

Hammerson plc
(Incorporated in England and Wales)
(Company number 360632)
LSE and Euronext Dublin share code: HMSO JSE share code: HMN
ISIN: GB00BK7YQK64
("Hammerson" or "the Company")

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

HAMMERSON plc – UNAUDITED HALF-YEAR 2021 RESULTS

Update on strategy: focus on value creation potential and core urban estates

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

"We have continued to respond to the changing landscape during the first half of 2021, which again was impacted by Covid-19. As we emerge from a unique moment in time, I see a pathway to create sustainable value as we transform the business to become more agile and able to anticipate and respond to this change. We own flagship destinations around which we can curate and reshape entire neighbourhoods and city centre spaces for generations to come.

"To realise this opportunity we are focused on continuing to de-lever the balance sheet through disposals of non-core assets, creating a leaner and more agile organisation, driving value in our destinations and accelerating our longer term developments."

Summary Financial and Operating Performance:

- Like-for-like NRI flat YoY, adjusted NRI down 8%
- Adjusted earnings up 14% to £20.1m (2020:£17.7m) benefitting from recovery in Value Retail and lower net finance costs
- IFRS loss: £376m (2020: £1,088m loss) due to £361m Group portfolio deficit
- Group portfolio value of £5.5bn, total capital return -6.4% (FY 2020 -20.9%)
 - Managed portfolio value of £3.6bn; capital return -9.0%
 - Value Retail portfolio £1.9bn; capital return -0.4%
- EPRA net tangible assets (NTA) per share reduced 16%, or 13p, to 69p; of which 3p was due to enhanced scrip dividend

Strengthened balance sheet and capital structure

- Net debt reduced by 16% to £1.9bn with ample liquidity of £1.5bn¹ in undrawn committed facilities and cash
- £403m gross proceeds from disposals including exit of UK retail parks sector
- Refinanced near term debt maturities with the issuance of €700m 1.75% sustainability-linked bond
 - repaid €500m 2022, and 53% of €500m 2023 bonds, and £297m of private placement notes
- No significant unsecured refinancing required until 2025

Encouraging re-opening and operational performance

- Footfall across our cities is currently averaging 80% of 2019 level
- Group rent collection for FY20 now at 90%, H1 2021 71% and Q3 at 65%
- Flagship leasing: recovery in volume to £9.8m, up 123% on H1 2020; up 17% on H1 2019
- Occupancy: Group occupancy of 93% (FY20 94%)
- ERV: managed portfolio -4.1% on a like-for-like basis

Sustainability

- Issued €700m sustainability-linked bond, the first in the European real estate sector
- Connected Les Terrasses du Port to the Thassalia geothermal system to further reduce carbon emissions
- Committed to Net Positive targets for carbon, water, resource use and socio-economic impacts by 2030

Board and leadership team changes

- CFO, Himanshu Raja joined in April and Chief Development and Asset Re-positioning Officer, Harry Badham joined in June
- Non-Executive Director changes: Mike Butterworth succeeds Pierre Bouchut, who stepped down from the Board in May, as Chair of Audit Committee and Habib Annous joined the Board in May

Dividend

- The Board remains committed to meeting its UK REIT and French SIIC obligations. As previously announced, until December 2022, we expect to satisfy these by way of an enhanced scrip dividend alternative. The Board has declared a cash dividend of 0.2 pence per share. Subject to shareholder

approval the Board intends to pay an enhanced scrip dividend alternative of 2 pence per share as a normal (non PID) dividend

Strategy update

The future of Hammerson is as an owner, operator, and developer of focused, prime, urban estates. Execution will be based on four key building blocks:

Delivering a sustainable capital structure:

- A disciplined disposals programme, focusing the Group on a core portfolio of urban estates, reducing indebtedness and generating capital for redeployment into core assets and adjacent developments
- The Board see maintaining an investment grade credit rating as an important element of our strategy

Creating an agile platform:

- Transform the organisation to a flatter, more asset and customer-centric structure, with centralised core functions
- Increased digitalisation and automation to improve efficiency
- Build skill sets and consider strategic partnerships for a mixed-use future with a customer first culture
- Target net admin cost reduction of 15-20% by FY23

Reinvigorating our assets:

- Maximise income through optimising use of space including the repurposing of department stores and redeveloping underutilised space to alternative uses where appropriate
- Attracting new brands and services and curating new and engaging spaces

Accelerating our development pipeline

- Disciplined recycling of capital to scale and accelerate development opportunities across a range of uses

Half-year 2021 results at a glance

Six months ended:	30 June 2021	30 June 2020	Change
Adjusted net rental income (Hammerson share) ⁽²⁾	£87.2m	£94.4m	—8%
Like-for-like net rental income ⁽³⁾	£67.7m	£67.6m	—
Adjusted profit ⁽⁴⁾	£20.1m	£17.7m	+14%
Adjusted earnings per share ⁽⁴⁾⁽⁶⁾	0.5p	1.0p	—50%
IFRS loss (including non-cash valuation changes) ⁽⁵⁾	£(376)m	£(1,088)m	+65%
Basic loss per share ⁽⁵⁾⁽⁶⁾	(9.2)p	(64.9)p	+86%
Interim dividend per share	0.2p (2.0p enhanced scrip)	n/a	n/a
As at:	30 June 2021	31 December 2020	
Managed portfolio value (Hammerson share) ⁽²⁾	£3,596m	£4,414m	—19%
Value Retail - portfolio value (Hammerson share)			
- net asset value (Hammerson share)	£1,902m £1,130m	£1,924m £1,154m	—1% —2%
Equity shareholders' funds	£2,803m	£3,209m	—13%
EPRA net tangible asset (NTA) value per share ⁽⁴⁾⁽⁶⁾	69p	82p	—16%
Gearing ⁽⁷⁾	68%	70%	—3%
Loan to value – with Value Retail net asset value ⁽⁷⁾	40%	40%	No change
Loan to value – fully proportionally consolidated ⁽⁷⁾	47%	46%	+1p.p

(1) Pro-forma liquidity following final €190 million repayment of €500m 2022 bonds and €2 million partial repayment of O'Parinor JV debt in July 2021.

(2) Proportionally consolidated, excluding premium outlets. See page 9 of the Financial review for a description of the presentation of financial information.

- (3) Managed portfolio only. Calculated in accordance with EPRA guidance. See Table 6 in the Additional disclosures for further details.
- (4) Calculations for adjusted and EPRA figures are shown in note 9 to the financial statements on pages 47 to 48
- (5) Attributable to equity shareholders, includes Group portfolio, including Premium outlets, non-cash revaluation losses of £361 million (30 June 2020: £940 million)
- (6) 2020 comparative per share data has been restated following the share consolidation and rights issue in September 2020.
- (7) See tables 22 and 23 on pages 72 and 73 for supporting calculations for gearing and loan to value

Results presentation today:

Hammerson will hold a virtual presentation for analysts and investors to present its half year financial results for the six months ended 30 June 2021, followed by a Q&A session.

- Date & time: Thursday 5 August at 09:30 am (BST)
- Webcast link: https://kvgo.com/IJLO/Hammerson_2021_Half_Year_Results
- Conference call: Quote Hammerson when prompted by the operator

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The presentation and press release will be available on:

www.hammerson.com/investors/reports-results-presentations/2021-half-year-results on the morning of results.

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Extract from the unaudited 2021 half year results:

This short form announcement is the responsibility of the Directors of the Company. The information disclosed is only a summary of the information in the full announcement and does not contain full or complete details. The full unaudited 2021 half year results announcement should be considered for any investment decisions. The full unaudited 2021 half year results announcement for Hammerson plc is available for viewing at <https://senspdf.jse.co.za/documents/2021/jse/isse/HMNE/HY2021.pdf> and on the Company's website at www.hammerson.com/investors. The full unaudited 2021 half year results announcement is also available for inspection at the Company's registered office and the offices of our sponsor during normal business hours and is available at no charge. Alternatively, copies of the full announcement may be requested from the Company's investor relations department by emailing info@hammerson.com.

Hammerson has its primary listing on the London Stock Exchange and secondary inward listings on the Johannesburg Stock Exchange and Euronext Dublin.

5 August 2021

Sponsor:

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