

Hammerson plc
(Incorporated in England and Wales)
(Company number 360632)
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ISIN: GB00BK7YQK64
("Hammerson" or "the Company")

HAMMERSON plc – FULL YEAR 2023 RESULTS

Strong 2023: rental growth and earnings up, more to come

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

"Our city centre destinations are in high demand. This year we delivered a positive performance across our key strategic, operational and financial metrics. Like-for-like gross rental income was up 6%, following another record year of leasing. Occupancy remains strong and footfall and sales were up again. We've strengthened our operational platform, whilst reducing costs by 14%. As a result, adjusted earnings rose 11% to £116m, whilst net debt was down 23%, with ample liquidity.

Over the last three years, we have delivered against all strategic milestones. We now have a core portfolio focused on urban locations which are evolving into my vision: vibrant, 24/7 multi-use estates. These destinations are fast growing, and part of the fabric and infrastructure of the cities in which we operate.

Whilst our eyes are open to the current macro-economic environment, our occupiers are thriving and our visitor numbers are on the rise in our realigned portfolio. We are reaping the rewards of the investments we are making in our core portfolio alongside best-in-class occupiers, which underpins the high levels of demand for our space. We expect this trajectory to continue in the year ahead. We have a strong pipeline of leasing and repurposing opportunities. There is still more for us to do, but we are now entering a time where having the capability to invest and operate with discipline and conviction will be rewarded."

Positive performance across our key operational and financial metrics:

- Another record year of leasing with 306 deals, representing £46m of headline rent, £29m at our share, up +23% LFL
- Permanent deals signed +37% vs previous passing; net effective rent +12% vs ERV
- Footfall up +3% year-on-year; dwell time +5%; LFL sales +1% UK, +3% France
- Adjusted earnings growth of +11% to £116m, or 2.3p per share (+10%), driven by like-for-like GRI up +6%, NRI +4%
- Continued cost reduction outperformance: gross administration cost -14% year-on-year bringing total cost reduction since FY 20 to -24%; guiding to a further -10% cost reduction in 2024
- Value Retail adjusted earnings of £32m (FY 22: £27m), and £74m of catch-up cash distributions received
- Group portfolio value of £4.7bn (FY 22: £5.1bn), mainly due to disposals and derecognitions; capital return -2.6%
- IFRS loss of £51m (FY 22: £164m loss), basic loss per share of -1.0p (FY 22: -3.3p)
- EPRA NTA per share 51p (FY 22: 53p)
- Execution of disposal programme has strengthened balance sheet: net debt down 23% to £1,326m; LTV 34% (FY 22: 39%), FPC LTV 44% (FY 22: 47%); Net debt to EBITDA of 8.0x (FY 22: 10.4x); liquidity of £1.2bn (FY 22: £1.0bn)
- Balance sheet further strengthened since the year-end with the exchange for the sale of USQ for £111m

Dividend

- In July 2023, the Board reinstated a cash dividend as guided and announced a new dividend policy of 60-70% of annual adjusted earnings, balancing distributions to shareholders with our focus on reinvesting in our core portfolio to deliver further growth and value.
- Today, the Board has recommended a final cash dividend of 0.78p per share subject to shareholder approval, which will be paid as an ordinary dividend, bringing the full year cash dividend to 1.50p per share, representing a 64% payout, commensurate with the half year payment. The dividend declaration will be released as a separate announcement.

Outlook

We had a strong 2023. City centres remain the dominant locations for commerce and lifestyle. Our destinations are in high demand by occupiers and visitors. The importance of a physical presence in a digitally-integrated strategy for best-in-class operators is undeniable. Over time, we have a unique opportunity to complement our retail core with a broader mix of uses by repurposing existing space and unlocking value on adjacent land.

We have a strong platform with long term visibility of income. We remain operationally disciplined and expect further cost reductions in 2024. We are confident in our ability to grow top line and earnings off a new base, and therefore create value for shareholders.

Results presentation today:

Hammerson will hold a presentation for analysts and investors at its Marble Arch House office to present its full year financial results for the 12 months ended 31 December 2023, followed by a Q&A session.

Date & time: Thursday 29 February 2024 at 09.45 am (GMT)
Webcast link: <https://hammerson-fy-results-2023.open-exchange.net/>
Conference call: Quote Hammerson when prompted by the operator, access code 329183

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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The presentation and press release will be available at: <https://www.hammerson.com/investors/reports-results-presentations> on the morning of results.

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Disclaimer

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This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any shares or other securities in the Company or any of its group members, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares or other securities of the Company or any of its group members. Statements in this announcement reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this announcement shall be governed by English law. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Index to key data

Unless otherwise stated, figures have been prepared on a proportionally consolidated basis, excluding Value Retail as outlined in the presentation of information section of the Financial Review.

Year ended	2023	2022	Note/Ref
Income			
Gross rental income	£208m	£215m	2
Adjusted earnings – Value Retail	a £32m	£27m	2

Adjusted finance costs	a	£46m	£54m	2
Adjusted earnings	a	£116m	£105m	2
Revaluation losses – Managed portfolio		£(119)m	£(221)m	2
Revaluation losses – Group portfolio, including Value Retail		£(127)m	£(282)m	3B
Loss for the year (IFRS)		£(51)m	£(164)m	2
Adjusted earnings per share	a	2.3p	2.1p	10B
Basic loss per share		(1.0)p	(3.3)p	10B
Final cash dividend per share		0.78p	—	18
Dividend per share for the year (cash/enhanced scrip)		1.50p/–	0.2p/2.0p	18
Operational				
Like-for-like gross rental income change		+5.5%	+8.3%	Financial Review
Like-for-like adjusted net rental income change		+3.6%	+29.2%	Table 3
Occupancy – flagships		95%	96%	Table 5
Leasing activity		£29m	£25m	n/a
Leasing v ERV (principal leases)		+12%	+2%	n/a
Leasing v Passing rent (principal leases)		+37%	+34%	n/a
Passing rent		£188m	£210m	Table 4
Like-for-like passing rent change		+2.5%	+1.4%	n/a
ERV		£193m	£218m	Table 4
Like-for-like ERV change – flagships		+1.7%	(2.2)%	Financial Review
Capital and financing				
Managed portfolio value		£2,776m	£3,220m	3B
Group portfolio value (including Value Retail)		£4,662m	£5,107m	3B
Total accounting return		(2.1)%	(6.8)%	Table 15
Total property return (including Value Retail)		3.2%	(0.7)%	Table 9
Capital return (including Value Retail)		(2.6)%	(5.8)%	Table 9
Net debt		£1,326m	£1,732m	Table 13
Gearing		55%	68%	Table 18
Loan to value – headline		34%	39%	Table 19
Loan to value – fully proportionally consolidated		44%	47%	Table 19
Liquidity		£1,225m	£996m	Financial Review
Interest cover		3.91x	3.24x	Table 17
Net debt : EBITDA		8.0x	10.4x	Table 16
Net assets		£2,463m	£2,586m	Balance sheet
EPRA net tangible assets (NTA) per share		51p	53p	10C

a These results include discussion of alternative performance measures (APMs) which include those described as Adjusted, EPRA and Headline as well as constant currency (where current period exchange rates are applied to the prior period's results). Adjusted, EPRA and Headline measures are described in note 1C to the financial statements and reconciliations for earnings and net assets measures to their IFRS equivalents are set out in note 9 to the financial statements.

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 2023 year end results announcement should be considered for any investment decisions. The 2023 full year results announcement for Hammerson plc is available for viewing at <https://senspdf.jse.co.za/documents/2024/jse/isse/HMNE/FY2023.pdf> and on the Company's website at <https://www.hammerson.com/investors/reports-results-presentations>. The full 2023 final 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 InvestorRelations@hammerson.com

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

Sponsor:

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