

Hammerson Plc
(Incorporated in England and Wales)
(Company number 360632)
LSE share code: HMSO JSE share code: HMN
ISIN: GB0004065016
("Hammerson" or "the Company")

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EC NO. 596/2014) ("MAR")

HAMMERSON Plc – RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019 FURTHER PROGRESS IN PORTFOLIO OPTIMISATION

Disposal update: Total disposals of £975m, including £542m generated in 2019 ahead of £500m target

- £433m of disposals to date in 2020, including contracts exchanged on retail parks portfolio for £400m

Debt reduction: Pro forma¹ net debt reduced to £2.4bn, significantly below the £3bn target with headline LTV 35% and gearing 55%

City Quarters: Planning approval secured for Martineau Galleries, Birmingham, Victoria Hotel, Leeds and Podium at Dundrum, Dublin, to transition the portfolio beyond pure retail. Totalling 1.9m sq ft (176,000m²) of commercial space and 1,400 homes

Premium outlets: Increased stake of VIA Outlets by up weighting of joint venture partnership with APG to 50:50

Net Positive: Carbon emissions across flagship destinations down 12% and making strong progress towards our ambitious Net Positive targets

Financial performance

2019 EPS & Dividend: Earnings impacted by ongoing disposal programme with adjusted EPS 28.0p (-8.5%);

- Final 2019 dividend of 14.8p and full year 2019 dividend of 25.9p, in line with 2018

2020 Dividend: To be rebased to a sustainable level, removing the direct link between earnings generated and dividend paid, whilst covering REIT and SIIC tax obligations

- The Board expects to recommend a full year dividend of 14.0p for 2020

Lfl NRI: Diversity of Group portfolio softens weakness in UK flagships -6.7% with a Group performance of +0.5% including premium outlets +10.8%

NAVPS & portfolio valuations: NAVPS of £6.01 (-18.6%); decline in flagship valuations driven by challenged UK retail performance

Group capital return of -9.8%; UK flagships -19.9%; French flagships -10.2% and Ireland flagships -7.5%; Premium outlets +8.2%

Operational overview and maintaining vibrant destinations

Repurposing space: At Dundrum, Dublin a new Brown Thomas store secured to replace existing House of Fraser unit

Occupancy: Continued high level of Group occupancy at 97.2% (FY2018: 97.2%); UK flagships 97.0%; French flagships 97.0%; Ireland flagships 99.6%

Tenant restructuring: 234 units affected by restructuring since Jan 2018 (149 UK flagship units)

- 91% of affected UK flagship units remain trading with 48% of those subject to a CVA paying original rental level (vs 37% of the market)
- **Leasing:** £22.6m (FY2018: £27.7m); leasing secured with 70% at or above previous passing rent; weaker UK metrics diluted by stronger performance in France and Ireland
- 100% of new UK flagship leasing during the period to target categories; consumer brands, aspirational fashion, leisure and F&B

Footfall: Consumer visits up with flagship destinations delivering sustained outperformance of national benchmarks highlighting continued desirability of the portfolio;

- UK flagships +0.6%; French flagships +1.9% and Ireland flagships +1.8%

Premium Outlets: Strong performance maintained demonstrating depth of consumer appetite for this sector

- Brand sales uplift: Value Retail +9% and VIA Outlets +8%
- Over 70m consumer visits during 2019; Value Retail footfall +5% and VIA Outlets footfall +6%

¹ On a pro forma basis for the £433m 2020 retail park disposals announced on 21 February 2020 (portfolio of 7 parks and Abbey Retail Park, Belfast)

David Atkins, Chief Executive of Hammerson, said:

"We have taken decisive action over the past 12 months to reduce debt and significantly reshape the portfolio. Against a challenged retail and investment backdrop, we have exceeded our 2019 disposal target, exited the retail parks sector as we said we would and reduced debt by a third. This delivered nearly £1bn of transactions in the process. With the outlook for the UK retail market remaining uncertain, we believe we should maintain our focus on reducing debt during 2020. In strengthening our balance sheet further, we will create a more resilient business and also generate significant liquidity which could, at the appropriate time, be deployed to create enhanced returns for shareholders.

"The magnitude of the challenge facing UK retail is significant. However, as brands look to optimise their store estates and strike the right balance between online and physical retail, the best destinations continue to be highly relevant - this is highlighted by the rise in visitor numbers across all our regions. We remain committed to creating a portfolio of exceptional venues and, as we drive a faster pace of change in shifting our brand line-up and repurposing space, we expect to see improved results in the UK. We will build a stronger business for the future with our focus on this, alongside improved performances in France and Ireland, the extensive opportunity offered by City Quarters and the outstanding contribution from premium outlets."

Full Year 2019 results at a glance

12 months ended ⁽⁶⁾ :	31 Dec 2019	31 Dec 2018	Change
Net rental income ⁽¹⁾	£308.5m	£347.5m	- 11.2%
Adjusted profit ⁽²⁾	£214.0m	£240.3m	- 10.9%
Adjusted earnings per share ⁽²⁾	28.0p	30.6p	-8.5%
IFRS loss ⁽³⁾	£(781.2)m	£(268.1)m	
Basic loss per share ⁽³⁾	(102.1)p	(34.1)p	
Final dividend per share	14.8p	14.8p	
Full year dividend per share	25.9p	25.9p	
As at:	31 Dec 2019	31 Dec 2018	
Portfolio value ⁽⁴⁾	£8,327m	£9,938m	- 16.2%
Equity shareholders' funds	£4,377m	£5,433m	- 19.4%
EPRA net asset value per share ⁽²⁾	£6.01	£7.38	-18.6%
Gearing - headline ⁽⁵⁾	65%	63%	+2p.p.
Loan to value ⁽⁵⁾	38%	38%	-

1. Proportionally consolidated, excluding premium outlets. See page 22 of the Financial Review for a description of the presentation of financial information.
2. Calculations for adjusted and EPRA figures are shown in note 9 to the financial statements on pages 50 to 53.
3. Attributable to equity shareholders, includes portfolio non-cash revaluation losses of £828m (2018: £392m loss).
4. Proportionally consolidated, including premium outlets. See page 22 of the Financial Review for a description of the presentation of financial information.
5. See Table 18 on page 80 for supporting calculations for gearing and loan to value.
6. All figures include results from discontinued operations.

Results presentation today

The results presentation is being held today at 8.15a.m GMT at JP Morgan Cazenove, Great Hall, 60 Victoria Embankment, EC4Y 0JP. The results presentation will also be broadcast via a webcast and a conference call. Please see the webcast link and dial-in details below:

Title:	Hammerson 2019 Full-year results presentation	Webcast link:	https://edge.mediaserver.com/mmc/p/twfszveg
Dial-in details:			
London	+44 (0) 2071 928000		
Paris	+33 (0) 176700794		
New York	+16315107495		
Amsterdam	+31 (0) 207143545		
Johannesburg	+27 105007996		
Dublin	+353 (0) 14319615		
Confirmation Code:	5290005		

A playback of the webcast will be available at www.hammerson.com

Financial calendar

Ex-dividend date (SA)	18 March 2020
Ex-dividend date (UK)	19 March 2020
Record date (UK and SA)	20 March 2020
Final dividend payable (UK and SA)	30 April 2020

Enquiries

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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 2019 year end results announcement should be considered for any investment decisions. The 2019 full year results announcement for Hammerson plc is available for viewing at <https://senspdf.jse.co.za/documents/2020/jse/isse/HMN/FY2019.pdf> and on the Company's website at www.hammerson.com/investors. The full 2019 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 info@hammerson.com