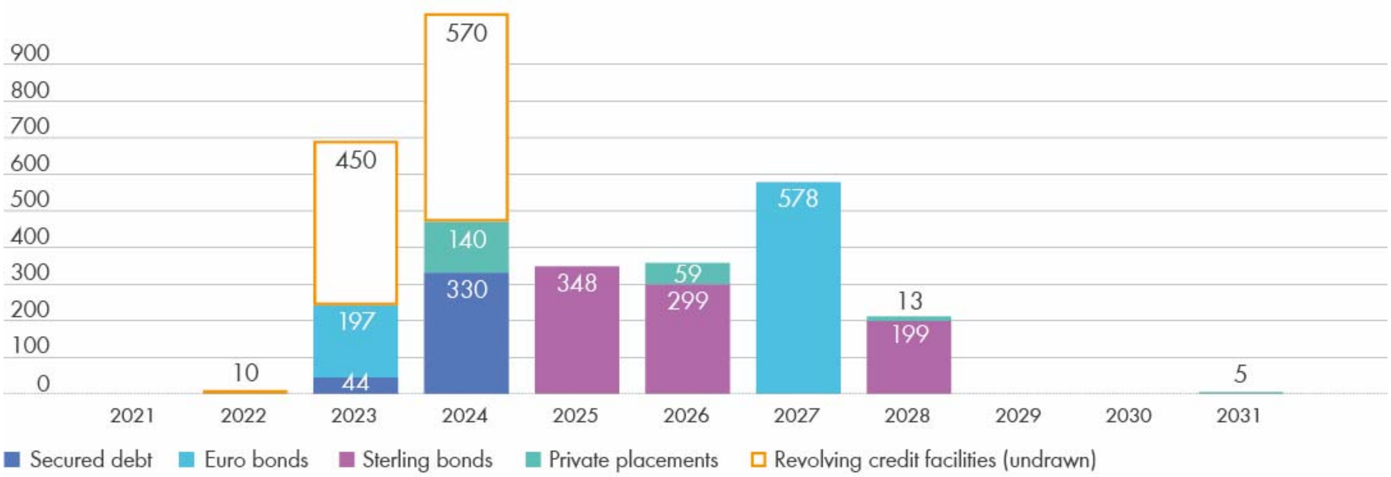
On 18 June 2021, Hammerson refinanced its £415 million Revolving Credit Facility (RCF) maturing in April 2022 with two new RCFs totalling £200 million at an initial margin of 115 basis points and maturing in 2024 with an option to extend to 2026 at the Group's request. The existing £415 million facility maturing in 2022 was cancelled, resulting in a net decrease of £215 million of undrawn facilities. The decrease in liquidity will result in an interest cost saving of approximately £0.5 million per year on an annualised basis in undrawn commitment fees.

On 6 July 2021, the Group refinanced the maturing loan secured against O'Parinor, Aulnay-Sous-Bois, following a €2 million partial repayment. The €52.5 million loan (Group's 25% share) now matures in July 2023.

Chart 22

Debt and facility maturity at 31 December 2021

Proportionally consolidated, excluding premium outlets



The above chart excludes unamortised fees of £3 million relating to revolving credit facilities.

Leverage

At 31 December 2021, the Group's gearing ratio was 67% (2020: 70%) and headline loan to value ratio was 39% (2020: 40%). Supporting calculations are in Tables 47 and 46 in Additional disclosures.

At 31 December 2021, the Group's share of net debt in Value Retail (VR) totalled £680 million (2020: £689 million). Proportionally consolidating this net debt with the Group's share of net debt and including property values held by VR, the Group's fully proportionally consolidated loan to value is 47% (2020: 46%).

Borrowings and covenants

The terms of the Group's unsecured borrowings contain a number of covenants which provide protection to the lenders. The financial covenants within the Group's borrowing are:

Bonds: Gearing and secured borrowings

- Gearing should not exceed 150% for two of the bonds and 175% for the remaining bonds. All the bonds include a limitation that secured borrowings should not exceed 50% of equity shareholders' funds

Bank facilities: Gearing, secured borrowings and interest cover

- Gearing should not exceed 150%, secured borrowings should not exceed 50% of equity shareholders' funds and interest cover should be not less than 1.25 times

Private placement notes: Gearing, secured borrowings, unencumbered assets and interest cover

- Gearing should not exceed 150%, secured borrowings should not exceed 50% of equity shareholders' funds, unencumbered assets should not be less than 150% of net unsecured borrowings and interest cover should be not less than 1.25 times

As shown on page 3, the Group's financial metrics were all in compliance with the Board's internal guidelines, with significant improvements on the 2020 comparatives.

Following an amendment to the unencumbered asset ratio in the private placement notes agreed in June 2020, the Group was obliged to make an offer of prepayment at par (i.e. not including a make-whole amount) for 30% of any applicable proceeds from disposals or capital raisings in excess of £50 million. Following completion in the first half of the year of the disposal of the UK retail parks portfolio and our stakes in Brent South Shopping Park, Nicétoile and Espace Saint-Quentin, we prepaid at par a total of £297 million, comprising £65 million relating to an offer in accordance with this condition, a further £119 million following an additional voluntary offer and £113 million relating to the repayment of notes which matured in June 2021. Combined, these repayments will save approximately £7 million of interest cost on an annualised basis.

The Group retains significant headroom to its financial metrics and covenants. From a stress test perspective, the valuation of the Group's property portfolio at 31 December 2021, would have to fall by 18%, to breach the unencumbered asset covenant in the private placement notes, or by 28% to breach the Group's tightest gearing covenant. Net rental income would need to fall by 50% compared to 2021 levels in order to breach the interest cover covenant in the Group's revolving credit facilities and private placement notes. Compliance with covenants is a key consideration for the going concern assessment as detailed on page 9 and in note 1 to the financial information.

In addition, some joint ventures and associates have secured debt facilities which include specific covenants to those properties, including covenants for loan to value and interest cover. This secured debt is non-recourse to the Group.

The covenants for secured debt facilities are generally tested quarterly and include specific financial covenants in relation to the secured assets, typically loan to value and interest cover. Where deemed necessary to address the adverse financial effect of Covid-19 due to lower collection rates or property valuations, short term covenant waivers have been obtained during the year in relation to a number of these debt facilities to avoid covenant breach. At 31 December 2021, there were no waivers in place on secured borrowings in joint ventures. During 2021 the secured loan at Highcross, Leicester, breached its covenants and therefore an impairment of the full equity value of £11.5 million was recognised against our investment in the Highcross joint venture. Discussions with the lenders are underway to find a mutually acceptable solution. There is no recourse to the Group.

Credit ratings

Following the publication of the Group's 2020 results in the second quarter of the year, Fitch and Moody's re-affirmed Hammerson's senior unsecured investment grade credit rating as BBB+ and Baa3 respectively.

On 4 February 2022, Moody's re-affirmed the Baa3 rating as well as changing the outlook to stable from negative due to; the recovery in operating performance (including footfall and retail sales that are now close to their pre-pandemic levels); recovering investment markets for retail assets making further large value drops in asset values far less likely (and reducing the risk of decreased capacity under covenants); the Group's ongoing asset disposal plans that will aid further deleveraging; and the progress the Group has made in managing its balance sheet including accessing debt markets and refinancing its upcoming debt maturities.

Managing foreign exchange exposure

The Group's exposure to foreign exchange translation differences on euro-denominated assets is managed through a combination of euro borrowings and derivatives. At 31 December 2021, the value of euro-denominated liabilities as a proportion of the value of euro-denominated assets was 89%, vs 73% at the beginning of the year. Interest on euro debt also acts as a partial hedge against exchange differences arising on net income from our overseas operations. Sterling strengthened against the euro during the year by 6.6%.

Risks and uncertainties

The Board continually reviews and monitors the principal risks and uncertainties which could have a material effect on the Group's results. The updated principal risks and uncertainties for 2021 are listed below with details of our assessment of the residual risk. New risks have been highlighted as such. Full disclosure of the risks, including the factors which mitigate them, is set out within the Risk and uncertainties section of the Annual Report 2021.

1. Macroeconomic Residual risk: High	– Our financial performance is directly impacted by the macroeconomic environment in the countries in which we operate. Key factors affecting our occupiers, customers and the Group are GDP, disposable income changes, employment levels, inflation, business and consumer confidence, supply chain shortages, interest rates and foreign exchange volatility – Major events such as the Covid-19 pandemic create heightened macroeconomic and property market uncertainty, adversely impacting the Group's performance
2. Retail market and valuations Residual risk: High	– We own and operate property in a rapidly evolving retail marketplace. Failure to anticipate and address structural changes in consumer and occupational markets, such as omnichannel retailing and digital technology, will impair future performance – Retailer profitability, particularly in the UK, has been under significant pressure due to increased costs, such as business rates and employment costs, and the erosion of margins from channel shift. These challenges have been severely exacerbated by the lockdowns and restrictions associated with Covid-19. These pressures are filtering through from retailers to landlords during lease negotiations – Changing consumer shopping habits, including channel shift, are adversely affecting certain retail categories, such as high street fashion and traditional department stores. This has resulted in tenant failures and shrinking store portfolios, causing an oversupply of physical retail space and falling rents – Retail property valuations have fallen in the last few years, adversely affecting the delivery of future strategic plans and the Group's financial position, particularly debt covenants (see Capital structure, risk 7) – Opportunities to divest properties are missed, or are limited by market conditions, which reduces financial returns and adversely affects the Group's credit metrics and funding strategy – Poor investment decisions involving acquisitions and disposals result in sub-optimal returns
3. Non-retail and mixed-use property (new) Residual risk: Low	– The Group targets the wrong part of the property sector for its developments – Development projects take significant time to deliver in which time markets and local environments have changed – Lack of access to capital on attractive terms, leads to lower profitability or reduced liquidity – The Group is unable to attract senior individuals with the correct skills, knowledge and experience to successfully implement the future strategy
4. Catastrophic event Residual risk: High	– Restrictions to contain pandemic disease, such as Covid-19, adversely impact our operations due to the closure of stores, reduced footfall and additional health and safety procedures – Our operations, customer safety, reputation or financial performance could be adversely affected by a major event such as a terrorist attack, significant geopolitical volatility, flood, power shortage, civil unrest, geopolitical crisis or pandemic disease – The increasing reliance on and use of digital technology heighten the risks associated with IT and cyber security. Risks are continually evolving, and we must design, implement and monitor effective controls to protect the Group from cyber-attack or major IT failure
5. Tax and regulation Residual risk: Medium	– Governments have borrowed heavily to provide financial support during the Covid-19 pandemic. This debt will need to be repaid through increased taxes which could hinder future recovery – The real estate and physical retail sectors have suffered rising costs over recent years through higher business rates, living wage, stamp duty etc. These adversely impact the profitability of our occupiers and the Group's financial performance – There is an increasing burden from compliance and regulatory requirements which can impede operational and financial performance – The UK's exit from the EU continues to create some uncertainty over the future tax and regulatory environment – Tax laws that apply to the Group's businesses may be amended by the relevant authorities, for example, as a result of changes in fiscal circumstances or priorities
6. Climate Residual risk: Medium	– Asset-based actions to reduce carbon emissions are not sufficiently focused or delivered at pace – Failure to establish and communicate a strategy that properly addresses climate risk including the setting and meeting of appropriate targets could adversely impact the Group's reputation (with occupiers and customers), financial performance and investor demand – Failure to provide assets in line with market standards or customer preferences – As the economy transitions to a more circular system, there could be increased focus on minimising resource input and waste creation, impacting the Group's ability to obtain appropriate resources and materials throughout its value chain – Emerging environmental regulations and legislation, including local climate-related initiatives, will increase reporting and compliance requirements and potential for non-compliance if not effectively managed – Climate risk considerations adversely impact valuations – Extreme weather events and other physical manifestations of climate change impact our assets
7. Capital structure Residual risk: Medium	– Investor sentiment towards shopping centres as an asset class is weak, driving down valuations. Reductions in valuations or income could result in a breach of debt covenants, relating to both secured and unsecured borrowings. Future strategic plans may not be delivered as a result – Poor treasury planning or external factors, including failures in the banking market, ratings agency downgrades, or lack of access to capital on attractive terms, leads to the Group having insufficient liquidity to enable the delivery of our strategy objectives – Major fluctuations in sterling or euro exchange rates, or a significant increase in interest rates, could result in financial losses

8. Property development Residual risk: Medium	– Property development is inherently risky due to its complexity and uncertain outcomes over the life of a project. Unsuccessful projects result in adverse financial and reputational outcomes – Major schemes have long delivery times with multiple milestones, including planning and leasing – Over-exposure to developments increases the potential financial impact of adverse valuation, cost inflation or other market factors which could overstretch the Group's financial capacity – Projects require appropriate resource and can be management intensive and are challenging to amend or stop once onsite
9. People Residual risk: Medium	– A failure to retain or recruit key management and other colleagues to provide diverse and skilled teams could adversely impact operational and corporate performance – Weaker financial performance and market uncertainty adversely impact colleague morale, retention and external recruitment – The Group's organisational structure may hinder the achievement of strategic objectives, particularly in times of significant activity
10. Transformation (new) Residual risk: Medium	– Execution of the transformation programme, with its interdependencies, is inherently risky – Poor planning, delivery and review results in process and control gaps – The Group does not effectively manage cultural change – Impact and level of distraction on business-as-usual activity could be high – Transformation costs may be higher than budget
11. Partnerships Residual risk: High	– A significant proportion of the Group's properties are held in conjunction with third parties. These structures limit the Group's control and can reduce liquidity – Operational effectiveness and financing strategies may also be adversely impacted if partners are not strategically aligned – Several joint ventures and Value Retail contain secured debt facilities. Weak collections and valuations (due to Covid-19) could impact covenants – Our Value Retail investment is externally managed, and this reduces control and transparency over performance and governance. The interests also contain transaction pre-emption rights in favour of the Group and other investors and limit the liquidity and investor appetite for this investment

Consolidated income statement
for the year ended 31 December 2021

	Notes	2021 £m	2020[1] £m
Revenue		**134.8**	145.8
Operating profit before other net losses and share of results of joint ventures and associates[2,3]	2	**12.1**	13.5
Profit/(Loss) on sale of properties	2	**9.8**	(3.5)
Loss on sale of joint venture and associate	2	**(0.9)**	–
Net exchange gain previously recognised in equity, recycled on disposal of foreign operations	2	**11.0**	5.2
Revaluation losses on properties	2	**(173.7)**	(442.7)
Impairment relating to assets held for sale	6C	**(0.9)**	(103.8)
Other losses[4]	2	**(0.3)**	(0.4)
Other net losses	2	**(155.0)**	(545.2)
Share of results of joint ventures	10A	**(171.3)**	(880.2)
Impairment of investment in joint ventures	10D	**(11.5)**	(9.6)
Share of results of associates	11A	**15.6**	(148.3)
Impairment of investment in associates	11E	**–**	(94.3)
Operating loss	2	**(310.1)**	(1,664.1)
Finance costs		**(99.0)**	(95.5)
Change in fair value of derivatives		**(14.0)**	13.7
Finance income		**15.1**	9.6
Net finance costs	4	**(97.9)**	(72.2)
Loss before tax		**(408.0)**	(1,736.3)
Tax charge	5A	**(1.3)**	(0.5)
Loss from continuing operations		**(409.3)**	(1,736.8)
(Loss)/Profit from discontinued operations	6B	**(19.8)**	1.9
Loss for the year		**(429.1)**	(1,734.9)
Attributable to:			
Equity shareholders		**(429.1)**	(1,734.8)
Non-controlling interests		**–**	(0.1)
Loss for the year		**(429.1)**	(1,734.9)
Basic and diluted (loss)/earnings per share[5]			
Continuing operations	8B	**(9.3)p**	(62.5)p
Discontinued operations	8B	**(0.5)p**	0.1p
Total[5]		**(9.8)p**	(62.4)p

1. The results reported for the year ended 31 December 2020 have been reclassified to represent discontinued operations in line with the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations'. Refer to note 6B for further details.
2. Included within 'Operating profit before other net losses and share of results of joint ventures and associates' is a provision credit against trade receivables totalling £0.1 million (2020: £18.9 million charge), comprising a charge of £1.5 million (2020: £16.4 million) in relation to income recognised up to year end (included in other property outgoings in note 2) and a credit of £1.6 million (2020: £2.5 million charge) relating to amounts not yet recognised in the consolidated income statement (separately identified in note 2).
3. Included within 'Operating profit before other net losses and share of results of joint ventures and associates' is a £1.6 million (2020: £9.5 million) provision for impairment of lease incentives.
4. Other losses in 2021 comprise £0.7 million relating to the impairment of a receivable balance due from a joint venture entity, less £0.4 million credit from the change in fair value of other investments. Other losses in 2020 comprise £0.3 million relating to indirect costs of the rights issue and £0.1 million change in fair value of other investments.
5. For 2020 the loss per share figures have been restated from (77.0) pence per share for continuing operations and (76.9) pence in total, to the figures stated above, as a result of the application of International Accounting Standard 33 'Earnings per share' (IAS 33), in respect of the bonus element of scrip dividends declared by the Company. See note 8B for further details.

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	2021 £m	2020 £m
Items recycled through the consolidated income statement on disposal of foreign operations		
Exchange gains previously recognised in the translation reserve	**(55.2)**	(26.0)
Exchange losses previously recognised in the net investment hedge reserve	**44.2**	20.8
Net exchange loss relating to equity shareholders[1]	**(11.0)**	(5.2)
Items that may subsequently be recycled through the consolidated income statement		
Foreign exchange translation differences	**(139.7)**	171.1
Gain/(Loss) on net investment hedge	**112.2**	(109.2)
Net (loss)/gain on cash flow hedge	**(1.7)**	4.8
Share of other comprehensive gain/(loss) of associates	**1.3**	(1.0)
	(27.9)	65.7
Items that may not subsequently be recycled through the consolidated income statement		
Net actuarial gains/(losses) on pension schemes	**18.9**	(12.8)
Total other comprehensive (loss)/income[2]	**(20.0)**	47.7
Loss for the year from continuing operations	**(409.3)**	(1,736.8)
(Loss)/Profit for the year from discontinued operations	**(19.8)**	1.9
Loss for the year	**(429.1)**	(1,734.9)
Total comprehensive loss for the year	**(449.1)**	(1,687.2)
Attributable to:		
Equity shareholders	**(449.1)**	(1,687.1)
Non-controlling interests	**–**	(0.1)
Total comprehensive loss for the year	**(449.1)**	(1,687.2)

1. Relates to the sale of the Group's 25% interest in Espace Saint-Quentin, Saint Quentin-En-Yvelines and 10% interest in Nicétoile, Nice in 2021, and the sale of substantially all of the Group's investment in VIA Outlets in 2020.
2. All items within total other comprehensive (loss)/income relate to continuing operations as defined by IFRS 5.

Consolidated balance sheet

As at 31 December 2021

	Notes	2021 £m	2020 £m
Non-current assets			
Investment properties	9	**1,561.4**	2,152.8
Interests in leasehold properties		**32.9**	38.6
Right-of-use assets		**3.8**	6.7
Plant and equipment		**1.4**	2.3
Investment in joint ventures	10A	**1,451.8**	1,813.6
Investment in associates	11C	**1,247.0**	1,298.4
Other investments		**9.5**	9.7
Derivative financial instruments	15A	**18.6**	6.6
Restricted monetary assets	13	**21.4**	21.4
Receivables	12A	**19.5**	3.4
		4,367.3	5,353.5
Current assets			
Receivables	12B	**84.8**	105.9
Trading properties	9	**34.3**	–
Derivative financial instruments	15A	**7.3**	9.1
Restricted monetary assets	13	**39.1**	28.3
Cash and deposits	17	**309.7**	409.5
		475.2	552.8
Assets held for sale	6C	**71.4**	–
		546.6	552.8
Total assets		**4,913.9**	5,906.3
Current liabilities			
Loans	14	**–**	(115.0)
Payables		**(179.4)**	(205.0)
Tax		**(0.6)**	(1.3)
Derivative financial instruments	15A	**–**	(2.3)
		(180.0)	(323.6)
Non-current liabilities			
Loans	14	**(1,834.8)**	(2,143.7)
Deferred tax		**(0.4)**	(0.4)
Derivative financial instruments	15A	**(59.7)**	(84.7)
Obligations under head leases		**(36.4)**	(41.8)
Payables		**(56.6)**	(103.2)
		(1,987.9)	(2,373.8)
Total liabilities		**(2,167.9)**	(2,697.4)
Net assets		**2,746.0**	3,208.9
Equity			
Share capital	16	**221.0**	202.9
Share premium		**1,593.2**	1,611.9
Translation reserve		**471.1**	666.0
Net investment hedge reserve		**(362.8)**	(519.2)
Cash flow hedge reserve		**1.7**	3.4
Merger reserve		**374.1**	374.1
Other reserves		**207.6**	207.1
Retained earnings		**243.5**	663.0
Investment in own shares		**(3.5)**	(0.4)
Equity shareholders' funds		**2,745.9**	3,208.8
Non-controlling interests		**0.1**	0.1
Total equity		**2,746.0**	3,208.9
EPRA net tangible assets value per share (pence)	8D	**64**	82

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Share capital £m	Share premium £m	Translation reserve £m	Net investment hedge reserve £m	Cash flow hedge reserve £m	Merger reserve £m	Other reserves[1] £m	Retained earnings £m	Investment in own shares[2] £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2021	**202.9**	**1,611.9**	**666.0**	**(519.2)**	**3.4**	**374.1**	**207.1**	**663.0**	**(0.4)**	**3,208.8**	**0.1**	**3,208.9**
Share-based employee remuneration	–	–	–	–	–	–	**3.3**	–	–	**3.3**	–	**3.3**
Cost of shares awarded to employees	–	–	–	–	–	–	**(0.4)**	–	**0.4**	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	–	**(2.4)**	**2.4**	–	–	–	–
Purchase of own shares	–	–	–	–	–	–	–	–	**(3.5)**	**(3.5)**	–	**(3.5)**
Dividends (note 7)	–	–	–	–	–	–	–	**(135.7)**	–	**(135.7)**	–	**(135.7)**
Scrip dividend related share issue (note 7)	**18.1**	**(18.1)**	–	–	–	–	–	**122.7**	–	**122.7**	–	**122.7**
Scrip dividend related share issue costs	–	**(0.6)**	–	–	–	–	–	–	–	**(0.6)**	–	**(0.6)**
Exchange (gain)/loss previously recognised in equity recycled on disposal of foreign operations	–	–	**(55.2)**	**44.2**	–	–	–	–	–	**(11.0)**	–	**(11.0)**
Foreign exchange translation differences	–	–	**(139.7)**	–	–	–	–	–	–	**(139.7)**	–	**(139.7)**
Gain on net investment hedge	–	–	–	**112.2**	–	–	–	–	–	**112.2**	–	**112.2**
Loss on cash flow hedge	–	–	–	–	**(1.9)**	–	–	–	–	**(1.9)**	–	**(1.9)**
Loss on cash flow hedge recycled to net finance costs	–	–	–	–	**0.2**	–	–	–	–	**0.2**	–	**0.2**
Share of other comprehensive gain of associates (note 11E)	–	–	–	–	–	–	–	**1.3**	–	**1.3**	–	**1.3**
Net actuarial gains on pension schemes	–	–	–	–	–	–	–	**18.9**	–	**18.9**	–	**18.9**
Loss for the year[3]	–	–	–	–	–	–	–	**(429.1)**	–	**(429.1)**	–	**(429.1)**
Total comprehensive (loss)/income for the year	–	–	**(194.9)**	**156.4**	**(1.7)**	–	–	**(408.9)**	–	**(449.1)**	–	**(449.1)**
Balance at 31 December 2021	**221.0**	**1,593.2**	**471.1**	**(362.8)**	**1.7**	**374.1**	**207.6**	**243.5**	**(3.5)**	**2,745.9**	**0.1**	**2,746.0**

1. Other reserves comprise capital redemption reserves of £198.2 million (2020: £198.2 million) and share-based employee remuneration reserves of £9.4 million (2020: £8.9 million). Capital redemption reserves comprise £14.3 million (2020: £14.3 million) relating to share buybacks and £183.9 million (2020: £183.9 million) resulting from the cancellation of the Company's shares as part of the reorganisation of share capital in 2020.
2. Investment in own shares is stated at cost and at 31 December 2021, includes 2,290,410 shares (at a cost of £1.0 million) held in the employee share trust, and 7,691,247 shares (at a cost of £2.5 million) held in treasury. At 31 December 2020, 962,180 shares (at a cost of £0.4 million) were held in the employee share trust.
3. Relates to continuing and discontinued operations.

Consolidated statement of changes in equity continued

	Share capital £m	Share premium £m	Translation reserve £m	Net investment hedge reserve £m	Cash flow hedge reserve £m	Merger reserve £m	Other reserves[3] £m	Retained earnings £m	Investment in own shares[4] £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2020	191.6	1,266.0	520.9	(430.8)	(1.4)	374.1	25.6	2,433.2	(2.2)	4,377.0	0.2	4,377.2
Capital reorganisation[1]	(183.9)	–	–	–	–	–	183.9	–	–	–	–	–
Rights issue[1]	183.9	372.7	–	–	–	–	–	–	–	556.6	–	556.6
Rights issue expenses[2]	–	(26.8)	–	–	–	–	–	–	–	(26.8)	–	(26.8)
Share-based employee remuneration	–	–	–	–	–	–	2.2	–	–	2.2	–	2.2
Cost of shares awarded to employees	–	–	–	–	–	–	(2.0)	–	2.0	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	–	(2.6)	2.6	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	–	0.2	–	0.2	–	0.2
Purchase of own shares	–	–	–	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Dividends (note 7)	–	–	–	–	–	–	–	(71.5)	–	(71.5)	–	(71.5)
Scrip dividend related share issue (note 7)	11.3	–	–	–	–	–	–	47.1	–	58.4	–	58.4
Exchange (gain)/loss previously recognised in equity recycled on disposal of foreign operations	–	–	(26.0)	20.8	–	–	–	–	–	(5.2)	–	(5.2)
Foreign exchange translation differences	–	–	171.1	–	–	–	–	–	–	171.1	–	171.1
Loss on net investment hedge	–	–	–	(109.2)	–	–	–	–	–	(109.2)	–	(109.2)
Loss on cash flow hedge	–	–	–	–	(3.4)	–	–	–	–	(3.4)	–	(3.4)
Loss on cash flow hedge recycled to net finance costs	–	–	–	–	8.2	–	–	–	–	8.2	–	8.2
Share of other comprehensive loss of associates (note 11E)	–	–	–	–	–	–	–	(1.0)	–	(1.0)	–	(1.0)
Net actuarial losses on pension schemes	–	–	–	–	–	–	–	(12.8)	–	(12.8)	–	(12.8)
Loss for the year[5]	–	–	–	–	–	–	–	(1,734.8)	–	(1,734.8)	(0.1)	(1,734.9)
Total comprehensive income/(loss) for the year	–	–	145.1	(88.4)	4.8	–	–	(1,748.6)	–	(1,687.1)	(0.1)	(1,687.2)
Balance at 31 December 2020	202.9	1,611.9	666.0	(519.2)	3.4	374.1	207.1	663.0	(0.4)	3,208.8	0.1	3,208.9

1. During 2020, the Company completed a capital reorganisation and rights issue.
2. Only costs directly related to the rights issue have been recognised in the share premium account. A further £0.3 million of indirect costs were recognised in the consolidated income statement in 2020.
3. Other reserves comprise a capital redemption reserve of £198.2 million (2019: £14.3 million) and share based employee remuneration of £8.9 million (2019: £11.3 million). Capital redemption reserves comprise £14.3 million (2019: £14.3 million) relating to share buybacks and £183.9 million (2019: £nil) resulting from the cancellation of the Company's shares as part of the reorganisation of share capital in 2020.
4. Investment in own shares is stated at cost and comprises 962,180 shares (at a cost of £0.4 million) held in the employee share trust.
5. Relates to continuing and discontinued operations.

Consolidated cash flow statement

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Operating activities			
Operating profit before other net losses and share of results of joint ventures and associates			
– continuing operations	2	**12.1**	13.5
– discontinued operations	6B	**11.5**	17.7
		23.6	31.2
Decrease/(Increase) in receivables[1]		**32.7**	(44.9)
Increase in restricted monetary assets		**(12.3)**	(25.2)
Decrease in payables[2]		**(22.5)**	(17.5)
Adjustment for non-cash items[3]	18	**(8.8)**	41.4
Cash generated/(utilised) from operations		**12.7**	(15.0)
Interest received		**20.5**	19.6
Interest paid		**(101.4)**	(101.8)
Bond redemption premium		**(19.8)**	–
Bond issue costs		**(5.2)**	–
Purchase of interest rate swap		**(20.8)**	–
Tax paid		**(2.0)**	(0.8)
Distributions and other receivables from joint ventures		**45.7**	15.6
Cash flows from operating activities		**(70.3)**	(82.4)
Investing activities			
Property acquisitions		**–**	(0.2)
Developments and major refurbishments		**(55.8)**	(49.6)
Other capital expenditure		**(21.1)**	(18.5)
Sale of properties		**355.4**	56.4
Sale of investment in joint ventures		**48.5**	272.0
Sale of investments in associates		**21.2**	–
Advances to joint ventures		**(14.0)**	(13.1)
Capital return from associates		**2.0**	–
Distributions received from associates		**0.1**	6.1
Cash flows from investing activities		**336.3**	253.1
Financing activities			
Net proceeds from rights issue		**–**	556.6
Rights issue expenses		**(2.2)**	(24.9)
Proceeds from award of own shares		**0.1**	0.2
Purchase of own shares		**(3.5)**	(0.2)
Scrip dividend related share issue costs		**(0.3)**	–
Proceeds from new borrowings		**596.5**	75.0
Repayment of borrowings		**(929.4)**	(385.8)
Net decrease in borrowings	17	**(332.9)**	(310.8)
Equity dividends paid	7	**(24.9)**	(13.4)
Cash flows from financing activities		**(363.7)**	207.5
Net (decrease)/increase in cash and deposits		**(97.7)**	378.2
Opening cash and deposits		**409.5**	29.8
Cash and deposits reclassified from joint ventures to assets held for sale	6C	**4.6**	–
Exchange translation movement		**(2.1)**	1.5
Closing cash and deposits		**314.3**	409.5
Less: cash and deposits classified as held for sale	6C	**(4.6)**	–
Closing cash and deposits as stated on balance sheet[4]	17	**309.7**	409.5

1. The decrease in receivables in 2021 relates primarily to a decrease in gross trade receivables of £27.9 million.
2. £22.4 million (2020: 24.4 million) of the decrease in payables related to employer contributions and net benefits paid relating to the pension scheme.
3. The adjustment for non-cash items includes a £1.7 million decrease (2020: £34.7 million increase) in provisioning against trade receivables and impairment provisions recognised against capitalised lease incentives.
4. An analysis of the movement in net debt is provided in note 17.

1: Basis of preparation

The Financial information, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and extracts from the notes to the accounts for the year ended 31 December 2021 and 31 December 2020, has been prepared in accordance with the accounting policies set out in the full financial statements and on a going concern basis.

The Financial information set out in this announcement does not constitute statutory accounts within the meaning of Sections 434 to 436 of the Companies Act 2006 and is an abridged version of the Group's financial statements for the year ended 31 December 2021 which were approved by the Directors on 3 March 2022. Statutory accounts for the year ended 31 December 2020 have been delivered to the Registrar of Companies, the auditor has reported on those accounts, their report was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006, however did contain an emphasis of matter in relation to the material uncertainty regarding going concern. Statutory accounts for the year ended 31 December 2021 will be delivered in due course. The auditor has reported on those accounts, their report was unqualified and did not contain statements under Section 498 of the Companies Act 2006. The consolidated financial statements has been prepared in accordance with both UK-adopted international accounting standards and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (IFRS adopted by the European Union as at 31 December 2020), as well as SAICA Financial Reporting Guides as issued by the Accounting Practices committee.

The accounting policies have been applied consistently year on year.

Alternative Performance Measures (APMs)

The Group uses a number of APMs to monitor the performance of the business. Adjusted earnings is the Group's primary profit measure and reflects underlying profit by excluding capital and non-recurring items such as revaluation movements and gains or losses on the disposal of properties in accordance with EPRA guidelines. In addition, certain Company specific adjustments are made to EPRA earnings. Furthermore, the performance of the Group's property portfolio is reviewed on a proportionally consolidated basis and is reconciled to reported measures in note 2. A reconciliation between reported versus adjusted and EPRA measures is presented in notes 2 and 8.

For the year ended 31 December 2020 and all subsequent reporting periods, adjustment is made for the "change in the provision for amounts not yet recognised in the income statement" principally in relation to the impairment of receivables which relate to a future accounting period and where the corresponding liability is classified in payables, as management believes this distorts earnings by reflecting the cost and corresponding income in different accounting periods. The adjustment presents more relevant and useful information to users of the financial information by aligning the impairment cost with the period in which the revenue has been recognised.

In 2021, an additional adjustment has been made of £8.6 million for "business transformation costs" relating to the transformation programme which followed a strategic and operational review undertaken by the new management team and which is an integral part of the Group's new strategy announced during the year. The transformation programme will lead to a major change within the business and the associated incremental costs are considered to be exceptional by virtue of being unusual in size and nature. Whilst the majority of the transformation programme was undertaken in 2021, delivery of the revised strategy and associated transformation will take place in 2022 and beyond. Care has been taken to treat only incremental costs directly attributable to the transformation project as exceptional. This treatment presents more relevant and useful information to users of financial statements by excluding 'exceptional' costs which are unusual in nature and size and therefore not reflective of the Group's recurring earnings.

Going concern

The Directors have considered the adoption of the going concern basis of preparation for the financial statements. To support the assessment the Directors have performed a detailed review of the current and projected financial position of the Group over the period to 30 June 2023. The assessment period was chosen as it represents the first six monthly covenant test date for the Group's unsecured borrowing facilities falling due after the minimum 12 months going concern assessment period.

This review took account of the Group's risk environment as explained in Risks and uncertainties and involved preparing two scenarios: a 'Base' scenario and a 'Severe but plausible' scenario. The scenarios assessed the Group's income statement, balance sheet, cash flow and liquidity positions and included projections and stress tests for the financial covenants within the Group's borrowing facilities and secured loans held within joint ventures and associates.

Having undertaken the assessment described above, given the significant forecast liquidity and the unsecured borrowing gearing and interest cover covenant headroom over the going concern period which is able to withstand Value Retail's refinancing risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for at least the next 12 months. Therefore, the financial statements have been prepared on the going concern basis.

Foreign currency

The principal exchange rate used to translate foreign currency-denominated amounts in the consolidated balance sheet is the rate at the end of the year, £1 = €1.191 (2020: £1 = €1.117). The principal exchange rates used for the consolidated income statement are the following quarterly average rates:

	2021	2020
Quarter 1	**£1 = €1.145**	£1 = €1.161
Quarter 2	**£1 = €1.160**	£1 = €1.127
Quarter 3	**£1 = €1.169**	£1 = €1.105
Quarter 4	**£1 = €1.179**	£1 = €1.108

2: Loss for the year

As stated in the Financial review on page 9 and in note 3, management reviews the performance of the Group's property portfolio on a proportionally consolidated basis. Management does not proportionally consolidate the Group's premium outlet investments in Value Retail and VIA Outlets (up to its sale in October 2020), and reviews the performance of these investments separately from the rest of the proportionally consolidated portfolio.

The following tables have been prepared on a basis consistent with how management reviews the performance of the business and show the Group's loss for the year on a proportionally consolidated basis in column D, by aggregating the Reported Group results (shown in column A) with those from its Share of Property interests (shown in column B), and discontinued operations shown in column C. Columns B and C have being reallocated to the relevant financial statement lines. Further analysis of Share of Property interests is in Table 36 of the Additional disclosures.

The Group's share of results arising from its interests in premium outlets has not been proportionally consolidated and hence these have not been reallocated to the relevant financial statement lines, but is shown within 'Share of results of joint ventures' and 'Share of results of associates' in column D. The Group's proportionally consolidated loss for the year in column D is then allocated between 'Adjusted' and 'Capital and other' for the purposes of calculating figures in accordance with EPRA best practice. Company specific adjustments which differ from EPRA guidelines are detailed in note 8B. As detailed in note 6, the retail parks operations are presented as discontinued for the years ended 31 December 2021 and 2020 as the IFRS 5 criteria were met during 2021. These have been reallocated to the relevant financial statement lines in column C.

2: Loss for the year continued

	Notes	Reported Group £m	Share of Property interests £m	Discontinued operations (see note 6B) £m	Proportionally consolidated £m	2021 Proportionally consolidated Adjusted £m	Capital and other £m
		A	B	C	D	E	E
Gross rental income[F]	3A	**87.9**	143.0	10.7	241.6	**241.6**	–
Ground and equity rents payable		**(1.1)**	(0.6)	(0.1)	(1.8)	**(1.8)**	–
Gross rental income, after rents payable		**86.8**	142.4	10.6	239.8	**239.8**	–
Service charge income		**26.6**	23.6	1.3	51.5	**51.5**	–
Service charge expenses		**(29.5)**	(28.3)	(2.1)	(59.9)	**(59.9)**	–
Net service charge expenses		**(2.9)**	(4.7)	(0.8)	(8.4)	**(8.4)**	–
Inclusive lease costs recovered through rent		**(2.7)**	(5.3)	–	(8.0)	**(8.0)**	–
Other property (outgoings)/income		**(11.5)**	(22.7)	0.6	(33.6)	**(33.6)**	–
Property outgoings		**(17.1)**	(32.7)	(0.2)	(50.0)	**(50.0)**	–
Change in the provision for amounts not yet recognised in the income statement[G]		**1.6**	5.1	1.4	8.1	–	**8.1**
Net rental income		**71.3**	114.8	11.8	197.9	**189.8**	**8.1**
Gross administration expenses[H]		**(79.5)**	(0.7)	(0.1)	(80.3)	**(71.7)**	**(8.6)**
Property fee income		**13.2**	–	–	13.2	**13.2**	–
Joint venture and associate management fees		**7.1**	–	–	7.1	**7.1**	–
Net administration expenses		**(59.2)**	(0.7)	(0.1)	(60.0)	**(51.4)**	**(8.6)**
Operating profit/(loss) before other net losses and share of results of joint ventures and associates		**12.1**	114.1	11.7	137.9	**138.4**	**(0.5)**
Profit/(Loss) on sale of properties		**9.8**	(0.9)	(31.3)	(22.4)	–	**(22.4)**
Loss on sale of joint venture and associate[I]		**(0.9)**	0.9	–	–	–	–
Net exchange gains previously recognised in equity, recycled on disposal of foreign operations[I]		**11.0**	–	–	11.0	–	**11.0**
Revaluation losses on properties	3B	**(173.7)**	(283.8)	–	(457.5)	–	**(457.5)**
Impairment recognised on reclassification to assets held for sale	6C	**(0.9)**	–	–	(0.9)	–	**(0.9)**
Other impairments[J]		**(0.7)**	–	–	(0.7)	–	**(0.7)**
Change in fair value of other investments		**0.4**	–	–	0.4	–	**0.4**
Other net losses		**(155.0)**	(283.8)	(31.3)	(470.1)	–	**(470.1)**
Share of results of joint ventures	10A	**(171.3)**	171.3	–	–	–	–
Impairment of investments in joint ventures	10D	**(11.5)**	–	–	(11.5)	–	**(11.5)**
Share of results of associates	11A, 11B	**15.6**	4.4	–	20.0	**15.9**	**4.1**
Operating (loss)/profit		**(310.1)**	6.0	(19.6)	(323.7)	**154.3**	**(478.0)**
Net finance costs[K]	4	**(97.9)**	(5.7)	–	(103.6)	**(71.8)**	**(31.8)**
(Loss)/Profit before tax		**(408.0)**	0.3	(19.6)	(427.3)	**82.5**	**(509.8)**
Tax charge	5A	**(1.3)**	(0.3)	(0.2)	(1.8)	**(1.6)**	**(0.2)**
(Loss)/Profit for the year from continuing operations		**(409.3)**	–	(19.8)	(429.1)	**80.9**	**(510.0)**
Loss for the year from discontinued operations		**(19.8)**	–	19.8	–	–	–
(Loss)/Profit for the year attributable to equity shareholders	8B	**(429.1)**	–	–	(429.1)	**80.9**	**(510.0)**
Attributable to:							
Continuing operations	8B	**(409.3)**	–	–	(409.3)	**70.6**	**(479.9)**
Discontinued operations	8B	**(19.8)**	–	–	(19.8)	**10.3**	**(30.1)**
	8B	**(429.1)**	–	–	(429.1)	**80.9**	**(510.0)**

Notes
A. Reported Group results as shown in the consolidated income statement on page 24.
B. Share of Property interests reflect the Group's share of results from continuing operations of Property joint ventures as shown in note 10A and Nicétoile and Italie Deux as included within note 11A.
C. Discontinued operations including properties wholly owned and held by joint ventures (see note 6).
D. Aggregated results on a proportionally consolidated basis showing Reported Group together with Share of Property interests and discontinued operations.
E. Aggregated results on a proportionally consolidated basis allocated between 'Adjusted' and 'Capital and other' for the purposes of calculating adjusted earnings per share as shown in note 8B.
F. Included in gross rental income on a proportionally consolidated basis in Column D is £8.2 million (2020: £3.8 million) of contingent rents calculated by reference to tenants' turnover.
G. Relates to the impairment of trade receivables relating to the period after 1 January 2022 (2020: 1 January 2021), where the corresponding deferred income balance is classified in payables <1yr.
H. Gross administration expenses include £8.6 million (2020: £nil) relating to business transformation costs, which have been classified as 'Capital and other' for the purposes of calculating adjusted earnings per share as detailed in note 8B.
I. Relates to the disposal of the Group's interests in Espace Saint-Quentin and Nicétoile.
J. Relates to the impairment of a balance receivable from a joint venture entity.
K. Adjusted finance costs presented on a proportionally consolidated basis are shown in Table 41 on page 66.
L. Re-presented for discontinued operations, see note 6 for further details.

2: Loss for the year continued

	Notes	Reported Group £m	Share of Property interests £m	Discontinued operations (see note 6B) £m	Proportionally consolidated £m	2020[L] Proportionally consolidated Adjusted £m	Capital and other £m
Notes (see page 32)		A	B	C	D	E	E
Gross rental income	3A	98.1	153.7	35.1	286.9	286.9	–
Ground and equity rents payable		(1.0)	(1.0)	(0.3)	(2.3)	(2.3)	–
Gross rental income, after rents payable		97.1	152.7	34.8	284.6	284.6	–
Service charge income		24.0	28.4	3.9	56.3	56.3	–
Service charge expenses		(27.5)	(34.0)	(4.4)	(65.9)	(65.9)	–
Net service charge expenses		(3.5)	(5.6)	(0.5)	(9.6)	(9.6)	–
Inclusive lease costs recovered through rent		(2.8)	(3.4)	(0.2)	(6.4)	(6.4)	–
Other property outgoings		(32.2)	(54.2)	(12.6)	(99.0)	(99.0)	–
Property outgoings		(38.5)	(63.2)	(13.3)	(115.0)	(115.0)	–
Change in the provision for amounts not yet recognised in the income statement[G]		(2.5)	(8.0)	(1.5)	(12.0)	–	(12.0)
Net rental income		56.1	81.5	20.0	157.6	169.6	(12.0)
Gross administration expenses		(66.3)	(0.4)	(1.1)	(67.8)	(67.8)	–
Property fee income		15.2	–	–	15.2	15.2	–
Joint venture and associate management fees		8.5	–	–	8.5	8.5	–
Net administration expenses		(42.6)	(0.4)	(1.1)	(44.1)	(44.1)	–
Operating profit/(loss) before other net losses and share of results of joint ventures and associates		13.5	81.1	18.9	113.5	125.5	(12.0)
(Loss)/Profit on sale of properties		(3.5)	–	15.1	11.6	–	11.6
Net exchange gain previously recognised in equity, recycled on disposal of foreign operations		5.2	–	–	5.2	–	5.2
Revaluation losses on properties	3B	(442.7)	(941.6)	(54.5)	(1,438.8)	–	(1,438.8)
Impairment recognised on reclassification to assets held for sale		(103.8)	–	–	(103.8)	8.1	(111.9)
Reversal of impairment on reclassification from assets held for sale		–	–	22.4	22.4	–	22.4
Indirect costs of rights issue		(0.3)	–	–	(0.3)	–	(0.3)
Change in fair value of other investments		(0.1)	–	–	(0.1)	–	(0.1)
Other net (losses)/gains		(545.2)	(941.6)	(17.0)	(1,503.8)	8.1	(1,511.9)
Share of results of joint ventures	10A, 10B	(880.2)	859.5	–	(20.7)	5.9	(26.6)
Impairment of investment in joint ventures	10D	(9.6)	–	–	(9.6)	–	(9.6)
Share of results of associates	11A, 11B	(148.3)	12.5	–	(135.8)	(7.1)	(128.7)
Impairment of investment in associates	11E	(94.3)	–	–	(94.3)	–	(94.3)
Operating (loss)/profit		(1,664.1)	11.5	1.9	(1,650.7)	132.4	(1,783.1)
Net finance (costs)/income[K]	4	(72.2)	(11.4)	–	(83.6)	(95.4)	11.8
(Loss)/Profit before tax		(1,736.3)	0.1	1.9	(1,734.3)	37.0	(1,771.3)
Tax charge	5A	(0.5)	(0.1)	–	(0.6)	(0.6)	–
(Loss)/Profit for the year		(1,736.8)	–	1.9	(1,734.9)	36.4	(1,771.3)
Non-controlling interests		0.1	–	–	0.1	0.1	–
(Loss)/Profit for the year from continuing operations		(1,736.7)	–	1.9	(1,734.8)	36.5	(1,771.3)
Profit for the year from discontinued operations		1.9	–	(1.9)	–	–	–
(Loss)/Profit for the year attributable to equity shareholders	8B	(1,734.8)	–	–	(1,734.8)	36.5	(1,771.3)
Attributable to:							
Continuing operations	8B	(1,736.7)	–	–	(1,736.7)	16.1	(1,752.8)
Discontinued operations	8B	1.9	–	–	1.9	20.4	(18.5)
	8B	(1,734.8)	–	–	(1,734.8)	36.5	(1,771.3)

3: Segmental analysis

The factors used to determine the Group's reportable segments are the sectors in which it operates and geographic locations as these demonstrate different characteristics and risks. These are generally managed by separate teams and are the basis on which performance is assessed and resources allocated. As stated in the Financial review on page 9, the Group has property interests in a number of sectors and management reviews the performance of the Group's property interests in flagship destinations, UK retail parks (to date of disposal), and developments and other properties on a proportionally consolidated basis to reflect the Group's different ownership shares. Management does not proportionally consolidate the Group's premium outlet investments in Value Retail and VIA Outlets (up to its disposal in October 2020), as these are externally managed by experienced outlet operators, independently financed and have operating metrics which differ from the Group's other sectors. We review the performance of our premium outlet investments separately from the proportionally consolidated portfolio. The key financial metrics for these investments are: income growth; earnings contribution; property valuations and returns; and capital growth. However, for a number of the Group's APM's we aggregate these investments for enhanced disclosure. These include LTV ratios, property valuations and returns.

During 2021, to better align with the Group's new strategy, particularly concerning accelerating the Group's development opportunities, the business segments used by the Group Executive Committee (the 'GEC'), who are deemed to be the chief decision makers, to review the performance of the business were amended to combine the two operating segments 'UK other' and 'Developments' into one operating business segment 'Developments and other'. Consequently, comparative data within notes 3A and 3B have been re-presented accordingly.

In addition, one of the Group's primary income measures used by the GEC was amended in 2021 from Net rental income to Adjusted net rent income, the latter measure excludes the "change in the provision for amounts not yet recognised in the income statement" as explained in the alternative performance measures on page 30. Comparative data within note 3A has therefore been re-presented.

As detailed in note 6, following the sale of substantially all of the remainder of the UK retail parks segment, the results from the retail parks have been re-presented as discontinued operations. Sundry residual properties with a total value of £5.9 million were reclassified at 30 June 2021 from UK retail parks to 'Developments and other', although the income statement activity for these properties remained in UK retail parks until 30 June 2021.

The segmental analysis has been prepared on the same basis that the GEC uses to review the business, rather than on a statutory basis. Property interests represent the Group's non wholly-owned properties which management proportionally consolidates when reviewing the performance of the business. For reconciliation purposes the Reported Group figures, being properties either wholly owned or held within joint operations, are shown in the following tables.

The Group's investment in Grand Central, Birmingham, was transferred from the UK flagships segment to 'Developments and other' with effect from 1 July 2021, reflecting the change in focus following the major department store closure, which has led to plans being worked up for its redevelopment. Additionally, the Group's investment in Highcross, Leicester, has been transferred from UK flagships to 'Developments and other' at 31 December 2021. The Group's investment in Highcross Leicester, has been impaired to £nil, reflecting the risk associated with the loan covenants at the year end. The reclassification to 'Developments and other' reflects the fact that the asset is now being managed, and its performance reviewed, outside the core flagship portfolio. Comparative figures for 2020 have not been re-presented following the reclassifications of Grand Central and Highcross from UK flagships to 'Developments and other' in 2021.

The Group's primary income measures for its property income are Gross rental income and Adjusted net rental income. Total assets are not monitored by segment and resource allocation is based on the distribution of property assets between segments.

A: Income and profit by segment

	2021		2020[1]	
	Gross rental income £m	**Adjusted net rental income[2] £m**	Gross rental income £m	Adjusted net rental income[2] £m
Flagship destinations				
UK	**114.3**	**90.1**	128.0	63.2
France	**52.5**	**39.4**	63.1	47.8
Ireland	**34.5**	**32.4**	37.7	26.5
	201.3	**161.9**	228.8	137.5
Developments and other[3,4]	**29.6**	**17.5**	22.7	10.8
UK retail parks[3]	**10.7**	**10.4**	35.4	21.3
Managed portfolio	**241.6**	**189.8**	286.9	169.6
Less Share of Property interests – continuing operations	**(143.0)**	**(109.7)**	(153.7)	(89.5)
Less discontinued operations	**(10.7)**	**(10.4)**	(35.1)	(21.5)
Reported Group	**87.9**	**69.7**	98.1	58.6

1. Comparatives for the year ended 31 December 2020 have been re-presented to recognise gross and adjusted net rental income relating to disposed retail parks within discontinued operations.
2. 'Adjusted net rental income' has replaced 'Net rental income' as one of the Group's primary income measures as explained above.
3. The results of the residual UK retail parks have been included in 'Developments and other' from 1 July 2021.
4. In 2021, 'UK other' and 'Developments' have been combined into 'Developments and other', and the comparatives have been re-presented accordingly.

3: Segmental analysis continued

B: Investment properties assets by segment

	2021			2020[1]		
	Property valuation £m	**Capital expenditure £m**	**Revaluation losses £m**	Property valuation £m	Capital expenditure £m	Revaluation losses £m
Flagship destinations						
UK	**1,135.3**	**15.0**	**(254.0)**	1,511.2	(1.5)	(838.6)
France	**989.7**	**25.1**	**(63.4)**	1,146.9	19.4	(202.7)
Ireland	**659.3**	**8.6**	**(61.1)**	757.1	8.0	(158.0)
	2,784.3	**48.7**	**(378.5)**	3,415.2	25.9	(1,199.3)
Developments and other	**694.4**	**51.1**	**(79.0)**	614.6	48.2	(187.1)
UK retail parks[2]	**–**	**2.3**	**–**	384.0	(0.9)	(52.4)
Managed portfolio	**3,478.7**	**102.1**	**(457.5)**	4,413.8	73.2	(1,438.8)
Premium outlets	**1,893.5**	**41.2**	**(12.0)**	1,924.2	43.9	(157.3)
Group portfolio	**5,372.2**	**143.3**	**(469.5)**	6,338.0	117.1	(1,596.1)
Less premium outlets	**(1,893.5)**	**(41.2)**	**12.0**	(1,924.2)	(43.9)	157.3
Less Share of Property interests	**(1,813.9)**	**(24.7)**	**283.8**	(2,261.0)	(15.9)	941.6
Less trading properties[3]	**(34.3)**	**(6.2)**	**–**	–	–	–
Less assets held for sale/discontinued operations[4]	**(69.1)**	**–**	**–**	–	–	54.5
Reported Group	**1,561.4**	**71.2**	**(173.7)**	2,152.8	57.3	(442.7)

1. Comparatives have been re-presented by combining 'UK other' and 'Developments', into 'Developments and other'.
2. For 2020, the £52.4 million revaluation loss comprises £121.6 million revaluation loss less £69.2 million relating to the unwinding of the impairment recognised on the UK retail parks portfolio in 2019 on reclassification to assets held for sale. Sundry residual properties with a total value of £5.9 million have been reclassified at 30 June 2021 from 'UK retail parks' to 'Developments and other', although the results of these properties have been reported within UK retail parks up to 30 June 2021.
3. In December 2019, the Group exchanged contracts for the forward sale of Italik, Paris, subject to completion of the development works. The development was opened during the first half of the year. On 30 June 2021, 75% of Italik contracted for sale was transferred to trading properties at the agreed sale price less forecast costs to complete. It is envisaged that the property sale will complete in June 2022.
4. Refer to note 6C for further details.

4: Net finance costs

	2021 £m	2020 £m
Interest on bank loans and overdrafts	**5.8**	9.1
Interest on other borrowings[1]	**73.4**	87.7
Interest on obligations under head leases	**2.2**	2.3
Interest on other lease obligations	**0.1**	0.1
Debt and loan facility cancellation costs[2]	**21.6**	–
Other interest payable	**1.2**	1.3
Gross interest costs	**104.3**	100.5
Less: Interest capitalised	**(5.3)**	(5.0)
Finance costs	**99.0**	95.5
Change in fair value of derivatives	**14.0**	(13.7)
Finance income	**(15.1)**	(9.6)
Reported Group – continuing operations	**97.9**	72.2

1. Includes bond interest of £59.5 million (2020: £62.6 million).
2. Comprising redemption premiums and fees associated with the early repayment of senior notes and repayment of euro bonds, and are treated as 'Capital and other' in note 2.

5: Tax

A: Tax charge

	2021 £m	2020 £m
UK current tax	–	0.1
Foreign current tax	1.3	0.4
Tax charge – continuing operations	1.3	0.5
Tax charge – discontinued operations*	0.2	–
Tax charge – Reported Group	1.5	0.5

* Relates to tax arising on the disposal of UK retail parks and is included within 'Capital and other' in note 2.

The Group's tax charge remains low because it has tax exempt status in its principal operating countries. In the UK, the Group has been a REIT since 2007. As a REIT, the Group does not pay corporation tax on its UK property income or gains on property sales provided that at least 90% of the Group's UK tax exempt profit is distributed to shareholders as property income distributions (PIDs). In addition, the Group has to pass certain business tests on an annual basis. Based on preliminary calculations, the Group has met the REIT conditions for 2021.

Hammerson has been a French SIIC since 2004. As a SIIC, the Group does not pay corporation tax on its French property income or gains on property sales provided that at least 95% of the Group's French tax exempt property profits and 70% of French tax exempt property gains are distributed to shareholders. In addition, the Group has to meet certain conditions such as ensuring the property rental business of each French subsidiary represents more than 80% of its assets.

The residual businesses in both the UK and France are subject to corporation tax as normal.

The Irish assets are held in a QIAIF, an alternative investment fund regulated by the Central Bank of Ireland. A QIAIF provides similar tax benefits to those of a UK REIT but subjects dividends and certain excessive interest payments to a 20% withholding tax.

The Group is committed to remaining in these tax exempt regimes.

The Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during its normal course of business. Tax impacts can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group uses in-house expertise when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including tax laws and prior experience.

6: Discontinued operations and assets classified as held for sale

A: Retail Parks disposals reclassified as discontinued operations

On 19 May 2021 substantially all of the remaining UK retail parks segment was sold. The profits and losses arising on these properties in 2020 and 2021 have been reclassified as discontinued operations, in accordance with IFRS 5. Residual properties previously included within the UK retail parks portfolio have been reclassified to the 'Developments and other' segment of the business at their value as at 30 June 2021 and do not form part of discontinued operations.

B: (Loss)/Profit for the year from discontinued operations

	2021			2020		
	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
Revenue	11.9	0.1	12.0	37.1	1.9	39.0
Gross rental income	10.6	0.1	10.7	33.4	1.7	35.1
Ground and equity rents payable	(0.1)	–	(0.1)	(0.3)	–	(0.3)
Gross rental income after rents payable	10.5	0.1	10.6	33.1	1.7	34.8
Service charge income	1.3	–	1.3	3.7	0.2	3.9
Service charge expenses	(2.1)	–	(2.1)	(4.2)	(0.2)	(4.4)
Net service charge expenses	(0.8)	–	(0.8)	(0.5)	–	(0.5)
Inclusive lease costs recovered through rent	–	–	–	(0.2)	–	(0.2)
Other property income/(outgoings)	0.6	–	0.6	(12.2)	(0.4)	(12.6)
Property outgoings	(0.2)	–	(0.2)	(12.9)	(0.4)	(13.3)
Change in the provision for amounts not yet recognised in the income statement*	1.3	0.1	1.4	(1.4)	(0.1)	(1.5)
Net rental income	11.6	0.2	11.8	18.8	1.2	20.0
Net administration expenses	(0.1)	–	(0.1)	(1.1)	–	(1.1)
Operating profit before other net losses and share of results of joint ventures	11.5	0.2	11.7	17.7	1.2	18.9
(Loss)/Profit on sale of properties	(32.0)	0.7	(31.3)	15.1	–	15.1
Revaluation losses on properties	–	–	–	(50.8)	(3.7)	(54.5)
Other net gains	–	–	–	22.4	–	22.4
Net (losses)/gains	(32.0)	0.7	(31.3)	(13.3)	(3.7)	(17.0)
Share of results of joint ventures	0.9	(0.9)	–	(2.5)	2.5	–
(Loss)/Profit before tax	(19.6)	–	(19.6)	1.9	–	1.9
Tax charge	(0.2)	–	(0.2)	–	–	–
(Loss)/Profit from discontinued operations	(19.8)	–	(19.8)	1.9	–	1.9

* Relates to the impairment of trade receivables relating to the period after 1 January 2022 (2020: 1 January 2021), where the corresponding deferred income balance is classified within current payables.

6: Discontinued operations and assets classified as held for sale continued

C: Assets held for sale 2021: UK flagships

On 14 December 2021 the Group exchanged contracts for the sale of its 50% interest in the entities which own the Silverburn, Glasgow ('Silverburn') with completion due in March 2022. As a result, the net assets of Silverburn have been reclassified to assets held for sale at that date, and subsequently impaired to its fair value less costs of disposal. A summary of the assets and liabilities reclassified to 'assets held for sale' in the consolidated balance sheet is provided in the table below:

	2021 £m
Investment properties	**69.1**
Non-current receivables	**0.6**
Current receivables	**2.0**
Cash and deposits	**4.6**
Assets held for sale	**76.3**
Current payables	**(3.8)**
Non-current payables	**(0.2)**
Liabilities associated with assets held for sale	**(4.0)**
Net assets reclassified from investments in joint ventures	**72.3**
Impairment	**(0.9)**
Net assets associated with assets held for sale (as presented in the consolidated balance sheet)	**71.4**

7: Dividends

The proposed final dividend of 0.2 pence per share, was recommended by the Board on 3 March 2022 and, subject to approval by shareholders, is payable on 10 May 2022 to shareholders on the register at the close of business on 1 April 2022. The dividend will be paid entirely as a PID, net of withholding tax at the basic rate (currently 20%).

As an alternative to a cash dividend, the Company has offered an enhanced scrip dividend of 2.0 pence per share. The REIT rules require that for a scrip dividend, a cash alternative must be offered to shareholders. The Company received clearance from HMRC that the cash alternative may be set at a different level to the scrip dividend thereby permitting, following shareholder approval, the 2021 interim dividend to be paid as an enhanced scrip dividend. This clearance also applies to the proposed 2021 final dividend.

The aggregate amount of the 2021 final dividend is £88.4 million, assuming all shareholders elect to receive the scrip alternative. This has been calculated using the total number of eligible shares outstanding, at 31 December 2021, at their estimated market value.

The interim dividend of 0.2 pence per share in cash, or 2.0 pence per share as an enhanced scrip alternative, was paid on 7 December 2021, entirely as a non-PID, hence no withholding tax is payable thereon.

	Pence per share	Equity dividends 2021 £m	Equity dividends 2020 £m
Current year			
2021 final dividend[1]	0.2 (enhanced scrip 2.0)	**–**	–
2021 interim dividend	0.2 (enhanced scrip 2.0)	**73.0**	–
	0.4 (enhanced scrip 4.0)		
Prior year			
2020 final dividend[1]	0.2 (enhanced scrip 2.0)	**62.7**	–
2020 interim dividend[1]	0.2 (enhanced scrip 2.0)	**–**	71.5
Total dividends[2]		**135.7**	71.5

Reconciliation to dividends paid as reported in the consolidated cash flow statement

	2021 £m	2020 £m
Total dividends	**135.7**	71.5
Less: settled as a scrip dividend[3]	**(122.7)**	(47.1)
Dividend impact on retained earnings	**13.0**	24.4
Less: settled as a scrip dividend – share capital increase[4]	**(18.1)**	(11.3)
Less: settled as a scrip dividend – share premium utilised[5]	**18.1**	–
Dividends payable in cash	**13.0**	13.1
2019 interim dividend withholding tax (paid 2020)	**–**	12.2
2020 interim dividend withholding tax (paid 2021)	**11.9**	(11.9)
Dividends paid as reported in the consolidated cash flow statement	**24.9**	13.4

1. Paid as a PID.
2. Equity dividends are shown at the market value of the shares issued to satisfy the scrip dividend, totalling £122.7 million (2020: £47.1 million), in addition to cash dividends payable.
3. Represents the difference between the market value and nominal value of scrip dividends settled in shares.
4. Represents the nominal value of shares issued as a result of the scrip dividend.
5. For the 2021 interim dividend and the 2020 final dividend, the Company elected to utilise the share premium account to fund the nominal value of the scrip dividend settled in shares and it is the intention of the Company to do the same for the proposed 2021 final dividend.

8: (Loss)/Earnings per share and net asset value per share

The European Public Real Estate Association (EPRA) has issued recommended bases for the calculation of certain per share information and these are included in notes 8B and 8D. Commentary on (loss)/earnings and net asset value per share is provided in the Financial review on pages 8 to 21. Headline earnings per share has been calculated and presented in note 8C as required by the Johannesburg Stock Exchange listing requirements.

A: Number of shares for (loss)/earnings per share calculations

	2021[1]		2020[1,2]	
	Basic, EPRA and adjusted	**Diluted**	Basic, EPRA and adjusted	Diluted
Shares (million)	**4,392.9**	**4,392.9**	2,779.3	2,779.3

1. In 2021 and 2020, there was no difference in the weighted average number of shares used for the calculation of basic and diluted (loss)/earnings per share as the effect of all potentially dilutive shares outstanding was anti-dilutive. The total number of shares including potentially dilutive shares at 31 December 2021 was 4,400.5 million (2020: 2,263.0 million).
2. Previously reported as 2,257.3 million shares, restated as a result of the application of accounting standard IAS 33 in respect of the bonus element of the scrip dividends declared by the Company. IAS 33 requires a retrospective adjustment to the weighted average number of ordinary shares used to determine the Group's (loss)/earnings per share. See note 8B for details regarding the impact of this change on basic, diluted and adjusted (loss)/earnings per share metrics.

The calculations for (loss)/earnings per share use the weighted average number of shares, which excludes those shares held in the Hammerson Employee Share Ownership Plan, and those held as treasury shares, which are treated as cancelled. The calculations for net asset value per share use the number of shares in issue at 31 December as shown in note 8D.

B: (Loss)/Earnings per share

			2021		2020[1]	
		Notes	**(Loss)/ Earnings £m**	**Pence per share**	(Loss)/ Earnings £m	Pence per share
Basic – continuing operations		2	**(409.3)**	**(9.3)**	(1,736.7)	(62.5)
Basic – discontinued operations		2	**(19.8)**	**(0.5)**	1.9	0.1
Basic and diluted – total		2	**(429.1)**	**(9.8)**	(1,734.8)	(62.4)
Adjustments:						
Revaluation losses on managed portfolio		2	**457.5**	**10.4**	1,438.8	51.8
Loss/(Profit) on sale of properties		2	**22.4**	**0.5**	(11.6)	(0.4)
Tax charge: discontinued operations		5A	**0.2**	–	–	–
Net exchange gain previously recognised in equity, recycled on disposal of foreign operations		2	**(11.0)**	**(0.2)**	(5.2)	(0.2)
Reversal of impairment on reclassification from assets held for sale		2	–	–	(22.4)	(0.8)
Impairment recognised on reclassification to assets held for sale		2	**0.9**	–	103.8	3.7
Impairment of investments in joint ventures and associates		2	**11.5**	**0.3**	103.9	3.7
Other impairments		2	**0.7**	–	–	–
Change in fair value of derivatives[2]			**9.8**	**0.2**	(11.8)	(0.4)
Debt and loan facility cancellation costs[3]			**22.0**	**0.5**	–	–
Change in fair value of other investments		2	**(0.4)**	–	0.1	–
Indirect costs of rights issue		2	–	–	0.3	–
Premium outlets	Revaluation losses on properties	10B, 11B	**12.0**	**0.3**	157.3	5.7
	Change in fair value of derivatives	10B, 11B	**(14.8)**	**(0.4)**	14.7	0.5
	Deferred tax credit	10B, 11B	**(1.2)**	–	(17.3)	(0.6)
	Other adjustments	11B	**(0.1)**	–	0.1	–
			(4.1)	**(0.1)**	154.8	5.6
Total adjustments			**509.5**	**11.6**	1,750.7	63.0
EPRA earnings			**80.4**	**1.8**	15.9	0.6
Business transformation costs			**8.6**	**0.2**	–	–
Change in provision for amounts not yet recognised in the income statement		2	**(8.1)**	**(0.2)**	12.0	0.4
Adjusted earnings from investment in VIA Outlets since reclassification to assets held for sale			–	–	8.1	0.3
Translation movement on intragroup funding loan: VIA Outlets		10B	–	–	0.5	–
Adjusted earnings			**80.9**	**1.8**	36.5	1.3

1. Restated as a result of the application of accounting standard IAS 33. See note 8A for further details. The previously reported basic and diluted total loss per share in 2020 was (76.9) pence, the EPRA earnings per share was previously 0.7 pence and the adjusted earnings per share was 1.6 pence.
2. Comprises £14.0 million (2020: £(13.7) million) relating to the Reported Group and £(4.2) million (2020: £1.9 million) from Share of Property interests.
3. Comprises £21.6 million (2020: £nil) relating to the Reported Group and £0.4 million (2020: £nil) from Share of Property interests.

8: (Loss)/Earnings per share and net asset value per share continued

C: Headline earnings per share

	Notes	2021 (Loss)/Earnings £m	2020 (Loss)/Earnings £m
Loss for the year attributable to equity shareholders	2	**(429.1)**	(1,734.8)
Revaluation losses on managed portfolio: Reported Group and Share of Property interests	8B	**457.5**	1,438.8
Loss/(Profit) on sale of properties: Reported Group and Share of Property interests	8B	**22.4**	(11.6)
Net exchange gain previously recognised in equity, recycled on disposal of foreign operations: Reported Group	8B	**(11.0)**	(5.2)
Reversal of impairment on reclassification from assets held for sale: Reported Group	8B	**–**	(22.4)
Impairment recognised on reclassification to assets held for sale: Reported Group	8B	**0.9**	103.8
Impairment of investments in joint ventures and associates: Reported Group	8B	**11.5**	103.9
Other impairments: Reported Group	8B	**0.7**	–
Indirect costs of rights issue: Reported Group	8B	**–**	0.3
Revaluation losses on properties: Premium outlets	8B	**12.0**	157.3
Deferred tax: Premium outlets	8B	**(1.2)**	(17.3)
Translation movements on intragroup funding loan: VIA Outlets	8B	**–**	0.5
Other movements: Premium outlets	8B	**(0.1)**	–
Headline earnings		**63.6**	13.3
Basic headline earnings per share (pence)		**1.4p**	0.5p*
Diluted headline earnings per share (pence)		**1.4p**	0.5p*

Reconciliation of headline earnings to adjusted earnings	Notes	2021 (Loss)/Earnings £m	2020 (Loss)/Earnings £m
Headline earnings as above		**63.6**	13.3
Tax charge: discontinued operations	8B	**0.2**	–
Change in fair value of derivatives: Reported Group and Share of Property interests	8B	**9.8**	(11.8)
Debt and loan facility cancellation costs: Reported Group and Share of Property interests	8B	**22.0**	–
Change in fair value of other investments: Reported Group	8B	**(0.4)**	0.1
Change in fair value of derivatives: Premium outlets	8B	**(14.8)**	14.7
Business transformation costs: Reported Group	8B	**8.6**	–
Change in provision for amounts not yet recognised in the income statement: Reported Group and Share of Property interests	8B	**(8.1)**	12.0
Change in fair value of financial assets: Premium outlets	8B	**–**	0.1
Adjusted earnings from investment in VIA Outlets since reclassification to assets held for sale	8B	**–**	8.1
Adjusted earnings		**80.9**	36.5

* Restated from 0.6 pence to 0.5 pence per share as a result of the application of IAS 33, see note 8A for further details.

8: (Loss)/Earnings per share and net asset value per share continued

D: Net asset value per share

31 December 2021	Notes	NRV £m	NTA £m	Metrics NDV £m
Basic and diluted NAV		**2,745.9**	**2,745.9**	**2,745.9**
Exclude: Deferred tax[1]				
– Reported Group		**0.4**	**0.2**	–
– Share of Property interests	10A	**0.1**	–	–
– Value Retail	11D	**187.9**	**94.0**	–
		188.4	**94.2**	–
Fair value of interest rate swaps				
– Reported Group	15A	**(10.3)**	**(10.3)**	–
– Share of Property interests	10C	**1.6**	**1.6**	–
– Value Retail	11D	**1.2**	**1.2**	–
		(7.5)	**(7.5)**	–
Include: Purchasers' costs[2]		**346.4**	–	–
Fair value of currency swaps as a result of interest rates – Reported Group[3]		**7.5**	**7.5**	–
Fair value of borrowings				
– Reported Group	15B	–	–	**(94.0)**
– Share of Property interests		–	–	**(1.4)**
		–	–	**(95.4)**
NAV metrics		**3,280.7**	**2,840.1**	**2,650.5**
Number of shares for per share calculations (millions)	16	**4,419.5**	**4,419.5**	**4,419.5**
Diluted NAV per share (pence)		**74**	**64**	**60**

31 December 2020	Notes	NRV £m	NTA £m	Metrics NDV £m
Basic and diluted NAV		3,208.8	3,208.8	3,208.8
Exclude: Deferred tax[1]				
– Reported Group		0.4	0.2	–
– Share of Property interests	10A	0.1	–	–
– Value Retail	11D	197.3	98.7	–
		197.8	98.9	–
Fair value of interest rate swaps				
– Share of Property interests	10C	5.9	5.9	–
– Value Retail	11D	17.7	17.7	–
		23.6	23.6	–
Include: Purchasers' costs[2]		415.9	–	–
Fair value of currency swaps as a result of interest rates – Reported Group[3]		(14.4)	(14.4)	–
Fair value of borrowings				
– Reported Group	15B	–	–	(55.8)
– Share of Property interests		–	–	(1.8)
		–	–	(57.6)
NAV metrics		3,831.7	3,316.9	3,151.2
Number of shares for per share calculations (millions)	16	4,057.3	4,057.3	4,057.3
Diluted NAV per share (pence)		94	82	78

In 2020, investments in associates and joint ventures were impaired to their recoverable amount, resulting in the recognition of an impairment charge of £103.9 million in the consolidated income statement, equivalent to the carrying value of the notional goodwill. For the purposes of the calculations above, no adjustment has been recognised for the notional goodwill, as it is deemed fully impaired.

1. For the purposes of the NTA metric, the Group has applied the EPRA guidance in excluding 50% of deferred taxes.
2. In line with EPRA guidance this represents property transfer taxes and fees payable should the Group's property portfolio (including premium outlets), be acquired at period end market values.
3. The fair value adjustment to currency swaps as a result of interest rates after ignoring the impact of foreign exchange rates.

9: Properties

	2021 Investment properties £m	Trading properties £m	Total properties £m	2020 Investment properties £m
Balance at 1 January	**2,152.8**	–	**2,152.8**	2,098.7
Exchange adjustment	**(83.3)**	**(0.6)**	**(83.9)**	80.2
Capital expenditure	**71.2**	**6.2**	**77.4**	57.3
Transfer from assets held for sale – retail parks	–	–	–	415.7
Disposals	**(382.2)**	–	**(382.2)**	(10.6)
Transfer to trading properties[1]	**(28.7)**	**28.7**	–	–
Capitalised interest	**5.3**	–	**5.3**	5.0
Revaluation losses	**(173.7)**	–	**(173.7)**	(493.5)
Balance at 31 December	**1,561.4**	**34.3**	**1,595.7**	2,152.8

1. In December 2019, the Group exchanged contracts for the forward sale of Italik, Paris, subject to completion of the development works. The development was opened during the first half of the year. On 30 June 2021, 75% of Italik contracted for sale was transferred to trading properties at the agreed sales price less forecast costs to complete. There were no trading properties in the previous year.

Analysis of properties by tenure	Freehold £m	Long leasehold £m	Total £m
Valuation at 31 December 2021	**889.4**	**706.3**	**1,595.7**
Valuation at 31 December 2020	1,231.4	921.4	2,152.8

Properties are stated at fair value as at 31 December 2021, valued by professionally qualified external valuers, in accordance with RICS Valuation – Global Standards. Valuations at 31 December 2021 have been performed by the following:

Cushman and Wakefield LLP (C&W)	Brent Cross, Irish portfolio, Value Retail (not included in the tables above)
CBRE Limited (CBRE)	UK flagships, Developments and other properties
Jones Lang LaSalle Limited (JLL)	UK flagships, Developments and other properties, French portfolio

Real estate valuations are complex, derived from data which is not widely publicly available and involve a significant degree of estimation. For these reasons, and consistent with EPRA's guidance, we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13.

Unamortised tenant incentives are included within capital expenditure, net of impairment provisions.

Joint operations

At 31 December 2021, investment properties included a 50% interest in the Ilac Centre, Dublin and a 50% interest in Swords Pavilions, Dublin, totalling £149.8 million (2020: £175.3 million). These properties are both held within joint operations which are jointly controlled in co-ownership with Irish Life Assurance plc, and proportionally consolidated.

10: Investment in joint ventures

The Group has investments in a number of jointly controlled property and corporate interests, which have been equity accounted under IFRS in the financial information.

As explained in the Financial review on page 9, management reviews the business principally on a proportionally consolidated basis, except for its premium outlet investments. Following the sale of substantially all of the Group's investment in VIA Outlets in October 2020, which was excluded from the proportional consolidation, the Group's share of assets and liabilities of joint ventures comprises solely property joint ventures which are proportionally consolidated. The Group's significant joint venture interests are set out in the table below.

On 5 February 2021, the Group sold its 41% interest in Brent South Shopping Park for gross proceeds of £22 million. As this formed part of the UK retail parks segment, the majority of which was also sold during 2021, the Group's share of results from Brent South Shopping Park for both 2021 and 2020 have been reclassified to discontinued operations. See note 6 for additional information.

On 1 April 2021, the Group sold its 25% interest in Espace Saint-Quentin, Saint Quentin-En-Yvelines for gross proceeds of €31 million (£26 million).

On 14 December 2021, the Group exchanged contracts for the sale of all of its investment in Silverburn, Glasgow, with completion anticipated in early 2022. At the date of exchange the Group's investment in the joint venture was reclassified to assets held for sale, in accordance with IFRS 5. Following this reclassification, equity accounting ceased. Further details are provided in note 6C.

At 30 June 2020, substantially all of the Group's investment in VIA Outlets, held through its investments in VIA Limited Partnership, VIA Outlets B.V and VIA Germany B.V., was transferred to assets held for sale and impaired to the selling price less costs of disposal. The sale to APG completed on 31 October 2020. Following reclassification to assets held for sale, equity accounting ceased and the Group's share of profit from VIA Outlets for the period from 1 July 2020 to the completion date was included within the movement in impairment, as this drives the underlying net asset value of the investment and therefore the transaction price and fair value. Accordingly, note 10A comprises the results of VIA Outlets up to 30 June 2020 when the investment was reclassified to assets held for sale and the results of the residual investment in Zweibrücken B.V up to 31 October 2020 when the sale completed, following which this investment was reclassified to other investments. The adjusted earnings for this period were incorporated into the Group's adjusted earnings metric. The 7.3% retained stake in Zweibrücken has been included in 'other investments' on the consolidated balance sheet.

Joint ventures at 31 December 2021	Partner	Principal property[1]	Group share %
United Kingdom			
Bishopsgate Goodsyard Regeneration Limited	Ballymore Properties	The Goodsyard	50
Brent Cross Partnership	Aberdeen Standard Investments	Brent Cross	41
Bristol Alliance Limited Partnership	AXA Real Estate	Cabot Circus	50
Croydon Limited Partnership/Whitgift Limited Partnership	Unibail-Rodamco-Westfield	Centrale/Whitgift	50
Grand Central Limited Partnership	CPPIB	Grand Central	50
Highcross Leicester Limited Partnership	Asian investor introduced by M&G Real Estate	Highcross	50
Silverburn Unit Trust[2]	CPPIB	Silverburn	50
The Bull Ring Limited Partnership	Nuveen, CPPIB	Bullring	50
The Oracle Limited Partnership	ADIA	The Oracle	50
The West Quay Limited Partnership	GIC	Westquay	50
Ireland			
Dundrum Retail Limited Partnership / Dundrum Car Park Limited Partnership	Allianz	Dundrum	50
France			
SCI RC Aulnay 1 and SCI RC Aulnay 2	Client of Rockspring Property Investment Managers	O'Parinor	25

1. The names of the principal properties operated by each partnership have been used in the summary income statements and balance sheets in note 10A. The two Dundrum partnerships are presented together as 'Dundrum'. The Goodsyard, Espace Saint-Quentin (up to date of disposal) and O'Parinor are presented together as 'Other'.
2. Registered in Jersey. Assets and liabilities in respect of Silverburn were reclassified to assets held for sale on 14 December 2021. See note 6C for further details.

The Reported Group's investment in joint ventures at 31 December 2021 was £1,451.8 million (2020: £1,813.6 million). An analysis of the movements in the year is provided in note 10D. The figures in the summarised income statements and balance sheets in note 10A, which show 100% of the results, assets and liabilities of joint ventures, have been restated to the Group's accounting policies where applicable and exclude all balances which are eliminated on consolidation.

10: Investment in joint ventures continued

A. Summary financial information of joint ventures
Share of results of joint ventures for the year ended 31 December 2021

	Brent Cross £m	Cabot Circus £m	Bullring £m	Grand Central £m	The Oracle £m	Westquay £m
Ownership (%)	41	50	50	50	50	50
Gross rental income	26.6	25.0	39.2	28.0	20.5	23.1
Net rental income	26.5	19.4	32.6	22.4	14.0	18.2
Net administration expenses	(0.1)	–	(0.1)	(0.1)	–	–
Operating profit before other net losses	26.4	19.4	32.5	22.3	14.0	18.2
Revaluation (losses)/profits on properties	(80.7)	(56.8)	(80.8)	(45.8)	(37.0)	(20.9)
Operating (loss)/profit	(54.3)	(37.4)	(48.3)	(23.5)	(23.0)	(2.7)
Change in fair value of derivatives	–	–	–	–	–	–
Other finance costs	(0.4)	(0.8)	–	(0.1)	–	(0.4)
Net finance (costs)/income	(0.4)	(0.8)	–	(0.1)	–	(0.4)
Loss before tax	(54.7)	(38.2)	(48.3)	(23.6)	(23.0)	(3.1)
Current tax charge	–	–	–	–	–	–
Loss for the year – continuing operations	(54.7)	(38.2)	(48.3)	(23.6)	(23.0)	(3.1)
Profit for the year – discontinued operations	2.2	–	–	–	–	–
Loss for the year	(52.5)	(38.2)	(48.3)	(23.6)	(23.0)	(3.1)
Hammerson share of loss for the year – continuing operations	(22.4)	(19.1)	(24.2)	(11.8)	(11.5)	(1.6)
Hammerson share of profit for the year – discontinued operations	0.9	–	–	–	–	–
Hammerson share of loss for the year	(21.5)	(19.1)	(24.2)	(11.8)	(11.5)	(1.6)
Hammerson share of distributions payable[1]	12.6	5.0	–	–	6.0	1.7

Share of assets and liabilities of joint ventures as at 31 December 2021

	Brent Cross £m	Cabot Circus £m	Bullring £m	Grand Central £m	The Oracle £m	Westquay £m
Non-current assets						
Investment properties	431.1	263.5	561.0	88.3	243.3	312.5
Other non-current assets[2]	13.1	14.0	2.4	2.7	–	4.2
	444.2	277.5	563.4	91.0	243.3	316.7
Current assets						
Other current assets[3]	8.8	7.3	12.8	6.0	5.9	7.6
Cash and deposits[4]	11.5	31.7	42.1	24.9	14.8	28.0
	20.3	39.0	54.9	30.9	20.7	35.6
Current liabilities						
Loans – secured[5]	–	–	–	–	–	–
Other payables	(13.9)	(14.8)	(20.4)	(6.3)	(10.3)	(12.8)
	(13.9)	(14.8)	(20.4)	(6.3)	(10.3)	(12.8)
Non-current liabilities						
Loans – secured	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Obligations under head leases	(12.8)	(14.1)	–	(2.8)	–	(4.2)
Other payables	(0.5)	(0.6)	(0.9)	(0.6)	(0.5)	(697.0)
Deferred tax	–	–	–	–	(0.2)	–
	(13.3)	(14.7)	(0.9)	(3.4)	(0.7)	(701.2)
Net assets/(liabilities)	437.3	287.0	597.0	112.2	253.0	(361.7)
Hammerson share of net assets	177.6	143.5	298.5	56.1	126.5	–
Balances due to Hammerson[6,7]	–	–	–	–	–	167.4
Impairment of investment	–	–	–	–	–	–
Total investment in joint ventures	177.6	143.5	298.5	56.1	126.5	167.4

1. In addition to the distributions payable, the Group's net interest receivable interest from joint ventures was £1.3 million (2020: £1.5 million). Figures for distributions and interest include discontinued operations.
2. Other non-current assets include interests in leasehold properties.
3. Included within the 100% other current assets figures are restricted monetary assets totalling £61.8 million (2020: £61.8 million) and £4.9 million (2020: £5.2 million) in respect of Croydon and Dundrum, which relate to cash held in escrow for specified development costs and restricted cash as a condition of the loan covenant waiver, respectively.
4. Included within the 100% cash and deposits figures are balances of £1.4 million (2020: £2.7 million) and £16.4 million (2020: £8.0 million) in respect of Highcross and Dundrum respectively, which are classed as 'restricted' under the terms of the loan agreements.
5. The secured debt in Highcross has been presented in current liabilities as the entity was in breach of its loan covenants at 31 December 2021.
6. The Group and its partners invest in joint ventures principally by way of equity investment. To provide further clarity of this investment, those balances which are not equity have been included within other payables as a liability of the joint venture, and the Group's interest has been shown separately.
7. The Group's policy is to initially recognise its share of the losses in joint ventures against its equity investment. Once the Group's equity investment is £nil, its share of the losses of joint ventures are recognised against other long term interests. In accordance with this policy the Group's equity investment in the Westquay joint venture is £nil as at 31 December 2021 and 2020, with the Group's share of losses for the year recognised against the long term loan due to Hammerson, which has a closing carrying value at 31 December 2021 of £167.4 million (2020: £171.7 million).

See page 43 for footnotes

	Silverburn £m	Croydon £m	Highcross £m	Dundrum £m	Other £m	100% Total 2021 £m	Hammerson share Total 2021 £m
Ownership (%)	50	50	50	50	Various		
Gross rental income	14.1	24.9	17.0	50.5	21.7	290.6	137.2
Net rental income	14.0	12.3	12.7	46.1	14.9	233.1	110.0
Net administration expenses	(0.1)	(0.2)	(0.3)	(0.5)	(0.1)	(1.5)	(0.7)
Operating profit before other net losses	13.9	12.1	12.4	45.6	14.8	231.6	109.3
Revaluation (losses)/profits on properties	(20.6)	(55.7)	(76.4)	(95.3)	11.5	(558.5)	(274.6)
Operating (loss)/profit	(6.7)	(43.6)	(64.0)	(49.7)	26.3	(326.9)	(165.3)
Change in fair value of derivatives	–	–	6.1	2.4	–	8.5	4.2
Other finance costs	–	–	(5.0)	(11.2)	(4.1)	(22.0)	(9.9)
Net finance (costs)/income	–	–	1.1	(8.8)	(4.1)	(13.5)	(5.7)
Loss before tax	(6.7)	(43.6)	(62.9)	(58.5)	22.2	(340.4)	(171.0)
Current tax charge	–	(0.6)	–	–	–	(0.6)	(0.3)
Loss for the year – continuing operations	(6.7)	(44.2)	(62.9)	(58.5)	22.2	(341.0)	(171.3)
Profit for the year – discontinued operations	–	–	–	–	–	2.2	0.9
Loss for the year	(6.7)	(44.2)	(62.9)	(58.5)	22.2	(338.8)	(170.4)
Hammerson share of loss for the year – continuing operations	(3.4)	(22.1)	(31.5)	(29.2)	5.5	(171.3)	(171.3)
Hammerson share of profit for the year – discontinued operations	–	–	–	–	–	0.9	0.9
Hammerson share of loss for the year	(3.4)	(22.1)	(31.5)	(29.2)	5.5	(170.4)	(170.4)
Hammerson share of distributions payable[1]	9.5	–	–	2.8	–	37.6	

	Silverburn £m	Croydon £m	Highcross £m	Dundrum £m	Other £m	100% Total 2021 £m	Hammerson share Total 2021 £m
Non-current assets							
Investment properties	–	132.2	176.2	1,054.0	371.9	3,634.0	1,712.2
Other non-current assets[2]	–	0.4	–	2.4	–	39.2	18.3
	–	132.6	176.2	1,056.4	371.9	3,673.2	1,730.5
Current assets							
Other current assets[3]	–	91.1	7.8	14.0	11.9	173.2	75.0
Cash and deposits[4]	–	22.8	10.7	37.6	11.0	235.1	113.7
	–	113.9	18.5	51.6	22.9	408.3	188.7
Current liabilities							
Loans – secured[5]	–	–	(158.6)	–	–	(158.6)	(79.3)
Other payables	–	(18.4)	(11.0)	(10.4)	(9.9)	(128.2)	(72.2)
	–	(18.4)	(169.6)	(10.4)	(9.9)	(286.8)	(151.5)
Non-current liabilities							
Loans – secured	–	–	–	(502.2)	(175.7)	(677.9)	(295.0)
Derivative financial instruments	–	–	(1.0)	(2.1)	–	(3.1)	(1.6)
Obligations under head leases	–	–	–	–	–	(33.9)	(15.8)
Other payables	–	(66.6)	(1.1)	(41.3)	(96.2)	(905.3)	(3.4)
Deferred tax	–	–	–	–	–	(0.2)	(0.1)
	–	(66.6)	(2.1)	(545.6)	(271.9)	(1,620.4)	(315.9)
Net assets/(liabilities)	–	161.5	23.0	552.0	113.0	2,174.3	
Hammerson share of net assets	–	80.7	11.5	276.0	37.5	1,207.9	
Balances due to Hammerson[6,7]	–	24.6	–	20.2	43.2	255.4	
Impairment of investment	–	–	(11.5)	–	–	(11.5)	
Total investment in joint ventures	–	105.3	–	296.2	80.7	1,451.8	1,451.8

10: Investment in joint ventures continued

A. Summary financial information of joint ventures

Share of results of joint ventures for the year ended 31 December 2020

See page 43 for footnotes	Brent Cross* £m	Cabot Circus £m	Bullring £m	Grand Central £m	The Oracle £m	Westquay £m
Ownership (%)	41	50	50	50	50	50
Gross rental income	31.8	29.6	45.2	10.2	24.9	28.5
Net rental income	20.6	12.2	24.5	4.2	9.2	12.5
Net administration expenses	(0.1)	–	–	(0.1)	–	–
Operating profit before other net losses	20.5	12.2	24.5	4.1	9.2	12.5
Revaluation losses on properties	(243.6)	(152.7)	(335.7)	(76.6)	(173.5)	(198.2)
Operating loss	(223.1)	(140.5)	(311.2)	(72.5)	(164.3)	(185.7)
Change in fair value of derivatives	–	–	–	–	–	–
Translation movement on intragroup funding loan	–	–	–	–	–	–
Other finance (costs)/income	(0.4)	(0.8)	–	(0.1)	–	(0.4)
Net finance (costs)/income	(0.4)	(0.8)	–	(0.1)	–	(0.4)
Loss before tax	(223.5)	(141.3)	(311.2)	(72.6)	(164.3)	(186.1)
Current tax (charge)/credit	–	–	–	–	(0.1)	–
Deferred tax credit	–	–	–	–	–	–
Loss for the year – continuing operations	(223.5)	(141.3)	(311.2)	(72.6)	(164.4)	(186.1)
Loss for the year – discontinued operations	(6.1)	–	–	–	–	–
Loss for the year	(229.6)	(141.3)	(311.2)	(72.6)	(164.4)	(186.1)
Hammerson share of loss for the year – continuing operations	(90.7)	(70.7)	(155.6)	(36.3)	(82.2)	(93.0)
Hammerson share of loss for the year – discontinued operations	(2.5)	–	–	–	–	–
Hammerson share of loss for the year	(93.2)	(70.7)	(155.6)	(36.3)	(82.2)	(93.0)
Hammerson share of distributions payable[1]	4.7	–	2.4	–	–	–

Share of assets and liabilities of joint ventures as at 31 December 2020

	Brent Cross £m	Cabot Circus £m	Bullring £m	Grand Central £m	The Oracle £m	Westquay £m
Non-current assets						
Investment and development properties	561.6	321.6	627.8	128.6	279.1	332.4
Other non-current assets[2]	12.8	14.0	–	2.7	–	4.2
	574.4	335.6	627.8	131.3	279.1	336.6
Current assets						
Other current assets[3]	15.4	10.5	17.0	8.4	9.6	10.4
Cash and deposits[4]	17.3	21.3	29.2	8.8	13.6	14.5
	32.7	31.8	46.2	17.2	23.2	24.9
Current liabilities						
Other payables	(19.0)	(15.0)	(24.5)	(7.5)	(11.2)	(12.1)
Loans – secured	–	–	–	–	–	–
	(19.0)	(15.0)	(24.5)	(7.5)	(11.2)	(12.1)
Non-current liabilities						
Loans – secured	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Obligations under head leases	(12.8)	(14.1)	–	(2.8)	–	(4.2)
Other payables	(1.0)	(1.1)	(2.0)	(0.8)	(2.3)	(698.2)
Deferred tax	–	–	–	–	(0.2)	–
	(13.8)	(15.2)	(2.0)	(3.6)	(2.5)	(702.4)
Net assets/(liabilities)	574.3	337.2	647.5	137.4	288.6	(353.0)
Hammerson share of net assets	233.2	168.6	323.8	68.7	144.3	–
Balances due to Hammerson[6,7]	–	–	–	–	–	171.7
Total investment in joint ventures	233.2	168.6	323.8	68.7	144.3	171.7

* Comparatives for 31 December 2020 have been re-presented to show the results of Brent South Shopping Park as discontinued operations. See note 6.

10: Investment in joint ventures continued

A. Summary financial information of joint ventures

Share of results of joint ventures for the year ended 31 December 2020

See page 43 for footnotes	Silverburn £m	Croydon £m	Highcross £m	Dundrum £m	VIA Outlets £m	Other £m	100% Total 2020 £m
Ownership (%)	50	50	50	50	50	Various	
Gross rental income	19.5	16.7	22.1	55.1	44.8	31.4	358.1
Net rental income	10.2	4.3	8.0	37.9	30.9	24.4	198.9
Net administration expenses	(0.1)	(0.1)	(0.1)	(0.3)	(6.7)	(0.1)	(7.6)
Operating profit before other net losses	10.1	4.2	7.9	37.6	24.2	24.3	191.3
Revaluation losses on properties	(80.3)	(134.1)	(145.0)	(254.0)	(62.7)	(201.0)	(2,057.4)
Operating loss	(70.2)	(129.9)	(137.1)	(216.4)	(38.5)	(176.7)	(1,866.1)
Change in fair value of derivatives	–	–	(3.1)	(0.7)	(0.2)	–	(4.0)
Translation movement on intragroup funding loan	–	–	–	–	(1.0)	–	(1.0)
Other finance (costs)/income	–	0.2	(5.1)	(10.9)	(9.9)	(3.0)	(30.4)
Net finance (costs)/income	–	0.2	(8.2)	(11.6)	(11.1)	(3.0)	(35.4)
Loss before tax	(70.2)	(129.7)	(145.3)	(228.0)	(49.6)	(179.7)	(1,901.5)
Current tax (charge)/credit	–	(0.2)	–	–	1.3	(0.1)	0.9
Deferred tax credit	–	–	–	–	9.4	–	9.4
Loss for the year – continuing operations	(70.2)	(129.9)	(145.3)	(228.0)	(38.9)	(179.8)	(1,891.2)
Loss for the year – discontinued operations	–	–	–	–	–	–	(6.1)
Loss for the year	(70.2)	(129.9)	(145.3)	(228.0)	(38.9)	(179.8)	(1,897.3)
Hammerson share of loss for the year – continuing operations	(35.1)	(65.0)	(72.6)	(114.0)	(20.7)	(44.3)	(880.2)
Hammerson share of loss for the year – discontinued operations	–	–	–	–	–	–	(2.5)
Hammerson share of loss for the year	(35.1)	(65.0)	(72.6)	(114.0)	(20.7)	(44.3)	(882.7)
Hammerson share of distributions payable[1]	–	–	1.9	0.9	–	0.7	10.6

Share of assets and liabilities of joint ventures as at 31 December 2020

	Silverburn £m	Croydon £m	Highcross £m	Dundrum £m	VIA Outlets £m	Other £m	100% Total 2020 £m
Non-current assets							
Investment and development properties	158.0	188.6	248.2	1,206.7	–	482.1	4,534.7
Other non-current assets[2]	0.2	–	–	0.4	–	–	34.3
	158.2	188.6	248.2	1,207.1	–	482.1	4,569.0
Current assets							
Other current assets[3]	8.1	93.0	8.8	24.7	–	20.9	226.8
Cash and deposits[4]	15.8	14.8	6.6	26.8	–	20.2	188.9
	23.9	107.8	15.4	51.5	–	41.1	415.7
Current liabilities							
Other payables	(8.8)	(23.5)	(13.2)	(13.7)	–	(15.7)	(164.2)
Loans – secured	–	–	–	–	–	(197.9)	(197.9)
	(8.8)	(23.5)	(13.2)	(13.7)	–	(213.6)	(362.1)
Non-current liabilities							
Loans – secured	–	–	(158.3)	(557.0)	–	–	(715.3)
Derivative financial instruments	–	–	(7.1)	(4.7)	–	–	(11.8)
Obligations under head leases	–	–	–	–	–	–	(33.9)
Other payables	(0.4)	(66.8)	(0.6)	(1.3)	–	(184.7)	(959.2)
Deferred tax	–	–	–	–	–	–	(0.2)
	(0.4)	(66.8)	(166.0)	(563.0)	–	(184.7)	(1,720.4)
Net assets/(liabilities)	172.9	206.1	84.4	681.9	–	124.9	2,902.2
Hammerson share of net assets	86.5	103.0	42.2	341.0	–	40.9	1,552.2
Balances due to Hammerson[6,7]	–	25.0	–	–	–	64.7	261.4
Total investment in joint ventures	86.5	128.0	42.2	341.0	–	105.6	1,813.6

10: Investment in joint ventures continued

A. Summary financial information of joint ventures

Share of results of joint ventures for the year ended 31 December 2020

See page 43 for footnotes	Property joint ventures* £m	VIA Outlets £m	Hammerson share Total 2020 £m
Gross rental income	146.7	20.0	166.7
Net rental income	75.9	12.9	88.8
Net administration expenses	(0.4)	(3.3)	(3.7)
Operating profit before other net losses	75.5	9.6	85.1
Revaluation losses on properties	(923.5)	(30.7)	(954.2)
Operating loss	(848.0)	(21.1)	(869.1)
Change in fair value of derivatives	(1.9)	(0.1)	(2.0)
Translation movement on intragroup funding loan	–	(0.5)	(0.5)
Other finance (costs)/income	(9.5)	(4.6)	(14.1)
Net finance (costs)/income	(11.4)	(5.2)	(16.6)
Loss before tax	(859.4)	(26.3)	(885.7)
Current tax (charge)/credit	(0.1)	0.9	0.8
Deferred tax credit	–	4.7	4.7
Hammerson share of loss for the year – continuing operations	(859.5)	(20.7)	(880.2)
Hammerson share of loss for the year – discontinued operations	(2.5)	–	(2.5)
Hammerson share of loss for the year	(862.0)	(20.7)	(882.7)

Share of assets and liabilities of joint ventures as at 31 December 2020

	Property joint ventures £m	VIA Outlets £m	Hammerson share Total 2020 £m
Non-current assets			
Investment and development properties	2,122.8	–	2,122.8
Other non-current assets[2]	18.1	–	18.1
	2,140.9	–	2,140.9
Current assets			
Other current assets[3]	99.7	–	99.7
Cash and deposits[4]	87.8	–	87.8
	187.5	–	187.5
Current liabilities			
Other payables	(76.6)	–	(76.6)
Loans – secured	(49.5)	–	(49.5)
	(126.1)	–	(126.1)
Non-current liabilities			
Loans – secured	(357.6)	–	(357.6)
Derivative financial instruments	(5.9)	–	(5.9)
Obligations under head leases	(15.8)	–	(15.8)
Other payables	(9.3)	–	(9.3)
Deferred tax	(0.1)	–	(0.1)
	(388.7)	–	(388.7)
Total investment in joint ventures	1,813.6	–	1,813.6

* Comparatives for 31 December 2020 have been re-presented to show the results of Brent South Shopping Park as discontinued operations. See note 6.

10: Investment in joint ventures continued

B. Reconciliation to adjusted earnings

	Total 2021 £m	Property joint ventures* £m	VIA Outlets £m	Total 2020 £m
Loss for the year	**(170.4)**	(862.0)	(20.7)	(882.7)
Revaluation losses – continuing operations	**274.6**	923.5	30.7	954.2
Revaluation losses – discontinued operations	**–**	3.7	–	3.7
Profit on sale of properties – discontinued operations	**(0.7)**	–	–	–
Change in the provision for amounts not yet recognised in the income statement – continuing operations	**(5.1)**	8.0	–	8.0
Change in the provision for amounts not yet recognised in the income statement – discontinued operations	**(0.1)**	0.1	–	0.1
Change in fair value of derivatives	**(4.2)**	1.9	0.1	2.0
Debt and loan facility cancellation costs	**0.4**	–	–	–
Translation movements on intragroup funding loan	**–**	–	0.5	0.5
Deferred tax credit	**–**	–	(4.7)	(4.7)
Total adjustments	**264.9**	937.2	26.6	963.8
Adjusted earnings	**94.5**	75.2	5.9	81.1

* Comparatives to 31 December 2020 have been re-presented to show the results of Brent South Shopping Park as discontinued operations. See note 6.

C. Reconciliation to EPRA NTA value of investment in joint ventures

	Total 2021 £m	Total 2020 £m
Investment in joint ventures	**1,451.8**	1,813.6
Fair value of derivatives	**1.6**	5.9
EPRA NTA value of investment in joint ventures	**1,453.4**	1,819.5

D. Reconciliation of movements in investment in joint ventures

	Total 2021 £m	Property joint ventures £m	VIA Outlets £m	Total 2020 £m
Balance at 1 January	**1,813.6**	2,638.1	379.0	3,017.1
Share of results of joint ventures	**(170.4)**	(862.0)	(20.7)	(882.7)
Impairment of investment in joint ventures	**(11.5)**	–	(9.6)	(9.6)
Advances	**14.0**	0.5	12.6	13.1
Distributions and other receivables	**(43.8)**	(16.5)	–	(16.5)
Transfer (to)/from assets held for sale	**(72.3)**	25.1	(376.3)	(351.2)
Transfer to other investments	**–**	–	(9.8)	(9.8)
Disposals	**(53.9)**	–	–	–
Exchange and other movements	**(23.9)**	28.4	24.8	53.2
Balance at 31 December	**1,451.8**	1,813.6	–	1,813.6

11: Investment in associates

At 31 December 2021, following the disposal of the Group's 10% interest in Nicétoile, Nice on 1 April 2021 for €25 million (£21 million), the Group had two associates: Value Retail PLC and its group entities ('VR'), and a 25% interest in Italie Deux, Paris. Hammerson is the asset manager for Italie Deux. Both investments are equity accounted under IFRS, although the share of results in Italie Deux and Nicétoile (until date of disposal) are included with the Group's Share of Property interests when presenting figures on a proportionally consolidated basis. Further details are provided in the Financial review on page 9.

Summaries of aggregated income and investment for the interest in premium outlets, which includes VR and the Group's investment in VIA Outlets, which was accounted for as a joint venture up to its reclassification to assets held for sale on 30 June 2020, are provided in Tables 38 and 39 of the Additional disclosures on page 64.

A: Share of results of associates

	Value Retail		Nicétoile		Italie Deux		2021 Total	
	100% £m	Hammerson share £m	100% £m	Hammerson share £m	100% £m	Hammerson share £m	100% £m	Hammerson share £m
Gross rental income	**305.5**	**96.6**	**3.1**	**0.3**	**22.3**	**5.6**	**330.9**	**102.5**
Net rental income	**204.9**	**66.7**	**2.7**	**0.3**	**17.8**	**4.5**	**225.4**	**71.5**
Net administration expenses	**(116.3)**	**(33.8)**	**–**	**–**	**(0.1)**	**–**	**(116.4)**	**(33.8)**
Operating profit before other net (losses)/gains	**88.6**	**32.9**	**2.7**	**0.3**	**17.7**	**4.5**	**109.0**	**37.7**
Revaluation (losses)/gains on properties	**(33.0)**	**(12.0)**	**0.2**	**–**	**(36.3)**	**(9.2)**	**(69.1)**	**(21.2)**
Operating profit/(loss)	**55.6**	**20.9**	**2.9**	**0.3**	**(18.6)**	**(4.7)**	**39.9**	**16.5**
Change in fair value of derivatives	**18.2**	**9.3**	**–**	**–**	**–**	**–**	**18.2**	**9.3**
Change in fair value of participative loans – revaluation movement	**–**	**5.5**	**–**	**–**	**–**	**–**	**–**	**5.5**
Change in fair value of participative loans – other movement	**–**	**3.6**	**–**	**–**	**–**	**–**	**–**	**3.6**
Other net finance costs	**(55.1)**	**(18.7)**	**–**	**–**	**–**	**–**	**(55.1)**	**(18.7)**
Net finance costs	**(36.9)**	**(0.3)**	**–**	**–**	**–**	**–**	**(36.9)**	**(0.3)**
Profit/(Loss) before tax	**18.7**	**20.6**	**2.9**	**0.3**	**(18.6)**	**(4.7)**	**3.0**	**16.2**
Current tax charge	**(8.5)**	**(1.8)**	**–**	**–**	**(0.1)**	**–**	**(8.6)**	**(1.8)**
Deferred tax credit	**6.0**	**1.2**	**–**	**–**	**–**	**–**	**6.0**	**1.2**
Profit/(Loss) for the year	**16.2**	**20.0**	**2.9**	**0.3**	**(18.7)**	**(4.7)**	**0.4**	**15.6**

	Value Retail		Nicétoile		Italie Deux		2020 Total	
	100% £m	Hammerson share £m	100% £m	Hammerson share £m	100% £m	Hammerson share £m	100% £m	Hammerson share £m
Gross rental income	232.4	71.7	14.0	1.4	22.3	5.6	268.7	78.7
Net rental income	143.1	45.7	11.0	1.1	18.2	4.5	172.3	51.3
Net administration expenses	(118.2)	(33.9)	(0.1)	–	(0.2)	–	(118.5)	(33.9)
Operating profit before other net losses	24.9	11.8	10.9	1.1	18.0	4.5	53.8	17.4
Revaluation losses on properties	(331.8)	(126.6)	(49.9)	(5.0)	(52.2)	(13.1)	(433.9)	(144.7)
Operating loss	(306.9)	(114.8)	(39.0)	(3.9)	(34.2)	(8.6)	(380.1)	(127.3)
Change in fair value of derivatives	18.8	3.0	–	–	–	–	18.8	3.0
Change in fair value of participative loans – revaluation movement	–	(17.6)	–	–	–	–	–	(17.6)
Change in fair value of participative loans – other movement	–	1.1	–	–	–	–	–	1.1
Other net finance costs	(52.9)	(19.4)	–	–	–	–	(52.9)	(19.4)
Net finance costs	(34.1)	(32.9)	–	–	–	–	(34.1)	(32.9)
Loss before tax	(341.0)	(147.7)	(39.0)	(3.9)	(34.2)	(8.6)	(414.2)	(160.2)
Current tax charge	(3.3)	(0.7)	(0.1)	–	–	–	(3.4)	(0.7)
Deferred tax credit	50.3	12.6	–	–	–	–	50.3	12.6
Loss for the year	(294.0)	(135.8)	(39.1)	(3.9)	(34.2)	(8.6)	(367.3)	(148.3)

11: Investment in associates continued

B: Reconciliation to adjusted earnings

	Value Retail £m	Nicétoile £m	Italie Deux £m	Total 2021 £m	Value Retail £m	Nicétoile £m	Italie Deux £m	Total 2020 £m
Profit/(Loss) for the year	**20.0**	**0.3**	**(4.7)**	**15.6**	(135.8)	(3.9)	(8.6)	(148.3)
Revaluation losses on properties	**12.0**	**–**	**9.2**	**21.2**	126.6	5.0	13.1	144.7
Change in fair value of derivatives	**(9.3)**	**–**	**–**	**(9.3)**	(3.0)	–	–	(3.0)
Change in fair value of participative loans – revaluation movement	**(5.5)**	**–**	**–**	**(5.5)**	17.6	–	–	17.6
Deferred tax credit	**(1.2)**	**–**	**–**	**(1.2)**	(12.6)	–	–	(12.6)
Other adjustments	**(0.1)**	**–**	**–**	**(0.1)**	0.1	–	–	0.1
Total adjustments	**(4.1)**	**–**	**9.2**	**5.1**	128.7	5.0	13.1	146.8
Adjusted earnings/(loss) of associates	**15.9**	**0.3**	**4.5**	**20.7**	(7.1)	1.1	4.5	(1.5)

When aggregated, the Group's share of Value Retail's adjusted earnings for the year ended 31 December 2021 amounted to 66% (2020: 23%). This figure is dependent on the relative profitability of the component Villages in which the Group has differing ownership shares.

C: Share of assets and liabilities of associates

	Value Retail		Italie Deux		2021 Total	
	100% £m	Hammerson share £m	100% £m	Hammerson share £m	100% £m	Hammerson share £m
Goodwill on acquisition[1]	**–**	**94.3**	**–**	**–**	**–**	**94.3**
Investment properties	**5,055.6**	**1,893.5**	**406.7**	**101.7**	**5,462.3**	**1,995.2**
Derivative financial instruments	**5.5**	**2.2**	**–**	**–**	**5.5**	**2.2**
Other non-current assets	**231.1**	**61.1**	**–**	**–**	**231.1**	**61.1**
Non-current assets	**5,292.2**	**2,051.1**	**406.7**	**101.7**	**5,698.9**	**2,152.8**
Other current assets	**70.1**	**29.6**	**13.1**	**3.2**	**83.2**	**32.8**
Cash and deposits	**233.6**	**77.0**	**23.9**	**6.0**	**257.5**	**83.0**
Current assets	**303.7**	**106.6**	**37.0**	**9.2**	**340.7**	**115.8**
Total assets	**5,595.9**	**2,157.7**	**443.7**	**110.9**	**6,039.6**	**2,268.6**
Other payables	**(121.0)**	**(88.9)**	**(15.4)**	**(3.9)**	**(136.4)**	**(92.8)**
Loans	**(1,090.1)**	**(465.1)**	**–**	**–**	**(1,090.1)**	**(465.1)**
Current liabilities	**(1,211.1)**	**(554.0)**	**(15.4)**	**(3.9)**	**(1,226.5)**	**(557.9)**
Loans	**(934.6)**	**(292.2)**	**–**	**–**	**(934.6)**	**(292.2)**
Derivative financial instruments	**(13.4)**	**(3.4)**	**–**	**–**	**(13.4)**	**(3.4)**
Other payables	**(36.7)**	**(14.8)**	**(3.3)**	**(0.8)**	**(40.0)**	**(15.6)**
Participative loan liabilities	**(347.8)**	**(86.0)**	**–**	**–**	**(347.8)**	**(86.0)**
Deferred tax	**(559.2)**	**(157.0)**	**–**	**–**	**(559.2)**	**(157.0)**
Non-current liabilities	**(1,891.7)**	**(553.4)**	**(3.3)**	**(0.8)**	**(1,895.0)**	**(554.2)**
Total liabilities	**(3,102.8)**	**(1,107.4)**	**(18.7)**	**(4.7)**	**(3,121.5)**	**(1,112.1)**
Net assets	**2,493.1**	**1,050.3**	**425.0**	**106.2**	**2,918.1**	**1,156.5**
Participative loans	**347.8**	**184.8**	**–**	**–**	**347.8**	**184.8**
Impairment of investment[1]	**–**	**(94.3)**	**–**	**–**	**–**	**(94.3)**
Investment in associates	**2,840.9**	**1,140.8**	**425.0**	**106.2**	**3,265.9**	**1,247.0**

1. In 2021, management performed a review of the carrying value of its investments in associates and concluded that no additional impairment was required. The impairment recognised in the year ended 31 December 2020 was equivalent to the notional goodwill on the investment in Value Retail.
2. The analysis in the tables above excludes liabilities in respect of distributions received in advance from Value Retail amounting to £21.5 million (2020: £25.4 million) which are included within payables – non-current liabilities.
3. In addition to the above investments, non-current receivables of the Group include loans to Value Retail European Holdings BV, totalling €2.0 million (£1.7 million), (2020: €2.0 million, £1.8 million) secured against a number of VR assets and maturing on 30 November 2043.
4. At 31 December 2021, Hammerson's economic interest in Value Retail is calculated as 40% (2020: 40%) adjusting for the participative loans, which are included within non-current liabilities.

11: Investment in associates continued

	Value Retail 100% £m	Value Retail Hammerson share £m	Nicétoile 100% £m	Nicétoile Hammerson share £m	Italie Deux 100% £m	Italie Deux Hammerson share £m	2020 Total 100% £m	2020 Total Hammerson share £m
Goodwill on acquisition*	–	94.3	–	–	–	–	–	94.3
Investment properties	5,263.1	1,924.2	221.6	22.2	463.9	116.0	5,948.6	2,062.4
Other non-current assets	232.2	61.5	–	–	–	–	232.2	61.5
Non-current assets	5,495.3	2,080.0	221.6	22.2	463.9	116.0	6,180.8	2,218.2
Other current assets	61.9	27.7	7.2	0.7	15.7	3.9	84.8	32.3
Cash and deposits	238.8	77.4	15.3	1.5	16.8	4.2	270.9	83.1
Current assets	300.7	105.1	22.5	2.2	32.5	8.1	355.7	115.4
Total assets	5,796.0	2,185.1	244.1	24.4	496.4	124.1	6,536.5	2,333.6
Other payables	(98.3)	(73.6)	(4.6)	(0.5)	(11.5)	(2.9)	(114.4)	(77.0)
Loans	(129.8)	(32.1)	–	–	–	–	(129.8)	(32.1)
Current liabilities	(228.1)	(105.7)	(4.6)	(0.5)	(11.5)	(2.9)	(244.2)	(109.1)
Loans	(1,968.5)	(734.6)	–	–	–	–	(1,968.5)	(734.6)
Derivative financial instruments	(50.3)	(17.7)	–	–	–	–	(50.3)	(17.7)
Other payables	(40.0)	(15.4)	(1.4)	(0.1)	(2.9)	(0.7)	(44.3)	(16.2)
Participative loan liabilities	(357.8)	(88.4)	–	–	–	–	(357.8)	(88.4)
Deferred tax	(602.6)	(164.8)	–	–	–	–	(602.6)	(164.8)
Non-current liabilities	(3,019.2)	(1,020.9)	(1.4)	(0.1)	(2.9)	(0.7)	(3,023.5)	(1,021.7)
Total liabilities	(3,247.3)	(1,126.6)	(6.0)	(0.6)	(14.4)	(3.6)	(3,267.7)	(1,130.8)
Net assets	2,548.7	1,058.5	238.1	23.8	482.0	120.5	3,268.8	1,202.8
Participative loans	357.8	189.9	–	–	–	–	357.8	189.9
Impairment of investment*	–	(94.3)	–	–	–	–	–	(94.3)
Investment in associates	2,906.5	1,154.1	238.1	23.8	482.0	120.5	3,626.6	1,298.4

* In 2020, management performed a review of the carrying value of its investments in associates and concluded that an impairment was required. The impairment is equivalent to the notional goodwill on the investment in Value Retail.

D: Reconciliation to EPRA NTA value of investment in associates

	Value Retail £m	**Italie Deux £m**	**Total 2021 £m**	Value Retail £m	Nicétoile £m	Italie Deux £m	Total 2020 £m
Investment in associates	**1,140.8**	**106.2**	**1,247.0**	1,154.1	23.8	120.5	1,298.4
Fair value of derivatives	**1.2**	–	**1.2**	17.7	–	–	17.7
Deferred tax[1,2]	**78.3**	–	**78.3**	82.1	–	–	82.1
Deferred tax within participative loans[1]	**15.7**	–	**15.7**	16.6	–	–	16.6
Total adjustments	**95.2**	–	**95.2**	116.4	–	–	116.4
EPRA NTA value of investment in associates	**1,236.0**	**106.2**	**1,342.2**	1,270.5	23.8	120.5	1,414.8

1. The adjusted figures in the above table are prepared on an NTA basis and the Group has excluded 50% of deferred tax balances in accordance with EPRA guidance.
2. Shown net of a deferred tax asset of £0.4 million (2020: £0.7 million) which is included in non-current assets in note 11C.

E: Reconciliation of movements in investment in associates

	Value Retail £m	**Nicétoile £m**	**Italie Deux £m**	**Total 2021 £m**	Value Retail £m	Nicétoile £m	Italie Deux £m	Total 2020 £m
Balance at 1 January	**1,154.1**	**23.8**	**120.5**	**1,298.4**	1,355.3	26.6	122.6	1,504.5
Share of results of associates	**20.0**	**0.3**	**(4.7)**	**15.6**	(135.8)	(3.9)	(8.6)	(148.3)
Impairment of investment in associates	–	–	–	–	(94.3)	–	–	(94.3)
Capital return	–	–	**(2.0)**	**(2.0)**	–	–	–	–
Distributions[1]	**(2.4)**	–	**(0.1)**	**(2.5)**	(5.9)	(0.1)	(0.1)	(6.1)
Share of other comprehensive gain/(loss) of associate[2]	**1.3**	–	–	**1.3**	(1.0)	–	–	(1.0)
Disposals	–	**(23.2)**	–	**(23.2)**	–	–	–	–
Exchange and other movements	**(32.2)**	**(0.9)**	**(7.5)**	**(40.6)**	35.8	1.2	6.6	43.6
Balance at 31 December	**1,140.8**	–	**106.2**	**1,247.0**	1,154.1	23.8	120.5	1,298.4

1. The Value Retail distributions include £2.4 million (2020: £nil) which were declared but not paid at the balance sheet date.
2. Relates to the change in fair value of derivative financial instruments in an effective hedge relationship within Value Retail.

12: Receivables

A: Receivables: non-current assets

	2021 £m	2020 £m
Net pension asset	**16.8**	–
Other receivables	**2.7**	3.4
	19.5	3.4

B: Receivables: current assets

	2021 £m	2020 £m
Trade receivables	**27.5**	47.0
VAT receivable	**15.7**	18.6
Balances due from joint venture entities	**7.5**	12.3
Other receivables	**17.9**	19.2
Accrued interest receivable	**11.0**	1.3
Corporation tax	**0.7**	0.8
Prepayments	**4.5**	6.7
	84.8	105.9

Trade receivables are shown after deducting a loss allowance provision of £27.4 million (2020: £35.8 million), as set out in the table below.

Other receivables are shown after deducting a loss allowance provision of £2.2 million (2020: £1.6 million). In addition, balances due from joint venture entities are shown after an impairment provision of £0.7 million (2020: £nil).

			2021			2020
	Gross receivable £m	Loss allowance £m	Net receivable £m	Gross receivable £m	Loss allowance £m	Net receivable £m
Not yet due	**5.6**	**(1.9)**	**3.7**	7.9	(0.7)	7.2
1-30 days overdue	**5.0**	**(2.2)**	**2.8**	7.1	(3.2)	3.9
31-60 days overdue	**2.4**	**(1.1)**	**1.3**	4.7	(2.0)	2.7
61-90 days overdue	**0.8**	**(0.3)**	**0.5**	1.0	(0.6)	0.4
91-120 days overdue	**3.2**	**(0.9)**	**2.3**	10.2	(4.8)	5.4
More than 120 days overdue	**37.9**	**(21.0)**	**16.9**	51.9	(24.5)	27.4
	54.9	**(27.4)**	**27.5**	82.8	(35.8)	47.0

13: Restricted monetary assets

	2021 £m	2020 £m
Cash held by managing agents[1]	**19.1**	28.3
Cash held in escrow[2,3]	**41.4**	21.4
	60.5	49.7
Analysed as:		
Non-current assets[2]	**21.4**	21.4
Current assets[1,3]	**39.1**	28.3
	60.5	49.7

1. Current restricted monetary assets relate to cash held by managing agents on behalf of Group's tenants and co-owners to meet future service charge costs and related expenditure, and amounts held in escrow accounts for a specified purpose. The cash has restricted use and, as such, does not meet the definition of cash and cash equivalents as defined in IAS 7 Statement of Cash Flows.
2. Non-current restricted monetary assets relate to funds held in escrow which are available to satisfy the Company's obligations under indemnities granted by the Company in favour of indemnified persons under the Company's Articles of Association, if such obligations are not satisfied by the Company or covered by Directors' and Officers' liability insurance. Unless suitable insurance can be procured, the funds will remain in trust until the later of December 2026, or, if there are outstanding claims at that date, the date on which all claims are resolved.
3. Included in current assets is a £20.0 million deposit received in respect of the sale of Silverburn, Glasgow held in escrow by the Group's solicitors.

14: Loans

	2021 £m	2020 £m
Unsecured		
£200 million 7.25% sterling bonds due April 2028	**198.8**	198.7
€700 million 1.75% euro bonds due June 2027[1]	**578.3**	–
£300 million 6% sterling bonds due February 2026	**298.8**	298.6
£350 million 3.5% sterling bonds due October 2025	**347.8**	347.2
€235.5 million (2020: €500 million) 1.75% euro bonds due March 2023[2]	**197.4**	446.5
€nil (2020: €500 million) 2% euro bonds due July 2022[2]	**–**	446.5
Sterling bank loans and overdrafts[3]	**(2.7)**	(2.9)
Senior notes due January 2031[4]	**4.9**	16.4
Senior notes due January 2028[4]	**13.3**	62.1
Senior notes due June 2026[4]	**58.8**	81.2
Senior notes due January and June 2024[4]	**139.4**	249.4
Senior notes due June 2021[4]	**–**	115.0
	1,834.8	2,258.7
Analysed as:		
Current liabilities	**–**	115.0
Non-current liabilities	**1,834.8**	2,143.7
	1,834.8	2,258.7

1. On 3 June 2021, the Group issued a €700 million sustainability-linked euro bond. Net proceeds amounted to €690.3 million (£593.5 million) after issuance discount and underwriting fees. The bond has a coupon which is linked to the achievement of two sustainability performance targets, both of which will be tested in December 2025 against a 2019 benchmark. If the targets are not met, a total of 75 basis points per annum, representing a cost of €5.25 million, will be payable in addition to the final year's bond coupon. The Group has made certain assumptions which support not increasing the effective interest rate on the bond, as a result of the possibility of failing to meet the targets. Planned future initiatives which will assist the Group in achieving the targets include the introduction of energy efficient projects, the generation of additional energy through a Corporate Purchase Power Agreement and driving compliance with relevant energy performance legislation. At 31 December 2021, the Group continued to make steady progress against both of its targets.
2. During the year €264.5 million (£227.4 million) of the 2023 bonds and all of the 2022 bonds were repaid at a premium of €20.8 million (£17.9 million), which is included in 'debt and loan facility cancellation costs' in note 4.
3. The debit balance of £2.7 million (2020: £2.9 million) relates to unamortised fees in relation to the Revolving Credit Facility (RCF) against which no funds had been drawn at 31 December 2021 or 31 December 2020.
4. Senior notes are analysed in note 15A on page 54. During the year, £296.5 million of senior notes were repaid at par, comprising £34.4 million denominated in sterling, £62.3 million denominated in euro and £199.8 million denominated in US dollar.
5. At 31 December 2021 and 2020, no loans were repayable by instalments.

15: Financial instruments and risk management

A: Financing strategy

The Group borrows predominantly on an unsecured basis under its standard financial covenants in order to maintain operational flexibility at a low operational cost. Borrowings are arranged to maintain short term liquidity and ensure an appropriate maturity profile. Acquisitions may be financed initially using short term funds before being refinanced for the longer term depending on the Group's financing position in terms of maturities, future commitments, disposals and market conditions. Long term debt mainly comprises the Group's fixed rate unsecured bonds and private placement senior notes. Short term funding is raised principally through syndicated revolving credit facilities from a range of banks and financial institutions with which the Group maintains strong working relationships. An analysis of the maturity of the undrawn element of these revolving credit facilities is shown in note 15C.

The Group's borrowing position at 31 December 2021 is summarised below:

	Derivative financial instruments						
	Current assets £m	Non-current assets £m	Current liabilities £m	Non-current liabilities £m	Loans < 1 year £m	Loans > 1 year £m	2021 Total £m
Note					14	14	
Bonds	–	–	–	–	–	**1,621.1**	**1,621.1**
Bank loans and overdrafts	–	–	–	–	–	**(2.7)**	**(2.7)**
Senior notes*	–	–	–	–	–	**216.4**	**216.4**
Fair value of currency swaps	**(7.3)**	**(8.3)**	–	**59.7**	–	–	**44.1**
Borrowings	**(7.3)**	**(8.3)**	–	**59.7**	–	**1,834.8**	**1,878.9**
Interest rate swaps	–	**(10.3)**	–	–	–	–	**(10.3)**
Loans and derivative financial instruments	**(7.3)**	**(18.6)**	–	**59.7**	–	**1,834.8**	**1,868.6**

* Comprises £30.8 million in sterling, £100.8 million in euro and £84.8 million in US dollars.

The Group's borrowing position at 31 December 2020 is summarised below:

	Derivative financial instruments						
	Current assets £m	Non-current assets £m	Current liabilities £m	Non-current liabilities £m	Loans < 1 year £m	Loans > 1 year £m	2020 Total £m
Note					14	14	
Bonds	–	–	–	–	–	1,737.5	1,737.5
Bank loans and overdrafts	–	–	–	–	–	(2.9)	(2.9)
Senior notes*	–	–	–	–	115.0	409.1	524.1
Fair value of currency swaps	(9.1)	(6.6)	2.3	84.7	–	–	71.3
Borrowings, loans and derivative financial instruments	(9.1)	(6.6)	2.3	84.7	115.0	2,143.7	2,330.0

* Comprises £65.0 million in sterling, £172.0 million in euro and £287.1 million in US dollars.

B: Fair values of financial instruments

The fair values of the Group's borrowings, interest rate swaps, other investments and participative loans, together with their book value included in the consolidated balance sheet, are as follows:

		2021			2020		
	Hierarchy level	Book value £m	Fair value £m	Variance £m	Book value £m	Fair value £m	Variance £m
Unsecured bonds	1	**1,621.1**	**1,707.0**	**85.9**	1,737.5	1,765.4	27.9
Senior notes	2	**216.4**	**221.8**	**5.4**	524.1	549.1	25.0
Unsecured bank loans and overdrafts	2	**(2.7)**	–	**2.7**	(2.9)	–	2.9
Fair value of currency swaps	2	**44.1**	**44.1**	–	71.3	71.3	–
Borrowings		**1,878.9**	**1,972.9**	**94.0**	2,330.0	2,385.8	55.8
Fair value of interest rate swaps	2	**(10.3)**	**(10.3)**	–	–	–	–
Fair value of other investments	3	**9.5**	**9.5**	–	9.7	9.7	–
Participative loans to associates	3	**184.8**	**184.8**	–	189.9	189.9	–

C: Undrawn committed facilities

The maturity analysis of the undrawn element of the revolving credit facilities at 31 December 2021 is summarised below:

	2021 £m	2020 £m
Expiry		
Within one year	**10.0**	–
Within one to two years	**450.0**	425.0
Within two to five years	**569.8**	820.0
	1,029.8	1,245.0

16: Share capital

Called up, allotted and fully paid	2021 £m	2020 £m
Ordinary shares of 5p each	**221.0**	202.9

The authorised share capital was removed from the Company's Articles of Association in 2010.

	Number
Movements in number of shares in issue	
Number of shares in issue at 1 January 2021	4,057,298,174
Issued in respect of scrip dividends	362,158,987
Number of shares in issue at 31 December 2021	**4,419,457,161**

17: Analysis of movement in net debt

	2021			2020		
	Cash and deposits £m	Borrowings £m	Net debt £m	Cash and deposits £m	Borrowings £m	Net debt £m
Notes		15A			15A	
At 1 January	**409.5**	**(2,330.0)**	**(1,920.5)**	29.8	(2,548.0)	(2,518.2)
Cash and deposits reclassified from joint ventures to assets held for sale	**4.6**	**–**	**4.6**	–	–	–
Cash flow	**(97.7)**	**332.9**	**235.2**	378.2	310.8	689.0
Change in fair value of currency swaps	**–**	**(14.2)**	**(14.2)**	–	23.9	23.9
Exchange	**(2.1)**	**132.4**	**130.3**	1.5	(116.7)	(115.2)
At 31 December	**314.3**	**(1,878.9)**	**(1,564.6)**	409.5	(2,330.0)	(1,920.5)
Less cash and deposits classified as held for sale	**(4.6)**	**–**	**(4.6)**	–	–	–
At 31 December – excluding assets held for sale	**309.7**	**(1,878.9)**	**(1,569.2)**	409.5	(2,330.0)	(1,920.5)

18: Adjustment for non-cash items in the cash flow statement

	2021 £m	2020 £m
Amortisation of lease incentives and other costs	**2.8**	7.7
(Decrease)/Increase in loss allowance provision*	**(3.1)**	25.2
Increase in impairment of unamortised tenant incentives	**1.6**	9.5
Increase in accrued rents receivable	**(12.7)**	(6.7)
Depreciation	**4.4**	4.9
Share-based employee remuneration	**3.3**	2.2
Other	**(5.1)**	(1.4)
	(8.8)	41.4

* Includes decrease of £0.1 million (2020: £18.9 million increase) relating to continuing operations (as shown in footnote 2 of the consolidated income statement on page 24) and £3.0 million decrease (2020: £6.3 million increase) relating to discontinued operations.

19: Contingent liabilities and capital commitments

At 31 December 2021, the Reported Group had contingent liabilities of £52 million (2020: £104 million) relating to guarantees given by the Reported Group and a further £27 million (2020: £58 million) relating to claims arising in the normal course of business, which are considered to be unlikely to crystallise. The Reported Group's share of contingent liabilities arising within joint ventures is £14 million (2020: £7 million).

In addition, the Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group addresses this by closely monitoring these potential instances, seeking independent advice and maintaining transparency with the authorities it deals with as and when any enquiries are made. As a result, the Group has identified a potential tax exposure attributable to the ongoing applicability of tax treatments adopted in respect of the Group's tax structures. The range of potential outcomes is a possible outflow of minimum £nil and maximum £143 million. The Directors have not provided for this amount because they do not believe an outflow is probable.

The Reported Group also had capital commitments of £19 million (2020: £57 million) in relation to future capital expenditure on investment properties. The Reported Group's share of the capital commitments arising within joint ventures is £40 million (2020: £39 million).

20: Post balance sheet events

On 25 February 2022, the Group exchanged and completed the sale of Victoria, Leeds for gross proceeds of £120 million. At the balance sheet date, this asset did not meet the criteria for reclassification to assets held for sale under IFRS 5 as it was not being actively marketed and substantive terms had yet to be agreed. Consequently as at 31 December 2021, it has been included within investment properties at its fair value of £120 million.

Additional disclosures

EPRA measures

Hammerson is a member of the European Public Real Estate Association (EPRA) and has representatives who actively participate in a number of EPRA committees and initiatives. This includes working with peer group companies, real estate investors and analysts, and the large audit firms, to improve the transparency, comparability and relevance of the published results of listed real estate companies in Europe.

As with other real estate companies, we have adopted the EPRA Best Practice Recommendations (BPR) and were again awarded an EPRA Gold Award for compliance with the EPRA BPR and sustainability BPR for our 2020 Annual Report. Further information on EPRA and the EPRA BPR can be found on their website www.epra.com. Details of our key EPRA metrics are shown in Table 23 below

Table 23

EPRA performance measures

Performance measure	2021	2020	Definition and commentary	Page
Earnings	**£80.4m**	£15.9m	Recurring earnings from core operational activities. In 2021, EPRA earnings were £0.5 million lower (2020: £20.6 million lower) than the Group's adjusted earnings due to the inclusion of 'Company specific' adjustments. For 2021, these principally related to business transformation costs of £8.6 million largely offset by the change in provision for amounts not yet recognised in the income statement of £8.1 million. Management believes these adjustments better reflect the underlying earnings of the Group and are shown in note 8B of the financial information.	38
Earnings per share (EPS)[1]	**1.8p**	0.6p	EPRA earnings divided by the weighted average number of shares in issue during the period. In 2021 EPRA EPS is equal to adjusted EPS (2020: 0.7p lower).	38
Net Reinvestment Value (NRV) per share	**74p**	94p	Equity shareholders' funds excluding the fair values of certain financial derivatives, deferred tax balances, and any associated goodwill. In addition, an allowance is made for potential purchasers' costs payable in the event that the Group's property portfolio, including premium outlets, were to be repurchased at market values. This total is then divided by the diluted number of shares in issue.	40
Net Tangible Assets (NTA) per share[2]	**64p**	82p	Equity shareholders' funds excluding the fair values of certain financial derivatives, deferred tax balances which are expected to crystallise in the future, and goodwill balances, divided by the diluted number of shares in issue.	40
Net Disposal Value (NDV) per share	**60p**	78p	Equity shareholders' funds including the fair value of borrowings and excluding goodwill balances, divided by the diluted number of shares in issue.	40
Net Initial Yield (NIY)	**5.6%**	5.7%	Annual cash rents receivable, less head and equity rents and any non-recoverable property operating expenses, as a percentage of the gross market value of the property, including estimated purchasers' costs, as provided by the Group's external valuers.	62
Topped-up NIY	**5.8%**	5.8%	EPRA NIY adjusted for the expiry of rent-free periods and future rent on signed leases.	62
Vacancy rate	**5.7%**	5.7%	The estimated market rental value (ERV) of vacant space divided by the ERV of the lettable area. Occupancy is the inverse of vacancy.	58
Cost ratio (incl. net service charge expenses – vacancy)	**40.3%**	54.9%	Total operating costs as a percentage of gross rental income, after rents payable. Both operating costs and gross rental income are adjusted for costs associated with inclusive leases.	60
Cost ratio (excl. net service charge expenses – vacancy)	**34.9%**	51.7%	Calculated as per the above metric, except this metric excludes net service charges in relation to vacancy.	60
Sustainability (LFL annual change)[3]				
Greenhouse Gas (GHG) Direct	**+54%**	-31%	Greenhouse gas emissions emitted from onsite combustion of energy.	
GHG Indirect	**-4%**	-28%	Annual greenhouse gas emissions emitted from offsite combustion (purchased electricity and heat).	

1. 2020 per share metric restated for scrip dividends. See note 8B of the financial information for further details.
2. The Group has chosen to exclude 50% of deferred tax balances when calculating NTA in accordance with EPRA guidance.
3. LFL is based on properties under Hammerson's direct operational control and owned throughout 2021 and 2020. Properties undergoing a significant extension project are excluded from this calculation during the period of the works. Further details of the Group's sustainability strategy can be found on our website www.hammerson.com.

Additional disclosures continued

Portfolio analysis

During 2021, to better align with the Group's new strategy, particularly concerning accelerating the Group's development opportunities, the business segments used by the Group Executive Committee, who are deemed to be the chief decision makers, to review the performance of the business were amended to combine the two operating segments 'UK other' and 'Developments' into one operating business segment 'Developments and other', which therefore includes both investment and developments properties. A listing of the key properties within this segment is shown on page 69.

The Group's investment in Grand Central, Birmingham, was transferred from the UK flagships segment to 'Developments and other' with effect from 1 July 2021, reflecting the change in focus following the major department store closure, which has led to plans being worked up for its redevelopment. Additionally, the Group's investment in Highcross, Leicester, has been transferred from UK flagships to 'Developments and other' at 31 December 2021. These reclassifications are reflected in the tables within this section. Where applicable, the information presented within the 'Development and other' segment only reflects available data in relation to the investment properties within this segment.

Rental information

Table 24

Rental data

Proportionally consolidated excluding premium outlets	Gross rental income £m	Adjusted net rental income £m	Average rents passing[1] £m	Rents passing[2] £m	Estimated rental value (ERV)[3] £m	Reversion/ (over-rented) %
UK	114.3	90.1	400	104.5	102.0	(7.3)
France	52.5	39.4	415	52.3	57.5	5.3
Ireland	34.5	32.4	460	35.6	36.5	0.9
Flagship destinations	**201.3**	**161.9**	**415**	**192.4**	**196.0**	**(2.1)**
Developments and other	29.6	17.5	195	22.4	23.4	(9.5)
UK retail parks	10.7	10.4	n/a	n/a	n/a	n/a
Managed portfolio	**241.6**	**189.8**	**370**	**214.8**	**219.4**	**(2.9)**
Data for the year ended 31 December 2020						
UK	128.0	63.2	395	128.2	132.4	(2.5)
France	63.1	47.8	490	58.6	62.9	2.1
Ireland	37.7	26.5	485	38.8	39.0	(1.0)
Flagship destinations	**228.8**	**137.5**	**435**	**225.6**	**234.3**	**(1.0)**
Developments and other	22.7	10.8	120	8.9	10.0	1.3
UK retail parks	35.4	21.3	200	35.2	35.4	(6.5)
Managed portfolio	**286.9**	**169.6**	**365**	**269.7**	**279.7**	**(1.6)**

1. Average rents passing at the year end before deducting head and equity rents and excluding rents passing from anchor units, car parks and commercialisation.
2. Passing rents is the annual rental income receivable at the year end from an investment property, after any rent-free periods and after deducting head and equity rents and car parking and commercialisation running costs totalling £17.8 million.
3. The estimated market rental value at the year end calculated by the Group's valuers. ERVs in the above table are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13. This information has been subject to audit. The total ERV for the Reported Group at 31 December 2021 was £84.1 million (2020: £125.3 million).

Table 25

Gross rental income

	2021 £m	2020 £m
Base rent	**158.6**	243.5
Turnover rent	**8.2**	3.8
Car park income	**22.3**	20.8
Commercialisation income	**10.3**	7.5
Lease incentive recognition	**19.5**	4.6
Other rental income[1]	**22.7**	6.7
Gross rental income	**241.6**	286.9

1. For the year ended 31 December 2021, includes surrender premiums of £20.1 million (2020: £2.9 million).

Additional disclosures continued

Table 26

Vacancy data

Proportionally consolidated excluding premium outlets	31 December 2021 ERV of vacant space £m	31 December 2021 Total ERV for vacancy[1] £m	31 December 2021 Vacancy rate %	31 December 2020 ERV of vacant space £m	31 December 2020 Total ERV for vacancy[1] £m	31 December 2020 Vacancy rate %
UK	5.1	86.0	5.9	7.6	111.9	6.8
France	2.3	59.1	4.0	3.0	64.3	4.7
Ireland	0.6	33.0	1.7	0.6	35.1	1.8
Flagship destinations	**8.0**	**178.1**	**4.5**	**11.2**	**211.3**	**5.3**
Developments and other	3.2	20.4	15.7	0.9	9.8	9.0
UK retail parks	–	–	–	2.5	35.8	7.0
Managed portfolio	**11.2**	**198.5**	**5.7**	**14.6**	**256.9**	**5.7**

1. Total ERV differs from Table 24 due to the exclusion of car park ERV, which distorts the vacancy metric, and the inclusion of head and equity rents.

Table 27

Rent reviews

Proportionally consolidated excluding premium outlets	Rents passing subject to review in[1] Outstanding £m	2022 £m	2023 £m	2024 £m	Total £m	Current ERV of leases subject to review in[2] Outstanding £m	2022 £m	2023 £m	2024 £m	Total £m
UK	15.9	11.1	7.2	10.0	44.2	17.9	11.8	7.4	11.1	48.2
Ireland	17.5	2.6	3.4	2.2	25.7	19.4	2.7	3.4	2.2	27.7
Flagship destinations	**33.4**	**13.7**	**10.6**	**12.2**	**69.9**	**37.3**	**14.5**	**10.8**	**13.3**	**75.9**
Developments and other	3.4	1.0	2.8	0.6	7.8	3.8	1.0	2.9	0.6	8.3
Managed portfolio[3]	**36.8**	**14.7**	**13.4**	**12.8**	**77.7**	**41.1**	**15.5**	**13.7**	**13.9**	**84.2**

1. The amount of rental income, based on rents passing at 31 December 2021, for leases which are subject to review in each year.
2. Projected rental income for leases that are subject to review in each year, based on the higher of the current rental income and the ERV at 31 December 2021.
3. Leases in France are not subject to rent reviews but are adjusted annually based on French indexation indices.

Table 28

Lease expiries and breaks

Proportionally consolidated excluding premium outlets	Rents passing that expire/break in[1] Outstanding £m	2022 £m	2023 £m	2024 £m	Total £m	ERV of leases that expire/break in[2] Outstanding £m	2022 £m	2023 £m	2024 £m	Total £m	Weighted average unexpired lease term to break years	Weighted average unexpired lease term to expiry years
UK	7.9	15.6	15.0	15.4	53.9	8.3	16.2	11.9	12.5	48.9	6.0	11.7
France	3.5	1.8	5.3	11.1	21.7	3.4	2.4	5.1	12.0	22.9	1.7	4.5
Ireland	1.5	1.9	2.9	3.5	9.8	1.9	2.8	2.9	2.6	10.2	6.3	8.0
Flagship destinations	**12.9**	**19.3**	**23.2**	**30.0**	**85.4**	**13.6**	**21.4**	**19.9**	**27.1**	**82.0**	**4.7**	**8.8**
Developments and other	2.7	2.2	3.9	2.6	11.4	2.9	2.6	3.0	2.0	10.5	4.4	8.8
Managed portfolio	**15.6**	**21.5**	**27.1**	**32.6**	**96.8**	**16.5**	**24.0**	**22.9**	**29.1**	**92.5**	**4.7**	**8.8**

1. The amount of rental income, based on rents passing at 31 December 2021, for leases which expire or, for the UK and Ireland only, are subject to tenant break options, which fall due in each year.
2. The ERV at 31 December 2021 for leases that expire or, for the UK and Ireland only, are subject to tenant break options which fall due in each year and ignoring the impact of rental growth and any rent-free periods.

Additional disclosures continued

Net rental income

Like-for-like net rental income (NRI) is calculated as the percentage change in NRI for investment properties owned throughout both the current and prior year, after taking account of exchange translation movements. Properties undergoing a significant extension project are excluded from this calculation during the period of the works.

Table 29

Net rental income for the year ended 31 December 2021

Proportionally consolidated excluding premium outlets	Properties owned throughout 2020/21 £m	Change in like-for-like NRI %	Disposals £m	Developments and other £m	Total adjusted NRI £m
UK	79.5	31.0	–	10.6	90.1
France	29.1	(1.4)	0.8	9.5	39.4
Ireland	32.4	26.1	–	–	32.4
Flagship destinations	**141.0**	21.7	**0.8**	**20.1**	**161.9**
Developments and other	–	–	0.5	17.0	17.5
UK retail parks	–	–	10.4	–	10.4
Managed portfolio[1,2]	**141.0**	21.7	**11.7**	**37.1**	**189.8**

Table 30

Net rental income for the year ended 31 December 2020

Proportionally consolidated excluding premium outlets	Properties owned throughout 2020/21 £m	Exchange £m	Disposals £m	Developments and other £m	Total adjusted NRI £m
UK	60.7	–	–	2.5	63.2
France	29.7	1.7	3.3	13.1	47.8
Ireland	25.5	1.0	–	–	26.5
Flagship destinations	**115.9**	**2.7**	**3.3**	**15.6**	**137.5**
Developments and other	–	–	–	10.8	10.8
UK retail parks	–	–	21.3	–	21.3
Managed portfolio[1,2]	**115.9**	**2.7**	**24.6**	**26.4**	**169.6**

1. The above portfolios include both investment and development properties for each sector/segment.
2. The Property portfolio value on which LFL growth is based was £2,605 million as at 31 December 2021 (2020: £2,966 million).

Additional disclosures continued

Table 31

Top ten occupiers ranked by passing rent

Proportionally consolidated, excluding premium outlets	Passing rent £m	% of total passing rent
Inditex	8.5	3.8
H&M	6.4	2.9
Next	4.3	1.9
JD Sports	3.4	1.5
Boots	3.3	1.5
CK Hutchison Holdings	3.0	1.3
River Island Clothing Company	3.0	1.3
Marks & Spencer	2.8	1.3
Frasers Group	2.7	1.2
Printemps	2.5	1.1
Total	**39.9**	**17.8**

Table 32

EPRA cost ratio

Proportionally consolidated excluding premium outlets	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Gross administration expenses	**71.7**	67.8
Property fee income	**(13.2)**	(15.2)
Management fees receivable	**(7.1)**	(8.5)
Property outgoings	**50.0**	115.0
Less inclusive lease costs recovered through rent	**(8.0)**	(6.4)
Total operating costs (A)	**93.4**	152.7
Less vacancy costs	**(12.6)**	(8.9)
Total operating costs excluding vacancy costs (B)	**80.8**	143.8
Gross rental income	**241.6**	286.9
Ground and equity rents payable	**(1.8)**	(2.3)
Less inclusive lease costs recovered through rent	**(8.0)**	(6.4)
Gross rental income (C)	**231.8**	278.2
EPRA cost ratio including vacancy costs (%) – (A/C)	**40.3**	54.9
EPRA cost ratio excluding vacancy costs (%) – (B/C)	**34.9**	51.7

Our business model for developments is to use a combination of in-house resource and external advisors. The cost of external advisors is capitalised to the cost of developments. The cost of colleagues working on developments is generally expensed, but capitalised subject to meeting certain criteria related to the degree of time spent on and the stage of progress of specific projects. During the year ended 31 December 2021, employee costs of £1.5 million (2020: £2.2million) were capitalised as development costs and are not included within 'Gross administration expenses'.

Additional disclosures continued

Table 33

Valuation analysis

Data for the year ended 31 December 2021 Proportionally consolidated including premium outlets	**Properties at valuation £m**	**Revaluation in the year £m**	**Capital return %**	**Total return %**	**Initial yield %**	**True equivalent yield %**	**Nominal equivalent yield[1] %**
UK[2]	1,135.3	(254.0)	(16.7)	(10.8)	7.0	8.1	7.7
France[3]	989.7	(63.4)	(6.6)	(3.1)	4.4	5.2	5.0
Ireland	659.3	(61.1)	(8.3)	(3.9)	4.9	5.4	5.3
Flagship destinations	**2,784.3**	**(378.5)**	**(11.6)**	**(6.8)**	**5.6**	**6.4**	**6.2**
Developments and other	694.4	(79.0)	(9.3)	(6.6)	6.2	9.6	9.0
UK retail parks[4]	–	–	(8.5)	(6.1)	n/a	n/a	n/a
Managed portfolio	**3,478.7**	**(457.5)**	**(11.3)**	**(6.7)**	**5.6**	**6.6**	**6.4**
Premium outlets[5]	1,893.5	(12.0)	(0.6)	2.1			
Group portfolio[6]	**5,372.2**	**(469.5)**	**(7.9)**	**(3.9)**			

Data for the year ended 31 December 2020 Proportionally consolidated including premium outlets							
UK	1,511.2	(838.6)	(35.8)	(33.7)	6.6	7.6	7.3
France	1,146.9	(202.7)	(15.3)	(11.9)	4.4	5.0	4.9
Ireland	757.1	(158.0)	(17.5)	(14.8)	4.6	5.2	5.0
Flagship destinations	**3,415.2**	**(1,199.3)**	**(26.2)**	**(23.6)**	**5.4**	**6.2**	**6.0**
Developments and other	614.6	(187.1)	(19.8)	(16.8)	6.2	9.6	9.0
UK retail parks	384.0	(52.4)	(23.3)	(19.5)	7.9	8.8	8.3
Managed portfolio	**4,413.8**	**(1,438.8)**	**(25.6)**	**(23.1)**	**5.7**	**6.5**	**6.3**
Premium outlets[5]	1,924.2	(157.3)	(10.0)	(7.5)			
Group portfolio[6]	**6,338.0**	**(1,596.1)**	**(20.9)**	**(18.3)**			

1. Nominal equivalent yields are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13. This information has been subject to audit. The nominal equivalent yield for the Reported Group at 31 December 2021 was 6.2% (2020: 6.3%).
2. Includes Silverburn which is classified as an asset held for sale as at 31 December 2021.
3. Includes Italik which is classified as a trading property as at 31 December 2021.
4. UK retail parks were disposed during the year. Returns presented are up to the date of disposal.
5. Represents the Group's share of premium outlets through its investments in Value Retail and, in 2020, VIA Outlets prior to its sale on 31 October 2020.
6. Further analysis of capital expenditure is included in note 3B on page 35.

Table 34

EPRA Net Initial Yield (NIY)

Proportionally consolidated excluding premium outlets		2021 £m	2020 £m
Property portfolio – excluding premium outlets – wholly owned	Note 3B	**1,561.4**	2,152.8
Property portfolio – excluding premium outlets – share of property interests	Note 3B	**1,813.9**	2,261.0
Property portfolio – excluding premium outlets – trading properties	Note 3B	**34.3**	–
Property portfolio – excluding premium outlets – assets held for sale	Note 3B	**69.1**	–
Net investment portfolio valuation on a proportionally consolidated basis	Note 3B	**3,478.7**	4,413.8
Less: Developments – within Developments and other		**(469.4)**	(508.4)
Completed investment portfolio		**3,009.3**	3,905.4
Purchasers' costs[1]		**209.8**	272.1
Grossed up completed investment portfolio (A)		**3,219.1**	4,177.5
Annualised cash passing rental income		**214.7**	269.7
Non recoverable costs		**(29.3)**	(26.1)
Rents payable		**(3.6)**	(4.5)
Annualised net rent (B)		**181.8**	239.1
Add:			
Notional rent expiration of rent free periods and other lease incentives[2]		**3.0**	3.0
Future rent on signed leases		**0.7**	1.5
Topped-up annualised net rent (C)		**185.5**	243.6
Add back: Non recoverable costs		**29.3**	26.1
Passing rents[3]	Table 24	**214.8**	269.7
EPRA net initial yield (B/A)	Table 33	**5.6%**	5.7%
EPRA 'topped-up' net initial yield (C/A)		**5.8%**	5.8%

1. Purchasers' costs equate to 7.0% (2020: 7.0%) of the net portfolio value prior to impairment.
2. The weighted average remaining rent-free period is 0.6 years (2020:0.5 years)
3. Passing rents are the annual rental income receivable from an investment property, after any rent-free periods and after deducting head and equity rents and car parking and commercialisation running costs

Table 35

EPRA Capital expenditure

	2021			2020		
Proportionally consolidated excluding premium outlets	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
Developments	**49**	**2**	**51**	44	3	47
Capital expenditure – creating additional area	**11**	**–**	**11**	10	7	17
Capital expenditure – no additional area	**5**	**14**	**19**	8	10	18
Tenant incentives	**12**	**9**	**21**	(10)	(5)	(15)
Total capital expenditure	**77**	**25**	**102**	52	15	67
Conversion from accruals to cash basis	**-**	**(5)**	**(5)**	16	–	16
Total capital expenditure on cash basis (Table 43)	**77**	**20**	**97**	68	15	83

Further analysis of capital expenditure on a segmental basis is provided in the Financial review on page 16.

Additional disclosures continued

Share of Property interests

The Group's Share of Property interests reflects the Group's Property joint ventures as shown in note 10 to the financial information on pages 42 to 48 and the Group's interests in Italie Deux and Nicétoile (prior to its disposal in April 2021), which is accounted for as an associate, as shown in note 11 to the financial information on pages 49 to 51.

Table 36

Income statement

	2021 Property joint ventures £m	2021 Italie Deux and Nicétoile £m	2021 Share of Property interests £m	2020 Property joint ventures[1] £m	2020 Italie Deux and Nicétoile £m	2020 Share of Property interests £m
Gross rental income	**137.2**	**5.9**	**143.1**	146.7	7.0	153.7
Net rental income	**110.0**	**4.8**	**114.8**	75.9	5.6	81.5
Net administration expenses	**(0.7)**	–	**(0.7)**	(0.4)	–	(0.4)
Operating profit before other net losses	**109.3**	**4.8**	**114.1**	75.5	5.6	81.1
Revaluation losses on properties	**(274.6)**	**(9.2)**	**(283.8)**	(923.5)	(18.1)	(941.6)
Operating loss	**(165.3)**	**(4.4)**	**(169.7)**	(848.0)	(12.5)	(860.5)
Change in fair value of derivatives	**4.2**	–	**4.2**	(1.9)	–	(1.9)
Other finance costs	**(9.9)**	–	**(9.9)**	(9.5)	–	(9.5)
Net finance costs	**(5.7)**	–	**(5.7)**	(11.4)	–	(11.4)
Loss before tax	**(171.0)**	**(4.4)**	**(175.4)**	(859.4)	(12.5)	(871.9)
Current tax charge	**(0.3)**	–	**(0.3)**	(0.1)	–	(0.1)
Loss for the year – continuing operations	**(171.3)**	**(4.4)**	**(175.7)**	(859.5)	(12.5)	(872.0)
Profit for the year – discontinued operations	**0.9**	–	**0.9**	(2.5)	–	(2.5)
Loss for the year	**(170.4)**	**(4.4)**	**(174.8)**	(862.0)	(12.5)	(874.5)

1. Comparatives for the year ended 31 December 2020 have been re-presented to show the results of Brent South Shopping Park as discontinued operations.

Table 37

Balance sheet

	2021 Property joint ventures £m	2021 Italie Deux £m	2021 Share of Property interests £m	2020 Property joint ventures £m	2020 Italie Deux and Nicétoile £m	2020 Share of Property interests £m
Non-current assets						
Investment and development properties	**1,712.2**	**101.7**	**1,813.9**	2,122.8	138.2	2,261.0
Other non-current assets	**18.3**	–	**18.3**	18.1	–	18.1
	1,730.5	**101.7**	**1,832.2**	2,140.9	138.2	2,279.1
Current assets						
Other current assets	**75.0**	**3.2**	**78.2**	99.7	4.6	104.3
Cash and deposits	**113.7**	**6.0**	**119.7**	87.8	5.7	93.5
	188.7	**9.2**	**197.9**	187.5	10.3	197.8
Total assets	**1,919.2**	**110.9**	**2,030.1**	2,328.4	148.5	2,476.9
Current liabilities						
Loans - secured	**(79.3)**	–	**(79.3)**	(49.5)	–	(49.5)
Other payables	**(72.2)**	**(3.9)**	**(76.1)**	(76.6)	(3.4)	(80.0)
	(151.5)	**(3.9)**	**(155.4)**	(126.1)	(3.4)	(129.5)
Non-current liabilities						
Loans - secured	**(295.0)**	–	**(295.0)**	(357.6)	–	(357.6)
Derivative financial instruments	**(1.6)**	–	**(1.6)**	(5.9)	–	(5.9)
Obligations under head leases	**(15.8)**	–	**(15.8)**	(15.8)	–	(15.8)
Other payables	**(3.4)**	**(0.8)**	**(4.2)**	(9.3)	(0.8)	(10.1)
Deferred tax	**(0.1)**	–	**(0.1)**	(0.1)	–	(0.1)
	(315.9)	**(0.8)**	**(316.7)**	(388.7)	(0.8)	(389.5)
Total liabilities	**(467.4)**	**(4.7)**	**(472.1)**	(514.8)	(4.2)	(519.0)
Net assets	**1,451.8**	**106.2**	**1,558.0**	1,813.6	144.3	1,957.9

Additional disclosures continued

Premium outlets

At 31 December 2021, the Group's investment in premium outlets is through its interest in Value Retail, following the disposal of substantially all of its investment in VIA Outlets on 31 October 2020. The Group's adjusted earnings from VIA Outlets for the year ended 31 December 2020 comprised its share of adjusted earnings up to 30 June 2020, when the investment was reclassified to assets held for sale (AHFS), and separately its share of results from 1 July 2020 to the sale date of 31 October 2020.

Due to the nature of the Group's control over these externally managed investments, Value Retail is accounted for as an associate and VIA Outlets was accounted for as a joint venture. Tables 38 and 39 provide analysis of the impact of the two premium outlet investments on the Group's financial information. Further information on Value Retail is provided in note 11 to the financial information on pages 49 to 51 and for VIA Outlets in note 10 to the financial information on pages 42 to 48.

Table 38

Aggregated premium outlets income statement

	2021 Value Retail £m	2020 Value Retail £m	2020 VIA Outlets £m	2020 AHFS – VIA Outlets £m	2020 Total £m
Gross rental income	**96.6**	71.7	20.0	14.7	106.4
Net rental income	**66.7**	45.7	12.9	13.2	71.8
Net administration expenses	**(33.8)**	(33.9)	(3.3)	(2.0)	(39.2)
Operating profit before other net losses	**32.9**	11.8	9.6	11.2	32.6
Revaluation losses on properties	**(12.0)**	(126.6)	(30.7)	–	(157.3)
Operating profit/(loss)	**20.9**	(114.8)	(21.1)	11.2	(124.7)
Change in fair value of derivatives	**9.3**	3.0	(0.1)	0.2	3.1
Change in fair value of participative loans	**9.1**	(16.5)	–	–	(16.5)
Other net finance costs	**(18.7)**	(19.4)	(5.1)	(3.7)	(28.2)
Profit/(Loss) before tax	**20.6**	(147.7)	(26.3)	7.7	(166.3)
Current tax (charge)/credit	**(1.8)**	(0.7)	0.9	(0.6)	(0.4)
Deferred tax credit	**1.2**	12.6	4.7	–	17.3
Share of results (IFRS)	**20.0**	(135.8)	(20.7)	7.1	(149.4)
Less earnings adjustments (note 10B/11B):					
Revaluation losses on properties	**12.0**	126.6	30.7	–	157.3
Change in fair value of derivatives	**(9.3)**	(3.0)	0.1	(0.2)	(3.1)
Change in fair value of financial assets	**(0.1)**	0.1	–	–	0.1
Deferred tax credit	**(1.2)**	(12.6)	(4.7)	–	(17.3)
Other adjustments	**(5.5)**	17.6	0.5	1.2	19.3
	(4.1)	128.7	26.6	1.0	156.3
Adjusted earnings/(loss) of premium outlets	**15.9**	(7.1)	5.9	8.1	6.9

Table 39

Aggregated premium outlets balance sheet

	2021 Value Retail[1] £m	2020 Value Retail £m
Investment properties	**1,893.5**	1,924.2
Net debt	**(680.3)**	(689.3)
Other net liabilities	**(72.4)**	(80.8)
Share of net assets (IFRS)	**1,140.8**	1,154.1
Less adjustments: (note 8D)		
Fair value of derivatives	**1.2**	17.7
Deferred tax (50%)	**94.0**	98.7
	95.2	116.4
Investment – NTA basis	**1,236.0**	1,270.5

1. In addition to the above figures, at 31 December 2021 the Group had provided loans of £1.7 million (2020: £1.8 million) to Value Retail for which the Group received interest of £0.1 million in 2021 (2020: £0.1 million) which is included within finance income in note 4 to the financial information on page 35.

Additional disclosures continued

Proportionally consolidated information

Note 2 to the financial information on pages 31 to 33 shows the Group's proportionally consolidated income statement. The Group's proportionally consolidated balance sheet, adjusted finance costs and net debt are shown in Tables 40, 41 and 42 respectively.

In each of the tables, column A represents the Reported Group figures as shown in the financial information; column B shows the Group's Share of Property interests being the Group's Property joint ventures as shown in note 10 to the financial information on pages 42 to 48 and Italie Deux and Nicétoile, up to the date of its disposal, as shown in note 11 to the financial information on pages 49 to 51. Column C shows the Group's proportionally consolidated figures by aggregating the Reported Group and Share of Property interests figures. As explained on page 9 of the Financial review, the Group's interest in Value Retail, and VIA Outlets up to the date of its disposal are not proportionally consolidated.

Table 40

Balance sheet

	2021			2020		
	Reported Group £m	**Share of Property interests £m**	**Proportionally consolidated £m**	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
	A	**B**	**C**	A	B	C
Non-current assets						
Investment and development properties	**1,561.4**	**1,813.9**	**3,375.3**	2,152.8	2,261.0	4,413.8
Interests in leasehold properties	**32.9**	**15.4**	**48.3**	38.6	15.5	54.1
Right of use assets	**3.8**	**–**	**3.8**	6.7	–	6.7
Plant and equipment	**1.4**	**–**	**1.4**	2.3	–	2.3
Investment in joint ventures	**1,451.8**	**(1,451.8)**	**–**	1,813.6	(1,813.6)	–
Investment in associates	**1,247.0**	**(106.2)**	**1,140.8**	1,298.4	(144.3)	1,154.1
Other investments	**9.5**	**–**	**9.5**	9.7	–	9.7
Derivative financial instruments	**18.6**	**–**	**18.6**	6.6	–	6.6
Restricted monetary assets	**21.4**	**–**	**21.4**	21.4	–	21.4
Receivables	**19.5**	**2.9**	**22.4**	3.4	2.6	6.0
	4,367.3	**274.2**	**4,641.5**	5,353.5	321.2	5,674.7
Current assets						
Receivables	**84.8**	**32.3**	**117.1**	105.9	62.7	168.6
Trading properties	**34.3**	**–**	**34.3**	–	–	–
Derivative financial instruments	**7.3**	**–**	**7.3**	9.1	–	9.1
Restricted monetary assets	**39.1**	**45.9**	**85.0**	28.3	41.6	69.9
Cash and deposits	**309.7**	**119.7**	**429.4**	409.5	93.5	503.0
	475.2	**197.9**	**673.1**	552.8	197.8	750.6
Assets held for sale	**71.4**	**–**	**71.4**	–	–	–
	546.6	**197.9**	**744.5**	552.8	197.8	750.6
Total assets	**4,913.9**	**472.1**	**5,386.0**	5,906.3	519.0	6,425.3
Current liabilities						
Loans	**–**	**(79.3)**	**(79.3)**	(115.0)	(49.5)	(164.5)
Payables	**(179.4)**	**(75.9)**	**(255.3)**	(205.0)	(80.0)	(285.0)
Tax	**(0.6)**	**(0.2)**	**(0.8)**	(1.3)	–	(1.3)
Derivative financial instruments	**–**	**–**	**–**	(2.3)	–	(2.3)
	(180.0)	**(155.4)**	**(335.4)**	(323.6)	(129.5)	(453.1)
Non-current liabilities						
Loans	**(1,834.8)**	**(295.0)**	**(2,129.8)**	(2,143.7)	(357.6)	(2,501.3)
Deferred tax	**(0.4)**	**(0.1)**	**(0.5)**	(0.4)	(0.1)	(0.5)
Derivative financial instruments	**(59.7)**	**(1.6)**	**(61.3)**	(84.7)	(5.9)	(90.6)
Obligations under head leases	**(36.4)**	**(15.8)**	**(52.2)**	(41.8)	(15.8)	(57.6)
Payables	**(56.6)**	**(4.2)**	**(60.8)**	(103.2)	(10.1)	(113.3)
	(1,987.9)	**(316.7)**	**(2,304.6)**	(2,373.8)	(389.5)	(2,763.3)
Total liabilities	**(2,167.9)**	**(472.1)**	**(2,640.0)**	(2,697.4)	(519.0)	(3,216.4)
Net assets	**2,746.0**	**–**	**2,746.0**	3,208.9	–	3,208.9

Table 41

Adjusted finance costs

	2021			2020		
	Reported Group £m	Share of Property interests £m	Total £m	Reported Group £m	Share of Property interests £m	Total £m
Notes (see page 65)	A	B	C	A	B	C
Gross finance costs	**82.7**	**9.5**	**92.2**	100.5	9.7	110.2
Less: Interest capitalised	**(5.3)**	**–**	**(5.3)**	(5.0)	–	(5.0)
Finance costs	**77.4**	**9.5**	**86.9**	95.5	9.7	105.2
Finance income	**(15.1)**	**–**	**(15.1)**	(9.6)	(0.2)	(9.8)
Adjusted finance costs	**62.3**	**9.5**	**71.8**	85.9	9.5	95.4

Table 42

Net debt

	2021			2020		
	Reported Group £m	Share of Property interests £m	Total £m	Reported Group £m	Share of Property interests £m	Total £m
Notes (see page 65)	A	B	C	A	B	C
Cash and deposits*	**314.3**	**119.7**	**434.0**	409.5	93.5	503.0
Fair value of currency swaps	**(44.1)**	**–**	**(44.1)**	(71.3)	–	(71.3)
Loans	**(1,834.8)**	**(374.3)**	**(2,209.1)**	(2,258.7)	(407.1)	(2,665.8)
Net debt	**(1,564.6)**	**(254.6)**	**(1,819.2)**	(1,920.5)	(313.6)	(2,234.1)

* Included within net debt for the Reported Group at 31 December 2021 was £4.6 million (2020: £nil) of cash and deposits relating to assets held for sale.

Table 43

Movement in net debt

	Year ended 31 December 2021 £m	Year ended 31 December 2020 £m
Opening net debt	**(2,234.1)**	(2,842.5)
Operating profit before other net losses	**137.9**	113.5
Decrease/(Increase) in receivables and restricted monetary assets	**37.9**	(127.5)
Decrease in payables	**(37.0)**	(15.8)
Adjustment for non-cash items	**(20.9)**	82.1
Cash generated from operations	**117.9**	52.3
Interest received	**19.0**	18.2
Interest paid	**(108.3)**	(109.3)
Bond redemption premium	**(19.8)**	–
Bond issue costs	**(5.2)**	–
Purchase of interest rate swap	**(20.8)**	–
Tax paid	**(2.2)**	(1.0)
Operating distributions received from Value Retail	**–**	5.9
Cash flows from operating activities	**(19.4)**	(33.9)
Acquisitions and capital expenditure	**(97.1)**	(83.5)
Sale of properties	**425.2**	56.4
Sale of investment in VIA Outlets	**–**	272.0
Advances to VIA Outlets	**–**	(12.6)
Cash flows from investing activities	**328.1**	232.3
Net (costs of)/ proceeds from rights issue	**(2.2)**	531.7
Purchase of own shares	**(3.8)**	(0.2)
Proceeds from award of own shares	**0.1**	0.2
Equity dividends paid	**(24.9)**	(13.4)
Cash flows from financing activities	**(30.8)**	518.3
Exchange translation movement	**137.0**	(108.3)
Closing net debt	**(1,819.2)**	(2,234.1)

Table 44

Net debt: EBITDA

		2021 £m	2020 £m
Adjusted operating profit	Note 2	**154.3**	132.4
Amortisation of tenant incentives and other items within net rental income		**(15.6)**	19.0
Share-based remuneration		**3.3**	2.2
Depreciation		**4.4**	4.9
EBITDA		**146.4**	158.5
Net debt	Table 42	**1,819.2**	2,234.1
Net debt:EBITDA (times)		**12.4**	14.1

Table 45

Interest cover

		2021 £m	2020 £m
Net rental income	Note 2	**197.9**	157.6
Deduct:			
Net rental income in associates: Italie Deux and Nicétoile	Note 11A	**(4.8)**	(5.6)
(Deduct)/Add:			
Change in provision for amounts not yet recognised in the income statement	Note 2	**(8.1)**	12.0
Net rental income for VIA Outlets while classified as a joint venture	Table 38	**–**	12.9
Net rental income for VIA Outlets while classified as an asset held for sale	Table 38	**–**	13.2
Net rental income for interest cover		**185.0**	190.1
Adjusted net finance costs	Table 41	**71.8**	95.4
Deduct:			
Interest on lease obligations and pensions interest		**(3.2)**	(4.0)
Add:			
Capitalised interest	Table 41	**5.3**	5.0
Net finance cost for VIA Outlets while classified as a joint venture	Table 38	**–**	5.1
Net finance cost for VIA Outlets while classified as an asset held for sale	Table 38	**–**	3.7
Net finance cost for interest cover		**73.9**	105.2
Interest cover (%)		**250**	181

Table 46

Loan to value

		2021 £m	2020 £m
Net debt – 'Loan' (A)	Table 42	**1,819.2**	2,234.1
Managed portfolio (B)	Note 3B	**3,478.7**	4,413.8
Investment in Value Retail	Note 11C	**1,140.8**	1,154.1
'Value' (C)		**4,619.5**	5,567.9
Loan to value – headline (%) – (A/C)		**39.4**	40.1
Net debt – premium outlets (D)	Table 39	**680.3**	689.3
Property portfolio – premium outlets (E)	Table 39	**1,893.5**	1,924.2
Loan to value – fully proportionally consolidated (%) – ((A+D)/(B+E))		**46.5**	46.1

Table 47

Gearing

		2021 £m	2020 £m
Net debt	Table 42	**1,819.2**	2,234.1
Deduct:			
Unamortised borrowing costs – Group		**18.9**	13.6
Cash held within investments in associates: Italie Deux and Nicétoile	Note 11C	**6.0**	5.7
Net debt for gearing		**1,844.1**	2,253.4
Consolidated net tangible worth - Equity shareholders' funds		**2,746.0**	3,208.8
Gearing (%)		**67.2**	70.2

Table 48

Unencumbered asset ratio

		2021 £m	2020 £m
Property portfolio – excluding Value Retail	Note 3B	**3,478.7**	4,413.8
Less: properties held in associates: Italie Deux and Nicétoile[1]	Note 11C	**(101.7)**	(138.2)
Less: encumbered assets[2]		**(651.9)**	(759.9)
Total unencumbered assets		**2,725.1**	3,515.7
Net debt – proportionally consolidated	Table 42	**1,819.2**	2,234.1
Less: cash held in investments in associates: Italie Deux and Nicétoile[1]	Note 11C	**6.0**	5.7
Less: cash held in investments in encumbered joint ventures		**26.6**	17.8
Less: unamortised borrowing costs – Group		**18.9**	13.6
Less: encumbered debt[2]		**(375.7)**	(408.9)
Total unsecured debt		**1,495.0**	1,862.3
Unencumbered asset ratio (times)		**1.82**	1.89

1. Nicétoile was sold in April 2021
2. Encumbered assets and debt relate to Dundrum, Highcross and O'Parinor.

Key property listing

	Ownership	Area, m²	No. of tenants	Passing rent, £m
Managed portfolio				
Flagship destinations				
Brent Cross, London	41%	86,600	111	13.5
Bullring, Birmingham	50%	102,100	157	20.1
Cabot Circus, Bristol	50%	113,000	117	12.1
Silverburn, Glasgow[1]	50%	100,300	102	7.7
The Oracle, Reading	50%	72,100	101	10.7
Union Square, Aberdeen	100%	51,800	74	14.4
Victoria, Leeds[1,2]	100%	56,300	83	12.6
Westquay, Southampton	50%	94,500	107	13.2
France				
Italie Deux, Paris[3]	25%	68,100	119	6.8
Les 3 Fontaines, Cergy[4]	100%	42,900	128	13.4
Les Terrasses du Port, Marseille	100%	62,800	169	26.5
O'Parinor, Aulnay-Sous-Bois[4]	25%	69,100	158	5.6
Ireland				
Dundrum Town Centre, Dublin	50%	121,000	168	24.4
Ilac Centre, Dublin[5]	50%	27,500	63	3.8
Pavilions, Swords[5]	50%	44,200	94	7.4
Developments and other[6]				
Bristol Broadmead, Bristol	50%	34,600	64	3.2
Centrale, Croydon	50%	64,300	41	3.4
Dublin Central, Dublin[7]	100%	n/a	n/a	n/a
Dundrum Phase II, Dublin[7]	50%	n/a	n/a	n/a
Grand Central, Birmingham	50%	37,700	53	3.7
Highcross, Leicester	50%	100,000	120	9.4
Les 3 Fontaines extension, Cergy[7]	100%	n/a	n/a	n/a
Martineau Galleries, Birmingham	100%	38,200	51	2.8
Pavilions land, Swords[7]	100%	n/a	n/a	n/a
The Goodsyard, London[7]	50%	n/a	n/a	n/a
Whitgift, Croydon[7]	50%	n/a	n/a	n/a

1. Contracts exchanged for the sale of Silverburn, Glasgow in December 2021, with completion anticipated in March 2022. Victoria, Leeds sale completed in February 2022.
2. Comprises Victoria Quarter and Victoria Gate
3. Classified as an associate
4. Held under co-ownership. Figures reflect Hammerson's ownership interests.
5. Classified as a joint operation
6. Key properties only.
7. Development property. Area, number of tenants and passing rent not applicable.

	Ownership	Area, m²	No. of tenants	Income[1], £m
Premium outlets				
Value Retail				
Bicester Village, UK	50%	27,900	157	55.2
La Roca Village, Barcelona	41%	25,900	148	15.1
Las Rozas Village, Madrid	38%	16,500	100	11.1
La Vallée Village, Paris	26%	21,600	105	15.0
Maasmechelen Village, Brussels	27%	19,900	105	5.2
Fidenza Village, Milan	34%	20,900	117	5.2
Wertheim Village, Frankfurt	45%	20,900	116	6.6
Ingolstadt Village, Munich	15%	21,000	114	2.5
Kildare Village, Dublin	41%	21,300	95	6.9

1. Income represents annualised base and turnover rent for 2021 at Hammerson's ownership share.

Responsibility Statement

The Annual Report 2021 which will be issued in March 2022, contains a responsibility statement in compliance with DTR 4.1.12 of the Listing Rules which sets out that as at the date of approval on 3 March 2022, the Directors confirm to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group
- The Company financial statements, which have been prepared in accordance with UK Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces

The financial statements were approved by the Directors and signed on their behalf by:

Rita-Rose Gagné
Chief Executive

Himanshu Raja
Chief Financial Officer

3 March 2022

Glossary

Adjusted figures (per share)	Reported amounts adjusted in accordance with EPRA guidelines to exclude certain items as set out in note 8 to the financial information
Annual Incentive Plan (AIP)	The annual bonus plan for all employees, including Executive Directors
Average cost of debt or weighted average interest rate (WAIR)	The cost of finance expressed as a percentage of the weighted average debt during the period
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method
Capital return	The change in property value during the period after taking account of capital expenditure, calculated on a monthly time-weighted and constant currency basis
Cost ratio (or EPRA cost ratio)	Total operating costs (being property outgoings, administration costs less management fees) as a percentage of gross rental income, after rents payable. Both property outgoings and gross rental income are adjusted for costs associated with inclusive leases as shown in Table 32 on page 60
Compulsory Voluntary Arrangement (CVA)	A legally binding agreement with a company's creditors to restructure its liabilities, including future lease liabilities
Deferred Bonus Share Scheme (DBSS)	The deferred element of the AIP, payable in shares, two years after the awards date
Dividend cover	Adjusted earnings per share divided by dividend per share
Earnings/(Loss) per share (EPS)	Profit/(Loss) attributable to equity shareholders divided by the average number of shares in issue during the period
EBITDA	Earnings before interest, tax, depreciation and amortisation, as shown in Table 44 on page 67
EPRA	The European Public Real Estate Association, a real estate industry body, of which the Company is a member. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability and relevance of the published results of listed real estate companies in Europe
Equivalent yield (true and nominal)	The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect future rents resulting from lettings, lease renewals and rent reviews based on current ERVs. The true equivalent yield (TEY) assumes rents are received quarterly in advance, while the nominal equivalent yield (NEY) assumes rents are received annually in arrears. These yields are determined by the Group's external valuers
ERV	The estimated market rental value of the total lettable space in a property calculated by the Group's external valuers. It is calculated after deducting head and equity rents, and car parking and commercialisation running costs
ESG	Using environmental, social and governance factors to evaluate companies and countries on how far advanced they are with sustainability
F&B	Food and beverage ranging from "grab and go" to fine dining
Gearing	Net debt expressed as a percentage of equity shareholders' funds calculated as per the covenant definition in the Group's unsecured bank facilities and private placement senior notes. See Table 47 on page 68
Gross property value or Gross asset value (GAV)	Property value before deduction of purchasers' costs, as provided by the Group's external valuers
Gross rental income (GRI)	Income from leases, car parks and commercialisation income, after accounting for the effect of the amortisation of lease incentives and concessions
Headline rent	The annual rental income derived from a lease, including base and turnover rent but after rent-free periods
IAS/IFRS	International Accounting Standard/International Financial Reporting Standard
Inclusive lease	A lease, often for a short period, under which the rent includes costs such as service charge, rates and utilities. Instead, the landlord incurs these costs as part of the overall commercial arrangement
Income return	The income derived from a property as a percentage of the property value, taking account of capital expenditure, calculated on a time-weighted and constant currency basis
Initial yield (or Net initial yield (NIY))	Annual cash rents receivable (net of head and equity rents and the cost of vacancy, and, in the case of France, net of an allowance for costs of approximately 5%, primarily for management fees), as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV
Interest cover	Gross rental income less rents payable and property outgoings, divided by net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives calculated as per covenants in the Group's unsecured facilities and private placements
Interest rate or currency swap (or derivatives)	An agreement with another party to exchange an interest or currency rate obligation for a pre-determined period
Joint venture and associate management fees	Fees charged to joint ventures and associates for accounting, secretarial, asset and development management services
Leasing activity	The total headline rent secured from new leases and renewals during the period
Leasing vs ERV	A comparison of net effective rent from new leases and renewals to the ERV at the most recent balance sheet date

Glossary continued

Leasing vs passing rent	A comparison of headline rent from new leases and renewals to the passing rent at the most recent balance sheet date
Like-for-like (LFL) NRI	The percentage change in net rental income for flagship properties owned throughout both current and prior periods, calculated on a constant currency basis. Properties undergoing a significant extension project are excluded from this calculation during the period of the works. For interim reporting periods properties sold between the balance sheet date and the date of the announcement are also excluded from this metric
Loan to value (LTV)	Net debt expressed as a percentage of property portfolio value. The Group has two measures of LTV: 'Headline' and 'Fully proportionally consolidated' (FPC). The former compares the Group's net debt to the Group's managed portfolio value plus net investment in Value Retail, while the latter incorporates the Group's share of Value Retail's net debt and property values. See Tables 46 on page 67 for details of the calculation
MSCI	Property market benchmark indices produced by MSCI, rebranded from IPD in 2018
Net effective rent (NER)	The annual rent from a unit calculated as the total rent payable, net of inclusive costs, over the lease term to the earliest occupier termination date and deducting all tenant incentives
Net rental income (NRI)	Gross rental income less head and equity rents payable, property outgoings, and changes in amounts not yet recognised in the income statement. The latter balance is excluded when calculating "adjusted" NRI
Net Tangible Assets (NTA) per share	An EPRA net asset per share measure calculated as equity shareholders' funds with adjustments made for the fair values of certain financial derivatives, deferred tax and goodwill balances, divided by the diluted number of shares in issue at the balance sheet date as set out in note 8D to the financial statements on page 40
Occupancy rate	The ERV of the area in a property or portfolio, excluding developments, which is let, expressed as a percentage of the total ERV, excluding the ERV for car parks, of that property or portfolio
Occupational cost ratio (OCR)	The proportion of retailer's sales compared with the total cost of occupation, including rent, local taxes (i.e. business rates) and service charge. Calculated excluding department stores
Over-rented	The amount, or percentage, by which the ERV falls short of rents passing, together with the ERV of vacant space.
Passing rents or rents passing	The annual rental income receivable from an investment property, after: rent-free periods; head and equity rents; car park costs; and commercialisation costs. This may be more or less than the ERV (see over-rented and reversionary or under-rented)
Pre-let	A lease signed with a tenant prior to the completion of a development or other major project
Principal lease	A lease signed with a tenant with a secure term of greater than one year
Property fee income	Amounts recharged to tenants or co-owners for property management services
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business and which is taxable for UK-resident shareholders at their marginal tax rate
Property interests (Share of)	The Group's non-wholly owned properties which management proportionally consolidate when reviewing the performance of the business. These exclude the Group's premium outlets interests which are not proportionally consolidated
Property joint ventures (Share of)	The Group's joint ventures which management proportionally consolidate when reviewing the performance of the business, but excluding the Group's interests in the VIA Outlets joint venture, which was sold in 2020
Property outgoings	The direct operational costs and expenses incurred by the landlord relating to property ownership and management. This typically comprises void costs, net service charge expenses, letting related costs, marketing expenditure, repairs and maintenance, tenant incentive impairment, bad debt expense relating to items recognised in the income statement and other direct irrecoverable property expenses. These costs are included within the Group's calculation of like-for-like NRI and the cost ratio
Proportional consolidation	The aggregation of the financial results of the Reported Group and the Group's share of Property interests being the Group's share of Property joint ventures as shown in note 10, and Italie Deux as shown in note 11
QIAIF	Qualifying Investor Alternative Investment Fund. A regulated tax regime in the Republic of Ireland which exempts participants from Irish tax on property income and chargeable gains subject to certain requirements
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain requirements
Rent collection	Rent collected as a percentage of rent due for a particular period after taking account of any rent concessions granted for the relevant period
Reported Group	The financial results as presented under IFRS which represent the Group's 100% owned properties and share of joint operations, transactions and balances and equity accounted Group's interests in joint ventures and associates
Restricted Share Scheme (RSS)	A long term incentive scheme for Executive Directors launched in 2020 to replace the LTIP scheme
Reversionary or under-rented	The amount, or percentage, by which the ERV exceeds the rents passing, together with the estimated rental value of vacant space
RIDDOR	A health and safety reporting obligation to report deaths, injuries, diseases and 'dangerous occurrences' at work, including near misses, under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
Scope 1 emissions	Direct emissions from owned or controlled sources
Scope 2 emissions	Indirect emissions from the generation of purchased energy

Scope 3 emissions	All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions
SIIC	Sociétés d'Investissements Immobiliers Côtées. A tax regime in France which exempts participants from the French tax on property income and gains subject to certain requirements
Task Force for Climate-related Financial Disclosures (TCFD)	An organisation established with the goal of developing a set of voluntary climate-related financial risk disclosures to be adopted by companies to inform investors and the public about the risks they face relating to climate change
Tenant restructuring	CVAs and administrations
Temporary lease	A lease with a period of one year or less measured to the earlier of lease expiry or tenant break
Total accounting return (TAR)	The growth in EPRA NTA per share plus dividends paid,expressed as a percentage of EPRA NTA per share at the beginning of the period. For 2021 the return excludes the dilution impact from scrip dividends
Total development cost	All capital expenditure on a development or other major project, including capitalised interest
Total property return (TPR) (or total return)	NRI, excluding the change in provision for amounts not yet recognised in the income statement, and capital growth expressed as a percentage of the opening book value of property adjusted for capital expenditure, calculated on a monthly time-weighted and constant currency basis
Total shareholder return (TSR)	Dividends and capital growth in a Company's share price, expressed as a percentage of the share price at the beginning of the year
Transitional risk	Business risk posed by regulatory and policy changes implemented to tackle climate change
Turnover rent	Rental income which is related to an occupier's turnover
Vacancy rate	The ERV of the area in a property, or portfolio, excluding developments, which is currently available for letting, expressed as a percentage of the ERV, excluding the ERV for car parks, of that property or portfolio
Yield on cost	Passing rents expressed as a percentage of the total development cost of a property