

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")

HAMMERSON plc – HALF YEAR 2024 RESULTS

Building on strong first half with transformational disposal to accelerate growth and value creation

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

"I am pleased to report we've had a strong first half. We are realising the benefits of our investments in recent years and with the agreed disposal of Value Retail, we now have the capacity and capability to accelerate growth and value creation. Our leading city centre destinations are in high demand, supported by our ongoing investment and repositioning. This is evidenced by another year-on-year increase in leasing, up 24%. This is driving top line growth with more to come.

At the same time, we have delivered another outperformance on costs, down 16% year on year. In the first half, we also completed our £500m disposals programme, realigning our core portfolio to leading city centre destinations, whilst further strengthening the balance sheet. We now have a strong, scalable platform as we look to drive further operating leverage.

I am excited by the opportunity ahead and confident we will continue to grow the top-line and earnings off our new base, reflected in the 5% increase in the interim dividend."

Strong first half and transformational £1.5bn¹ transaction generating cash proceeds of c.£600m

- Adjusted earnings of £50m (HY 23: £56m), reflecting impact of disposals. Adjusted EPS 1.0p (HY 23: 1.1p)
- Disposal of non-controlling and yield dilutive interest in Value Retail announced 22 July 2024 ensures clean exit from complex structure at an attractive price, generating c.£600m in cash proceeds
- The Company intends to use proceeds for a combination of: immediate significant deleveraging; reinvestment into higher yielding assets; and a return of up to £140m to shareholders via a share buy back
- Loss for the period (IFRS) of £517m (HY 23: £(1)m), predominantly reflecting impairment of investment in Value Retail from carrying value of £1.1bn. Loss per share (10.4)p (HY 23: (0.0)p)
- Managed Group portfolio value of £2.6bn broadly flat excluding disposals, with revaluation gains in UK and France due to ERV growth. Irish revaluation loss due to yield expansion
- NTA per share 38p (FY 23: 51p)
- Headline LTV of 39% and net debt:EBITDA of 8.0x. On a pro forma basis, reflecting the disposal of the Group's interest in Value Retail, LTV falls to 25% with net debt:EBITDA of 5.3x

Continued operational and leasing momentum driving top line growth; costs further reduced:

- Like-for-like ('LFL') GRI +2%, LFL NRI +2%. Excluding Cabot Circus, in repositioning, LFL GRI +4%; LFL NRI +5%
- Leasing value up 24% year-on-year to £23m, or £13m at share, from 140 deals
- Positive leasing spreads maintained: permanent deals signed +61% vs previous passing (+29% excluding nil previous passing rent); net effective rent +10% vs ERV
- Robust 94% occupancy whilst undertaking proactive repositioning
- Footfall up +1% year-on-year (+2% excluding Cabot Circus); new occupier sales densities c.20% higher than previous occupiers
- Continued cost reduction outperformance with gross administration cost -16% year-on-year, which will deliver in excess of 30% cost reduction since FY 20 by FY 24

Dividend

The Board today declares an interim dividend in respect of 2024 of 0.756p pence per share, up 5% year-on-year and a payout ratio of 76% reflecting the Board's confidence in future earnings growth and which will be paid as a PID. The Board intends to increase the policy payout ratio from its current policy of 60-70% to 80-85% following the completion of the sale of Value Retail. The dividend declaration will be released as a separate announcement.

Medium-term financial framework

After three years of intensive turnaround, we have entered a new phase with the capacity and capability to invest to accelerate growth. We have realigned our portfolio to ten dominant city centre destinations, 93% of which are A rated by Green Street and are highly attractive to both visitors and best-in-class occupiers. We continue to reposition our assets, alongside enhanced placemaking, commercialisation and digital marketing, responding both to visitor and occupier demand and to stay ahead of evolving trends and the competition. We have a strong platform with long-term visibility of income. This backdrop informs our medium term financial framework², announced on 22 July 2024, following the disposal of the Group's interest in Value Retail:

- GRI CAGR: 4-6%
- EPS CAGR: 6-8%
- DPS CAGR: 6-8%
- Annualised TAR: c.10% (assuming stable yields)

Share consolidation and Capital Reduction to increase distributable reserves

As announced on 22 July, Hammerson is proposing to simplify its share capital through a 1 for 10 share consolidation, and to increase distributable reserves by reducing the Company's share premium account. A Circular with more detail, and a notice convening a general meeting, will be sent to shareholders in due course.

Results presentation today:

Hammerson will hold a virtual presentation for analysts and investors to present its financial results for the six months ended 30 June 2024, followed by a Q&A session.

Date & time: Thursday 25 July 2024 at 08.30 am (BST)

Webcast link: <https://hammerson-2024-hy-results.open-exchange.net>

Conference call: Quote Hammerson when prompted by the operator, access code 178798

Please join the call five 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

Certain statements made in this document are forward looking and are based on current expectations concerning future events which are subject to a number of assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's control and which could cause actual results to differ materially from any expected future events or results referred to or implied by these forward-looking statements. Any forward-looking statements made are based on the knowledge and information available to Directors on the date of publication of this announcement. Unless otherwise required by applicable laws, regulations or accounting standards, the Group does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. Accordingly, no assurance can be given that any particular expectation will be met, and reliance should not be placed on any forward-looking statement. Nothing in this announcement should be regarded as a profit estimate or forecast.

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1 £1.5bn transaction reflects enterprise value, see separate transaction announcement dated 22 July 2024 on www.hammerson.com for details

2. Assuming timely reinvestment of net proceeds and completion of the share buy back. Outcomes for shorter periods will be highly dependent on activity levels and prevailing market conditions, with variances across different segments of the Group's portfolio.

Index to key data

Six months ended	30 June 2024	30 June 2023	Note/Ref ¹
Income			
Gross rental income ²	£94.4m	£106.3m	2
Adjusted net rental income ²	£72.7m	£85.1m	2
Adjusted earnings – Value Retail	£11.7m	£13.4m	2
Adjusted net finance costs ²	£(18.7)m	£(25.1)m	2
Adjusted earnings ³	£49.5m	£55.9m	2
Revaluation losses – Managed portfolio ²	£(47.8)m	£(43.8)m	2
Loss for the period (IFRS)	£(516.7)m	£(1.2)m	2
Adjusted earnings per share ³	1.0p	1.1p	11B

Basic loss per share	(10.4)p	(0.0)p	11B
Interim dividend per share (cash)	0.756p	0.72p	18
Operational			
Like-for-like gross rental income change ²	2.1%	3.1%	Financial Review
Like-for-like net rental income change ²	1.7%	2.3%	Table 3
Occupancy – flagships ²	94.3%	95.1%	Table 5
Leasing value ²	£13.3m	£10.7m	n/a
Leasing v ERV (principal leases) ²	+10%	+8%	n/a
Leasing v Passing rent (principal leases) ²	+61%	+20%	n/a
Passing rent ²	£170.0m	£184.5m	Table 4
Like-for-like passing rent change ²	0.7%	4.2%	n/a
ERV ²	£178.3m	£183.0m	Table 4
Like-for-like ERV change – flagships ²	0.9%	0.1%	Financial Review
Capital and financing			
As at	30 June 2024	31 December 2023	
Valuation – Managed portfolio ²	£2,579m	£2,776m	3B
Total accounting return ³	(23.4)%	(2.1)%	Table 15
Total property return - Managed portfolio ²	0.6%	1.6%	Table 9
Capital return – Managed portfolio ²	(2.2)%	(4.1)%	Table 9
Net debt ²	£1,220m	£1,326m	Table 13
Gearing ²	65%	55%	Table 18
Loan to value – headline ²	39%	34%	Table 20
Liquidity	£1,138m	£1,225m	Financial Review
Interest cover ²	4.21x	3.91x	Table 17
Net debt:EBITDA (rolling 12 months) ²	8.0x	8.0x	Table 16
Net assets	£1,908m	£2,463m	Balance sheet
EPRA net tangible assets (NTA) per share ³	38p	51p	11C
Key pro forma metrics for Value Retail disposal⁴	30 June 2024	31 December 2023	
Net debt ²	£637m	n/a	Financial review
Liquidity	£1,721m	n/a	Financial review
Loan to value ²	25%	n/a	Table 20
Gearing ²	34%	n/a	Table 18
Net debt:EBITDA ²	5.3x	n/a	Table 16

- 1 Note/Ref to notes in the interim financial statements, tables in Additional Information or other sections of this release.
- 2 Figures presented on a proportionally consolidated basis, excluding Value Retail, as per management reporting. See 'Presentation of financial information' section of the Financial Review for explanation.
- 3 These results include discussion of alternative performance measures (APMs) which include those described as Adjusted, EPRA and Headline. These are described on page 9 of the Financial Review and reconciliations for earnings and net assets measures to their IFRS equivalents are set out in note 10 to the interim financial statements.
- 4 Reflects the impact of the disposal of the Group's interest in Value Retail announced on 22 July 2024, see note 9 to the interim financial statements for details.

Extract from the unaudited 2024 half year results:

This short form announcement is the responsibility of the Directors of the Company and has not been audited or reviewed by the Company's auditors. 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 2024 half year results announcement should be considered for any investment decisions. The full unaudited 2024 half year results announcement for Hammerson plc is available for viewing at <https://senspdf.jse.co.za/documents/2024/jse/isse/HMNE/HY2024.pdf> and on the Company's website at www.hammerson.com/investors. 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.

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