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PRESS RELEASE

12 March 2021

HAMMERSON plc – RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020
2020 defined by Covid-19 disruption

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

"By any measure, 2020 was an unprecedented year with every business and household affected by Covid-19. Our teams have worked tirelessly and shown remarkable commitment throughout the pandemic to ensure that we continue to keep our colleagues, customers and communities safe.

"As our results show, Hammerson was hit hard. The retail sector, already in the grip of major structural change, has been significantly impacted by the restrictions imposed to tackle the pandemic, and we've also seen an increasing number of retail failures. Combined, this has resulted in the largest fall in net rental income and UK asset values in the Group's history.

"However, if this pandemic has highlighted anything, it is how much we all crave human contact as inherently social beings. As a business, Hammerson provides the places and social infrastructure where people want and need to be, and I am confident it will have a vital role in shaping neighbourhoods and communities in the future.

"Our immediate focus in 2021 is leading Hammerson through Covid-19 to safety. This means further disposals to strengthen the balance sheet, managing refinancing, and sharpening our operations to maximise income. We will then focus on realising the quality of our destinations to drive the business forward. We are currently working on a thorough strategic and organisational review that will map out a route to future growth to transform the business in the context of what will remain a tough economic and structural backdrop."

Financial Overview

- IFRS loss: £1.7bn primarily due to property revaluation deficit (2019 IFRS loss of £781m)
- Net Rental Income: £158m (-41% on a like-for-like basis excluding premium outlets) impacted by Covid-19 closures, tenant restructuring and higher provisions for bad debt and tenant incentives
- Adjusted earnings and EPS: £36.5m (2019: £214.0m); EPS: 1.6p (2019: 12.8p restated for rights issue)
- Dividend: Final dividend proposed of 0.2p per share, with an enhanced scrip dividend alternative of 2.0p per share
- Portfolio valuations: Portfolio value £6,338m (2019:£8,327m) Group capital return of -20.9%: UK flagships -35.8%, France flagships -15.3%, Ireland flagships -17.5%, retail parks -23.3%, Value Retail –6.2%
- Net assets: EPRA Net Tangible Assets (NTA) of £3,317m (-26%) or £0.82 per share (2019: £1.16 restated for rights issue)
- Net debt: Net debt £2,234m reduced by £609m (21%) due principally to proceeds from the rights issue and disposal of substantially all of VIA Outlets
- Liquidity: £1,748m (2019: £1,210m), including cash of £503m
- Credit ratios: gearing 70%, unencumbered asset ratio of 1.89x, interest cover ratio 1.81x and fully proportionally consolidated LTV 46%

Operational overview

- Rights issue and disposals: £532m net proceeds from rights issue and net proceeds from disposals totalling £328m. In 2021, £73m from the sale of Brent South Shopping Park and exchange of the minority stakes in Espace Saint-Quentin and Nicetoile
- Occupancy: Group occupancy of 94.3% (2019: 97.2%)
- Rent collection: 76% of 2020 rent collected for the Group. During two main national lockdowns in 2020, average rental waiver of 1.4 months and deferral of 0.3 months
- Leasing: Leasing impacted during the pandemic, leasing activity was down 35% vs 2019
- Footfall: Severely impacted by Covid-19 closures and city centre locations of flagships. Delivered a measured recovery during periods of reopening
- Positive Places: Covid-19 closure of destinations significantly reduced utility demand; energy reduction of -18% and carbon emissions of -29%

Board changes

- Chair of the Board and CEO: Robert Noel joined as Chair of the Board in September; Rita-Rose Gagné as CEO in November
- Non-Executive Directors: Desmond (Des) de Beer joined the Board in June; Mike Butterworth joined in January 2021
- CFO: James Lenton announced in January 2021 he will step down as CFO and the search for his successor is ongoing

Full Year 2020 results at a glance

12 months ended:	31 Dec 2020	31 Dec 2019[1]	Change
Net rental income [2]	£157.6m	£308.5m	- 48.9%
Adjusted profit	£36.5m	£214.0m	- 82.9%
Adjusted earnings per share	1.6p	12.8p restated	- 87.5%
IFRS loss [3]	£(1,734.8)m	£(781.2)m	-122.1%
Basic loss per share [3]	(76.9)p	(46.6)p restated	-65.0%
Final dividend per share	0.2p (2.0p enhanced scrip)	-	n/a
Full year dividend per share	0.4p (4.0p enhanced scrip)	5.1p restated	n/a
As at:	**31 Dec 2020**	**31 Dec 2019**	
Portfolio value [4]	£6,338m	£8,327m	- 23.9%
Equity shareholders' funds	£3,209m	£4,377m	- 26.7%
EPRA net tangible assets (NTA) per share	£0.82	£1.16	- 29.3%
Gearing [5]	70%	71%	-1p.p.
Loan to value - fully proportionally consolidated [5]	46%	45%	+1p.p.

1. 2019 per share metrics have been restated to reflect the impact of the share consolidation and rights issue in 2020.
2. Proportionally consolidated, excluding premium outlets. See page 16 of the Financial review for a description of the presentation of financial information.
3. Attributable to equity shareholders, includes portfolio non-cash revaluation losses of £1,596m (2019: £828m loss).
4. Proportionally consolidated, including premium outlets. See page 16 of the Financial review for a description of the presentation of financial information.
5. See Tables 22 and 23 on pages 85 and 86 for supporting calculations for gearing and loan to value.

Results presentation today

Hammerson will hold a virtual presentation (Friday 12th March) at 09.30am (GMT) for analysts and investors to present its full year financial results for the year end 31 December 2020 followed by a Q&A session. Please see the webcast link and dial-in details below:

Title:	Hammerson 2020 Full-year results presentation
Webcast link:	https://kvgo.com/IJLO/Hammerson_2020_Full_Year_Results
Dial-in details:	
London	+44 (0) 33 0551 0211
Paris	+33 (0) 1 7037 7167
New York	+1 646 843 4609
Amsterdam	+31 (0) 20 708 5074
Johannesburg	+27 (0) 11 589 8300
Dublin	+353 (0) 1 553 0196
Confirmation Code:	4081358#

Please join the call five minutes before the scheduled start time as it will start promptly. There will be an opportunity to participate in the Q&A session by submitting questions on the webcast page or via conference call. A playback of the webcast will be available after the presentation at www.hammerson.com

Financial calendar

Ex-dividend date (SA)	31 March 2021
Ex-dividend date (UK & Ireland)	1 April 2021
Record date	6 April 2021
Final dividend payable	13 May 2021

Enquiries

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Index to key data

Unless otherwise stated, figures have been prepared on a proportionally consolidated basis, excluding premium outlets

Income and operational – Year ended:	31 December 2020	31 December 2019
Occupancy	94.3%	97.2%
Like-for-like NRI	–41.0%	–4.2%
Like-for-like NRI including premium outlets	-43.0%	+0.5%
Adjusted earnings per share (2019 restated for the rights issue)	1.6p	12.8p
Leasing activity	£14.6m	£22.6m
Leasing v ERV	-10%	-4%
Like-for-like ERV	-10.8%	-5.9%
Footfall – UK flagship destinations	-53.1%	+0.6%
Footfall – France flagship destinations	-33.3%	+1.9%
Cost ratio	54.9%	25.7%
Final dividend per share	0.2p (2.0p enhanced scrip)	-
Capital and financing – As at:	**31 December 2020**	**31 December 2019**
Property portfolio value (including premium outlets)	£6.3bn	£8.3bn
Total property return (including premium outlets)	-18.3%	-5.6%
Capital return (including premium outlets)	-20.9%	-9.8%
Net debt	£2.2bn	£2.8bn
Gearing - headline	70%	71%
Loan to value (fully proportionally consolidated)	46%	45%
Liquidity	£1,748m	£1,210m
Weighted average interest rate	3.0%	2.6%
Interest cover	1.8 times	3.5 times
Net debt:EBITDA	14.1 times	8.9 times
Fixed rate debt	97%	86%
Portfolio currency hedge	73%	73%
Equity shareholders’ funds	£3.2bn	£4.4bn
EPRA net tangible assets (NTA) per share (2019 restated for the rights issue)	£0.82	£1.16

Our colleagues

In March 2020, we established a dedicated working group to coordinate our response to Covid-19. This body regularly reports to the Group Executive Committee on coordinating our response across our portfolio and how we are caring for our colleagues.

At our flagship destinations, the majority of colleagues are working remotely to manage risk. Our office based colleagues in the UK, Ireland and France continue to work from home, in line with local Government guidance. During 2020, when restrictions lifted colleagues had the opportunity to return to our flagships and offices, and were provided with a 'welcome pack' which outlined new ways of working to ensure a safe working environment was maintained.

When government restrictions allowed, we continued to assist colleagues who wanted to volunteer on national and local projects. We appreciate that this period has been a different way of working for teams and we are hugely grateful for the contribution our colleagues have already made to the business and our communities, in what have been extraordinary circumstances.

Our destinations

Since the onset of Covid-19, our teams have successfully managed the closure and reopening of over 1.6 million m^2 of retail space multiple times in the UK, France and Ireland and during the height of lockdown, supporting essential retail for the benefit of our customers and communities.

The health and wellbeing of our colleagues, customers, and partners is our priority. When fully open, we introduced a range of additional safety measures across the portfolio.

While the specifics have varied depending on the guidelines in each market, measures included:

- Clear signage throughout our destinations reminding consumers of the need to follow social distancing guidance, and to avoid shopping in large groups
- Introduction of one-way systems where required
- Installation of hand sanitiser stations
- Enhanced cleaning procedures, and updated processes to ensure cleaning teams are clearly visible to provide reassurance
- Live footfall monitoring to ensure destinations do not exceed revised capacity limits, and the introduction of queuing systems at entrances where required
- A new webtool introduced called Crowd Checker, which provides live update on how busy a centre is in real time. An industry first which is live across all our flagship destinations
- Updates on social media channels and destination websites on opening and measures in place

After emerging from numerous lockdowns, we recognised consumers' need for something different and a new way to be entertained in an era of social distancing. We delivered a range of initiatives in and around our destinations including a drive through cinema at Victoria Leeds, local musicians at flagships across the portfolio and at Westquay, Southampton and Highcross, Leicester we partnered with community artists on bespoke artwork in our venues.

Our customers

Covid-19 has had an unprecedented impact on many businesses. Following the closure of our flagships (except for essential retail) we have supported our occupiers, particularly smaller and independent brands. All discussions with brands regarding rent deferrals, monthly payments, and waivers have been on a case-by-case basis, taking into account the business model, risk profile and ability of the occupier to pay, alongside the support made available by the relevant governments.

76% of 2020 Group rent has been collected. During the period of two national Covid-19 closures across the Group, an average rental waiver of 1.4 months and deferral of 0.3 months was provided. We continue to focus our efforts to reaching agreements on remaining outstanding balances.

Our communities

We understand the significant impact that Covid-19 is having on the communities which we are part of. In addition to our experience led activities, we have also been continuing our efforts to help those needing extra support. We provided free parking for NHS staff at our UK centres and this initiative ran during prolonged periods of lockdown.

We have worked with brands to donate merchandise to local organisations across the portfolio, supporting homelessness charities and Women's Aid shelters. In our French destinations, we continue to provide a range of support services to those affected by domestic violence and at Dundrum Town Centre, Ireland, Women's Aid has access to a safe space within the centre, to facilitate drop in counselling sessions, and best support those in need of help.

Our community team has also worked closely with our network of local partners to identify how we can most effectively support them, refocusing existing community programmes to respond to the crisis. We have allocated spend towards charity initiatives and created the Giving Back Project, which involved working with local Community Foundations to distribute £180,000 to local organisations around our destinations.

Who we are

At Hammerson, we create vibrant, continually evolving spaces, in and around thriving cities, where people and brands want to be. We seek to deliver value for all our stakeholders and to create a positive and sustainable impact for generations to come. We own and operate high-quality flagship destinations and premium outlets in selected European countries.

Market themes

We operate in European markets where our strategy and opportunities are influenced by two key market themes: the health and dynamics of the retail landscape, and the ongoing success of thriving cities.

Retail landscape: The full extent and future impact of Covid-19 is unknown. However, it has accelerated many pre-existing trends – a further shift to online, more home working and changing travel patterns – resulting in fewer and more focussed destination trips. We can also expect to see further near-term increases in unemployment. On top of that, the GDP recovery to pre Covid-19, 2019 levels will not take place until the end of 2022 in UK, France and Ireland. We expect the retail market to lag broader macroeconomic recovery due to pre-existing structural challenges (changing consumer shopper behaviour, rising multichannel costs, price deflation), although cities will enliven as restrictions are lifted and workers return to offices on a regular basis, albeit with more flexible working practices.

Thriving cities: Despite current trends, we expect to see increased urbanisation of leading cities, with 89% of Northern Europeans living in cities by 2050. There will be a fall in inward EU migration, compensated for by growing non-EU inwards migration, and bigger cities will outperform economically (GDP growth 2020-30: London +32%, Birmingham +28%, Dublin +24%. EU Average +21%).

Our strategy

Our 2020 strategy was designed to meet the challenges and opportunities of the markets in which we operate. Covid-19 has severely hindered the delivery of this strategy, bringing new operational difficulties, exacerbating the impact of the structural shifts in retail and constraining investment markets. Following the rights issue and changes in senior leadership, a review of longer term strategy is underway to unlock value creation by transforming our portfolio. Our short-term focus has been, and will continue to be, on managing the business through the pandemic in the interests and safety of all stakeholders – strengthening the balance sheet, securing disposals and rigorous portfolio management.

- Capital efficiency: Reducing debt; disciplined capital expenditure and cost control
- Optimised portfolio: Pursuing further portfolio-wide disposals
- Operational excellence: Managing structural shift in retail and maintaining flagship vibrancy

Net Positive

In 2017, we launched our sector-leading, comprehensive target to be Net Positive for carbon, water, resource-use and socio-economic impacts by 2030. We were the first real estate company globally to launch such ambitious targets to become Net Positive by 2030 and we made good progress during 2020. Further details are found in the Sustainability review on page 11.