Hammerson

Annual Report 2023

Highlights

Our results are evidence of the significant strategic, operational and financial progress made in 2023

INCOME STATEMENT

IFRS loss for the year

£(51)m

2022: £(164)m

Adjusted earnings K A

£116m

2022: £105m

BALANCE SHEET

Net assets

£2,463m

2022: £2,586m

Total accounting return K A

(2.1)%

2022: (6.8)%

CREDIT METRICS

LTV: Headline/Fully proportionally consolidated A

34%/44%

2022: 39%/47%

Net debt:EBITDA K A

8.0 times

2022: 10.4 times

PER SHARE METRICS

Basic/Adjusted EPS A

(1.0)p/2.3p

2022: (3.3)p/2.1p

NTA per share A

51p

2022: 53p

OPERATIONAL METRICS

Leasing activity K

£29.0m

2022: £25.4m

Footfall (like-for-like change) K

2.7%

2022: 38.8%

Passing rent (like-for-like change) K

2.5%

2022: 1.4%

Carbon emissions (like-for-like change GHG basis) K

-13.4%

2022: -7.9%

K KPI **A** Alternative Performance Measure

This report provides alternative performance measures (APMs). We believe these APMs provide readers with important additional information on our business. Further explanation of the key APMs and why we use them is set out in note 1C to the financial statements with a reconciliation to their IFRS equivalents in note 9. Other APMs are contained in the Additional Information section of this Annual Report.

CONTENTS

Well positioned for growth and value creation

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 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.

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 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.

Rita-Rose Gagné
Chief Executive

A city centre business well positioned for growth

We create exceptional city centre destinations that realise value for our stakeholders, connect our communities and deliver a positive impact for future generations.

Managed portfolio

1. Birmingham Estate, Birmingham
2. Bishopsgate Goodsyard, London
3. Brent Cross, London
4. Bristol Estate, Bristol
5. Eastgate, Leeds
6. The Oracle, Reading
7. Union Square, Aberdeen*
8. Westquay, Southampton

1. Dublin Central, Dublin
2. Dundrum Estate, Dublin
3. Ilac Centre, Dublin
4. Pavilions, Swords

1. Les 3 Fontaines, Cergy
2. Les Terrasses du Port, Marseille

Value Retail

1. Bicester Village, Bicester
2. Fidenza Village, Milan
3. Ingolstadt Village, Munich
4. Kildare Village, Dublin
5. La Roca Village, Barcelona
6. Las Rozas Village, Madrid
7. La Vallée Village, Paris
8. Maasmechelen Village, Brussels
9. Wertheim Village, Frankfurt

Dundrum Town Centre, Dundrum

Les Terrasses du Port, Marseille

* On 26 February 2024, the Company announced the exchange of contracts for the disposal of Union Square.

Our investment proposition

A core portfolio realigned to growing urban locations; resilient capital structure ; lean platform; sustainable earnings and income stream.

Hammerson is a value generating platform with great opportunities for growth.

Our transformed platform is lean and efficient, able to source and deploy capital with discipline. Our balance sheet maintains our IG credit rating and capacity for investment.

See Strategy in Action on page 4

See Risks and uncertainties on page 54

See Financial review on page 41

Our purpose and values

We create outstanding experiences in unique city locations. We are Ambitious, Connected and Respectful.

Our colleagues are now focused on strategic value creation as a result of the overhaul of our operations.

We are building a high performance, high engagement culture as part of our strategy to retain and develop key talent.

See Our Colleagues on page 24

See Governance on page 70

See Stakeholder engagement on page 20

River Clean Up, Brent Cross

Our commitment to ESG

Our customer and asset-centric approach is underpinned by our commitment to ESG.

The ESG agenda continued to grow in 2023, with a continued focus on achieving our targets, addressing both the Climate and Nature emergencies, whilst continuing to deliver our Social Value programme.

We commenced our Net Zero Asset Plan programme of works focusing on degasification in Ireland, renewable energy in France, and HVAC and lighting design in the UK.

See Our Colleagues on page 24

See ESG on page 26

See TCFD on page 31

Urban Rooftop Farm, Marseille

9

3

2

11 Flagship destinations

11m Sq ft of lettable area

16 Cities

180m Shopper visits per year

9 Premium outlets

80 Acres of development land

Figures above as at 31 December 2023

Another year of consistent strategic execution

STRATEGY IN ACTION

Execution enabling growth
Consistent delivery against our strategic milestones over the last three years means we now have a focused city centre portfolio which is well positioned for further investment for growth and value creation.

The realignment of our portfolio has materially strengthened the balance sheet. Having executed complex transactions in volatile markets, we have already begun to redeploy capital at attractive rates of return, with a demonstrable positive impact on footfall and sales.

At the same time, we have introduced a new and more efficient operating model, exceeding our cost reduction targets for three years in a row. Off this solid base, we are able to focus on what we do best – value creation – and we see a wealth of opportunities ahead of us.

Investment for growth and value creation, case study:

Repurposing obsolete and underutilised space in Bullring
In 2023, we completed the hand over of former Debenhams space in Bullring to M&S, which opened in November, and to TOCA Social, the football themed entertainment operator, which will become their first operation outside of London when it opens in 2024.

We aim to complete the repositioning of the former Debenhams store, about 15% of the area in Bullring, by leasing the final space to a best-in-class operator. The project has concentrated the city centre pitch and built critical leisure and entertainment mass to complement openings in 2023, including those to Lane 7, VR Sandbox, Bershka, JD Sports, Footlocker and Pull and Bear.

Taken together our investment into this repositioning project will be around £17m (at 100%). This will deliver not only an IRR in excess of c.40% on our equity investment, but also a positive halo on the performance and presentation of the asset and the consequent rental demand and values, which we expect to further capitalise with future asset management and value creation.

New brands and Flagship opening, Bullring

Bullring ERV YoY: +5%

Bullring value YoY: +£35m

Bullring footfall YoY: +5%

Environmental, Social and Governance (ESG)

Broadening our scope
ESG underpins everything we do. In 2023, we commenced our Net Zero Asset Plan (NZAP) programme of works focusing on degasification in Ireland, renewable energy in France, and HVAC and lighting design in the UK. Our progress was recognised with Pavilions, Swords, winning a Best Energy Achievement in Retail and Best Overall Achievement at the Business Energy Achievement Awards 2023 (Ireland) for going gas free in 2023, four years ahead of schedule.

We also broadened our scope to recognise not only the Climate Crisis, but also Nature, where we are seeing rapid biodiversity loss which needs to be addressed to maintain essential ecosystems and to deliver a low carbon future. We have more to do here but this year we gifted woodland and natural grassland in Lowestoft to the Wildlife Trust, and commenced work on asset-by-asset plans to address Nature.

We also increased our efforts to improve our Social Value, delivering asset-centric events to support local communities and boosting participation in Giving Back Day.

In terms of governance, we were delighted to maintain sector and regional ratings with ISS ESG and Sustainalytics, regained our Global Real Estate Sustainability Benchmark (GRESB) 4-star rating, and score a peer first A for GRESB ESG public disclosure.

Consistent delivery against our strategic milestones over the last three years means we now have a focused city centre portfolio which is well positioned for further investment for growth and value creation.

Diwali, Brent Cross

Sustainable and resilient capital structure

Recycling capital for financial strength and redeployment
Reflective of our operational strength, strategic progress and the disciplined realignment of the portfolio through our disposals programme, today we have a resilient balance sheet, ample liquidity, and have maintained our IG credit rating.

Generating total gross proceeds of £216m, in 2023 we exited minority stakes in France and non-core land in Croydon and Ireland. In addition, £125m of secured borrowings have been derecognised in connection with our exits from non-core assets in Highcross and O'Parinor. We "tapped" the bond market to extend average maturity.

As a result of another year of prudent financial management and disciplined capital allocation, the Group has de-risked its refinancing profile and created capacity for investment.

Net debt reduction YoY:
-23%

Liquidity:
£1.2bn

Agile platform

Embedding a new and more efficient operating model
2023 was another year of intensive change in our ways of working, both in terms of technology – systems and automation – and in terms of greater collaboration, encouraging cross pollination of ideas and practices across the organisation.

By introducing these agile, more efficient ways of working we not only reduced costs but are creating a highly engaged, high performance workforce fit for the future, with increasing speed to market and productivity.

Today, we deliver more leasing and commercialisation activity than in 2019, with a smaller team, on a more focused portfolio.

LFL leasing deal value YoY:
+23%

Gross administration cost YoY:
-14%

Carbon emissions YoY:
-13%

Giving Back Day participation:
>90%

GRESB rating:
4 star

Social Value investment:
£2.5m

See Environmental, Social and Governance (ESG) on page 26

Open Age, Giving Back Day

Chair of the Board's Statement

Consistent execution over the last three years means that today Hammerson has a strengthened balance sheet and is able to invest for growth.

Robert Noel
Chair of the Board

Business environment

In response to stubbornly high levels of inflation, central banks spent the first nine months of 2023 further raising interest rates to levels not seen since the Global Financial Crisis, and commencing a period of quantitative tightening. Falling values across all asset classes has seen a funding gap emerge and these factors combined have resulted in a reduction of debt availability impacting returns and liquidity, although values for retail anchored assets have been relatively insulated due to already higher spreads over base rates.

The resulting 'higher for longer' interest rate environment and 'cost of living crisis' have dominated headlines. Despite this, job markets have continued to be tight, underpinning continued wage growth. Overall, consumers and occupiers have proved to be more resilient than anticipated with solid demand for best-in-class retail anchored city centre destinations.

Against this backdrop, I am pleased to report the Hammerson management team has continued to deliver against its strategy: further strengthening the balance sheet; building a more efficient and agile platform for growth; and investing in our assets. Consistent execution over the last three years means that today Hammerson is able to invest for growth. The Board and I are excited by the Company's prospects.

Board changes and evaluation

There has been no change to the Board in 2023, which comprises six non-executive and two Executive Directors, with an average tenure of 3.5 years; and no further changes are currently planned.

Two new directors were proposed by our largest shareholder at the time, Lighthouse, ahead of the AGM held in May, together with the stated intention to vote against at least two members of the Hammerson Board. Following the Board's unanimous recommendation to vote against Lighthouse's candidates, and the overwhelming support of remaining shareholders, all ordinary Board recommended resolutions were passed and Lighthouse's requisitioned resolutions did not receive the necessary support.

Two special resolutions relating to the customary authority to disapply pre-emption rights, did not achieve the 75% required threshold to pass, whilst six ordinary resolutions, largely relating to remuneration and the election of certain Non-Executive Directors, received less than 80% of the vote in favour. In accordance with provision 4 of the UK Corporate Governance Code, the Board continued to consult with shareholders to understand and discuss the reasons behind the result. Further details can be found on the Company's website and on page 73 in the Corporate Governance Report.

Following 2022's external evaluation by Board Alchemy, our 2023 Board evaluation was internal. The review of the effectiveness of the Board and its committees included a questionnaire and confidential one-to-one interviews between Directors and the General Counsel and Company Secretary to discuss key issues and themes in more detail. Overall, I am pleased to report findings were positive. Further detail on key themes of the 2023 review and the implementation of recommendations from our 2022 Board evaluation can be found on pages 76 to 77 in the Corporate Governance Report.

The Board values its diversity. I'm pleased to report that 37.5% of the Board are female and 37.5% of the Board identify as non-white.

Further details are contained in the Corporate Governance and Nomination and Governance Committee Reports on pages 70 and 78.

ESG and people

The Board is fully committed to the Group's continuing recognition as an ESG leader and ensuring the highest standards of operational performance and corporate governance. Hammerson is committed to being a sustainable business and to reaching net zero carbon emissions by 2030.

To achieve our aims we need to maintain the support of our occupiers, customers, partners, the communities affected by our operations, our colleagues, and our equity and debt investors. Collectively, our stakeholders have numerous and changing demands on the way the business conducts itself. We endeavour to maintain the right balance as these demands continue to evolve, and to treat everyone in line with our values.

In 2023, building on our progress in 2022 including the introduction of Net Zero Asset Plans for each of our flagship assets, we started to address a broader range of ESG subjects. We continue to focus on our Climate impacts, taking a risk based approach, but also recognise that globally we are experiencing another emergency: Nature as well as Climate.

Whilst we continue to focus on energy efficiency, we have also undertaken revised Physical Climate Risk Assessments and Nature based action plans to be completed in early 2024. We have also increased our focus on Social Value – a key focus for colleagues – supported by further development of our governance and reporting approach ahead of the introduction of the Corporate Sustainability Reporting Directive (CSRD).

Further details of our plans, materiality assessment and our ESG performance are set out on pages 26 to 40, with more detail available in our ESG Report 2023, which is available on our website.

Over the last three years, the management team has transformed Hammerson's operating platform and cost base to create a customer and asset-centric model focused on growth and value creation. Tough decisions have been made and a significant reduction to headcount realised.

At the same time, the key talent required to be fit for the future has been identified and either developed internally or brought in. Hammerson is fast evolving towards a higher performance, high engagement culture with an emphasis on strategic value creation.

The Board and I commend the achievements of all colleagues over the last three years, and I once again thank them for their commitment, professionalism and contribution.

Dividend

As announced at the 2023 half year results and outlined in the 2022 Annual Report, the Board reinstated a cash dividend in 2023, declaring an interim cash dividend of 0.72p in July which was paid entirely as a PID.

At the same time, the Board announced a new sustainable dividend policy of 60% to 70% of annual Adjusted earnings to be paid semi-annually. This policy is based on disciplined capital allocation seeking to balance returns to shareholders whilst continuing to invest to drive growth and value creation in our core assets.

Therefore, the Board recommends a final cash dividend of 0.78p per share in respect of 2023 to be paid as an ordinary dividend subject to shareholder approval, which would represent a full year cash dividend of 1.50p per share and a payout ratio of 64%, commensurate with the half year.

The Board recognises dividends are an important constituent of shareholder returns and the policy will be kept under review.

Looking ahead

I remain confident that the strategy of disciplined investment into core city centre assets in high growth cities will deliver significant shareholder value in the years to come.

Following the work on strengthening the balance sheet; transforming our platform, operations and ways of working; and commencing significant reinvestment into our core assets, Hammerson is well positioned to invest for further growth over the coming years.

Robert Noel
Chair of the Board

"I remain confident that the strategy of disciplined investment into core city centre assets in high growth cities will deliver significant shareholder value in the years to come."

Robert Noel
Chair of the Board

Late Night Out, Bullring

London Wildlife Trust, Giving Back Day

Chief Executive's Statement

Today, the Group is focused on a core portfolio of city centre destinations in some of the fastest growing cities in Europe that are evolving to my vision: 24/7 urban 'living spaces'. Recycling capital to our core assets is generating value and a positive social impact.

Rita-Rose Gagné
Chief Executive

2023 Highlights

Like-For-Like GRI
+6%

Gross Administration Cost
-14%

Flagship occupancy
95%

Carbon emissions
-13%

Net effective rent vs ERV
+12%

In 2023, we delivered another year of significant strategic, operational and financial progress and growth, reflecting three years of transformational change for the business. We are now well positioned to invest for growth and value creation. Today, the Group is focused on a core portfolio of city centre destinations in some of the fastest growing cities in Europe that are evolving to my vision: 24/7, urban 'living spaces'. Occupier flight to quality – fewer, better stores in prime locations – is undeniable, with high flagship occupancy at 95% following another year of record leasing in our uniquely located city centre destinations.

We signed 306 leases representing £46m of headline rent, £29m at our share, split roughly evenly between: new to portfolio brands, new concepts, social and entertainment offers; and renewals with our current occupiers, including new concepts and upsizes. We attract best-in-class occupiers who in turn make significant investments in their physical footprint. Rental levels have rebased and we are driving growth with permanent deals signed 12% ahead of ERV on a net effective basis, and 37% ahead of previous passing rent, equating to additional annualised passing rent of £7m on our £179m flagship rent roll.

The exceptional environments we create for our occupiers and visitors is reflected in strong operational fundamentals. Despite the volatile macroeconomic environment, footfall and like-for-like sales continue to grow. Notably, we have seen particularly strong operational performances at assets where we have made significant investments in recent years, such as Bullring, Dundrum and Les 3 Fontaines.

Since 2020, we have transformed our operating model, and reshaped our organisation. We have brought in new skills and talent in asset management, leasing, commercialisation and placemaking, which means we can focus our energies on value creation. On-site property management and associated accounting services in the UK and France have largely been consolidated with proven scale strategic partners.

We have invested to realign and upgrade our IT and digital platform in areas where speed and data quality is critical. Today we are a more agile, resilient and market facing asset-centric organisation, one that continues to evolve and reshape our destinations to be fit for the future. We have again reduced gross administration costs, down 14% year-on-year and we are targeting a further 10% reduction in 2024.

We have further realigned our portfolio, exiting non-controlling minority stakes in Italie Deux in France, alongside realising value from standalone development assets in Croydon, and other non-core land generating £216m in disposal proceeds in 2023. At the same time, we have been disciplined in not allocating capital to assets with secured debt where these did not meet our location and catchment, investment or return criteria. Whilst recognising an impairment of £22m, £125m of secured debt was derecognised in the period following exits from Highcross and O'Parinor, also bringing a sharper focus to investment opportunities in the core portfolio. Since the balance sheet date, we have exchanged on the sale of Union Square, which will bring to a close our £500m disposal programme set out at FY 21.

At 31 December 2023, our financial position was significantly strengthened, with ample cash and undrawn committed facilities of £1.2bn, more than covering near term maturities and providing capital for investment. We will continue to be disciplined allocators of capital and select the best returns for shareholders, mindful of our own cost of capital and all options for capital deployment including maintaining balance sheet strength and flexibility.

FINANCIAL AND OPERATIONAL REVIEW

Adjusted earnings were up 11% to £116m or 2.3p per share, reflecting 6% like-for-like growth in GRI and 4% growth in like-for-like NRI, combined with significant further reductions in gross administration and net finance costs.

At FY 22, we committed to reduce our gross administration costs by 20% by FY 24. We have delivered a 14% reduction in 2023. There are more efficiencies to come as we pursue greater automation and digitalisation of our business, as well as outsourcing and consolidation of supplier opportunities. We expect to deliver a further 10% reduction in 2024 which means we are on track to exceed our target of 20% reduction by 2024, which would bring cumulative savings of more than 30% since FY 20.

Net debt was down 23% to £1,326m (FY 22: £1,732m). Headline LTV was 34% (FY 22: 39%) and 44% (FY 22: 47%) including the Group's proportionate share of Value Retail net debt. Our Net debt: EBITDA improved to 8.0x from 10.4x at FY 22, reflecting both lower debt and the improved operating performance. EPRA NTA was 51p per share at 31 December 2023 (FY 22: 53p), with higher earnings in part offsetting disposal and impairment and revaluation losses, totalling £167m. Having been broadly flat for the first three quarters of the year, we saw some marginal yield expansion in the fourth quarter in all territories, which offset incremental flagship ERV growth in the UK, Ireland and France. Moreover, all but two of our core flagship assets benefited from positive ERV movements, and all ten in the second half of the year. We are starting to see positive valuation movements on selected assets.

Overall, the Group recorded an IFRS loss of £51m (FY 22: £164m loss), and a negative total accounting return of -2.1%.

Footfall and sales

Footfall and sales performance reflects the exceptional nature of our destinations and the improving mix of uses. The recovery in footfall that we saw across our assets in FY 22 continued through FY 23 with consumers also increasingly returning to city centres, both for leisure and work. Footfall was +3% year-on-year (UK+1%, France +7% and Ireland +4%), closing the gap on 2019 levels, of which we are now on average less than 10% below. Average dwell time was up 5% to 88 minutes.

Overall, total sales and sales densities have risen by mid-teens percentages since 2019, with substantial evidence that repurposed space and new concepts materially outperform that which it is replacing.

Consumer spending continues to be resilient, with an improving outlook for 2024. Despite the 'cost of living' crisis, savings built during the Covid-19 pandemic, high levels of employment and strong wage growth, which outpaced inflation in the second half of 2023, have helped underpin continued consumer spending, along with evolving lifestyle trends. Like-for-like sales were up 1% in the UK and 3% for France.

Occupancy

Our core portfolio continues to benefit from the increasing polarisation in the market and the flight to quality reflected in the wealth of key new openings, leasing demand and tension, and growing footfall and sales. It is now a fact that online/offline has balanced and occupiers have now adopted a holistic view, understanding that a high quality physical presence is an essential part of the supply chain.

Flagship portfolio occupancy remained strong at 95%, broadly flat year-on-year. UK flagship occupancy stands at 95% and Ireland at 96%, with some assets in these geographies full. France was slightly weaker at 93% reflecting the continuing lease-up at Les 3 Fontaines extension.

Value Retail

Value Retail delivered another solid operational performance. Brand sales increased 10% year-on-year and were 5% above 2019 levels. Footfall across the Villages saw a 9% increase year-on-year but remained below 2019 levels. Sales densities grew broadly in line with footfall and were marginally ahead of 2019, whilst spend per visit was up 1% year-on-year and 6% ahead of 2019. Average occupancy was 95%, marginally up on 2022 but remaining around one percentage point below 2019 levels.

Overall, the Group's share of Adjusted earnings was £32m (FY 22: £27m). Positive GRI growth was partially offset by rising finance costs reflecting the refinancing in FY 22 at Bicester and La Vallée, and higher administration costs. Year-to-date, Hammerson has received £74m of cash distributions from Value Retail, in part reflecting catch up payments from 2019 to 2023.

Sound of Musicals, Westquay

Social and Dining, Westquay

At 31 December 2023, the Group's interest in Value Retail's property portfolio was £1.9bn, unchanged year-on-year. Net assets were £1.1bn, down 6%, primarily due to distributions paid to the Group. The difference between gross and net asset value is principally due to £0.7bn of net debt within the Villages which is non-recourse to the Group. The average LTV across the Villages is 39%.

STRATEGY UPDATE

We own city centre destinations and adjacent land around which we can reshape entire neighbourhoods. Our strategy recognises the unique position that we have in our locations and the opportunities to leverage our experience and capabilities to create and manage vibrant 24/7, multi-use, urban 'living spaces' that realise value for all our stakeholders, connects our communities and delivers a positive impact for generations to come.

Our aim is simple and clear – to chart a path to growth that delivers strong income and total returns for shareholders through consistent execution against our strategic goals. Following three years of strategic and operational progress, we are now investing for growth and value creation in our core assets.

We are combining targeted leasing with repurposing and redevelopment opportunities, which are integral and complementary to our destinations, directing capital expenditure to our core estates, where we are able to realise high returns. This asset focus is underpinned by our now increasingly agile platform, our strong capital structure and by our commitment to ESG.

> "Providing the exceptional spaces with high footfall, high demand, growing leasing tension and thereby rental levels which underpins this leasing performance requires investment."
>
> **Rita-Rose Gagné**
> Chief Executive

In FY 23, we made significant progress towards all our goals as follows:

Investment for growth and value creation

The key source of competitive advantage for Hammerson is the quality and location of our destinations in some of Europe's fastest-growing cites. We have some of the best assets in the very best prime city centre catchments and transportation hubs, and, due to the strong ties we have in the communities in which we operate, supportive local authorities. Additionally, our pre-development and strategic land represent a considerable set of unrealised long-term opportunities which we can selectively draw upon.

The consumer and occupier landscape continues to evolve at pace. Occupiers are continuing to shift to using physical space for a broad mix of uses, including: point of sale; last mile fulfilment; returns; servicing; experiential; marketing; brand development; education; workspace; and leisure – 'living spaces'. At the same time, visitors demand top quality environments and experiences. We continue to invest in our assets to partner with best-in-class occupiers to cater to the communities and catchments in which we operate, whether this be repurposing of obsolete department store space into leisure and modern retail, or redevelopment to residential, workspace, healthcare and lifestyle uses.

Our investments to date have attracted some of the very best global brands. Our leasing strategy has evolved from an emphasis on filling space and increasing occupancy as we emerged from the Covid-19 pandemic. We now focus more proactively on a high quality, diverse and complementary mix and offer for both occupiers and customers, which in turn underpins a more diverse, resilient and higher quality income profile.

Following our best year for leasing in FY 22 since FY 18, our momentum continued in FY 23 with another record year: 306 leases signed on a more focused portfolio (FY 22: 317), a volume increase of 10% on a like-for-like basis, representing £46m of headline rent at 100% (FY 22: £45m), or £29m at share (FY 22: £25m), up 23% like-for-like. In this context, we saw much greater competitive tension with occupiers not exercising breaks to leverage better terms, which meant an additional £2m of rent retained.

For principal deals, headline rent was 37% ahead of previous passing rent (FY 22: +34%), continuing to reflect strong demand, the lease up of vacant space and the conversion of temporary leases onto long term deals. On a net effective basis, principal deals were 12% ahead of ERV (FY 22: +2%), with new leases +14% and renewals +8%. In terms of mix, just under half of leasing was to best-in-class and new fashion concepts, and the balance to non-fashion, services, leisure, food, workspace and Printemps in France.

Providing the exceptional spaces with high footfall, high demand, growing leasing tension and thereby rental levels which underpins this leasing performance requires investment: investment to repurpose obsolete or underutilised space; investment in time to select the right brand partners to enhance the mix and complete works to a high standard; investment alongside key brand partners in their offer; investment in public realm to maintain our appeal to customers and occupiers whilst ensuring further integration with the communities we serve; and investment in key leasing, asset management, placemaking and marketing talent. From our investments in the last few years, we've delivered solid returns and created value.

Looking at two key examples that came to fruition this year:

- In Dundrum, we opened Penneys (Primark) and Nike Live, to complete the repurposing of the former House of Fraser space, with the backfill allowing Dunnes Stores, which opened in November, to enter the destination for the first time. Taken as a whole, the significant increase in rents with an incremental ERV benefit to adjacent units generated an IRR in excess of 20% from an investment of €31m (at 100%). Elsewhere in Dundrum, we converted underutilised storage space to modern workspace and leased it to Western Union, bringing a new use and income stream to the asset, as well as incremental customers to the food and leisure oriented Pembroke Square area. Dundrum has already seen an increase in footfall and sales following these openings in the second half of the year.

Penneys opening, Dundrum Town Centre

The Bull, Bullring

- In Bullring, we handed over former Debenhams space to M&S, which also opened in November, with an extremely strong sales performance and establishing a further consolidation of the city centre into our estate. We also handed over the top floor space to TOCA Social – the football themed entertainment operator – which will become their first operation outside London when it opens in 2024. This will strengthen the critical mass and complement the entertainment and social operators we opened in 2023, which included Lane 7 Bowling, and a new leisure concept, VR Sandbox. We target to complete the repositioning of the Debenhams space – representing about 15% of the total floorspace of the Bullring – by concluding negotiations with a best-in-class fashion operator which will concentrate the retail pitch alongside openings in 2023, including those to Bershka, JD Sports, Footlocker, and Pull and Bear. Taken together we expect our investment into this repositioning project will be around £17m (at 100%), which will deliver not only a high double digit IRR, but also a positive halo on the performance and presentation of the asset and the consequent rental demand and values, which we expect to further capitalise with future lettings. Following these openings, Bullring experienced a particularly strong Christmas period, with sales and footfall up in stark contrast to national indices. Importantly, it also saw an uplift in value of £35m (at 100%), reflecting a 5% increase in ERVs year-on-year.

We have a rich set of similar opportunities in our core portfolio relating to former department store space. Having proactively secured vacant possession, we have already commenced the repurposing of the former House of Fraser space in The Oracle, having agreed terms with Hollywood Bowl and TK Maxx, and are in detailed negotiations with other key partners. At the other end of the scheme, we await the outcome of a planning application for the major regeneration of the eastern quarter, including the former Debenhams, with the potential to develop c.450 residential units in phases alongside renewed landscaping and other commercial uses, much in demand in this strong catchment.

In Birmingham, we achieved planning consent for Drum, an amenity rich workspace led proposal, which predominantly occupies the former John Lewis Partnership space at Grand Central and is directly served by the UK's most connected rail station, Birmingham New Street. Strip out works have been completed, and we are working with stakeholders to unlock the next stages of de-risking and delivering this scheme.

In Cabot Circus, we are working up investment plans, alongside relevant operators, to reposition and maximise the value of major spaces including the House of Fraser department store at the gateway to the asset and to replace the cinema operator as part of the development of a social and entertainment quarter. Overall, of the department store space the Group had at FY 19, roughly two-thirds has been repurposed or is in advanced planning, and a third has been sold.

Elsewhere, we continue to lease to high quality brand partners, enhancing the quality of the mix and bringing new uses to our destinations. Other than those already mentioned, key deals and openings in 2023 included:

- Renewals and new deals were secured with JD Sports, Uniqlo, Decathlon, Olympique de Marseille, Levi's, Puma, Hugo Boss, Michael Kors and Five Guys at Les Terrasses du Port as we approach the ten year anniversary of the opening of Marseille's super prime destination.
- At Les 3 Fontaines, we opened H&M in March and brought in New Yorker to an adjacent unit later in the year, whilst reconfigurations allowed the entry of Action, Celio and a new leisure offering from Smile World. In the extension, additions comprised increased presence from global brands including Eden Park and Swarovski.
- In Brent Cross, we signed a deal with Social Sports Society to bring a padel tennis and other outside sports facilities to the underutilised Southern Lands, subject to planning, alongside reconfigurations that allowed the renewal of Boots and the introduction of Superdrug into the scheme. We also relocated Moorfields Eye Hospital into an underutilised area of the scheme, after a period of testing customer appetite for alternative uses. In 2024, we expect to create a new market hall offering, where we have already agreed terms with three occupiers.

Reserved, Brent Cross

The Oracle, Reading

- In Bullring, in addition to repurposing and new leasing related to the former Debenhams unit, we opened the first Nike Rise concept outside of London, brought Footasylum in for the first time, and saw Goldsmiths undertake a significant refit and expansion which included the introduction of a separate Rolex store.
- Westquay saw the delivery of new offers from premium lifestyle and beauty brands Sweaty Betty and Space NK, and F&B from Wingstop and Mettricks.
- Cabot Circus saw four portfolio firsts, including the introduction of Stradivarius, bringing another sought-after Inditex brand into the destination, alongside the debuts of Lounge, German Donor Kebab and Lids.
- Meanwhile in Ireland, in Dundrum, Space NK signed a lease to open their second store in Ireland. Both with minimal vacancy, it was a quieter year at Pavilions and Ilac, although the former opened a new leisure offer from Zero Latency, whilst the latter signed a new flagship city centre store for Liverpool FC.

Our approach to leasing works in parallel with our greater emphasis on placemaking, which not only serves to enliven space and enhance the experience and environment for customers and occupiers, but also increasingly contributes meaningfully in its own right in terms of incremental footfall, income, and engagement across all channels. Key highlights in the year included:

- Staging our first Late Night Out ticketed event, bringing the after hours economy to Bullring.
- We brought the Charity Super.Mkt, the UK's first shop space bringing multiple charities under one roof, to Brent Cross, The Oracle and Cabot Circus, driving incremental footfall, significant media coverage and winning us a Revo award for Pop-up of the Year. We aim to continue working with Charity Super.Mkt through 2024.
- We had further success bringing digitally native brands to physical space, most notably SHEIN to Bullring and Grand Central, and UK firsts including Trinny London's kiosk to Bullring.
- In France, we hosted a two week pop-up store at Les Terrasses du Port for local rapper Jul, and then 'Sunset Live' later in the year, which showcased local and international musical artists on the seafront terrace, attracting significant media and influencer attention, and involving 25 brand partners.
- Meanwhile, at Les 3 Fontaines we hosted the second edition of the 3Festival which celebrates 'Art in all its forms' with local partners from street art workshops to culinary battles.
- We continue to exploit underutilised car parking space with new uses, occupiers and events, including the UK's largest Tesla collection point, the Florescenza garden centre, and Big Kid Circus at Brent Cross; Skatepark with Red Bull at Cabot Circus, and the Supercar Weekend at Dundrum.
- We enlivened our destinations with summer bars including large external screens showing major sporting events, and created winter wonderlands in our unique outside spaces with Apres ski bars and ice rinks plus a visit from the much loved Coca-Cola truck in Bullring and Grand Central creating high footfall.
- We increased our social media presence and partnerships with local influencers, contributing to increased visibility and customer engagement with our destinations.

Turning to other near term projects which are integral to our existing assets, at Ironworks in Dundrum, a 122 unit residential development, construction continued during 2023. We also agreed a long term indexed lease for the social housing units that we have built as part of the scheme and were completed in the year.

In France, we are considering options for an incremental repurposing of underutilised space at Cergy 3, to capitalise on strong demand, following the opening of Les 3 Fontaines extension in March last year, and are in discussions on heads of terms with two operators.

During 2023, we have been disciplined with our resourcing and capital expenditure on our development projects and pre-development and strategic lands; focusing on those initiatives which give short term routes to value, and those integral projects which add most value to our wider estate.

The wider development market has been somewhat fractured during the course of 2023; with viability under pressure due to ongoing challenges with construction costs, cost of capital and valuation yield movements, alongside uncertainty of public policy and decisions. Nevertheless, structural demand from occupiers – and therefore rental performance – remains strong across most asset classes where we have exposure, particularly in city centre locations for best-in-class workplace and purpose-built rental apartments.

We have continued to advance planning consents and land assembly agreements across the portfolio, which is capital light. In Ireland, we expect the initial planning consents to be finalised in 2024 at Dublin Central and there are ongoing discussions wit1otential end users, while our planning application for a strategic residential masterplan at Dundrum Phase II remains in consideration with the local authority. At Martineau Galleries, part of the wider Birmingham Estate, we have been working closely with Birmingham City Council and other stakeholders to ensure that we have a route to prepare for the development of this multi-use estate which will complement and benefit from our other holdings in the city.

Lastly, in our longer term development opportunities, standing alone from existing destinations, we exited our 50% share of all land and corporate interests at Croydon at a narrow discount to book value, as well as some small land interests in Clonsilla, Dublin, focusing our core portfolio and creating additional liquidity for investment. At Eastgate, Leeds, we have agreed to update an historical development agreement with the City Council paving the way to unlock the value of the site. At Bishopsgate Goodsyard, we are progressing with detailed design and feasibility, the procurement of initial demolition and preparation works, and engagement with Network Rail.

Looking ahead to FY 24, key priorities for investment for growth and value creation include:

- Completing the repurposing of space at Bullring and advancing accretive projects integral to our assets across the portfolio
- Maintaining our leasing momentum with a diverse mix of high quality operators.
- Further increasing our emphasis on placemaking, commercialisation and digital marketing.
- Accelerating the realisation of value from our strategic land, whilst maintaining capital discipline.

Agile platform

We have transformed our platform and cost base to create an organisation focused on growth and value creation. We took decisive action in 2021 and 2022, shifting from a top heavy, geographically oriented and siloed organisation to a simplified, asset-centric operating model.

In 2023, we continued to drive efficiencies and adapt our ways of working, both in terms of technology – systems and automation – and in terms of greater collaboration, encouraging cross pollination of ideas and practices between asset management, leasing, placemaking and marketing, ESG, strategy and insights, finance and communications.

We are creating a high performance, high engagement culture with an emphasis on strategic value creation focused on asset management and delivery, placemaking and the repositioning of our assets. Property management and associated accounting services have largely been consolidated to proven third party partners of scale.

In 2023, we implemented the consolidation of our property management suppliers in the UK in February, and similar activity in France in the second half. Our 164 colleagues are now focused on strategic tasks as a result of the overhaul of our operations.

The actions we have taken over the last three years in realigning our portfolio and business model as well as introducing new systems, tools and more efficient ways of working have necessarily resulted in a reduction of headcount of 68% since FY 20. This has delivered a gross administration cost reduction of 24%.

By introducing these agile, more efficient and sustainable ways of working we are increasing speed to market and productivity. Today, we deliver more leasing and commercialisation activity than in 2019, with a leaner team, on a more focused portfolio. Other sources of savings include reductions in office space in the UK and France, insurance renewals, and a rigorous management of costs in general.

We have also increased our efforts on employee engagement and talent management as part of our strategy to retain and develop key talent and we continue to invest in and promote key talent to be fit for the future.

Looking ahead to FY 24, key priorities for our increasingly agile platform include:

- Embedding our new ways of working and consolidation of suppliers.
- Further improvement of our technology stack and automation of business processes, including investment into new data sources like AICCTV.
- Improve colleague engagement to encourage retention of key talent and to instill a high performance culture.
- Reduce gross administration costs by a further 10%.

Charity Super.Mkt, Cabot Circus

Le Sunset Live, Les Terrasses du Port

Sustainable and resilient capital structure

Our capital allocation framework remains the same. We will maintain a stable and resilient capital structure, with an IG credit rating, to maintain access to capital markets. We are committed to a sustainable and growing cash dividend, covered by cashflow, and balanced with our total returns focus. We are mindful of our cost of capital, but will remain opportunistic on capital deployment. After strengthening of the balance sheet, our priority is to invest for growth and value creation.

Today, we have a resilient balance sheet, ample liquidity, and have maintained our IG credit rating. In 2023, in France we completed the sale of our 25% share of Italie Deux, and 100% of the Italik extension, and our 50% share of our interests in Croydon, together with non-core land in the UK and Ireland, generating gross proceeds of £216m. Moreover, £125m of secured debt has been derecognised in connection with our exits from non-core assets in Highcross and O'Parinor.

Since the balance sheet date, we have exchanged unconditional contracts for the disposal of Union Square to an affiliate of Lone Star Real Estate Fund VI L.P. for gross proceeds of £111m, taking total proceeds since FY 21 to £521m and thereby completing our targeted £500m disposals programme. In September 2023, we issued a £100m increase of our existing £200m 7.25% coupon bonds maturing in 2028. The new issue was priced at a yield of 9.1%. In parallel, we redeemed £100m of our 3.5% coupon bonds maturing in 2025 and 6.0% coupon bonds maturing in 2026, at a discount of £4m.

Overall, net debt reduced 23% to £1,326m at 31 December 2023. Headline LTV stood at 34% (FPC: 44%), down from 39% (FPC: 47%) at FY 22. Net debt to EBITDA improved to 8.0x from 10.4x. At 31 December 2023, the Group had liquidity of £1.2bn in the form of cash balances (£570m) and undrawn committed RCFs (£655m), and had no significant unsecured refinancing requirements until 2026 not covered by existing cash.

Looking ahead to FY 24, key priorities for our sustainable and resilient capital structure include:

— Maintaining our IG credit rating and prudent approach to refinancing of Group debt in a 'higher for longer' interest rate environment.
— Completing the refinancing of the secured debt on Dundrum in the ordinary course, which matures in September 2024.

Environmental, Social and Governance

Our ESG agenda grew in 2023, with a continued focus on achieving our targets, addressing both the Climate and Nature emergencies, whilst continuing to deliver an expanded Social Value programme.

We commenced our Net Zero Asset Plan (NZAP) programme of works focusing on degasification in Ireland, renewable energy in France, and HVAC and lighting design in the UK. To support this, we also undertook revised Physical Climate Risk Assessments in the UK and Ireland. These combine with our NZAPs to ensure a diligent, asset-centric approach to climate risk mitigation. Alongside the delivery of the NZAP projects across our destinations, renewable energy purchasing with true 'additionality' is a central pillar of our Net Zero transition and we are proactively seeking a Corporate Power Purchase Agreement (CPPA) to support our 2025 interim carbon target. Overall, our like-for-like scope 1, 2 and landlord 3 carbon emissions are down 13% year-on-year, and 35% since 2019.

Our climate and energy focus continues to receive external focus with Pavilions, Swords winning a Best Energy Achievement in Retail and Best Overall Achievement at the Business Energy Achievement Awards 2023 (Ireland) for going gas free in 2023, four years ahead of schedule.

In addition to this we have launched a quantifiable program to deliver nature-based action plans for each asset. This recognises that globally we are experiencing two emergencies, Nature and Climate. The rapid biodiversity loss globally not only needs to be addressed to maintain essential ecosystems but also to ensure a low carbon future aligned

Birmingham Weekender, Bullring

Lane 7, Bullring

to the Paris agreement. In 2023 we took the step to gift a woodland and natural grassland in Lowestoft to the Wildlife Trust. This land gift recognised the natural value of the land over its commercial value and ensure it is preserved for nature and the community for the foreseeable future.

From a Social Value perspective, we delivered asset-centric events to support the communities we serve whilst also continuing to support our corporate charity partner, LandAid. We also introduced an all-colleague Giving Back Day which coincided with volunteering week and will occur annually in the future. We had very high participation rates of more than 90%, with 152 colleagues taking part doing everything from CV workshops to clearing wetlands.

We continued to focus on benchmarks identified by our stakeholders as key to their decision making. We rank as one of the top property companies in ISS ESG with a score of C+. We maintained our low-risk rating by Sustainalytics, making us a regional leader, and we also regained our 4-star GRESB rating with a ten-point score improvement to 85 points. We also achieved a related GRESB ESG public disclosure score of 96/100, scoring us an A, which ranks us first out of our peers in our transparency surrounding our ESG practices.

CONCLUSION AND OUTLOOK

Since FY 20, we have navigated the Company through a high-risk period of deleveraging and repositioning. We have realigned our portfolio to a core of unique city centre destinations, started to deliver strong investment returns in our properties, and we have ample further opportunity to invest for growth and value creation. In the wider portfolio, we remain capital disciplined and have realised value from our pre-development and strategic lands, most recently with the exit from Croydon.

At the same time, we have transformed our platform. We have become leaner and 'developed muscle', with headcount and costs down by more than two-thirds and a quarter respectively since FY 20, but with speed to market and performance increased. We remain committed to a high performance, high engagement culture with the right talent to be fit for the future.

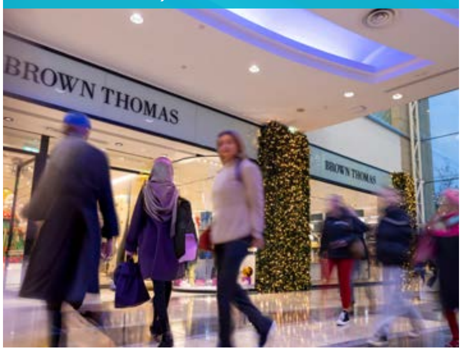
Whilst our eyes are open to the current macro-economic environment, our occupiers are thriving and our visitor numbers are on the rise in our realigned portfolio. City centres remain the dominant locations for commerce and lifestyle. Our destinations are in high demand by occupiers and visitors. The 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 core with a broader mix of uses by repurposing existing space, consolidating, and unlocking value on adjacent land. We have a strong platform with long term visibility of income. We are confident in our ability to grow top line and earnings off a new base, and therefore create value for shareholders in the years to come.

Rita-Rose Gagné
Chief Executive

Dunnes Store, Dundrum Town Centre

Brown Thomas, Dundrum Town Centre



Bullring, Birmingham

Nike, Dundrum Town Centre

Market Overview

We are well positioned for growth due to our focus on prime assets in fast growing, young cities. These economically vibrant locations are benefiting from a ‘flight to quality’ as occupiers reinvest in fewer, larger, brand building flagship stores.

Economy and customers

Customers were resilient in 2023 with the outlook for disposable income improving in 2024 and 2025.

Despite the ‘cost of living’ crisis, savings built up from Covid-19, high levels of employment and strong wage growth have helped underpin continued customer spend.

Inflation is now falling quickly, alongside energy prices, and is anticipated to continue to do so throughout 2024. Central banks are expected to start cutting rates over the course of 2024 supporting continued customer spend as well as creating liquidity, investment and growth across business sectors.

There will be continued geopolitical uncertainty with Ukraine and the Middle East as well as elections in the USA and UK, but the outlook is cautiously optimistic.

Beyond the macro-economic outlook, customers’ lifestyles and spending patterns are changing too and with it our propositions must adapt. At Bullring, Birmingham, where we have repositioned 20% of space in 2023, we have seen a 5% uplift in footfall with total visitor numbers for this destination approaching 32 million. In total, Hammerson assets attracted around 180m visitors in 2023.

Visitors continue to seek out experiences with the best brands alongside high quality food and entertainment. All generations are becoming more environmentally conscious, with customers increasingly interested in whether a product, is environmentally friendly, will last and can be re-sold. Resale has the benefits of providing a cheaper, ever-changing wardrobe which allows consumers to buy and sell, making environmental and financial sense.

These trends were evident in the success we saw with the pop-up Charity Super.Mkt at Brent Cross and The Oracle where over 70,000 items were sold, with demand so great at Cabot Circus that its opening period was extended four times.

Return to physical

The desire for experiences is driving customers back to physical destinations. At the same time, occupiers are recognising that a right-sized store portfolio is instrumental to truly profitable multi-channel retail by encouraging consumers to shop across channels. This is evidenced most clearly in the published results of leading multi-channel and pure play operators showing a marked difference in operating margins.

Whilst online has enjoyed a long run of strong revenue growth, profitability especially around deliveries and returns were overlooked. The two key differentiators in pure play are speed of delivery and price, with return rates as high as 40% in the clothing sector (leading to no sale). This and the increasing cost of standing out in a crowded online marketplace, and cost of customer acquisition, has made many operators re-evaluate.

As online has become more challenged, physical space, through rental resets and falling business rates has become cheaper. The most successful operators now use their stores to control the variable costs of online by incentivising customers to pick-up and return via stores, with the added opportunity to on-sell and for brand engagement. This rebalance between online and store investment is further underpinned by the customer desire for better experiences.

As occupiers reinvest they are looking for fewer, larger, brand building flagship stores with more experiential fitouts and seamless technology to support more profitable multi-channel operations. Our research shows that in the UK over the last 10 years, clothing retailers have typically reduced their store portfolio by 18% but average store size has increased by 17%, with city centre locations being the main beneficiary.

Eurovision, Westquay

> “Years of indecision had left M&S with a sprawling store network ... By rotating into new high productivity digitally-enabled stores ... we can increase sales and margins and the year ahead will see some exciting new developments.”
>
> **M&S Annual Report 2023**

Hammerson cities and portfolio

Hammerson's portfolio is well positioned by virtue of our focus on assets in fast growing, young cities. These economically vibrant locations have outperformed despite recent headwinds due to their large, fast growing, relatively affluent catchments.

Our assets occupy prime locations in these cities, providing flagship destinations for brands as they invest in fewer, larger experiential focused stores. Our portfolio gives occupiers direct access to 20m customers.

The diversity of our offer allows customers the choice to trade-up or down depending on their economic situation. This is evidenced by our positive like-for-like sales performance in 2023. And this sales growth is seen most clearly in the outperformance of newer repurposed space that reflects evolving customer needs.

Real estate outlook

Real estate has seen a delayed recovery in capital values and investment due to a mix of tight credit conditions, weak sentiment, high debt costs, and low risk premiums. Construction has been impacted by high material and labour costs.

Despite this subdued investment market, Hammerson disposed of three assets in 2023 at narrow discounts to book value, indicating our skill to maximise the market notwithstanding headwinds.

Investment in the UK Shopping Centres market in 2023 finished at £1.2bn, down 44% on 2022 levels according to JLL research with only five transactions occurring that were greater than £50m lot sizes. French All Retail volumes were down 51% at €2.9bn but the sale of Italie Deux/Italik accounted for 45% of the €1bn worth of French Shopping Centre investment.

In a subdued investment market, we raised £216m through the disposals of Croydon, Italie Deux and another non-core asset in 2023. In addition, we took a disciplined approach to capital allocation in assessing our options on Highcross and O'Parinor, ultimately handing back the keys on both assets, and benefiting net debt by £125m, recognising an impairment charge of £22m. Since the year end, the Group has exchanged unconditional contracts for the sale of Union Square, Aberdeen for £111m.

With the improving economic outlook, there is cautious optimism across our three markets. There is an expectation that central banks will start cutting rates in the first half of 2024. This will initially encourage activity from opportunistic investors before the wider market follows.

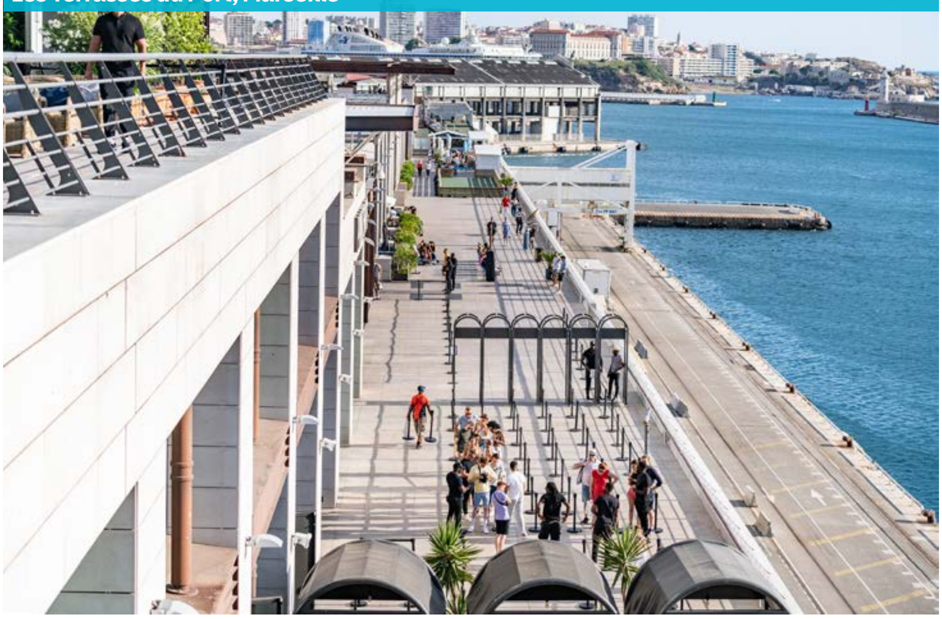
Following structural changes driven by technology, online shopping and Covid-19 alongside a focus on sustainability and the costs of upgrading buildings, the market will be increasingly drawn to quality assets in prime locations.

"Hammerson have been an important partner to us for many years across the UK, Ireland and France. The quality of their schemes and their people has undoubtedly allowed our partnership to flourish, especially with their ongoing commitment to reinvesting and evolving the assets to introduce new brands, alongside improved social and entertainment offers."

James Air
Director, JD Sports

Oxford Economic Forecasts	Q4 2024 Inflation (CPI)	Q4 2024 Interest Rates (EOP)
UK	**1.5%**	**4.50%**
Ireland	**0.9%**	**3.25%**
France	**2.1%**	**3.25%**

Les Terrasses du Port, Marseille



Bullring, Birmingham

Our Business Model

Our Purpose

We create outstanding experiences in unique city locations.

Our Culture and Values

We are an owner, operator and developer of sustainable prime urban real estate.

We create vibrant, continually evolving spaces in and around thriving cities, where people and brands want to be. Our destinations sit at the very heart of communities and in many cases form part of the city's very identity.

See How the Board Manages and Monitors Our Purpose and Culture on pages 71 and 72

Our resources

- Expertise in asset management, placemaking, investment, and development through our people and platform
- Strong and diverse customer base with some of Europe's largest brands
- Deep understanding of our occupiers and what they need to succeed
- Access to a broad range of capital providers

What we do

01
Asset management
We optimise the use of space by delivering exceptional occupier line-up, placemaking and integral repurposing projects

02
Complementary development opportunities
We bring new uses and revenue streams through developments which are complementary to our core destinations and in turn enhance the proposition of the whole

03
Maximising value from development opportunities
We unlock the value of our stand-alone development opportunities through disciplined risk-adjusted capital allocation

04
Capital cycling
We reinvest for growth in the highest return opportunities

Our strategy

INVESTING FOR GROWTH AND VALUE CREATION
Investing into our destinations to strengthen and diversify the customer proposition through repurposing, leasing with best-in-class operators, and public realm

AGILE PLATFORM
Focus on strategic asset management, placemaking and investment through a transformed, increasingly agile operating platform

SUSTAINABLE AND RESILIENT CAPITAL STRUCTURE
We prioritise a strong balance sheet and maintaining an investment-grade credit rating. Our capital allocation is disciplined, with a focus on recycling capital into our core portfolio.

Managing risk and opportunities

We identify, quantify and monitor risk to the Group through a systematic review of the Group's strategic priorities

Risks and Uncertainties on page 54

Environmental, Social and Governance

To ensure we can consistently unlock the value in our portfolio, we have a strong governance framework which sets us up for long-term success.

See ESG on page 26

The value created

FOR OCCUPIERS
We deliver best-in-class destinations through vibrant and exciting placemaking, and industry leading analytics that attract high footfall and allow our occupiers to succeed

FOR CUSTOMERS
We create outstanding experiences in unique city locations that surpass the changing needs of our customers

FOR COLLEAGUES
We promote a high performance, high engagement environment where colleagues can realise their full potential

FOR COMMUNITIES
We create better places for our communities through improved infrastructure and public realm, sustainable buildings, exemplary placemaking, events and local employment

FOR PARTNERS
We create partnerships with our JV and debt investors, suppliers, local authorities and communities based on a collaboration where each partner benefits

FOR INVESTORS
We aim to generate attractive returns for our investors over the long term. We ensure a sustainable capital structure, maintaining our investment grade credit rating

See Our Stakeholders on page 20

See KPIs on page 23

Our Stakeholders

Stakeholders		Key areas of interest
Occupiers	We deliver best-in-class destinations through vibrant and exciting placemaking, and industry leading analytics that attract high footfall and allow our occupiers to succeed	– Shared commercial objectives attracting consumers – Vibrant and well-operated destinations – ESG – Occupancy cost
Customers	We create outstanding experiences in unique city locations that surpass the changing needs of our customers	– Vibrant destinations with engaging occupier mix – Future winning brands – Continuous improvement to enhance consumer engagement and experience – ESG
Colleagues	We promote a high performance, high engagement environment where colleagues can realise their full potential	– Strategic, operational and financial performance – Colleague engagement – Reward – Diversity, equality and inclusion – Training and development – Health and wellbeing – ESG – High performance

Communities	We create better places for our communities through improved infrastructure and public realm, sustainable buildings, exemplary placemaking, events and local employment	– Measurable positive impact in socio-economic issues relevant to the communities in which we operate
		– ESG
		– Community projects focus on four areas:
		  – Employment and skills
		  – Local investment and enterprise
		  – Developing young people
		  – Health and wellbeing

Partners	We create partnerships and strive for alignment with our JV and debt investors, suppliers, local authorities and communities based on a collaboration where each partner benefits	– Long-term partnership, collaboration and engagement – Current and future financial performance – Operational excellence – Corporate governance – Innovation, consumer trends and insight – Shared objectives and values – ESG, community projects and impact – Development and planning
Investors	We aim to generate attractive total returns for our investors over the long term. We ensure a sustainable capital structure, maintaining our investment grade credit rating	– Current and future financial performance – Strategy – Corporate governance – ESG – Risk management and capital allocation – Regular and transparent communication and reporting

How we engage
– Our dedicated leasing team has a leasing strategy for each asset, underpinned by the Group's strategic objectives – We hold regular executive management meetings with our occupiers – We have a targeted programme of engagement for future occupiers and partners – We run a brand feedback study with our occupiers to gather input on their satisfaction to help drive stronger, mutually beneficial relationships – We have undertaken an additional series of in-depth interviews with core occupiers to understand what our occupiers value and to help expand our relationships. The results were presented and discussed at the Board Strategy Day – A panel of occupiers and consultants who work with our occupiers participated in a moderated panel discussion at the Board Strategy Day – The Board receives reports from the senior management team on matters relating to occupiers, which are discussed at its meetings
– We regularly undertake both quantitative and qualitative insight studies to understand consumer needs – Our marketing, leasing and asset management strategies are focused on ensuring that we curate vibrant destinations for multi-use estates – We invest in optimising space and occupier mix and improving customer facilities – The Board receives regular reports on consumer behaviours and associated needs, including detailed sessions at the Board Strategy Day, which provide useful insights into emerging trends at a local and national level and will inform investment decisions and identify future revenue drivers
– We hold regular colleague briefings with the Chief Executive and other members of the senior management team – We undertake all colleague engagement surveys. In 2023, this was followed by workshops with each team across the business. Learnings will be embedded into goal setting and business processes to drive colleague engagement and a high performance culture – In addition, during the year, colleague surveys were conducted on discrete areas, including Health & Safety and the move of our office – Updates on current business and performance is delivered to all colleagues via regular town hall 'squad' meetings and other engagement tools – The Colleague Forum was established in May 2019 and we have a Designated Non-executive Director for Colleague Engagement who attends its meetings – Affinity Groups, which champion equality, diversity and inclusion (ED&I), cover Race & Ethnicity, LGBTQ+, Women and Wellbeing. These groups drive our ED&I calendar of colleague engagement activations – Our comprehensive programme for new joiners includes an online training programme – The Board receives updates from the designated NED for Colleague Engagement on interactions and reports regarding colleague engagement, including culture and ED&I
– Our local community impacts are positive, and our business activities attract significant additional investment into local economies – We create a localised placemaking strategy for each asset through our asset management programme, reflecting the needs of our communities – We set community engagement plans that address issues identified as relevant to local communities – We develop long-term partnerships with organisations that share our focus areas and local authorities – We consider donations to suitable charities in line with our four focus areas, including charities local to our assets, complementing our ESG goals – The Board receives regular ESG reports, including progress on social value targets within our sustainability strategy, and has oversight of key ESG policies
– We seek open and collaborative relationships with our partners – We hold quarterly joint venture board meetings together with more regular engagement as needed, and approve asset business plans annually, setting parameters for the next year and over the longer term – We organise regular meetings with partners to highlight key areas of focus, including ESG, customer experience, innovation and other areas of shared focus – Active dialogue and engagement with key suppliers – We are signatories to the Prompt Payment Code, to support our partners, suppliers, local authorities and debt investors – The Board is regularly updated on engagement with partners and considers relevant matters in the context of ongoing oversight and decision making – Health & Safety is emphasised as a top priority at all times
– We actively engage with investors through regular meetings, including discussions on strategy, operations, capital allocation, ESG, and governance. Throughout the year, we meet with institutional shareholders to discuss progress on our strategy, operational updates, capital allocation, as well as matters of governance. The Chair of the Remuneration Committee consults with major shareholders on remuneration matters – Key shareholder publications including the annual report, the full year and half year results announcements, operational updates, ESG report, press releases and other information for investors are available on the Company's website – The AGM provides a valuable opportunity for shareholders to engage with Hammerson and vote on resolutions. Shareholders can ask questions during the meeting or submit inquiries beforehand. Extensive engagement with shareholders and major proxy advisers occurred in the run-up to, and following the 2023 AGM – The Board regularly receives reports on investor relations, including engagement updates. Directors actively participate in engagement opportunities throughout the year

Section 172(1) statement

Stakeholder engagement

We seek to deliver value and positive outcomes for all our stakeholders. The Board is aware that its actions and decisions impact our stakeholders including the communities in which we operate. Effective engagement with stakeholders is important to the Board as it strengthens the business and helps to deliver a positive result for all our stakeholder groups.

In order to comply with Section 172 of the Companies Act 2006, the Board is required to take into consideration the interests of stakeholders and include a statement setting out the way in which Directors have discharged this duty during the year.

The Board seeks to understand the needs and the key areas of interest of each stakeholder group and consider them during deliberations and as part of the decision making process. It reviews the long term consequences of decisions on relevant stakeholder groups by ensuring that the Group builds and nurtures strong working relationships with our investors, occupiers, suppliers, joint venture partners, debt capital providers, consumers, and the wider community and government agencies which are important to the success of the Group. It does this by overseeing the work undertaken by management to maintain and seek to enhance these relationships. The Board receives detailed reports and, when relevant, these include assessments of the impact that a proposal or project might have on stakeholders, with appropriate input from the senior management team. Further information on the Board's engagement with, and consideration of, the Company's stakeholders can be found on pages 20 and 22.

Section 172(1) Statement

The Directors of the Company have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, had regard, amongst other matters, to those matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

- The likely consequences of any decision in the long term
- The interests of the Company's colleagues
- The need to foster the Company's business relationships with partners, consumers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company

The Board has identified its key stakeholders as being its: occupiers; customers; colleagues; communities; partners; and investors. Building and nurturing these relationships based on professionalism, fair dealing and integrity is critical to our success.

Our extensive engagement efforts help to ensure that the Board can understand, consider and balance broad stakeholder interests when making decisions to deliver long term sustainable success.

While the Board will engage directly with stakeholders on certain issues, stakeholder engagement will often take place at an operational level with the Board receiving regular updates on stakeholder views from the Executive Directors and the senior management team. Directors receive a briefing regarding their duties under s172(1) and board papers for all key decisions include a specific section reviewing the impact of the proposal on relevant stakeholder groups, as well as other s172(1) considerations.

The Board is responsible for establishing and overseeing the Company's values, strategy and purpose, all of which centre around the interests of key stakeholders and other factors set out in s172(1). The Directors remain conscious that their decisions and actions have an impact on stakeholders, including occupiers, customers, colleagues, communities, partners and investors, and they have had regard to stakeholder considerations and other factors in s172(1) during the year.

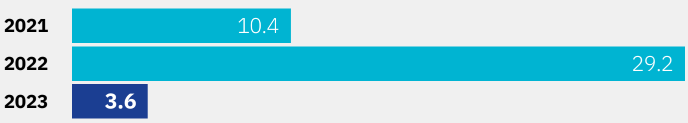
Whilst the Board acknowledges that, sometimes, it may have to take decisions that affect one or more stakeholder groups differently, it seeks to treat impacted groups fairly and with regard to its duty to act in a way that it considers would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the balance of factors set out in s172(1). Considerations relating to s172(1) factors are an important part of governance processes and decision making both at Board and management level, and more widely throughout the Company. Necessarily in a large group, some decisions are taken by management. These decisions are taken within parameters set by the Board and there is a robust framework that ensures ongoing oversight and monitoring.

Link to strategy:
1 Investment for growth and value creation
2 Agile platform
3 Sustainable and resilient capital structure
R Linked to remuneration – 2023
R Linked to remuneration – 2024

KPIs

Financials

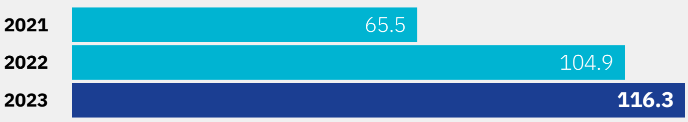
Adjusted Net rental income ('NRI') (like-for-like change) % 1 R



New KPI underpinning value creation

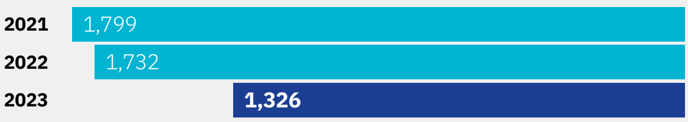
On a like-for-like basis, NRI increased by 3.6% in 2023. This was due to growth in base rent associated with strong leasing and variable rent (turnover rent, car park and commercialisation income). Further detail is in Table 3 of Additional Information.

Adjusted earnings £m 1 3 R R



Adjusted earnings grew 11% to £116.3m in 2023. Key factors were underlying rental growth; lower gross administration and net finance costs; higher Value Retail earnings; partly offset by income foregone from disposals.

Net debt £m 1 3 R

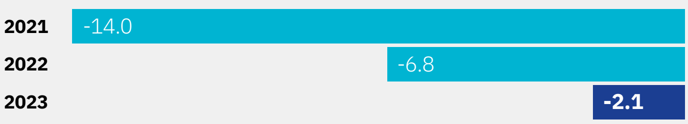


Net debt reduced 23% in 2023 to £1,326m. The decrease was due to disposal proceeds, the derecognition of Highcross and O'Parinor secured debt, operating cash flow and distributions from Value Retail; partly offset by dividend and interest payments and capital expenditure. See Table 13 in Additional Information for further details.

EPRA NTA per share pence 1 3

NTA per share fell by 2p in 2023 principally due to revaluation losses of £126m, of which 65% was due to outward yield movement with the remainder principally reflecting lower residual values on our strategic lands. See note 9B to the financial statements for the calculation.

Total accounting return ('TAR') % 1 3 R



New KPI replacing Total property return which is a 2024 remuneration target, is comparable with the wider real estate sector and a key measure of value creation

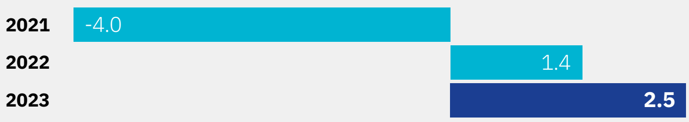
The Group recorded a TAR of -2.1% in 2023. The adverse return in 2023 was principally due to revaluation losses of £126m (2022: £282m losses) and losses/impairments relating to disposals. See Table 15 in Additional Disclosures for calculation.

Operational

Leasing activity £m 1

2023 was another record leasing year for the Group with £29.0m (or £45.8m at 100%) secured across the Flagship portfolio, 23% ahead of 2022 on a like-for-like basis. Leases were signed at an average 12% ahead of ERV and 37% ahead of previous passing rent.

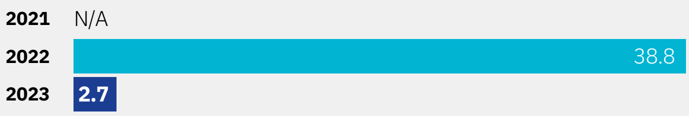
Passing rent (like-for-like change) % 1



Amended KPI to reflect the annual change rather than the absolute figure to better demonstrate underlying performance

Like-for-like passing rent at our Flagship portfolio increased by 2.5% in 2023 driven by the Group's strong leasing performance. Further detail can be found in Table 4 of the Additional Information.

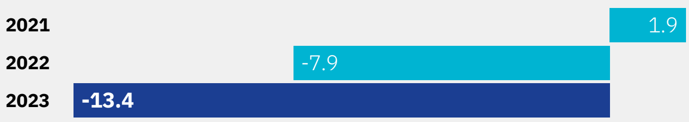
Footfall (like-for-like change) % 1



Amended KPI to present the year-on-year change rather than compared to 2019 which was more relevant in the aftermath of Covid-19

Footfall grew by 2.7% in 2023, with growth in all three countries. Our focus on creating the optimal occupier mix and exciting placemaking enables us to attract a growing number of visitors to our flagship destinations.

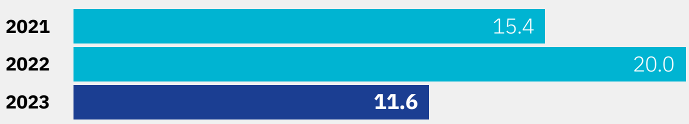
Carbon emissions (like-for-like change) % 1 3 R R



New KPI replacing the GHG intensity metric as better aligned to the Group's 2030 Net zero commitment and 2025 targets in our €700m sustainability linked bond

Our carbon emissions reduced by 13.4% in 2023 reflecting the impact of net zero asset plan initiatives undertaken in the year and our broader environmental strategy to reduce energy usage across our portfolio.

Voluntary colleague turnover % 2



The level of voluntary colleague turnover fell in 2023 as the benefits of the Group's digitalisation and automation projects became to be realised and key initiatives to simplify the Group's operating model were implemented.

Our Colleagues

At 31 December 2023, we employed 164 colleagues across the Group: 107 were based in the UK, 22 in Ireland, and 35 in France. This is a 49% reduction in colleague numbers from 2022 with a total reduction in colleague numbers of 68% since 2020.

An agile platform for growth

Since 2020 Hammerson has transformed into an asset-centric organisation, focused on value creation. We have continued to build our talent-base with the critical skills and ambition to deliver against our purpose – creating outstanding experiences in unique city locations.

The Group's structure continued to evolve over the course of 2023 with the introduction of a new and more efficient operating model, with on-site property management and associated accounting services in the UK and France being consolidated with proven scale strategic partners.

Embedding these changes resulted in another year of intensive change in our ways of working and technology, both systems and automation, enabling increased collaboration and speed of delivery.

The full spectrum of change across the organisation enables colleagues to focus on the strategic delivery of asset management, leasing, placemaking and ESG.

These changes, contributed to a 14% year-on-year reduction in Gross Administration Costs.

Delivery through a high performance culture

In 2023, Hammerson continued to bring colleagues on a journey to establishing a highly engaged, high performance culture, alongside the need to:

— Adapt the operating model

— Continue to reshape the organisation and reduce costs

— Deliver digital transformation and new ways of working

By prioritising talent management across the business, we have been able to better leverage the expertise of individuals across the Group to deliver improved results for stakeholders.

The operational and financial progress made in 2023 is underpinned by the increased priority and focus given to effective people management. The stretching targets set by the Board were translated into a full cascade of team and personal goals for individuals. These were monitored during the year with formal personal reviews undertaken at both the mid and full year.

With the pace of change and increasing expectations of delivery, it was important that we underpin this journey with culture initiatives which will support increased levels of employee engagement and talent retention. Key initiatives that were introduced in 2023 included:

— Introduction of Hammerson's new values: Ambitious, Connected, Respect.

— Re-launch of the Hammerson Colleague Survey, with an 83% Group-wide participation rate and an extensive programme of follow-up workshops focused on colleague led actions to improve engagement.

— Re-fresh of the colleague communication group, The Forum, to give colleagues a voice with the senior leadership team.

Equality, Diversity, & Inclusion (ED&I)

The most successful businesses from both a colleague and value creation perspective are those that champion diversity. It can deliver greater innovation, a far deeper understanding of customers, and colleagues develop a more varied range of skills and outlooks as a result. Continuing on our journey to shape a more diverse and inclusive culture at Hammerson is a priority for both the Group Executive Committee (GEC) and the Board. We are committed to accelerating progress in this important area and our work over the past 12 months continues to shape our colleague and ED&I strategy.

Opening Doors, Hammerson Colleague Volunteering

Since their formation, our four colleague-led Affinity Groups: LGBTQ+, Race & Ethnicity, Women, and Wellbeing' have made great strides in raising awareness, creating conversations and highlighting educational resources, sharing personal stories and support around these important topics. Events during 2023 organised by the groups were focused on increasing awareness and understanding of the unique challenges faced by our diverse colleague base. These included events focused on Pride and the LGBTQ+ community, Black History Month, Diwali, Vaisakhi, Wellbeing and Equality.

A GEC member sponsors each Affinity Group to drive further momentum and action on matters of importance to our colleagues, partners and communities.

We continue to welcome and fully consider all employment applications irrespective of gender, race, ethnicity, religion, age, sexual orientation or disability. Support also exists for colleagues who become disabled to continue in their employment or to be retrained for other suitable roles. Training, career development and promotion opportunities are equally applied for all our employees, regardless of disability.

Looking forward, Hammerson will provide increased management development focused on building and leading diverse teams with a focus on increasing diversity through the recruitment and promotions processes.

Gender representation

See table below showing the gender representation across the Group.

Information relating to the Board's diversity and the gender diversity of those at senior management level and their direct reports as defined by the UK Corporate Governance Code can be found on page 81.

Gender pay reporting

As an organisation we are clear on our commitment to all aspects of equality and fair pay, and reward is a key element of this. For many years we have undertaken an internal pay audit to ensure that our reward practices are fair to all colleagues, particularly those undertaking like-for-like work.

The results of our 2023 audit continued to demonstrate the fair reward practices in place. With regard to our UK Gender Pay Gap, the table below shows the latest data. There has been a substantial change in the workforce between 2022 and 2023 which accounts in part for the changes in the data. This will be an area of focus for 2024.

Gender representation (as at 31 December 2023)

	2023				2022			
	Female		Male		Female		Male	
	Number	%	Number	%	Number	%	Number	%
Across the Group	**85**	**51.8**	**79**	**48.2**	160	50	160	50
At senior manager level*	**1**	**16.7**	**5**	**83.3**	1	16.7	5	83.3

* as defined in the Companies Act 2006 (being, for this purpose, the GEC excluding Executive Directors).

Gender pay reporting

	2023	2022
Difference in mean hourly rate of pay	**40.7%**	34.8%
Difference in median hourly rate of pay	**39.8%**	32.7%
Difference in mean bonus pay	**37.1%**	47.3%
Difference in median bonus pay	**58.8%**	58.0%
Proportion of male colleagues who received bonus pay	**88.6%**	90.9%
Proportion of female colleagues who received bonus pay	**95.4%**	96.7%

Note: The 2022 figures have been restated to exclude the Company's wholly-owned subsidiary, Hammerson Operations Limited, following the consolidation of on-site property management services with partner organisations.

Hammerson Green Apple Award

Hammerson Colleague Charity Triathlon

Environmental, Social and Governance (ESG)

2023 Highlights

Carbon emissions vs 2022 (like-for-like change)
(Scope 1, 2 and 3 proportionally consolidated)

-13.4%

2022: -7.9%

Carbon emissions v 2019 (like-for-like change)
(Scope 1, 2 and 3 proportionally consolidated)

-35%

Social value investment

£2.5m

2022: £2.7m

Benchmarks	
GRESB	4 stars/Score 85
GRESB Public Disclosure	96/100 A
ISS ESG	C+
Sustainalytics	Low risk

Environmental, Social and Governance (ESG) underpins the Group's strategy. We are pleased with the continued progress made in our ESG activities during 2023, as we continue on our pathway to being Net Zero by 2030.

Our ESG focus

In 2023, we covered a broader range of ESG subjects. This built on our progress in 2022 when we introduced tangible transition plans to achieve net zero by 2030. As we progress our ESG strategy we have utilised our 2022 materiality assessment (page 35) and are actively planning for the evolving ESG disclosure required by the Corporate Sustainability Reporting Directive (CSRD).

Our strategy addresses global Climatic impacts taking a risk-based approach, however we recognise that globally we are experiencing two emergencies, Nature and Climate. The rapid biodiversity loss needs to be addressed to maintain essential ecosystems but to also ensure a low carbon future aligned to the Paris Agreement.

To address this, we continue to reduce our energy consumption, with clear actions embedded in our Net Zero Asset Plans (NZAPs), ensuring we do not separate this from our climate risk mitigation. We also undertook revised Physical Climate Risk Assessments and Nature Asset Plans, to be completed in early 2024. These will be used to further inform our climate and nature transition plan to achieve Net Zero by 2030. These two new asset specific assessments when combined with our NZAPs demonstrate our inclusive approach to ESG. We also increased our social value focus with the introduction of our group wide Giving Back Day in June.

Managing climate risk

In April 2023, in recognition of the latest scientific research, the Board approved a change in our climate risk approach. We are no longer planning our transition aligned to a steady net zero pathway consistent with the Paris Agreement. We recognise swift action is needed to combat the already rapidly increasing global temperatures and related climate impacts, so we are planning against the two more extreme climatic scenarios of +2^{0}C and +4^{0}C (page 36) to ensure our transition is aligned to recent scientific models.

Our NZAPs provide us with a measured approach to transition and, where feasible, are being accelerated at several of our assets to maximise our energy reduction. We continue to work on the introduction of an impactful carbon pricing mechanism to support our developments and to direct funding into carbon reduction.

Delivering social value

To date our social value activity has centred around charitable giving and volunteering. Across the Group, we remain committed to our corporate charity partnership with LandAid.

Following the introduction of the Group's new property management partners in the UK and France, we revised our approach to social value. In 2024, we will further develop our asset centric social value strategy to continue to respond to the local needs at our destinations.

Understanding material impacts

In 2022 we undertook a materiality review and have used this to inform our strategy. We are also planning to undertake a more detailed double materiality review in 2024. With an extensive suite of ESG disclosure and reporting requirements coming into effect in the near term we are reviewing our approach to ensure we are able to meet our compliance obligations, and remain at the forefront of our sector to help drive change.

We participate in key benchmarks identified by our stakeholders and evolve our approach to reporting and governance with further enhancements in our 2023 ESG report. We rank as one of the top property companies in ISS ESG with a score of C+. We also maintained our Sustainalytics low risk rating and we regained our 4-star GRESB rating with a related ESG public disclosure score of 96/100. This make us first out of our peers in our transparency surrounding ESG practices.

ESG Pillars

Environment	Social	Governance
— Climate — Nature — Carbon emissions	— Community and volunteering — Health and safety — Our people	— Public disclosure — Strategic management — Benchmarks

Environment: Climate and nature

2023 Highlights

Global emissions intensity, $kgCO_2e/m^2$
(Scope 1, 2 and 3, 100% basis)

41.8

2022: 43.1

Carbon emissions vs 2022 (like-for-like change) waste recycled
(Scope 1 and 2 proportionally consolidated)

-12.3%

2022: -12.4%

Operational waste recycled
(Proportionally consolidated)

57%

2022: 70%

Water consumption (LFL YoY)
(Proportionally consolidated)

-1%

2022: +30%

% of UK portfolio (excluding Union Square) rated EPC A to C

73%

2022: 68%

Environment

We recognise that Climate and Nature are two key elements of a global environmental emergency. We are therefore increasing our focus on these two interconnected areas.

Climate

Reducing carbon emissions

In 2023 we further reduced our carbon emissions, which for Scope 1 and 2 emissions on a proportionally consolidated basis, were 6,021 tCO_2e, a 12.3% reduction on a like-for-like portfolio basis. Our GHG emissions, shown on page 40 and calculated on a 100% basis, including selected Scope 3 emissions, were 14,001 tCO_2e (2022: 17,765 tCO_2e). On a proportionally consolidated basis, our like-for-like GHG emissions fell by 13.4% in the year and are 35% below their 2019 levels. These reductions are consistent with our pathway to being Net Zero by 2030.

In 2023, we have also included transmission and distribution losses into our Scope 3 emissions and have recalculated previous years' emissions accordingly. We are also pursuing opportunities for onsite and offsite renewables in all countries in which we operate, which are new to earth and meet our additionality requirements, which are another key step towards achieving our ambitions.

Net Zero Asset Plans

In 2023 we began the delivery of our NZAPs at our assets. We have adopted country based approaches to ensure economies of scale and efficient delivery. In Ireland, we have focused on degasification with two out of three assets now being gas free in landlord areas and the remaining asset will be gas free in 2024.

In the UK, we have undertaken a Building Management System (BMS) review and begun enhancing our controls. We have also undertaken lighting surveys and have started HVAC redesigns which we will deliver from 2024 to 2028. We are also planning three new PV arrays and continue to pursue a Corporate Power Purchase Agreement with clear additionality clauses.

In France, we have completed feasible studies to increase our onsite renewable energy with additional PV arrays being commissioned. We also introduced a biomenthanisation station at Les Terrasses du Port to reduce our offsite waste handling and to generate energy. We also continue to enhance our building controls.

Occupiers

To continue to address our climate impacts we not only proactively work to reduce our landlord emissions but also support our occupiers in reducing their emissions. In 2023 we continued to sign green leases, which set our minimum environment standards including our fit out requirements. Our leasing policy in the UK contains minimum EPC standards and we continue to strive to achieve a minimum C rating at all UK assets and exceed legislative requirements in Ireland and France. In England, we now have only two F rated EPC units and these are in spaces we are not actively seeking to lease. Within our remaining English portfolio 73% is rated EPC C or above.

Nature

Biodiversity to Nature based solutions

We have had a commitment to biodiversity and a Board endorsed policy for several years. We have already begun our transition from addressing biodiversity in isolation to covering wider nature-based solutions and linking this with the other environmental activities and projects we deliver. In 2023, we appointed Marsh to undertake a combined piece of work involving revised Physical Climate Risk Assessments and Nature Asset Plans for each asset and these will be completed shortly. We will combine these plans with our NZAPs to create a transition plan aligned to both climate and nature. Our Nature Asset Plans adopt a risk and opportunities focused output aligned to the LEAP framework within the Taskforce of Nature-based Financial Disclosure (TNFD).

Also in 2023 we delivered projects focused on nature including increasing our green space, improving bee hive and insect hotel coverage, and nature based volunteering work as part of our annual Giving Back Day. We also gifted a five acre woodland with natural grassland in Lowestoft to the Suffolk Wildlife Trust. This gift recognised the value of the land to the local community and ensures its use will be protected in the future.

Water & Waste

We remain committed to reducing our water usage and diverting waste from landfill. In 2023 we recycled 57% of operational waste, while our water consumption was 1% lower than 2022 on a like-for-like proportionally consolidated basis. We continue to improve our ability to monitor and reduce water usage. In Dundrum Town Centre we diverted a local culvert to our Mill Pond saving 14,000 litres of potable water every day which is over 5m litres annually. It will also generate savings of c. €15,000 per year. In Pavilions we have drilled a well which will serve all public toilets and meet 50% of mains water demand.

Social value: Community and volunteering

2023 Highlights

Social value investment

£2.5m

2022: £2.7m

Charities, organisations and groups that benefitted from the Group's direct and indirect contributions

234

2022: 152

Social value cash contributions (£000's)

725

2022: 247

Social value

Our social value strategy continues to develop and we seek impactful partnerships. Each of our destinations in the UK, France and Ireland are allocated charity bursaries to support their local communities. Across the Group, we remain committed to a corporate charity partnership which is reviewed every three years.

Our 2022-2025 partnership is with LandAid, the property industry charity working to end youth homelessness. As a LandAid foundation partner, we provide an annual corporate donation and colleagues participate in fundraisers such as the SleepOut, LandAid 10K and the Tour de LandAid.

All Hammerson colleagues are eligible for match funding to further their charitable fundraising initiatives. Throughout 2023, colleagues fundraised £29,700, including match-funding, for a range of charities including Comic Relief, Make-A-Wish Foundation and Macmillan Cancer Support.

In 2023, our total social value investment was £2.5m, which has been generated through our programme of social activity across all our managed assets. This compares to £2.7m in 2022 which was generated from a larger portfolio of assets.

Given our placemaking responsibilities we seek to make our assets inclusive spaces for our diverse local communities. As such, each year our UK assets support various diversity and inclusion campaigns such as Purple Tuesday in November. This event focuses on enhancing the customer experience for disabled individuals and families. At The Oracle, Berkshire Vision was in attendance and visitors had the opportunity to wear spectacles that simulate different sight loss conditions. This is designed to help to raise awareness of the impact of vision lost. At Cabot Circus, Guide Dogs South West visited to raise awareness of their services.

Volunteering

In 2023 we introduced an annual all colleague Giving Back Day which coincided with Volunteers Week in the UK. Of our 162 available employees at the time of the event in June 2023, 152 participated, 93 in the UK, 50 in France and 9 in Ireland.

Volunteering opportunities were also identified locally. For those based in our UK head office, opportunities were planned in collaboration with the Marble Arch Partnership Business Improvement District to ensure we responded to genuine local needs. To develop employment and skills in the area, we visited Marylebone Boys' School and provided employment support in the form of practice interviews, CV advice and a broader careers discussion. We also worked with Open Age to prepare, cook and serve a three course meal for older people living in social isolation.

Colleagues in Ireland volunteered with an equine charity, the Irish Horse Welfare Trust. In addition to re-homing horses and ponies in need the Trust deliver a number of educational programmes within the local community. Volunteering support included improving the paddock and stables areas through grounds maintenance work, painting and decorating.

While, in France, we collaborated with La Cravate Solidaire, an organisation that supports people out of work with their transition into employment. We donated 50kg of high-quality clothing which we then sorted for use by recipients of the charity for professional settings such as interviews and employment.

Giving Back Day employment support:

"The feedback we have had from the students has been amazing. The students who participated said their interviews and CV sessions were so insightful and that they loved speaking with their interviewers."

Marylebone Boys' School Teacher

SOCIAL VALUE: COMMUNITY AND VOLUNTEERING CASE STUDIES

With a broad scope of social value focused activities delivered in 2023 the following case studies showcase the breadth of initiatives across our destinations.

Charity Super.Mkt – Brent Cross, The Oracle and Cabot Circus
During 2023, three of our UK flagship destinations hosted Charity Super.Mkt, a large-scale pop-up unit space offering a curated selection of second-hand garments.

The initial launch of Charity Super.Mkt at Brent Cross in January was the first time that local and national charities had collaborated within a physical retail store. Following the highly successful launch, Charity Super.Mkt was extended to our destinations in Reading and Bristol. Across our 2023 charity supermarkets, 40 charities participated, raising £890,000 through the sale of clothes and Hammerson colleagues also volunteered their time at each supermarket. Given the success of the scheme, Charity Super.Mkt won the 'Pop-up of the year' prize at the 2023 Revo Awards.

Award Winning Charity Super.Mkt, Brent Cross

CuchulainnHeart Challenge – Dundrum Town Centre and Ilac Centre
In 2023, we again supported the CuchulainnHeart Challenge at secondary schools local to our Dundrum Town Centre and Ilac Centre destinations engaging 93 pupils. The CuchulainnHeart Challenge is a nationally acclaimed business, enterprise and citizenship programme designed for school pupils to develop their skills as future business leaders, responsible citizens and enterprising future employees. The one day 'challenge' involves pupils researching local socio-economic issues and developing a business plan to deliver an achievable community action project that benefits the local community.

We continue to deliver this event and citizenship programme in the UK and Ireland and always receive positive feedback from schools explaining that it is a highlight in their academic calendar.

CuchulainnHeart Challenge, Dundrum Town Centre

Let's Garden in the City – Les Terrasses du Port
Les Terrasses du Port is our only destination with a rooftop urban farm and from 12 to 14 May 2023 we hosted a number of events and workshops with A la Fraiche, a local start up which helped develop the farm. Across the three days, we held a series of free workshops for all ages to learn about urban food growing and give participants skills on how to grow food at home.

With over 300 visitors and 164 workshop attendees the event was a huge success. Workshops covered areas such as how to grow seeds, transplanting crops, aquaponics and also a seedbomb making sessions where participants got to take away their own wildflower seedbomb to help spread wildflowers. Participants enjoyed the event with many enquiring if they could come back to volunteer and purchase the food grown. Given its success we will be holding more events in 2024. This event was a great example of the importance of nature and how engaging the local community in urban growing enhances local biodiversity.

Let's Garden in the City, Les Terrasses du Port

10,000 Black Interns
During 2023 we were delighted to partner with 10,000 Black Interns, an initiative which aims to provide opportunities for individuals from under represented backgrounds in real estate and reduce barriers to entry.

Through a three month programme, we mentored two bright talents, providing them with first hand experience within asset management and leasing, giving them an understanding of key facets of commercial real estate. Following the internship, one of our interns was shortlisted for the Alexander Paul Award which celebrates the achievements of rising talent within the black and the ethnic minority community.

Due to the initiative's success, we have continued our partnership in 2024, with two new interns starting in the summer.

10,000 Black Interns Workshop, Marble Arch House

Social value: Health and safety

2023 Highlights

RIDDOR reportable injuries

5

2022: 3

Non-core risks

29

2022: 69

Reduction in risks across the non-core portfolio

-58%

2022: -91%

Average score in H&S compliance (UK flagships only)

96%

2022: 93%

The Group is fully committed to achieving consistently high standards of health, safety, and security ('HSS') management and performance. We aim to provide a safe and healthy environment at all our destinations and workplaces. A key focus is to prevent work related injury and ill health, to our colleagues, customers and contractors, and anyone else who may be affected by our actions or activities.

We maintained our low level of reportable injuries with only five RIDDOR incidents in 2023 (2022: three).

Management system

We are accredited to ISO 45001 across the UK and Ireland assets and in 2023 successfully gained re-accreditation without any non-conformities being identified. We aim to build on this success in 2024 with the inclusion of our French portfolio.

Property management

In 2023 we mobilised a new health and safety risk management platform across all properties in the UK and Ireland. We now have a more comprehensive and intuitive management of all risks, statutory maintenance and audits across these assets. The system is more user friendly, with better reporting and interactive dashboards, enabling us to be agile in our approach to health and safety.

Legal compliance

2023 saw significant changes in the way residential properties must be managed for fire and structural risks with new legislation under the Building Safety Act.

We successfully registered five of our high rise buildings that are within the scope of high risk buildings with the Building Safety Regulator. Key building information has been shared on their portal and building safety cases are being prepared ahead of the April 2024 deadline. The introduction of the Golden Thread of information has led to data specific modules being created on our new health and safety risk management platform.

Focus on people

The health and wellbeing of our colleagues is critical to us and given that the most common cause of desk related pain is poor ergonomics, it is important that our workstations are set up correctly. To help us do this, we trialled a new DSE (Display Screen Assessment) platform, using AI Technology.

The software helps to create the best set up to reduce musculoskeletal pain, such as back, neck, and shoulder pain, and prevent desk related injuries as well as providing a tailored pain management plan.

Due to the success of the pilot we are adopting this for roll out in 2024.

Training

In 2023 we undertook training for all Hammerson colleagues. Defined Duty Holder and Responsible Persons were identified and combined with the launch of a new health and safety training platform to ensure compliance across key pieces of legislation.

Alongside this we delivered Leadership training to the Group Executive Committee members and other senior managers on their health and safety roles and responsibilities.

Task Force on Climate-related Financial Disclosures (TCFD)

Introduction

Our climate management approach has been guided by the TCFD recommendations since 2018, reporting publicly in line with them since 2020. In 2021, we built on our approach with climate scenario work that helped us to identify 12 key risks and 13 key opportunities for the Group, see pages 37-38. For 2023 we have enhanced our TCFD public disclosure which focuses on how we continue to meet the 11 TCFD recommendations and our initiatives to address the previously identified key risks and opportunities.

In recent IPCC reports it is no longer considered that the Paris Agreement of limiting global temperature rises to 1.5°C is achievable under the current global policy framework, and more progressive and timely action is needed. We believe the way we operate needs to be aligned to the latest global research and as such in May 2023 we went to our Board and recommended we no longer focus on our climate scenarios 1 (steady state) and 2 (late policy action) but instead move to scenarios 2 and 3 (fossil fuelled growth). See page 36 for further details on the scenarios. Focusing our strategy on scenarios 2 and 3 accelerates our climate mitigation activities, it requires us to transition quicker as risks scores increase, resulting in mitigating actions requiring a shorter delivery window.

We are committed to the Paris Agreement, we believe limiting climate change to 1.5°C remains an essential goal. However, we believe it is critical that we recognise the latest research and hence have decided to focus our climate and nature activities to address the risks under scenarios 2 and 3.

We will continue to review the risks twice a year in line with our Group risk methodology with the output presented to the Audit Committee.

Recommendation	Progress	Further information
Governance		
Describe the Board's oversight of climate-related risks and opportunities.	The Board have overall accountability for ESG which includes climate risks and opportunities. From an operational perspective, the Group Executive committee is responsible for monitoring performance. The GEC member with overall responsibility is the CFO.	Page 33
Describe management's role in assessing and managing climate-related risks and opportunities.	The delivery of ESG initiatives and the monitoring of risks and targets is undertaken by the GEC. There is also ESG representation on both the Group Management Committee and the Group Investment Committee to ensure that ESG is embedded across the Group's activities. In line with the Group's risk methodology, climate risks and opportunities, including transition risks, are reviewed by the Audit Committee twice a year. The reviews inform our transition plans at both a Group and asset level.	Page 33
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	The Group performed a detailed review in 2021 to assess and plan for climate change risks and identified 12 key risks and 13 key opportunities. These are reviewed for suitability annually. Revised physical climate risk reviews were completed for the UK and Ireland in 2023. We will complete reviews in France in the first half of 2024 which will then allow us to revise the Group's consolidated risks and opportunities in 2024.	Pages 37-38
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	A commitment to mitigate risks and manage opportunities informs our strategic objectives and underpins the Group's strategy. Our primary focus continues to be the reduction of emissions from our destinations through energy efficiency, with key initiatives planned in each asset's Net Zero Asset Plan. These will be supported in the future by our physical climate risk reviews.	Pages 37-38
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The Group assesses risk against three climatic scenarios: 1.5°C, 2°C and 4°C increases. In May 2023, the Board endorsed a change to our strategy to focus our TCFD disclosure and related mitigation activities on the 2°C and 4°C increase scenarios, aligned to the latest IPCC research. These scenarios reflect the earlier onset and higher impact and likelihood of climate-related risks.	Page 36

Recommendation	Progress	Further information
Risk management		
Describe the organisation's processes for identifying and assessing climate-related risks.	The Group has an overall risk management framework for all operational, financial, reputational and regulatory risks, which allows the Board to identify, assess and manage the Group's key risks including climate-related and ESG risks. Regular reviews are undertaken throughout the year of all risks, including climate-related risks as explained in the Risks and Uncertainties section of this report.	Page 39
Describe the organisation's process for managing climate-related risks.	The Board, supported by the Audit Committee, has oversight of the Group's risks including climate-related risks. Climate risks and opportunities are reviewed by the Audit Committee twice a year.	Page 39
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Our climate-related risks and opportunities are fed into the Group's Risk Framework, reviewed half yearly, and our response is managed by our governance structure. This addresses both physical and transitional risks.	Page 39
Metrics and targets		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management.	The Group uses a range of metrics to assess exposure to climate-related risks and opportunities including energy consumption and Scope 1, 2 and 3 carbon emissions. We regularly assess and seek feedback on our disclosures and strive to enhance transparency.	Page 39
Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Our Scope 1, 2 and selected Scope 3 emissions are disclosed in this report with further detail provided in our separate 2023 ESG report.	Page 40
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We are targeting Net Zero by 2030. Within our €700m Sustainability Linked Bond, which was issued in 2021, we are targeting a 60% reduction in landlord emissions and a 50% reduction in occupier emissions both by 2025 compared to a 2019 baseline. At a Group level we also set annual targets which are underpinned by individual asset level targets. The Group level emissions reduction target is included in the Group's annual incentive plan.	Page 39

Our response to TCFD

We have considered our 'comply or explain' obligation under the UK's Financial Conduct Authority's (FCA) Listing Rules, and confirm that we have made disclosures consistent with the TCFD recommended disclosures. We will continue to refine our approach in line with the FCA's requirements.

In our assessment of the risks under the TCFD requirements, we did not identify any material financial impacts on the Group's 2023 financial statements. We will continue to review the risks for new impacts each year as part of our standard ESG governance.

The Board can therefore confirm that it has considered the relevance of climate and transition risks associated with the transition to Net Zero as part of the preparation of the Annual Report 2023.

In accordance with the Listing Rules, the company has included all the relevant climate-related financial disclosures under the TCFD recommendations and recommended disclosures within this Annual Report.

GOVERNANCE

Managing climate and transition risks requires us to embed ESG across the Group and to support our teams in building the capabilities required to deliver against our ESG strategy.

The Board collectively has overall responsibility for climate risks and wider ESG matters and ensures that risk management is effectively integrated across the Group, including in its policies, processes, culture and values. The Audit Committee supports the Board in the oversight of risk and is responsible for reviewing the effectiveness of the risk management and internal control system over the course of the year.

A clear governance structure with ownership at senior level and a set of strong foundations is key to our approach, and the Group's governance structure for ESG and TCFD both from a committee and individual (shown in bold) responsibility perspective is shown below.

Board and Committee governance structure for ESG and TCFD as at 31 December 2023

Board

Chair of the Board

The Board is responsible for TCFD and the overall ESG strategy. Audit Committee outputs are reported to the Board. The Board also receive an annual ESG update including TCFD delivered by the Deputy CFO and Head of ESG.

Audit Committee

Chair of the Audit Committee

The Audit Committee is responsible for reviewing the TCFD risks and opportunities twice a year. The Audit Committee endorses the approach adopted to manage climate risks and opportunities as part of their overall risk management responsibilities. This information is prepared by the Head of ESG.

Group Executive Committee

CFO
Deputy CFO

The GEC meets weekly and is accountable for the management of climate-related risks and opportunities. The CFO is a GEC member and is responsible for the Group's ESG strategy including TCFD governance, risks, and opportunities. The Deputy CFO is also a GEC member and leads the ESG team. Regular ESG and TCFD updates are provided to the GEC during the year.

Group Management Committee

CFO
Deputy CFO
Head of ESG

The Group Management Committee ('GMC') meets weekly and reviews operational matters in more detail than the GEC. This includes considering ESG as part of wider operational matters. In addition to our CFO and Deputy CFO, our Head of ESG is also a GMC member.

Asset level

Asset managers

Delivery of the ESG business plans including climate risk mitigation and opportunity delivery. This includes the NZAP programme of works which commenced in 2023. The ESG team supports the asset managers and monitors the overall programme progress.

To support the TCFD and wider ESG governance the Group has a suite of ESG policies. These policies form part of the Group's ISO 14001 and ISO 50001 compliant Environment and Energy Management System and are reviewed annually for suitability and are approved by the GEC and then Board prior to publication on the corporate website. In our 2024 review we intend to embed our public disclosure commitments more robustly and further demonstrate our risk and opportunity management.

Policy	Description	Policy application and outcomes
Climate change policy	Sets out the Group's commitment to develop and implement climate change management and mitigation strategies at a corporate and asset level as part of TCFD. Recognising three climatic scenarios and the risks and opportunities that arise from these scenarios.	The Group identified colleagues in core roles across the business to participate in a Climate Scenarios workshop in 2021. To support this, we introduced Net Zero Asset Plans in 2022 and began delivery of these in 2023. To build on this, throughout 2023 we reviewed risks and opportunities and mapped these across the assets to confirm the deliverability of the areas identified. Revised Physical Climate Risk Reviews were also completed in 2023 to enable us to assess these under a double materiality lens.
Energy policy	Sets out the Group's commitment to endeavour to use best practice in the design and operation of the Group's assets to minimise energy demand across multiple time horizons and procure energy in a responsible manner.	The UK and Ireland destinations procured 100% renewable electricity in 2023. We also undertook audits and compliance reviews within the ISO 50001 compliant energy management system. To transition the Group to Net Zero by 2030 we completed Net Zero Asset Plans for each flagship asset, identifying projects to address building controls, energy efficiency and onsite renewable through the application of the energy hierarchy.
Environmental policy	Includes the Group's overarching commitment to design and build properties using sustainable materials and practices and managing assets under the Group's control efficiently to ensure compliance and continually improve environmentally.	In 2023, we maintained our ISO 14001 and ISO 50001 accreditation across the UK, France, and Ireland. To ensure we continue to improve and ensure consistent management approaches we also began the integration of our management systems to merge with our ISO 45001 compliant Health and Safety Management System. In December 2023 the Environment and Energy management system for Group was externally audited under this new combined system and retained its certification with no major non-conformities identified.
Biodiversity policy	Aims to ensure that opportunities to protect, enhance and restore biodiversity are maximised while ensuring that any negative impacts resulting from the Group's business operations are minimised.	In 2023 we acknowledged that in order to address our operational impacts we need to not only focus on climate change but more robustly work on nature based solutions to ensure we minimise our contribution to the global biodiversity crisis. We continue to install beehives and pollinator planting regimes and encourage education to position our destinations as supporters of nature. This included us gifting a woodland and wildflower meadow within our portfolio to the local Wildlife Trust in 2023.
Volunteering policy (internal)	Aims to clarify the volunteering policy and approach adopted to align to our wider asset centric strategy. Serving the communities in which we operate.	In 2023 we embedded our group-wide Volunteering policy to align our approach to volunteering across the Group. This policy reaffirms Hammerson's asset-centric focus and demonstrates how volunteering underpins our approach to enhancing social value and links to our people's contribution to this.
Charitable donations policy (internal)	Documents how we support charitable causes in relation to donations and match funding.	This is our second social value focused policy which documents our commitment to match funding for causes our people are passionate about.

In addition to the above, further policies which have wider corporate coverage such as Responsible Procurement, are included in Non-financial and Sustainability Information Statement on pages 66 and 67.

STRATEGY

We carry out materiality assessments every three years to ensure our ESG strategy and reporting remains focused on the issues most relevant for our business and addresses the needs of our stakeholders. Our latest review, undertaken in 2022, engaged with both debt and equity investors, along with key occupiers, joint venture partners, and colleagues to present a view of material issues for the Group both now, and over the coming decade. In 2024 we will undertake a robust double materiality assessment aligned to CSRD.

Our material issues

Stakeholders were presented with a comprehensive list of issues related to all three ESG pillars. Four of the material issues have a direct link to TCFD and our materiality assessment not only demonstrates the importance of climate change management but also supports our risk and opportunities assessments. Our material issues are summarised in the following table and have also been mapped to the United Nations Sustainable Development Goals (UN SDGs) to provide a global dimension to our focus areas.

Material issues by area

	Tier 1	Tier 2	Tier 3	UN SDGs
Environment	Net Zero carbon pathway for operations and development*	Water efficiency in operations and developments Material use and sustainable procurement, including embodied carbon Energy security, demand and carbon pricing Sustainable buildings and building labels (i.e. BREEAM, EPCs etc.)	Waste management in operations and development Physical climate risks* CRREM pathways	7 Affordable and clean energy 12 Responsible consumption and production 13 Climate action
Social	Community engagement	Placemaking and community development	Health, safety and wellbeing of colleagues Supply chain	3 Good health and well-being 5 Gender equality 10 Reduced inequalities 11 Sustainable cities and communities 12 Responsible consumption and production
Governance	Reporting, including data and communications* Ethical business practices Climate change, risk, action, transition and resilience*	Impact of ESG on property valuations Compliance with legislation and reporting requirements i.e. TCFD	Meeting stakeholder ESG objectives	9 Industry, innovation and infrastructure 11 Sustainable cities and communities 13 Climate action 17 Partnerships for the goals

* Direct link to TCFD

The top 10 material issues, which were deemed to be of the greatest material importance in the context of the Group's strategy during our stakeholder consultation, are included in the table below. The 2023 completed actions and the 2024 planned actions are provided to demonstrate our strategic delivery.

No.	Material issue	Completed/planned actions
1	Reporting, including data and communications	2023 – Reporting amended to align to ESG strategy and begun preparation for wider ESG disclosures 2024 – Develop CSRD approach including double materiality and investor roadshow.
2	Net Zero carbon pathway for operations and developments	2023 – Net Zero Asset Plans (NZAPs) implemented across the portfolio with projects in all destinations 2024 – Develop Climate and Nature transition plan
3	Ethical business practices	2023 – Reviewed disclosure requirements to develop a roadmap to publicise activities where appropriate 2024 – Include in double materiality to identify key components
4	Climate change, risk, action, transition and resilience	2023 – NZAPs embedded and Physical Climate Risk Assessments completed 2024 – Communicate the Physical Climate Risk Assessments
5	Impact of ESG on property valuation	2023 – Reviewed current research on market trends and discussions with external valuers 2024 – Continue to assess market trends and build into strategy if impacts materialise
6	Compliance with legislation and reporting requirements, i.e. TCFD	2023 – Completed all required disclosures and begun implementation plan for emerging disclosures 2024 – Building emerging disclosures into strategy and work plan including double materiality
7	Meeting stakeholder ESG objectives	2023 – Embedded ESG 2022 materiality outputs in work plan to address priorities 2024 – Deliver double materiality review and investor roadshow
8	Water efficiency in operations and developments	2023 – Water efficiency included in NZAP programmes 2024 – Identify partnerships to support water efficiency
9	Material use and sustainable procurement, including embodied carbon	2023 – Reviewed data integrity 2024 – Consider implication of supply chain impacts aligned to public disclosure requirements
10	Energy security, demand and carbon pricing	2023 – Extended energy contracts to forward hedge and are progressing procurement of a CPPA 2024 – Review Carbon Pricing mechanisms and deliver CPPA

Climatic scenarios

The physical and transitional risk and opportunities posed by climate change were assessed in 2021 across the Group. The Intergovernmental Panel on Climate Change (IPCCs) Representative Concentration Pathways (RCPs) were used to inform the short, medium and longer term risks and opportunities associated with the three climatic scenarios covered below.

In May 2023, the Board approved a shift in focus to Scenarios 2 and 3 to demonstrate our acknowledgement of the latest IPCC reports which draws into question achieving the global warming below 1.5⁰C, due to current global warming nearing that level already. This resulted in a risk and opportunities review and updated mitigating activities, including revised Physical Climate Risk Assessments.

Climate Scenarios

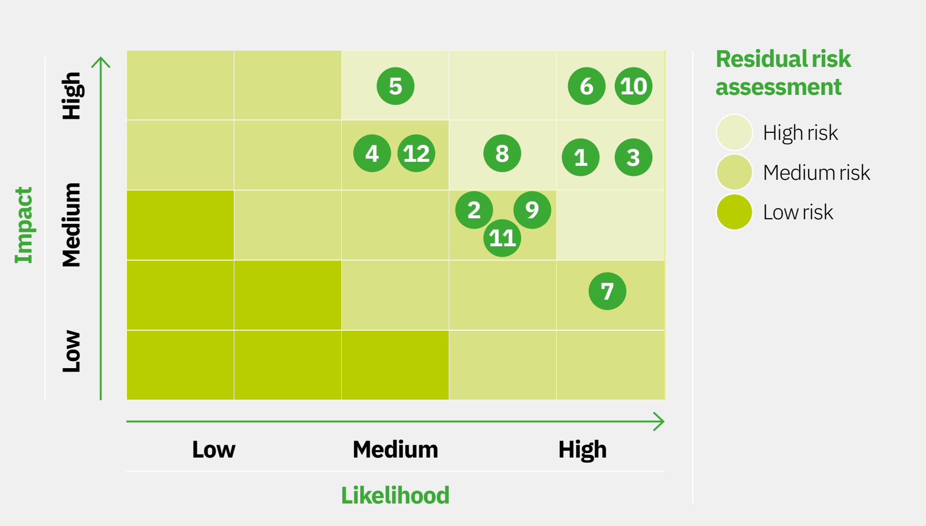
	Scenario 1	Scenario 2	Scenario 3
	Steady state to sustainability	**Late policy action**	**Fossil-fuelled growth**
IPCC RCP	RCP 1.9 (<1.5⁰C)	RCP 2.6 (<2⁰C)	RCP 8.5 (<4⁰C)
Narrative	Under the 1.5⁰C scenario the world takes rapid and drastic policy measure to meet the Paris Agreement. Low carbon technologies are implemented alongside reduced economic growth to meet net zero by 2050. The Paris Agreement is achieved.	Under the 2⁰C scenario action to address climate change is delayed by 10 years. To compensate this, deeper and more drastic action is needed and is less coordinated creating 'winners' and 'losers'. The Paris Agreement is still met but after the economy and society experience a significant degree of disruption and ultimately damage.	The 4⁰C scenario is a route where the world continues to use fossil fuels as a means to achieve economic growth. This is considered a worse case scenario where climate disruption and events increase and result in severe damage. Governments then adopt resilience plans as opposed to working towards global climate commitments. The Paris Agreement is not met.
Societal Approach	Globally coordinated decarbonisation efforts commence in a meaningful way in the early 2020s and are consistently achieved to transition to net zero by 2050.	Delayed, disorderly transition to net zero where drastic and divergent action is undertaken to limited emissions resulting in widening inequalities.	Global collaboration focused on protecting the population from a hostile climate as opposed to reducing anthropogenic climate change.
Economy	Globally there is a continual shift away from consumerism. Economic activity is limited to protect the environment.	Due to the delay in the transition, severe interventions are required to stay within the Earth's remaining carbon budget. Global economic shocks occur, and inequality increases.	The economy initially experiences consistent growth but there is significant deterioration from 2040 onwards as the economic toll of climate change increases in frequency and amplitude.

Solar array, Les Terrasses du Port

Climate risks

The risks were identified in 2021 through business workshops. We now continue to assess the impact and likelihood to inform the mitigating activities and the workplan of the business to manage our climate risks. These risks are then combined to understand the Group's principal Climate risk. The heat map represents the climate Scenario 2 risk assessment.

Risk Matrix



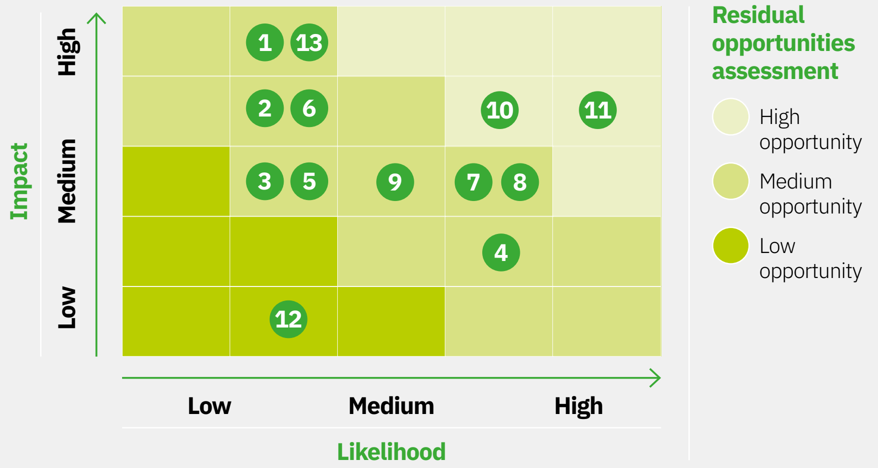
Risks and actions

No.	Definition	Time	Completed/planned actions
1	Climate-related regulation inc. carbon pricing, planning, climate adaptation and material choices	Early 2020s	2023 – ISO 14001 and 50001 system rewritten to formally integrate climate 2024 – ISO 14001 and 50001 integration with property management partners
2	Climate induced changes to customer preferences for retail and leisure	Mid 2020s	2023 – Market reviews of customer preferences 2024 – Increased integration with commercialisation and placemaking
3	Carbon and resource policies targeting reduced resource use and improved circularity	2020s	2023 – Updated policies and standards in line with resource efficiency expectations 2024 – Consider supply chain implications and circularity
4	Failure to provide assets in line with market standards	Mid 2020s	2023 – Updated policies and standards in line with resource efficiency expectations 2024 – Consider supply chain implications and circularity
5	Reduction in the attractiveness of retail sector investment resulting in less investment	2030s	2023 – Engaged with investors and assess areas materiality 2024 – Increase investor and joint venture partner engagement as part of a double materiality assessment and engage Board on outputs
6	Macro-economic shocks and impeded economic growth due to climate change or transition	2030s-2040s	2023 – Revised ESG legal risk register to account for emerging disclosure requirements, insights deliver macro-economic updates 2024 – Continue to monitor legislative changes and account for macroeconomic condition
7	Severe and frequent extreme weather events causing disruption	2020+	2023 – Revised Physical Climate Risk Assessments undertaken in UK and Ireland 2024 – Undertake revised Physical Climate Risk Assessments for French destinations and embed outputs for all assessments across the Group
8	Chronic shifts in climate patterns affecting operations and consumer patterns	2030s	2023 – GridEdge technology roll out in suitable destinations completed 2024 – Review temperature parameter for asset operations aligned to health and safety and ESG needs
9	Difficulties insuring assets at risk from physical impacts of climate change	Late 2020s	2023 – Revised Physical Climate Risk Assessments undertaken in UK and Ireland 2024 – Undertake revised Physical Climate Risk Assessments for French destinations and embed outputs for all assessments across the Group
10	Failure to act credibly on climate change	Mid 2020s	2023 – Review external benchmark participation and submission to ensure inclusive coverage of disclosures 2024 – Keep investors and occupiers informed of ESG strategy
11	Climate induced political activism or social unrest	2020s	2023 – Critical incident planning in place 2024 – Track attitudes and influence
12	Failure to provide/cost to provide infrastructure demanded by occupiers and investor	Late 2020s	2023 – ESG strategy linked to material risks and these are regularly reviewed in line with the legislative backdrop 2024 – Leverage property management partnerships to identify innovation

Climate opportunities

Under TCFD we are required to identify and manage both risks and opportunities. The focus needs to be equitable between the risks and opportunities based on their impact. Our Group's opportunities were also were identified in the business workshops in 2021 and their scores have been reassessed in 2023 to reflect our revised climatic Scenario 2 focus.

Opportunities Matrix



Opportunities and actions

No.	Definition	Time	Completed/planned actions
1	Portfolio adaption to changing preference	2030s	2023– Embedded NZAP to transition to net zero. 2024– Ongoing NZAP delivery
2	Priming assets with low carbon emissions	Late 2020s	2023– NZAPs apply the energy hierarchy to deliver robust interventions 2024– Ongoing NZAP and Physical Risk mitigation delivery
3	Being known as a truly green real estate business	Early 2020s	2023– Proactively reviewed external benchmarking to understand how our material impacts are aligned strategically 2024– Undertaking an investor roadshow and increasing internal and external ESG messaging
4	Capitalising on tax incentives	2020s	2024– Work with advisory groups to understand if this materialises
5	Responding to demand for climate resilient buildings	2030s	2023– NZAPs produced and embedded in all destinations 2024– Continue to embed NZAPs and ascertain joint venture and occupier requirements for further activity
6	Leveraging resources in a circular manner improving profitability	Mid 2020s	2023– Leveraged property management partnerships to engage on resource use 2024– Review market sentiment on circular economy
7	Divest from land and invest in other assets/options	2030s	2023– Delivered strategy based on prime urban city centre locations 2024– Revise investment ESG framework
8	Upgrade infrastructure to attract customers	Mid 2020s	2023– NZAP delivery and wider placemaking activities delivered across destinations 2024– Further NZAP delivery
9	Influence and support occupiers with their own ESG ambitions	Mid 2020s	2023– Delivered tenant engagement to identify collaboration opportunities 2024– Development of inclusive tenant engagement strategy
10	Onsite energy generation	Mid 2020s	2023– Delivered occupier engagement to identify collaboration opportunities 2024– Development of inclusive occupier engagement strategy
11	Repurpose car parks for other uses	2030s	2023– Commercialisation opportunities and placemaking being assessed 2024– Ongoing commercialisation and placemaking within car parks
12	Attract new talent from carbon intensive industries	2030s	2023– Revised purpose, vision and values 2024– Ongoing colleague engagement
13	Low carbon transition could favour urban locations	Late 2020s	2023– Continued to focus on prime urban city centre locations 2024– Continue to deliver strategy

RISK MANAGEMENT

The Group's approach to risk management is designed to enable the business to deliver its strategic objectives while effectively managing differing levels of uncertainty which directly impact the Group. The Group adopts a top-down and bottom-up approach to ensure comprehensive risk identification and risk appetite is clearly defined. This allows us to respond quickly to change in our risk profile and ensures risk management is factored into strategic decision making whilst embedding a strong risk management culture amongst colleagues with clear roles and accountability.

Top-down

The Board has overall responsibility for risk oversight and determining the Group's approach to managing financial, regulatory, operational and reputational risk, ensuring consistency with our strategy. This includes TCFD and ESG risks. It ensures that effective risk management is integrated throughout the business and embedded within the Group's policies, processes, culture and values. The Board also sets the Group's risk appetite. Where controllable risks are outside the Group's risk appetite, the Board seeks to manage these down by implementing appropriate mitigations wherever possible.

The Audit Committee supports the Board in the oversight of risk and is responsible for reviewing the effectiveness of the risk management relating to TCFD and ESG. The Group Executive Committee has overall accountability for the management of risks across the business including Climate.

Bottom-up

The effective day-to-day management of risk is embedded within our operational business teams. This aligns risk management with operational responsibility. It also allows potential new risks to be identified at an early stage and escalated as appropriate, such that required mitigating actions can be put in place. For TCFD and ESG, this is primarily covered by the ESG team.

METRICS AND TARGETS

To demonstrate the scope of our ESG activities and enable us to validate how we are managing our strategic material issues we publicly disclose our metrics and targets. These are summarised in the Metrics and targets table.

To ensure accuracy and transparency our global greenhouse gas emissions disclosure is subject to third party assurance (limited assurance in accordance with ISAE 3410) annually.

Our emissions are summarised within this TCFD disclosure but further information on our metrics, targets and supporting data can be found in our separate ESG report.

The ESG report is aligned to external reporting standards including EPRA Best Practices Recommendations on Sustainability Report and the Global Reporting Initiatives (GRI). Our third party assurance certificate is also included in our 2023 ESG report.

As we continue to progress our strategy and align to emerging public disclosure requirements, we will be undertaking a double materiality assessment in 2024 to update material issues. This is likely to change the scope and coverage of our metrics and targets moving forward.

We also participate in public benchmarks, including but not limited to, the Global Real Estate Sustainability Benchmark (GRESB), Sustainalytics and the S&P Global Corporate Sustainability Assessment (CSA) to maintain transparency on our ESG activities.

Metrics and targets

	2024	2025	2030
Environment	7% reduction year-on-year in energy use. Maintain annual reduction in water use and set out formal targets for 2024 onwards Assess position against Net Gain Biodiversity targets and set out a Group wide plan Divert 100% of waste away from landfill, reduce total waste streams and increase recycling rate Implement targeted activities identified in Net Zero Asset Plans (NZAPs)	60% reduction in Scope 1, 2 and selected Scope 3 landlord controlled emissions (tCO_2e) by 31 December 2025 versus a 2019 baseline. 50% reduction in Scope 3 occupier controlled emissions (tCO_2e) by 31 December 2025 versus a 2019 baseline	Achieve net zero status by 2030
Social	All UK, France and Ireland assets to deliver at least four social value initiatives Support all colleagues to undertake a minimum of one volunteering day All UK and Ireland assets to host work experience placements Through fundraising, raise a minimum of £5,000 for our corporate charity partner LandAid	Social plans and targets are renewed annually to ensure we continue to meet local need	
Governance	Bi-annual climate risk and opportunity assessment. Embed ISO 14001, 45001 and 50001 across the Group Continued implementation of Sustainable Leasing Policy for occupiers Maintain high rankings in key investor monitored industry benchmarks	Meet all outlined Development Design Standards targeting BREEAM Excellent All core assets to have accreditation in place such as BREEAM In-Use All assets to achieve third party accreditation to three standards	All occupier space to be EPC rated B or above No assets to strand under CRREM

Voluntary non-financial data

Our ESG reporting complies with both GRI Core Standards and the EPRA Sustainability Best Practice Reporting Gold Standard. Key metrics reported under these standards are included in our non-financial disclosures in our separate 2023 ESG Report available on the Group's website www.hammerson.com. The 2023 ESG report provides additional information on our approach to ESG, our performance, and shares examples of our delivery model during the year.

Mandatory Greenhouse Gas data

In line with requirements set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and in accordance with the Streamlined Energy and Carbon Reporting (SECR), this statement reports the Company's GHG emissions for 2023, including the previous year's data to provide a year-on-year comparison. Our GHG emissions reporting period is the same as the financial reporting year, in accordance with the DEFRA Environmental Reporting Guidance.

As explained in the Metrics and targets section above, our 2023 global GHG emissions disclosure is subject to third party assurance (limited assurance in accordance with ISAE 3410) annually. The full assurance statement is included in our separate ESG Report.

Basis of reporting: Mandatory greenhouse gas data	
Standards	Calculated and recorded in accordance with the Greenhouse Gas (GHG) Protocol and ISO 14064; this guidance codifies using both market and location-based methods for Scope 2 accounting
Baseline year	2019
Boundary summary	All assets and facilities under Hammerson's direct operational control are included, where we have authority to introduce and implement operating policies; this includes properties held with third-parties where both Hammerson and partner approval is required. We have reported 100% of GHG emissions data for these assets. The reporting excludes the Value Retail portfolio where we do not have authority to introduce or implement operating policies. 2022 figures have been amended following more accurate data becoming available in 2023, such as updated consumption data and regional specific emission factors. Scope 3 emissions have also been updated to include transmission and distribution related emissions.
Consistency with financial statements	Consistency and reporting period are as set out above
Emissions factor data source	2023 DEFRA GHG Conversion Factors for Company Reporting and reporting sources including, but not limited to, International Energy Agency and Equans
Assessment methodology	GHG Protocol and ISO 14064 (2006) a more detailed Basis of Reporting is available in our 2023 ESG Report
Materiality threshold	Selected activities generating emissions have been excluded. This mainly relates to Scope 3 categories where emissions are deemed immaterial (<5%) or accurate data is not available
Intensity ratio	Denominator is common parts area of 334,648m² (2022: 412,579m²)

Emissions disaggregated by country (tCO_2e)

	2023					2022				
Source	UK	France	Ireland	Global	Global intensity ($kgCO_2e/m^2$)	UK	France	Ireland	Global	Global intensity ($kgCO_2e/m^2$)
Total GHG emissions tonnes (market based)	3,255	1,798	397	5,450	16.3	4,549	2,606	1,182	8,337	20.2
Total GHG emissions tonnes	8,949	1,798	3,254	14,001	41.8	11,114	2,606	4,045	17,765	43.1
Scope 1: Direct emissions from owned/controlled operations										
a. Stationary operations	1,918	546	109	2,573	7.7	2,518	712	176	3,406	8.2
b. Mobile combustion	–	19	–	19	0.1	5	25	–	30	0.1
c. Fugitive sources	16	–	–	16	–	73	–	–	73	0.2
Total	1,934	565	109	2,608	7.8	2,596	737	176	3,509	8.5
Scope 2: Indirect emissions from the use of purchased electricity, steam, heating and cooling										
a. Electricity (market based)	79	678	–	757	2.3	203	1,040	679	1,922	4.6
a. Electricity	5,773	678	2,857	9,308	27.8	6,768	1,040	3,542	11,350	27.5
b. Steam	–	–	–	–	–	–	–	–	–	–
c. Heating	203	287	–	490	1.4	227	277	–	504	1.2
d. Cooling	19	39	–	58	0.2	37	241	–	278	0.7
Total (market based)	301	1,004	–	1,305	3.9	467	1,558	679	2,704	6.5
Total	5,995	1,004	2,857	9,856	29.4	7,032	1,558	3,542	12,132	29.4
Scope 3: Other indirect emissions										
Transmission and distribution	510	108	160	778	2.3	632	133	198	963	2.3
Business travel	144	–	5	149	0.5	174	33	10	217	0.5
Waste	284	86	88	458	1.4	612	108	91	811	2.0
Water	82	35	35	152	0.4	68	37	28	133	0.3
Total	1,020	229	288	1,537	4.6	1,486	311	327	2,124	5.2
SECR energy consumption (MWh)	39,476	21,471	9,201	70,148		46,727	28,952	12,031	87,710	

Financial Review

In 2023 we have again delivered a strong set of financial results. Adjusted earnings were up 11% and the Group's financial position has strengthened with net debt 23% lower and improved credit metrics.

Himanshu Raja
Chief Financial Officer

2023 Highlights

Adjusted net rental income growth (like-for-like) K A

3.6%

2022: 29.2%

Calculation in Table 3 of the Additional information

Net assets

£2,463m

2022: £2,586m

Adjusted earnings K A

£116m

2022: £105m

Calculation in note 2 to the financial statements

EPRA NTA per share K A

51p

2022: 53p

Calculation in note 10C to the financial statements

IFRS loss for the year

£(51)m

2022: £(164)m

Net debt K A

£1,326m

2022: £1,732m

Calculation in Table 13 of the Additional information

Dividend per share

1.50p

2022: 0.2p Cash/2.0p Scrip

LTV: Headline/Fully proportionally consolidated A

34%/44%

2022: 39%/47%

Calculation in Table 19 of the Additional Information

K KPI A Alternative Performance Measure

OVERVIEW

2023 has been another year of significant financial progress.

Adjusted earnings for 2023 of £116m were 11% higher than 2022. Key drivers were underlying rental growth; lower gross administration and net finance costs; higher earnings from Value Retail; partly offset by income foregone from disposals. We returned to the payment of cash dividends. In addition to the interim dividend of 0.72p per share, the Directors have recommended a final dividend of 0.78p per share, bringing the full year dividend to 1.50p per share.

IFRS reported losses decreased to £51m compared with £164m in 2022. The reduction was due to lower revaluation losses, principally associated with outward yield shift, of £127m in 2023 compared with £282m in 2022.

Net assets at 31 December 2023 were £2,463m (2022: £2,586m). EPRA NTA per share was 51p (2022:53p), equivalent to a total accounting return of -2.1% (2022: -6.8%).

Net debt reduced by £406m, or 23%, to £1,326m at 31 December 2023 benefiting from disposal proceeds of £216m, the derecognition of £125m of secured debt, £104m of cash generated from operations and £74m of distributions from Value Retail. The reduction strengthened the Group's balance sheet and credit metrics, with year end headline LTV of 34% (2022: 39%) and LTV on a fully proportional consolidation basis of 44% (2022: 47%). Net debt:EBITDA improved to 8.0x (2022: 10.4x). The Group also has ample liquidity in cash and undrawn committed facilities of £1.2bn.

PRESENTATION OF FINANCIAL INFORMATION

IFRS vs Proportional consolidation

The Group's property portfolio comprises properties that are either wholly owned or co-owned with third parties.

While the Group prepares its financial statements under IFRS (the 'Reported Group'), the Group evaluates the performance of its portfolio for internal management reporting by aggregating its wholly owned businesses together with its share of joint ventures and associates which are under the Group's management ('Share of Property interests') on a proportionally consolidated basis, line-by-line (in total described as the Group's 'Managed portfolio').

The Group's investment in Value Retail is not proportionally consolidated because it is not under the Group's management, is independently financed and has differing operating metrics to the Group's Managed portfolio. Accordingly, it is accounted for separately as 'Share of results of associates' as reported under IFRS and is also excluded from the Group's proportionally consolidated key metrics such as net debt or like-for-like net rental income growth.

However, for certain of the Group's Alternative Performance Measures (APMs), for enhanced transparency, we do disclose certain metrics combining both the Managed portfolio and Value Retail. These include property valuations, property returns and certain credit metrics.

Both IFRS and Management reporting bases are presented in the Group's financial statements with supporting analysis and reconciliations between management and IFRS bases in the Additional Information section.

Derecognition of Highcross and O'Parinor

During 2023, the Group derecognised its Highcross and O'Parinor joint ventures in which it had 50% and 25% interests respectively at 31 December 2022.

These two joint ventures had a total of £125m of borrowings secured against their individual property interests. These borrowings were non-recourse to the Group. At 31 December 2022, both loans were in breach of certain conditions and the Group was working constructively with the respective lenders on options to realise 'best value' for all stakeholders.

On 9 February 2023, a receiver was appointed by the lenders to administer Highcross for the benefit of the creditors. As a result of no longer having joint control, the Group derecognised its share of assets and liabilities, including the property value and £80m of secured borrowings. There was no loss on derecognition as the Group's joint venture investment in Highcross had been fully impaired at 31 December 2021, from which date the Group had ceased recognising the results of this joint venture in the income statement.

On 30 June 2023, the lenders to O'Parinor took control of the joint venture and the Group therefore impaired its joint venture investment by £22m and derecognised its share of assets and liabilities, including the property value and £45m of secured borrowings.

Alternative performance measures (APMs)

The Group uses a number of APMs, being financial measures not specified under IFRS, to monitor the performance of the business. Many of these measures are based on the EPRA Best Practice Recommendations (BPR) reporting framework which aims to improve the transparency, comparability and relevance of the published results of listed European real estate companies. Details on the EPRA BPR can be found on www.epra.com and the Group's key EPRA metrics are shown in Table 1 of the Additional Information.

We present the Group's results on an IFRS basis but also on an EPRA, Headline and Adjusted basis as explained in note 1C to the financial statements. The Adjusted basis enables us to monitor the underlying operations of the business on a proportionally consolidated basis as described in the basis of preparation and excludes capital and non-recurring items such as revaluation movements, gains or losses on the disposal of properties or investments, as well as other items which the Directors and management do not consider to be part of the day-to-day operations of the business. Such excluded items are in the main reflective of those excluded for EPRA earnings, but additionally exclude certain cash and non-cash items which we deem not to be reflective of the normal routine operating activities of the Group. We believe that disclosing such non-IFRS measures enables evaluation of the impact of such items on results to facilitate a fuller understanding of performance from period to period. These items, together with EPRA and Headline adjustments are set out in more detail in note 9A to the financial statements.

For 2023, adjusting items additional to EPRA adjusting items comprised:

— Exclusion of a charge of £13.2m (2022: £5.1m) in respect of business transformation costs as the Group continues its implementation of strategic change and refining its operating model. This charge comprises mainly non-capitalisable costs relating to digital transformation as well as severance and other costs associated with team and operational restructuring.
— A charge of £0.3m (2022: credit of £2.4m) to reverse expected credit losses charged to the income statement but where the related income is deferred on the balance sheet such that the exclusion of this removes the distortive mismatch this causes.

Management reporting and IFRS accounting treatment

	Comprising properties which are	Accounting treatment
Management reporting		
Managed portfolio	— Wholly owned and Share of Property interests	Proportionally consolidated
Value Retail	— Held as an associate	Single line – results/investment in associates
IFRS		
Managed portfolio:		
— Reported Group	— Wholly owned	Fully consolidated
	— Jointly owned (Pavilions, Swords and Ilac Centre, Dublin)	Consolidation of Group's ownership share
— Share of Property interests	— Held in joint ventures	Single line – results/investment in joint ventures
	— Held in associates (Italie Deux until disposal in March 2023)	Single line – results/investment in associates
Value Retail	— Held as an associate	Single line – results/investment in associates

INCOME STATEMENT

Summary income statement

Proportionally consolidated	2023 £m	2022 £m	Change £m
Gross rental income	**208.4**	215.2	(6.8)
Net service charge expenses and cost of sales	**(40.9)**	(40.4)	(0.5)
Adjusted net rental income	**167.5**	174.8	(7.3)
Adjusted gross administration expenses	**(51.5)**	(59.8)	8.3
Other income	**14.9**	17.0	(2.1)
Profit from operating activities	**130.9**	132.0	(1.1)
Value Retail Adjusted earnings	**32.1**	27.4	4.7
Operating profit	**163.0**	159.4	3.6
Adjusted net finance costs	**(45.9)**	(54.0)	8.1
Tax charge	**(0.8)**	(0.5)	(0.3)
Adjusted earnings	**116.3**	104.9	11.4
Revaluation losses – Managed portfolio	**(119.1)**	(221.0)	101.9
Revaluation losses – Value Retail	**(7.7)**	(60.7)	53.0
(Loss)/profit on sale of properties	**(17.8)**	0.6	(18.4)
Impairment of joint venture	**(22.2)**	–	(22.2)
Business transformation costs	**(13.2)**	(5.1)	(8.1)
Other (see note 9A to the financial statements)	**12.3**	17.1	(4.8)
IFRS Loss for the year	**(51.4)**	(164.2)	112.8
(Loss)/earnings per share	**pence**	pence	pence
Basic	**(1.0)**	(3.3)	2.3
Adjusted	**2.3**	2.1	0.2

For the year ended 31 December 2023 the Group reported an IFRS loss of £51.4m (2022: £164.2m loss), a reduction of £112.8m. The key factors in the reduced loss were lower revaluation losses of £154.9m partly offset by the year-on-year change in the loss/profit on sale of properties of £18.4m and an impairment charge of £22.2m in 2023 in relation to the Group's O'Parinor joint venture.

On an Adjusted basis, earnings increased by £11.4m to £116.3m (2022: £104.9m). Adjusted net rental income was £7.3m lower, £11.2m was due to disposals partly offset by £4.8m higher income from the like-for-like Managed portfolio, equivalent to 3.6% growth. Gross administration costs were £8.3m, or 14%, lower reflecting reduced headcount and corporate costs. The Group's share of Value Retail Adjusted earnings grew by £4.7m and adjusted net finance costs were £8.1m lower, reflecting reduced debt levels and increased income from cash deposits benefiting from the higher interest rate environment.

A detailed reconciliation from Reported Group to the proportionally consolidated basis is set out in note 2 to the financial statements and further details on reconciling items between Adjusted earnings and IFRS loss are in note 9A to the financial statements.

Rental income

Analysis of rental income

Proportionally consolidated	Gross rental income £m	Change in like-for-like	Adjusted net rental income £m	Change in like-for-like
Year ended 31 December 2022	215.2		174.8	
Like-for-like Managed portfolio:				
— UK	5.9	6.8%	2.3	3.2%
— France	0.4	1.4%	0.5	1.8%
— Ireland	2.2	5.7%	2.0	6.0%
	8.5	5.5%	4.8	3.6%
Disposals	(17.8)		(11.2)	
Developments and other	0.4		(2.7)	
Foreign exchange	2.1		1.8	
Year ended 31 December 2023	**208.4**		**167.5**	

Gross rental income decreased by a net £6.8m to £208.4m. Disposals reduced income by £17.8m, principally Silverburn and Victoria Leeds in 2022 and Italie Deux and Croydon in 2023. This was partly offset by growth in like-for-like income of £8.5m, or 5.5%. 60% of the growth was due to higher base rent consistent with the Group's strong leasing performance and the remainder was due to year-on-year increases in variable rent (turnover rent and car park and commercialisation income).

Adjusted net rental income decreased by a net £7.3m to £167.5m. Disposals reduced NRI by £11.2m. From a like-for-like perspective, UK adjusted NRI grew by 3.2%, with lower void costs and the strong like-for-like GRI growth of 6.8% partly offset by the year-on-year change in bad debt charges where 2022 benefited from credits due to the reversals of provisions associated with the strong improvement in collections post Covid-19. Income growth in France of 1.8% was muted due to the adverse impact of a small number of tenants entering administration. Ireland was the strongest performing country with growth of 6.0%, benefiting from the reversal of prior year bad debt charges as collection rates improved.

Further analysis of net rental income by segment is provided in Table 3 of the Additional Information.

Analysis of rental income

Rental income is further analysed below between the Group's various ownerships.

		Share of Property interests			2023
Proportionally consolidated	Reported Group £m	Joint ventures £m	Associates £m	Subtotal £m	Total £m
Gross rental income	92.8	114.4	1.2	115.6	208.4
Net service charge expenses and cost of sales	(17.2)	(24.0)	–	(24.0)	(41.2)
Net rental income	75.6	90.4	1.2	91.6	167.2
Change in provision for amounts not yet recognised in the income statement	0.2	0.1	–	0.1	0.3
Adjusted net rental income	75.8	90.5	1.2	91.7	167.5

		Share of Property interests			2022
	Reported Group £m	Joint ventures £m	Associates £m	Subtotal £m	Total £m
Gross rental income	90.2	119.4	5.6	125.0	215.2
Net service charge expenses and cost of sales	(12.9)	(23.9)	(1.2)	(25.1)	(38.0)
Net rental income	77.3	95.5	4.4	99.9	177.2
Change in provision for amounts not yet recognised in the income statement	(0.9)	(1.5)	–	(1.5)	(2.4)
Adjusted net rental income	76.4	94.0	4.4	98.4	174.8

Administration expenses

Proportionally consolidated	2023 £m	2022 £m
Employee costs – excluding variable costs	**25.0**	29.2
Variable employee costs	**10.3**	9.6
Other corporate costs	**16.2**	21.0
Adjusted gross administration costs	**51.5**	59.8
Property fee income	**(8.4)**	(11.5)
Joint venture and associate management fee income	**(6.5)**	(5.5)
Other income	**(14.9)**	(17.0)
Adjusted net administration expenses	**36.6**	42.8
Business transformation costs	**13.2**	5.1
Net administration expenses	**49.8**	47.9

During 2023, Adjusted net administration expenses decreased by £6.2m against 2022. Gross administration costs fell by £8.3m reflecting the Group's focus on cost reduction, partly offset by a reduction in other income of £2.1m due to disposals, principally in France. The most significant elements of the cost reduction were:

— Employee costs, including variable costs, were £3.5m (9%) lower reflecting the organisational restructuring and simplification of the Group's operating model in 2023. Average headcount, excluding employees recharged to tenants, reduced from 225 in 2022 to 175 in 2023.
— Other corporate costs, comprising mainly professional fees, premises costs and software licences, fell by £4.8m (23%). The two most significant areas of savings were premises costs, with downsized relocations in both the UK and France during the year; and a decrease of £1.5m in corporate insurances, with the most significant reduction in Directors and Officers insurance premiums reflecting the strengthening of the Group's financial position.

Business transformation costs of £13.2m in 2023 comprised mainly severance costs directly associated with the simplification of the Group's operating model and fees for contractors and consultants from the Group's digitalisation programme, both of these matters were key outputs of the Group's strategic and operational review undertaken in 2021 and do not reflect underlying trading.

Disposals and assets held for sale

During 2023, we realised gross proceeds of £216m, relating mainly to the disposals of the Group's interests in Italie Deux (including the Italik extension) and our standalone development interests in Croydon. In total, disposals in the year resulted in a loss on disposal of £18m, and these disposals were at an average 5% discount (based on gross proceeds) to 31 December 2022 book value.

Since the year end, we exchanged contracts for the sale of Union Square, Aberdeen for gross proceeds of £111m, representing an 8% discount to book value at 31 December 2023. This disposal concludes the Group's £500m non-core disposal programme commenced in 2022.

Share of results of joint ventures

A listing of our interests in joint ventures is included in note 12 to the financial statements. On an IFRS basis, the Group's share of results in 2023 was £9.4m (2022: £41.5m loss). The £50.9m improvement was principally due to lower revaluation losses in 2023 of £73.9m compared with losses of £132.1m in 2022.

On an Adjusted basis, our share of results from joint ventures was £85.0m (2022: £88.1m). The £3.1m year-on-year reduction was principally due to the disposals of the Group's investments in Croydon in 2023 and Silverburn in 2022, and the derecognition of O'Parinor in June 2023.

Given that five out of six of our UK flagship destinations and Dundrum, the largest asset of our Ireland flagships, are held in joint ventures the financial and operating performance of these assets is consistent with the proportionally consolidated performance explained in this Review and shown in the Additional Information. The two French flagship destinations are wholly owned.

Share of results of associates

Following the sale of the Group's investment in Italie Deux in March 2023, at 31 December 2023 the Group's sole associate investment was Value Retail. On an IFRS basis, the Group's share of results in 2023 was £16.0m compared with a loss of £7.1m in 2022. The year-on-year increase of £23.1m was principally due to lower revaluation losses in 2023 of £7.7m compared with losses of £66.9m in 2022 and a year-on-year increase in profit from operating activities of £6.6m, partly offset by losses on the fair value of derivatives of £11.1m in 2023 compared to gains of £18.1m in 2022.

On an Adjusted basis, our share of results from associates was £33.3m (Value Retail: £32.1m, Italie Deux: £1.2m) compared with £31.8m (Value Retail: £27.4m, Italie Deux: £4.4m) in 2022. The £4.7m year-on-year increase in Adjusted earnings from Value Retail was due to £14.4m higher gross rental income reflecting stronger sales and the benefits from indexed rents. This growth was partly offset by increased administration costs of £3.4m and finance costs of £7.5m, this latter change relating to the refinancing of the loans secured against La Vallée and Bicester in 2022. The reduction in Italie Deux reflects its disposal in March 2023.

Value Retail's Adjusted earnings reflected an effective yield of 2.7% as a percentage of the Group's investment at the start of the year (2022: 2.4%).

Net finance costs

Proportionally consolidated	2023			2022		
	Reported Group £m	Share of Property interests £m	Total £m	Reported Group £m	Share of Property interests £m	Total £m
Adjusted finance income	**30.9**	**4.1**	**35.0**	26.4	–	26.4
Finance costs						
Gross interest costs	**(72.0)**	**(8.9)**	**(80.9)**	(74.9)	(6.7)	(81.6)
Interest capitalised	**–**	**–**	**–**	1.2	–	1.2
Adjusted finance costs	**(72.0)**	**(8.9)**	**(80.9)**	(73.7)	(6.7)	(80.4)
Adjusted net finance costs	**(41.1)**	**(4.8)**	**(45.9)**	(47.3)	(6.7)	(54.0)
Debt and loan facility cancellation costs	**–**	**–**	**–**	(1.3)	–	(1.3)
Discount on redemption of bonds	**4.3**	**–**	**4.3**	–	–	–
Change in fair value of derivatives	**0.7**	**(1.8)**	**(1.1)**	(14.4)	4.1	(10.3)
IFRS net finance costs	**(36.1)**	**(6.6)**	**(42.7)**	(63.0)	(2.6)	(65.6)

Adjusted net finance costs were £45.9m, a decrease of £8.1m compared with 2022. The decrease was driven by the benefits of deleveraging since the start of 2022, early repayment of debt utilising proceeds from disposals, the related restructuring of hedging derivatives and higher interest income from cash deposits benefiting from the higher interest rate environment.

In the second half of 2023, we repurchased £12m of the Group's £350m 3.5% bonds maturing in 2025 and £88m of the Group's 6.0% bonds maturing in 2026 at £4.3m below book value. This latter amount has been recognised in finance income in 2023, and given its one-off nature has been excluded from the Group's Adjusted earnings.

Tax

Due to the Group having tax exempt status in its principal operating countries the tax charge, on a proportionally consolidated basis, remained low at £0.8m (2022: £0.5m).

The low tax charge reflects that the Group benefits from being a UK REIT and French SIIC and its Irish assets are held in a QIAIF. The Group is committed to remaining in these tax exempt regimes and further details on these regimes are given in note 7 to the financial statements. In order to satisfy the REIT conditions, the Company is required, on an annual basis, to pass certain business tests. The Group is expected to meet all requirements for maintaining its REIT status for the year ended 31 December 2023.

Dividends

As explained in the Chair of the Board's Statement, the Group announced a new sustainable dividend policy of 60-70% of annual Adjusted earnings during the year with an interim cash dividend of 0.72p per share paid in October.

The Board has proposed a final cash dividend of 0.78p per share, payable as an ordinary dividend on 10 May 2024 to shareholders on the register on 5 April 2024. A dividend reinvestment plan ('DRIP') remains available to shareholders.

NET ASSETS

A detailed analysis of the balance sheet on a proportionally consolidated basis is set out in Table 12 of the Additional Information with a summary reconciling to EPRA NTA set out in the table below:

Summary net assets		2023 Reported Group £m	2023 Share of Property interests £m	2023 EPRA adjustments £m	2023 EPRA NTA £m	2022 Reported Group £m	2022 Share of Property interests £m	2022 EPRA adjustments £m	2022 EPRA NTA £m
Investment and trading properties		**1,396**	**1,380**	**–**	**2,776**	1,497	1,723	–	3,220
Investment in joint ventures		**1,193**	**(1,193)**	**–**	**–**	1,342	(1,342)	–	–
Investment in associates – Value Retail		**1,115**	**–**	**79**	**1,194**	1,189	–	52	1,241
– Italie Deux		**–**	**–**	**–**	**–**	108	(108)	–	–
Net trade receivables		**28**	**15**	**–**	**43**	23	19	–	42
Net debt	a	**(1,163)**	**(163)**	**–**	**(1,326)**	(1,458)	(274)	(1)	(1,733)
Other net liabilities		**(106)**	**(39)**	**–**	**(145)**	(115)	(18)	(3)	(136)
Net assets		**2,463**	**–**	**79**	**2,542**	2,586	–	48	2,634
EPRA NTA per share	b				**51p**				53p

a See Table 13 in Additional Information for further details.
b EPRA adjustments in accordance with EPRA best practice, principally in relation to deferred tax, as shown in note 9B to the financial statements.

During 2023, net assets decreased 5% to £2,463m (2022: £2,586m). Net assets, calculated on an EPRA Net Tangible Assets (NTA) basis, were £2,542m, or 51p per share, a reduction of 2p compared to 31 December 2022 and is equivalent to a total accounting return of –2.1% (see Table 15 in Additional Information). The key components of the movement in Reported Group net assets and EPRA NTA are shown in the table below:

Movement in net assets

Proportionally consolidated including Value Retail	Group net assets £m	EPRA adjustments £m	EPRA NTA £m
1 January 2023	**2,586**	**48**	**2,634**
Property revaluation – Managed portfolio	**(119)**	**–**	**(119)**
– Value Retail	**(8)**	**–**	**(8)**
Adjusted earnings	**116**	**–**	**116**
Disposal and impairment losses	**(40)**	**–**	**(40)**
Change in deferred tax	**(2)**	**1**	**(1)**
Dividends	**(36)**	**–**	**(36)**
Foreign exchange and other movements	**(34)**	**30**	**(4)**
31 December 2023	**2,463**	**79**	**2,542**

PROPERTY PORTFOLIO ANALYSIS

Portfolio valuation

The Group's external valuations continue to be conducted by CBRE Limited (CBRE), Cushman and Wakefield LLP (C&W) and Jones Lang LaSalle Limited (JLL), providing diversification of valuation expertise across the Group. At 31 December 2023 the majority of our UK flagship destinations have been valued by JLL and CBRE, the French portfolio by JLL, and the Irish portfolio, Value Retail and Brent Cross have been valued by C&W. This is unchanged from 31 December 2022.

There have been a limited number of comparable transactions in the Group's investment markets during 2023, with the higher interest rate environment and lower levels of liquidity resulting in an outward movement in valuation yields. However, there has been a growing polarisation based on asset quality from both an occupational and investment perspective, with the outward yield movements being more pronounced for less prime assets. Valuers have also begun to differentiate between properties based on future capital expenditure requirements.

At 31 December 2023, the Group's portfolio was valued at £4,662m, a reduction of £445m since 31 December 2022. This movement was primarily due to disposals, including the derecognition of Highcross and O'Parinor, of £331m; revaluation losses of £127m; adverse foreign exchange losses of £61m, partly offset by capital expenditure of £74m. Movements in the portfolio valuation are shown in the table below.

Movements in property valuation

Proportionally consolidated including Value Retail	UK £m	France £m	Ireland £m	Total flagships £m	Develop-ments and other £m	Managed portfolio £m	Value Retail £m	Group portfolio £m
At 1 January 2023	871	1,241	676	2,788	432	3,220	1,887	5,107
Capital expenditure	14	14	6	34	13	47	27	74
Disposals	–	(151)	–	(151)	(55)	(206)	–	(206)
Derecognition of Highcross and O'Parinor	–	(62)	–	(62)	(63)	(125)	–	(125)
Yield	(17)	(27)	(36)	(80)	(1)	(81)	–	(81)
Income	1	12	(1)	12	(4)	8	(4)	4
Development and other costs	(6)	–	–	(6)	(40)	(46)	(4)	(50)
Revaluation losses	(22)	(15)	(37)	(74)	(45)	(119)	(8)	(127)
Foreign exchange	–	(24)	(15)	(39)	(2)	(41)	(20)	(61)
At 31 December 2023	863	1,003	630	2,496	280	2,776	1,886	4,662

Capital expenditure

During the year, capital expenditure on the Managed portfolio was £47m, of which £34m was on the Group's Flagship portfolio reflecting reconfiguration works, including the repurposing of the former Debenhams at Bullring where M&S and TOCA Social opened in the year, and lease incentives directly related to the Group's record leasing volume in 2023. In addition, £13m was invested in the Group's Developments and other portfolio, with £5m spent on the on-site development of the Ironworks residential scheme at Dundrum. Other key areas of expenditure were to advance planning at Bishopsgate Goodsyard and Dublin Central. Table 11 of the Additional Information analyses the spend between the creation of additional area and that relating to the enhancement of existing space.

Disposals, principally the Group's share of Italie Deux (including the Italik extension) and Croydon in the first half of the year, reduced the portfolio by £206m, with a further £125m reduction due to the derecognition of Highcross and O'Parinor.

Revaluation losses

In 2023, we recognised a total revaluation loss across the Group portfolio of £127m, comprising £119m in respect of the Managed portfolio and £8m in Value Retail. £81m, or 64%, of these losses was due to the Group's valuers moving out yields to reflect the higher interest rate environment and lower levels of market liquidity. The remainder of the losses related to development and other cost factors, principally adverse changes to residual valuations on the Developments and other portfolio associated with outward yield shift on end values and project cost inflation.

UK flagship destinations reported a revaluation deficit of £22m, £17m was due to outward yield shift averaging 10 basis points ('bps'), with the remaining £5m associated with capital expenditure, principally the recognition of a cladding allowance at Union Square. Bullring saw a revaluation gain in the year of £11m, the yield was stable reflecting the recent investment to repurpose the former Debenhams and the strong leasing performance leading to higher ERVs.

In France, yields moved out by 10bps equivalent to a revaluation deficit of £27m, this was partly offset by income growth, with like-for-like ERVs 2.5% higher, equivalent to a revaluation gain of £12m. While Ireland reported a revaluation deficit of £37m, of which £36m was due to outward yield shift averaging 30bps.

Value Retail values were broadly flat during the year, with capital expenditure offset by a marginal revaluation loss of £8m and adverse foreign exchange of £20m.

Further valuation analysis is included in Table 9 of the Additional information.

Like-for-like ERV*

Flagship destinations	2023 %	2022 %
UK	**1.8**	(3.8)
France	**2.5**	(1.6)
Ireland	**0.2**	0.3
	1.7	(2.2)

* Calculated on a constant currency basis for properties owned throughout the relevant reporting period.

Like-for-like ERVs grew by 1.7% during 2023. In the second half of the year ERVs were marked up at all of the Group's flagship destinations, equivalent to growth of 1.6%.

UK ERVs were 1.8% higher, reflecting the strong leasing performance and investment to attract 'best-in-class' occupiers. Bullring had the strongest growth at 5.0% over the year with occupiers seeking space following the opening of the repurposed former Debenhams space. We signed 23 permanent leases at the asset in 2023 at an average net effective rent 9% above prevailing ERVs.

ERVs in France grew by 2.5%, driven by indexation and leasing demand at both of our two wholly owned assets. At Les Terrasses du Port we have secured over 70% of the expected income from the expiring leases which were signed when the destination opened in 2014. The new deals have been signed at an average of 6% above ERV.

In Ireland, ERVs were up 0.2%, the lower vacancy levels in the Irish portfolio meant that it was more challenging to provide multiple sources of evidence for the valuers to mark up ERVs in 2023. However, the leasing pipeline for space remains strong, particularly at Dundrum Town Centre where there have been a number of major asset management initiatives, the most significant being the opening of Brown Thomas in the former House of Fraser unit in February 2023.

Property returns analysis

The Group's managed property portfolio generated a total property return of 1.6%, comprising an income return of 5.9% offset by a capital return of –4.1%. Incorporating the income and capital returns from the Value Retail portfolio, this brought the Group's income return to 6.0% and the capital return to –2.6%, to generate a total return of 3.2% (2022: –0.7%).

								2023
Proportionally consolidated including Value Retail	UK %	France %	Ireland %	Flagship destinations %	Develop-ments and other %	Managed portfolio %	Value Retail %	Group portfolio %
Income return	**8.7**	**4.6**	**5.7**	**6.3**	**2.7**	**5.9**	**6.2**	**6.0**
Capital return	**(2.4)**	**(4.3)**	**(5.6)**	**(4.0)**	**(6.2)**	**(4.1)**	**(0.4)**	**(2.6)**
Total return	**6.1**	**0.1**	**(0.2)**	**2.0**	**(3.6)**	**1.6**	**5.8**	**3.2**

								2022
Proportionally consolidated including Value Retail	UK %	France %	Ireland %	Flagship destinations %	Develop-ments and other %	Managed portfolio %	Value Retail %	Group portfolio %
Income return	7.9	4.8	5.2	6.0	2.3	5.4	5.3	5.3
Capital return	(9.4)	(4.6)	(3.0)	(5.9)	(14.8)	(7.3)	(3.1)	(5.8)
Total return	(2.1)	–	2.1	(0.2)	(12.8)	(2.3)	2.0	(0.7)

Shareholder returns analysis

Return per annum over	Total shareholder return Cash basis a %	Total shareholder return Scrip basis a %	Benchmark b %
One year	**22.8**	**22.8**	**5.5**
Three years	**6.6**	**16.5**	**(4.6)**

a Cash and scrip bases represent the return assuming investors opted for either cash or scrip dividends with the assumption that those opting for scrip dividends continued to hold the additional shares issued.

b Benchmark is the FTSE EPRA/NAREIT UK index.

The Group's total shareholder return in 2023 over one year was 22.8%, outperforming the FTSE EPRA/NAREIT UK index of 5.5%. Over three years the Group also outperformed the benchmark of -4.6% with shareholder returns of 6.6% and 16.5% on a cash and scrip basis, respectively.

INVESTMENT IN JOINT VENTURES AND ASSOCIATES

Details of the Group's joint ventures and associates are shown in notes 12 and 13, respectively to the financial statements.

Reported Group

Joint ventures

During the year, our investment in joint ventures decreased by £149m to £1,193m (2022: £1,342m). £99m of the reduction related to the disposal of Croydon and derecogntion of O'Parinor; revaluation losses totalled £74m and cash distributions to the Group were £55m. These reductions were partly offset by the Group's share of Adjusted earnings of £85m.

Associates

Our investment in associates decreased by £182m to £1,115m (2022: £1,297m). £109m of the reduction was due to the disposal of Italie Deux in March, a further £74m due to distributions from Value Retail, partly offset by the Group's share of Adjusted earnings of £33m.

TRADE RECEIVABLES

Collection rates improved over the course of the year such that 96% of the rental income due in 2023 (as at 23 February 2024) has been collected. As a result we reduced the provisioning rates for amounts overdue by 3–12 months, although this did not have a significant financial impact to property outgoings.

On a proportionally consolidated basis, net trade receivables at 31 December 2023 were £43m (2022: £42m), reflecting gross trade receivables of £62m (2022: £74m) against which a provision of £19m (2022: £32m) has been applied.

PENSIONS

On 8 December 2022, the Trustees of the Group's principal defined benefit pension scheme ('the Scheme'), with the Company's support, purchased a bulk annuity policy ('buy-in') with Just Retirement Limited ('Just') for a premium of £87.3m. This contract fully insured all future payments to members of the Scheme, with the premium met from the Scheme's assets.

During 2023, a data cleansing process was completed and subsequently verified by Just, resulting in a small balancing premium receipt to the Scheme. Given the successful completion of the buy-in and for the Trustees to trigger the winding-up of the Scheme, on 20 December 2023, the Company terminated its liability to make further contributions to the Scheme. This initiated a process for the Trustees to assign the bulk annuity policy to individual Scheme members and to transfer the administration to Just which is expected to take place in the first quarter of 2024, after which the final steps to wind up the Scheme can be undertaken.

This material balance sheet de-risking exercise is in line with the Group's long term strategy to strengthen the resilience of the Group's balance sheet.

FINANCING AND CASH FLOW

Financing strategy

Our financing strategy is to borrow predominantly on an unsecured basis to maintain flexibility. Secured loans are occasionally used, mainly in conjunction with joint venture partners. Value Retail also uses predominantly secured debt in its financing strategy. All secured debt is non-recourse to the rest of the Group.

The Group's debt is arranged to maintain access to short term liquidity and long term financing. Short term liquidity is principally through syndicated revolving credit facilities. Long term debt comprises the Group's fixed rate unsecured bonds and private placement notes. At 31 December 2023, the Group also had secured loans in the Dundrum joint venture and Value Retail. Acquisitions may initially be financed using short term funds before being refinanced with longer term funding depending on the Group's financing position in terms of maturities, future commitments or disposals, and market conditions.

Derivative financial instruments are used to manage exposure to fluctuations in foreign currency exchange rates and interest rates but are not employed for speculative purposes.

The Board regularly reviews the Group's financing strategy and approves financing guidelines against which it monitors the Group's financial structure. Where there is any non-compliance with the guidelines, this should not be for an extended period but the Group objective is to maintain an investment grade credit rating. The key financing metrics are set out below.

Key financial metrics

Proportionally consolidated unless otherwise stated			Calculation (References to Additional Information)	2023	2022
Net debt			Table 13	**£1,326m**	£1,732m
Liquidity				**£1,225m**	£996m
Weighted average interest rate – net debt				**2.4%**	2.4%
Weighted average interest rate – gross debt				**3.3%**	2.6%
Weighted average maturity of debt				**2.5 years**	3.4 years
FX hedging				**91%**	91%
Net debt:EBITDA			Table 16	**8.0x**	10.4x
Loan to value – Headline	a		Table 19	**34%**	39%
Loan to value – Full proportional consolidation (of Value Retail)	b		Table 19	**44%**	47%
Metrics with associated financial covenants		**Covenant**			
Interest cover		≥ 1.25x	Table 17	**3.91x**	3.24x
Gearing – Selected bonds	c	≤ 175%	Table 18	**55%**	68%
– Other borrowings and facilities		≤ 150%	Table 18	**55%**	68%
Unencumbered asset ratio		≥ 1.5x	Table 20	**2.04x**	1.74x
Secured debt/equity shareholders' funds		≤ 50%		**11%**	15%
Fixed rate debt as a proportion of total debt		n/a		**84%**	84%

a Headline: 'Loan' excludes Value Retail net debt and 'Value' includes Value Retail net assets.

b Full proportional consolidation of VR: 'Loan' includes Value Retail net debt and 'Value' includes Value Retail property values.

c Applicable to bonds maturing in 2025 and 2027 (as set out in note 17 to the financial statements).

Credit ratings

During the year, Moody's and Fitch's senior unsecured investment grade credit ratings were re-affirmed as Baa3 and BBB+ respectively.

Leverage

At 31 December 2023, the Group's gearing was 55% (2022: 68%) and Headline loan to value ratio was 34% (2022: 39%).

The Group's share of net debt in Value Retail totalled £730m (2022: £675m). Fully proportionally consolidating Value Retail's net debt, the Group's loan to value ratio was 44% (2022: 47%).

Calculations for gearing and loan to value are set out in Tables 18 and 19 of the Additional Information, respectively.

Borrowings and covenants

The terms of the Group's unsecured borrowings contain a number of covenants which provide protection to the lenders and bondholders as set out in the Key financial metrics table above. At 31 December 2023, the Group had significant headroom against these metrics.

In addition, Dundrum and Value Retail have secured debt facilities which include covenants specific to those properties, including covenants for loan to value and interest cover. However, there is no recourse to the Group.

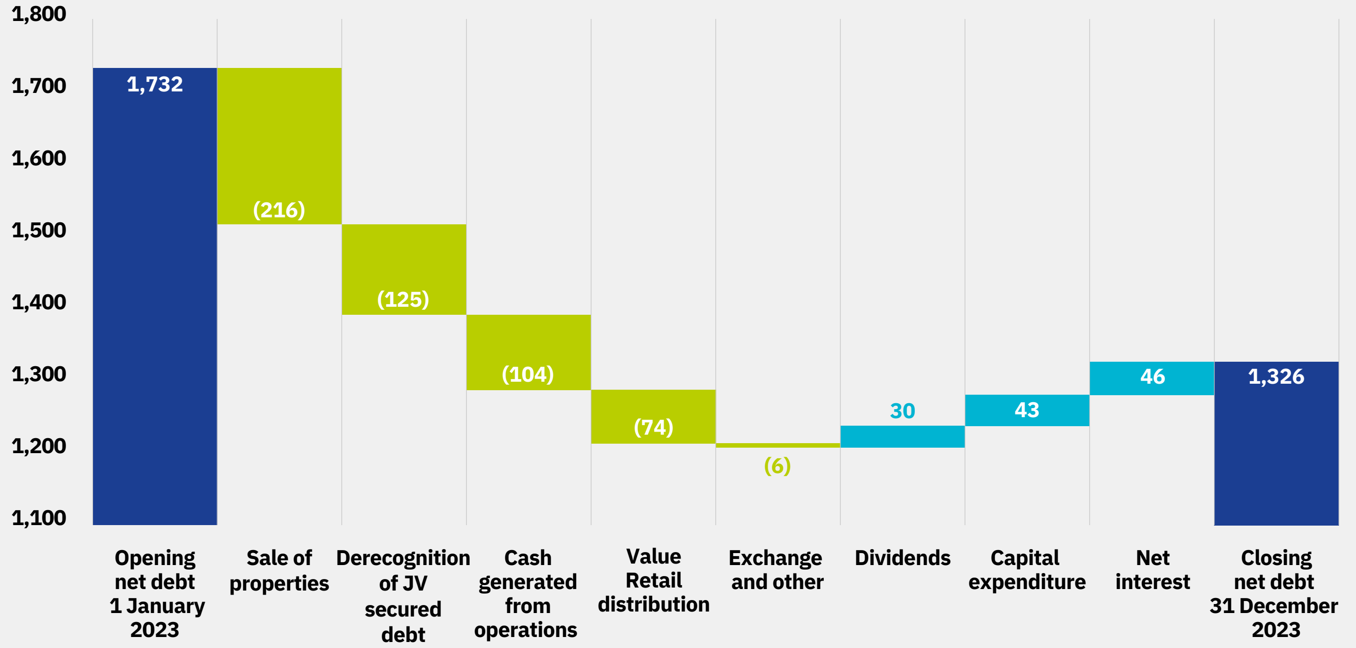
Managing foreign exchange exposure

The Group's exposure to foreign exchange translation differences on euro-denominated assets is managed through a combination of euro borrowings and derivatives. At 31 December 2023, the value of euro-denominated liabilities as a proportion of the value of euro-denominated assets was 91%, the same level as at the beginning of the year. Interest on euro-denominated debt also acts as a partial hedge against exchange differences arising on net income from our overseas operations. Sterling strengthened against the euro during the year by 2%.

CASH FLOW AND NET DEBT

Proportionally consolidated net debt

Movement in proportionally consolidated net debt £m



On a proportionally consolidated basis, net debt decreased by 23% to £1,326m (2022: £1,732m). At 31 December 2023 the Group's net debt comprised loans of £1,885m and the fair value of currency swaps of £11m, less cash and cash equivalents of £570m, of which £472m is held by the Reported Group. Disposals during the year generated proceeds of £216m. Cash generated from operations of £104m comprised profit from operating activities of £117m less a net £13m reduction in working capital and other non-cash items. We also received £74m of distributions from Value Retail. These cash inflows were partly offset by cash dividends paid of £30m, capital expenditure of £43m and net interest of £46m.

Refinancing

During the first half of the year, £605m of revolving credit facilities were extended by one year such that they now mature in 2026.

In the second half of 2023, we extended our debt maturity profile through the issuance of a £100m bond tap of our existing £200m 7.25% bonds maturing in 2028 resulting in a new outstanding notional of £300m. The issuance was at a discount of £6.7m, meaning the newly issued bonds were priced at an effective yield of 9.1%. At the same time a matching tender was launched for the £350m 3.5% bonds maturing in 2025 and the £300m 6.0% bonds maturing in 2026 for which we repurchased £12m and £88m at yields of 7.7% and 8.1% respectively, in total £4.3m below book value.

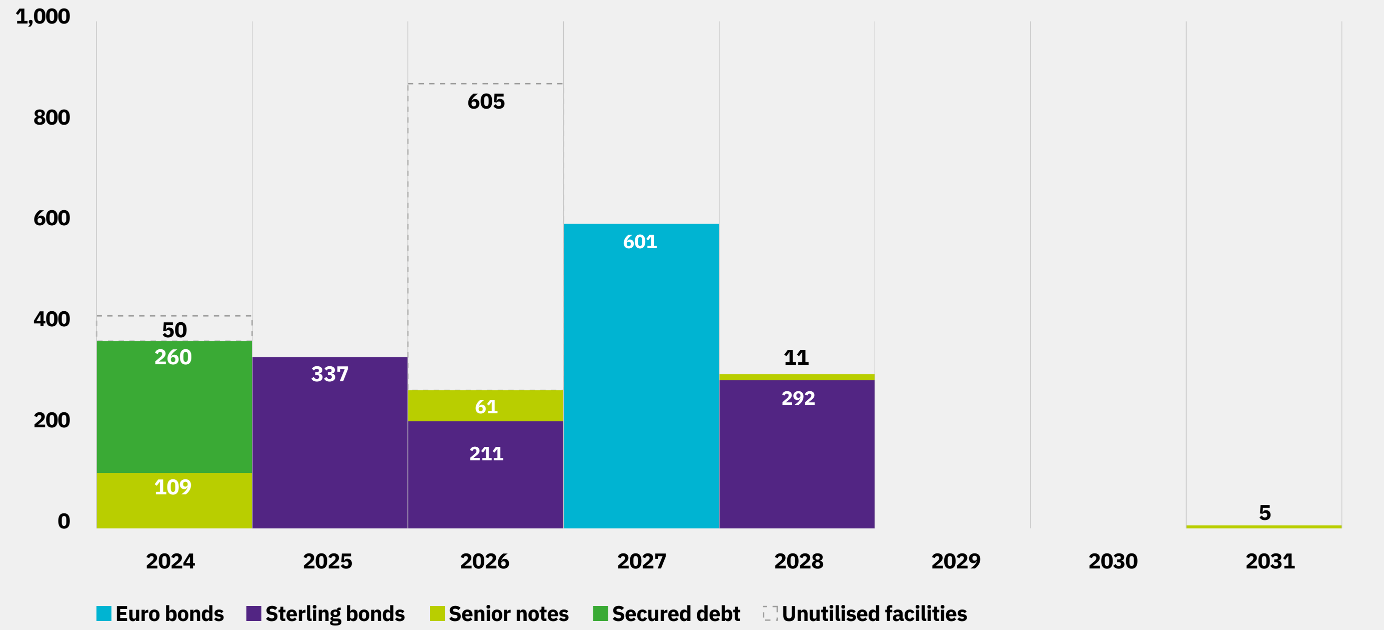
Liquidity

The Group's liquidity at 31 December 2023, calculated on a proportionally consolidated basis comprising cash of £570m and unutilised committed facilities of £655m, was £1,225m, £229m higher than at the beginning of the year. This was primarily due to proceeds from disposals.

Debt and facility profile

Maturity profile of loans and facilities

Proportionally consolidated at 31 December 2023, £m



The Group's weighted average maturity of debt is 2.5 years (2022: 3.4 years). The near-term unsecured maturities including the £109m of private placement notes due in 2024 and the £337m sterling bonds due in 2025 are covered by existing cash with the Group.

Refinancing discussions are progressing in relation to the €600m (Group's 50% share €300m) secured loan held by the Dundrum joint venture which matures in September 2024.

Maturity analysis of loans and reconciliation to net debt

Loan	Maturity*	2023 £m	2022 £m
Sterling bonds	2025–2028	**840.6**	846.4
Sustainability-linked eurobond	2027	**600.8**	612.3
Unamortised facility fees	2024–2026	**(2.2)**	(3.1)
Senior notes (US private placements)	2024–2031	**185.3**	190.8
Total loans – Reported Group		**1,624.5**	1,646.4
Share of Property interests	2024	**260.0**	391.6
Total loans – proportionally consolidated		**1,884.5**	2,038.0
Cash and cash equivalents		**(569.6)**	(336.5)
Fair value of currency swaps		**11.4**	30.6
Net debt – proportionally consolidated		**1,326.3**	1,732.1

* Maturity for loans at 31 December 2023

Risks and Uncertainties

Risk overview

The Board confirms that during 2023 it has carried out a robust assessment of the Group's emerging and principal risks, including mitigations, which are presented in this section of the Annual Report.

The Group has made positive strategic, operational and financial progress notwithstanding the uncertain macroeconomic environment in 2023. The Group has delivered a strong leasing performance with a number of high profile repurposing projects being delivered across the portfolio and maintained strong occupancy. The Group's balance sheet is significantly strengthened due to disposals and the derecognition of secured debt. This positions the Group to be able to focus on future investment opportunities in the core portfolio. These positive trends contrast with the continued high level of macroeconomic and geopolitical uncertainty and the associated challenges that both consumers and businesses face from high inflation and interest rates and supply chain pressures.

Throughout the year, the Board maintained its focus on ensuring the Group was effectively managing its risks. This included a thorough review exercise involving the Audit Committee and senior management, covering the Group's risks and the associated mitigations. Given the changing risk environment, the residual risk level of each principal risk was also re-assessed. This resulted in an increased residual risk assessment for three principal risks; Cyber security, Health and safety, and Legal and regulatory, and a reduction for one risk, Partnerships. A detailed summary of these changes to principal risks during the year can be found on page 56.

Work was undertaken in the year to formally align the Group's internal controls with the COSO internal control framework which allowed the Group to set the basis for a strong assurance programme aligned to its principal risks, and to continue the promotion of a strong culture of awareness and accountability for risk management across the Group.

Governance

The Group's approach to risk management is designed to enable the business to deliver its strategic objectives while effectively managing differing levels of uncertainty which directly impact the Group's activities. The Group adopts a top-down and bottom-up approach to ensure comprehensive risk identification and risk appetite is clearly defined. This allows the Group to respond quickly to changes in its risk profile and ensures risk management is factored into strategic decision making whilst embedding a strong risk management culture amongst colleagues with clear roles and accountability.

Top-down

The key roles and responsibilities for the Group's risk management are shown in the Risk governance structure chart.

The Board has overall responsibility for risk oversight and determining the Group's approach to managing financial, regulatory, operational and reputational risk. It ensures that effective risk management is integrated throughout the business and embedded within the Group's policies, processes, culture and values.

The Board also sets the Group's risk appetite to ensure that risks are managed within certain parameters with an appropriate level of resource. Where controllable risks are outside the Group's risk appetite, the Board seeks to manage these down by implementing appropriate mitigations wherever possible. The Board ensures each year that its risk appetite is consistent with its strategy.

The Audit Committee supports the Board in the oversight of risk and is responsible for reviewing the effectiveness of the risk management and internal control system over the course of the year, as well as overseeing the Group's Internal Audit activity.

The Group Executive Committee has overall accountability for the management of risks across the business.

Bottom-up

The effective day-to-day management of risk is embedded within our operational business teams. This aligns risk management with operational responsibility. It also allows potential new risks to be identified at an early stage such that required mitigating actions can be approved and put in place.

Internal Audit acts as an independent assurance function by evaluating the effectiveness of our risk management and internal control processes.

Through this approach the Group operates a 'three lines of defence' model of risk management, with operational management forming the first line, risk management forming the second line, and finally Internal Audit as the third line of defence.

Risk review process

The Group's key risks are derived from a systematic review of the Group's strategic priorities, and recurring work with senior management and business teams to identify and quantify key risks. These are reviewed and monitored during the year by the Group Executive Committee, the Audit Committee and approved annually by the Board.

The Group's principal risks are defined as those likely to significantly affect the Group's strategic objectives, operations, or financial performance if not effectively managed. The risks are classed as either 'external' risks, where market factors are the main influence on change, or 'operational' risks which, while subject to external influence, are more in the control of management. The level of residual risk for each principal risk is assessed taking account of the likelihood of occurrence and potential impact on the Group, and also applicable mitigating actions. The assessment of the Group's principal risks at the date of this report is shown on the Residual Risk heat map.

To support the assessment process, the Group produces a quarterly Risk Dashboard which comprises several key risk indicators, both historical and forward-looking, for each principal risk. The risk indicators help identify whether those risks are changing and hence whether mitigating actions need to be amended.

Risk governance structure

Top-down Determines risk appetite and provides oversight, monitoring, identification, assessment, and agrees mitigations of key risks at a Group level	**Risk Governance**	Board	— Overall responsibility for risk management — Sets overall risk framework for the Group — Sets risk culture and appetite — Considers and approves risk and controls work undertaken by Audit Committee
		Audit Committee	— Reviews effectiveness of risk management frameworks — Oversight of system of internal control — Approves third line assurance activity by Internal Audit — Reviews going concern and viability assessment — Reviews climate risk and TCFD compliance
	Risk Management	Group Executive Committee	— First line of defence — Manages risk day-to-day through policy, process and people — Embeds risk appetite — Oversight of third parties under our onsite property management agreements — Reviews risk mitigation activities
Bottom-up Detailed identification, monitoring, assessment, prioritisation and active mitigation of risks at an operational level		Risk Management	— Second line of defence — Works with management to identify principal risks, considering current and emerging risks — Monitors and reports on key risk indicators — Monitors risks and mitigations against risk appetite
		Internal Audit	— Third line of defence — Designs and delivers the internal audit plan — Provide assurance on effectiveness of the risk programme, testing key controls — Tracks and verifies completion of agreed audit actions
	Risk Ownership	Teams and colleagues	— Identifies, evaluates and mitigates operational risks — Responsible for operating effectiveness of key controls — Monitors risks assigned to each team, including escalation of emerging risks — Monitoring of third parties under our onsite property management agreements

In 2023, the annual exercise to formalise the Board's risk appetite found that the Board and senior management remain aligned in their risk appetite for each principal risk. It is noted that there are two principal risks where the current residual risk rating is deemed 'high' as shown on the Residual Risk Heat Map. This assessment is largely due to external factors beyond management's control with mitigating actions where possible to reduce the risk assessment.

New and emerging risks

New and emerging risks are a particular area of focus and are explicitly considered as part of the regular risk review process explained above. Further identification work is undertaken through the review of internal activities and external insights, covering both the real estate and wider commercial sectors. During the year several potential emerging risks were highlighted including; the development planning process, political risk, the ongoing war in Ukraine, Israel-Palestine conflict, financial crime compliance, and increased regulatory burden particularly around ESG.

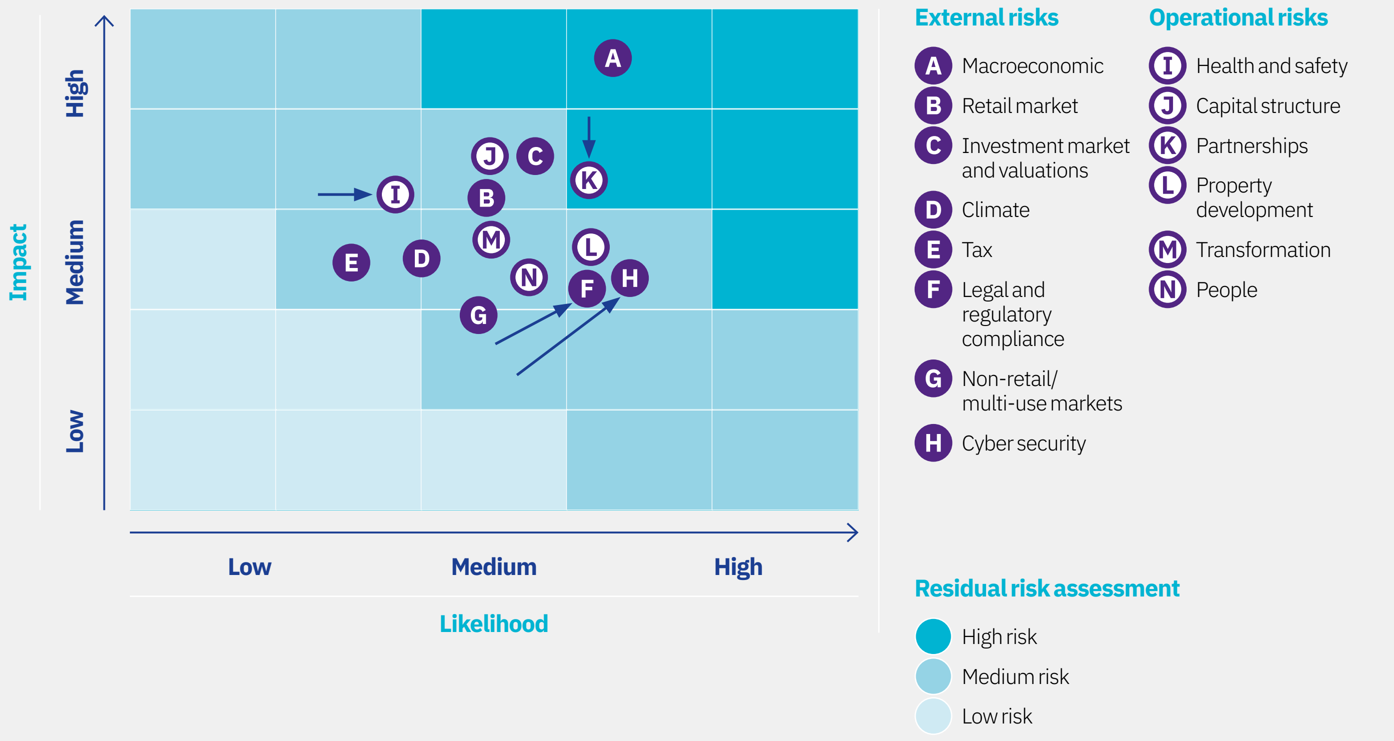
On review, it was determined that these risks are appropriately captured by the Group's existing principal risks or are not significant enough to be deemed a new principal risk. As part of the annual risk review, the Board therefore concluded that no significant emerging risks have been identified in 2023.

Assurance activity

As explained in the Audit Committee Report, the Audit Committee approves the annual Internal Audit plan. The plan is designed to cover a number of the Group's principal risks, with a focus on those with an elevated residual risk relative to risk appetite or where activities are undergoing significant change. In addition, it includes cyclical reviews of key financial, reporting, operational and compliance controls.

The scope and finalised audit reports are reviewed by the Group Executive Committee and Audit Committee, and agreed actions are monitored to completion.

Residual Risk Heat Map



Note: Arrows indicate change in risk since 2022 Annual Report.

Changes to principal risks during the year

Following a detailed review, four movements in residual risk since 2022 were identified. These are demonstrated in the Residual Risk Heat Map and are summarised below:

Increase in risk

Legal & regulatory compliance (risk F): Requirements for CSRD (Corporate Sustainability Reporting Directive) regulation and related disclosures becoming effective in 2025 significantly increase the Group's regulatory burden and associated costs for mandatory assurance, as well as necessitating additional work and processes behind the new reporting. Additional regulation under the revised Corporate UK Governance Code becomes effective in 2025. The likelihood and impact of the Group's legal and regulatory compliance risk have therefore been increased to reflect this.

Cyber Security (risk H): Cyber security risk has increased generally due to continued geopolitical tensions and several high-profile attacks on organisations in 2023, including the Group's payroll provider SD Worx. Although no data was lost and the Group was unaffected, this risk area has increased.

Health & Safety (risk I): A slight increase in the likelihood of a health and safety risk materialising has been documented in light of additional requirements going live in 2023 under the Building Safety Act, and recent issues in the UK with RAAC concrete.

Decrease in risk

Partnerships (risk K): A small decrease in the impact of the Group's partnerships risk has been documented to reflect the Group's exits from interests in non-core assets and minority stakes in the period, as well as ongoing active engagement to reduce any potential mis-alignment with remaining partnerships.

Climate risk

The Board has an obligation to assess climatic risks and opportunities under TCFD, and in May 2023 the Group received approval from the Board to transition its public reporting to focus on the adoption of IPCC Scenarios 2 and 3 which are more reflective of the latest scientific reports on global climate transition.

The risk and opportunities were reassessed and updated accordingly, noting no material changes due to the inclusive approach adopted to date. This will be updated again in 2024 following the outputs of the Group's physical climate risk reviews.

Further details on this important risk area are in the detailed risk section below, in the TCFD section on page 31 and the Group's separate 2023 ESG Report available on the Group's website.

Future outlook

The impact of external factors continues to be the main concern for the Group, particularly given the prolonged levels of inflation and high interest rates.

Nonetheless, the successful delivery of the Group's strategic objectives will act to reduce the level of residual risk and ensure the longer-term success and viability of the Group for the benefit of all stakeholders.

Link to strategy
1 Investment for growth and value creation
2 Agile platform
3 Sustainable and resilient capital structure

Risk movement
Increased
Decreased
No change

A MACROECONOMIC

Residual risk: **High** Link to strategy: **1, 3**

Adverse changes to the geopolitical landscape and macroeconomic environment in which the Group operates have the potential to hinder the ability to deliver the strategy and financial performance.

Risk mitigations

— Flagship destinations in the heart of major European cities
— Diversified portfolio (sectors, geography and occupiers) limits impact of downturn or major market change in a single market
— Near term debt maturities fully covered by existing cash reserves with limited capital commitments
— Balance sheet strengthened over recent years with strategy and track record of divesting of non-core assets and early refinancing
— Value Retail Villages in affluent areas with strong tourist appeal
— Monitoring of macroeconomic research and forecasts
— Economic outlook incorporated into annual Business Plan
— Continue strategic divestment and development programme to decrease market and sector risk as well as increase balance sheet strength
— Ongoing transformation programme to enhance organisational agility, and process efficiency and automation to minimise fixed cost base
— Board annual strategy review
— Regular monitoring and review of financing and capital structure in the context of various market scenarios by the Chief Financial Officer and the Executive Committee

Change in year

The macroeconomic environment has endured a challenging 2023 with persistent high inflation levels, high interest rates, limited GDP growth, supply chain constraints, and continued geopolitical uncertainty across many regions, contributing to a continued high cost of living and reduced liquidity in the real estate investment market. Despite this, the Group continues to successfully deliver its strategic goals, strong leasing performance and resilient property valuations.

B RETAIL MARKET

Residual risk: **Medium** Link to strategy: **1, 3**

In the context of the ever-evolving retail marketplace, the Group fails to anticipate and address structural market changes. This could impair leasing performance, result in a sub-optimal occupier mix and thus impact the ability to attract visitors, and grow footfall/spend and income at the Group's properties.

Risk mitigations

— Flagship destinations in the heart of major European cities
— Diversified portfolio (sectors, geography and occupiers) limits impact of downturn or major market change in a single market
— High quality, diversified tenant base with weighted average lease term to first break of 4.6 years
— Disposal programme to focus core portfolio on key city centre destinations and provide capital for repurposing space away from challenged retail categories
— The Board and Executive Committee regularly assess the retail market outlook to identify risks and opportunities
— Greater data insights and analytical capabilities including regular catchment and occupier analysis
— Improved leasing process and policy to better align to occupier and visitor requirements
— Clear delegation of authority with Group Management Committee (GMC) scrutinising all significant leasing transactions
— Recruited new talent to accelerate initiatives around placemaking, marketing and repositioning of our assets
— Asset centric organisational structure to ensure leasing team fully aligned with asset management team with approved property strategies
— Innovation through placemaking, food and entertainment, and services opportunities reducing exposure to retail market
— Digital innovation strategy to provide detailed customer insight and communication with our customers
— Use of short term, 'temporary' leases to enhance tenant mix, reduce vacancy costs and incubate new brands
— Active engagement with key brand partners to collaborate on reducing environmental impacts

Change in year

Whilst the external retail environment has been consistent throughout the period, the Group continues to see a flight-to-quality for best-in-class destinations which has seen the Group deliver another record leasing performance.

Although the market outlook for retailers remains challenging due to high interest rates, inflation, benign GDP growth, and increased operating costs, prime retail assets remain in demand which is reflected in the Group's strong leasing performance and pipeline, and robust vacancy rates across the core asset portfolio.

C INVESTMENT MARKETS AND VALUATIONS

Residual risk: **Medium** Link to strategy: **1, 3**

Investor appetite for retail led assets is reduced due to macroeconomic or retail market factors including increased borrowing costs, economic downturn, and consumer and occupier confidence. This could adversely impact property valuations and risk hindering the liquidity of the Group's portfolio. This in turn would reduce the availability of funds for reinvestment in core assets and/or refinancing of debt.

Risk mitigations

- Diversified portfolio limits impact of downturn in a single market
- Portfolio focuses on high quality flagship destinations in the heart of major European cities
- Value Retail operates best-in-class premium outlets across Western Europe with high tourist appeal
- Strong track record of disposing of non-core assets with the Group's 2022 £500m disposal target achieved with the recently announced sale of Union Square, Aberdeen which is due to complete in March 2024
- Strong leasing performance and pipeline to maintain security of income
- Asset level ESG plans in place with future improvement initiatives planned to ensure alignment with investors' environmental expectations
- Maintenance of solid capital structure prevents forced sales
- Independent valuations performed quarterly
- Investor relations programme to showcase the Group's assets and maintain strong relationships with active/potential investors

Change in year

The value of the Group's property portfolio fell marginally in the year as yields softened in the latter half of 2023 with investor sentiment and investment activity being hampered by the cost of debt and inflation remaining relatively high. Although values could remain under pressure in the first half of 2024, improved occupational demand, evidence of ERV growth returning, and forecasts indicating falls in inflation and interest rates suggest valuations and the investment market should improve over the medium term.

D CLIMATE

Residual risk: **Medium** Link to strategy: **1, 3**

Climate risks, particularly the reduction in carbon emissions and addressing the risk of physical impacts to our assets as a result of climate related incidents, are not appropriately managed. This could adversely impact valuations and investor sentiment and may result in an increased final year bond coupon if the Group's sustainability linked bond targets are not met. Also, extreme weather events may impact our properties.

Risk mitigations

- Net Zero Asset Plans in place and being implemented for all flagship assets
- Clear action plan and quarterly updates provided to Group Executive Committee and regular updates provided to Audit Committee and Board
- Established sustainability governance structure, from asset to Board level, monitoring of key sustainability metrics, including performance and management of climate related legislative and regulatory risk
- Senior management and Board provided with TCFD training
- Experienced sustainability team designs and implements our sustainability strategy in collaboration with the wider business
- Regular engagement with investors and across the wider property industry on ESG matters
- ISO accredited Energy and Environment Management System implemented across the Group (ISO 14000 everywhere and ISO 50001 in the UK and Ireland)
- Insurance in place to cover property damage
- Triennial review of physical climate risk
- Strong governance structure in place (refer to page 33)

Change in year

ESG remains a high area of focus for the Group's stakeholders and significant progress was made during 2023 to enhance the execution of the Group's ESG strategy with implementation of the Net Zero Asset Plans (NZAPs) for each of the Group's flagship destinations starting in the year. Physical Climate Risk reviews are also being updated and integrated into the Group's TCFD assessment.

The Group's climate risk approach has been guided by the Task Force on Climate-related Financial Disclosures (TCFD) recommendations since 2018, reporting publicly in line with them since 2020.

During 2023, the Group's physical and transitional climate risks and mitigations were reviewed against three different climate scenarios aligned with CRREM pathways for future global temperature increases of 1.5°C, 2°C and 4°C. The review focused primarily on the 2°C and 4°C scenarios in line with the latest IPCC report that states it no longer considers the Paris agreement of 1.5°C being achievable.

Link to strategy

1 Investment for growth and value creation
2 Agile platform
3 Sustainable and resilient capital structure

Risk movement

Increased
Decreased
No change

E TAX

Residual risk: **Medium** Link to strategy: **3**

The Group suffers financial loss and reputational damage from a new or increased tax levies or due to non-compliance with local tax legislation.

Risk mitigations

- Focus on maintenance of the Group's low risk tax status
- Regular meetings with key officials and local tax authorities, including from HMRC and government
- Regular tax compliance reviews and audits across the Group
- Monitoring and advanced planning for future tax changes
- Potential amendments or re-interpretations to tax laws and their application to the Group are regularly monitored and, if relevant, appropriately reflected in the financial statements. Any necessary actions are taken to ensure ongoing efficiency while remaining fully in compliance with regulations
- Participation in policy consultations and in industry led dialogue with policy makers through bodies such as REVO, BPF and EPRA

Change in year

Tax laws that apply to the Group's businesses continue to be subject to amendment or change by the relevant authorities. In 2023 the UK Government continued the business rate freezes which benefits the majority of our UK tenants, although this is set to change from April 2024 for the majority of our occupiers with rate rises in line with inflation announced in the Government's 2023 Autumn Statement.

F LEGAL AND REGULATORY COMPLIANCE

Residual risk: **Medium** Link to strategy: **1, 3**

The failure to comply with laws and regulations relevant to the Group. These laws and regulations cover the Group's role as a multi-jurisdiction listed company; an owner and operator of property; an employer; and as a developer. Failure to comply could result in the Group suffering reputational damage, financial penalties and/or other sanctions. Changes or new requirements may place administrative and cost burdens on the Group and divert resources away from strategic objectives.

Risk mitigations

- Specialist internal functional support and external advisors engaged to assist and provide advice on the ongoing management and assessment of legal and regulatory risk
- Implementing appropriate and proportionate policies and procedures designed to capture relevant regulatory and legal requirements
- Internal systems and processes for the monitoring of compliance with legal and regulatory requirements and for the escalation of relevant items
- Early planning for CSRD requirements already underway including engagement with the primary supply chain on CSRD strategy
- Maintaining constructive and positive relationships and dialogue with regulatory bodies and authorities
- Ongoing engagement with external advisors on the relevant regulatory horizon
- Zero tolerance approach for bribery, corruption and fraud with policies and processes in place to manage and monitor such risks including mandatory training in these areas
- Advanced monitoring and planning for future regulatory changes and responding in a risk based and proportionate manner to any changes to the legal and regulatory environment as well as those driven by strategic or commercial initiatives
- Where appropriate, participation in policy consultations and in industry led dialogue with policy makers through bodies such as REVO, BPF and EPRA
- Delivering relevant training to colleagues, including anti-bribery and corruption, data protection and information security. This is augmented by tailored training to relevant individuals in key areas

Change in year

Requirements for CSRD regulation and related disclosures will significantly increase the Group's administrative burden and associated costs for mandatory assurance, as well as necessitating additional work and processes behind the reporting, hence the increased likelihood and impact of this risk. Work is underway to plan for these changes and mitigate where possible their impact.

Additional regulation under the revised Corporate UK Governance Code becomes effective in 2025. Work done in the year by the Group to align with the COSO internal control framework leaves the Group well positioned to comply with the updates.

The legal and regulatory landscape has otherwise remained broadly stable throughout the year with previously imposed UK and EU sanctions in response to geopolitical uncertainties remaining in place throughout the period. The Group continues to closely monitor the regulatory environment and respond to new requirements to ensure compliance.

G NON-RETAIL MULTI-USE MARKETS

Residual risk: **Medium** Link to strategy: **1, 3**

The Group fails to target the optimal (non-retail) property sectors for future repurposing or developments or has insufficient access to capital and the skills required to deliver its urban estates vision. Occupier or investor demand for non-retail sectors weakens or evolves such that the Group's repurposing or development plans are sub-optimal.

Risk mitigations

- Asset-centric visions developed for key urban estates to ensure new projects complement existing flagship assets and enhance local communities
- Development plans are focused on 'capital light' investments on land promotion and include monitoring of macro and local economic research and trends
- Operational activities, talent and systems aligned with the delivery of the Group's future strategic objectives and a diversified portfolio
- Engagement with experts and/or advisors to gain a deeper understanding of alternative sectors and systematically identify which developments will result in the greatest return and alignment with the assets
- The Board approves all major commitments and performs formal development reviews throughout the year
- Hiring of experienced leaders and managers with multi-use and city centre development experience and backgrounds
- The Board approves all major commitments and performs formal development reviews throughout the year

Change in year

The adverse macroeconomic environment, particularly the increased cost of borrowing adversely affects valuation yields and returns for non-retail sectors. The Group is not currently significantly exposed to these sectors and there are clear steps to realise value from the Group's existing properties and development land through both repurposing and development activity, principally by securing planning permissions and land assembly, and in the longer term through integration across the broader urban estates.

H CYBER SECURITY

Residual risk: **Medium** Link to strategy: **2**

The Group's information technology systems fail or are subject to an attack which breaches their technological defences. A failure could lead to operational disruption, financial, or reputational damage due to assets being brought down and/or loss of commercially sensitive data.

Risk mitigations

- ISO 27001 aligned cyber policies setting out standards for penetration testing, vulnerability testing, patch management, access control and data loss prevention
- Cyber controls framework and cyber strategy implemented and validated by EY
- Implementation of Cisco Umbrella software to enable same level of security in remote working locations
- Cyber training for all colleagues and advanced training for higher risk individuals, as well as periodic cyber awareness campaigns
- Cyber incident response plans in place
- Extensive use of multiple cloud based systems
- Cyber dashboard reviewed quarterly by the Group Executive Committee with updates also provided to the Audit Committee and Board
- Externally sourced annual internal audit review of cyber security across the Group

Change in year

Whilst the Group's cyber security defences were not breached in the year, the increased risk is reflective of the higher level of cyber attacks occurring globally as a result of the rapidly evolving technological landscape and uncertainty in the geopolitical sphere, with a number of high profile cyber attacks perpetrated in the UK in 2023.

Link to strategy
1 Investment for growth and value creation
2 Agile platform
3 Sustainable and resilient capital structure

Risk movement
Increased
Decreased
No change

I HEALTH AND SAFETY

Residual risk: **Medium** Link to strategy: **1**

There is a risk of serious work-related injury, death and/or ill health to the Group's colleagues, customers or contractors, and anyone else who visits the Group's properties or premises. This may be due to the Group's actions or activities, or from external threats such as terrorism. In addition, an incident or public health issue, such as a pandemic, is likely to have an adverse operational impact. Insufficient insight into health and safety risks and mitigations or a failure to embed a strong safety culture could increase the Group's exposure to reputational damage, fines and sanctions.

Risk mitigations

- Health and safety ISO 45001 management system with annual external compliance audits
- IS0 45001 accreditation obtained with no findings raised
- Physical security measures implemented and regularly reviewed
- Dialogue with security agencies to assess local and national threat levels and best practice
- Online incident and risk management tool for UK and Ireland and incident management in France
- Online CAFM and ePermit system to manage contractors, planned maintenance and statutory compliance
- Advanced registration of high-rise buildings with the building safety regulator
- Formalised hierarchy of health and safety roles and responsibilities for all assets and offices including core crisis group for dealing with major incidents
- Legal, regulatory and other updates are captured by the Health and Safety Manager
- Health and safety training programme in place for the Group Executive Committee and all onsite and corporate starters
- Onsite quarterly health and safety meetings. Monthly operational meetings with weekly reports to senior management and an annual update to the Board
- Appropriate insurance cover, including for terrorism and property damage

Change in year

The Group has a continued focus on operational safety and in 2023 obtained IS0 45001 accreditation. We remain confident that we have appropriate mitigation actions in place to effectively manage Health and Safety risk. However a small increase in the likelihood of a health and safety risk materialising has been documented in light of recent issues in the UK with RAAC concrete, for which assessments across the Group's portfolio are ongoing.

J CAPITAL STRUCTURE

Residual risk: **Medium** Link to strategy: **1, 3**

Lack of access to capital on attractive terms could lead to the Group having insufficient liquidity to enable the delivery of the Group's strategic objectives.

Risk mitigations

- Board approves and monitors key financing guidelines and metrics and all major investment approvals supported by a financing plan
- Proactive treasury planning to monitor covenant compliance; where necessary, negotiate waivers and amendments; access debt markets when available prior to debt maturities to facilitate early refinancing; and ensure adequate liquidity is maintained relative to debt maturities
- Proactive engagement with ratings agency to support maintenance of Investment grade rating
- Annual Business Plan includes a financing plan, scenario modelling and covenant stress tests
- Continue to pursue disposals of non-core properties and tightly control new cost commitments to reduce net debt and lower LTV
- Interest rate and currency hedging programmes used to mitigate market volatility
- Asset roadshows to develop and maintain good relationships with a wide range of sources of capital
- Ability to access bond market as evidenced through bond tap

Change in year

Significant progress was made in 2023 in strengthening the Group's capital structure with £216m raised from disposals, strong cashflow generated from Value Retail distributions, and a £100m bond tap executed. These all acted to increase the Group's flexibility in its options for capital allocation to either further strengthen the balance sheet or invest in opportunities. This has resulted in a £406m, or 23% reduction in net debt over the course of 2023.

Net finance costs also declined during 2023 despite difficult macroeconomic conditions driven by high inflation and consequential higher interest rates. This is as a consequence of the Group's debt being largely fixed, whilst the interest income on the Group's cash balances has grown.

While the Group has no unsecured refinancing required until 2026 which is not covered by existing cash balances, the Group's weighted average maturity of debt decreased from 3.4 to 2.5 years. Given the higher interest rate environment and more challenging capital markets it was judged that overall, the residual risk for Capital structure would remain unchanged in 2023.

K PARTNERSHIPS

Residual risk: **High** Link to strategy: **1, 2, 3**

A significant proportion of the Group's assets are held in conjunction with third parties which has the potential to limit the ability to implement the Group's strategy and reduces control and therefore liquidity if partners are not strategically aligned.

Risk mitigations

— Track record of working effectively with diverse range of partners
— Agreements provide liquidity for partners while protecting the Group's interests including pre-emption rights and provisions
— Annual joint venture business plans are agreed with joint venture partners to ensure operational and strategic alignment
— Regular reporting and meetings with joint venture partners to track performance and maintain alignment
— Proactive covenant monitoring and negotiations with secured lenders to manage covenant stress and breaches
— The Group operates significant influence through governance rights and Board representation for its Value Retail investments
— Value Retail is subject to local external audit and valuations, with oversight by the Audit Committee and the Group's External Auditor
— Value Retail provides prescribed reporting to the Group on a monthly and quarterly basis

Change in year

The Group's strategy of simplification and creating an agile operating platform focused on a select number of core urban estates and development opportunities remains. A small decrease in residual risk has been noted in light of the disposal of the Group's joint controlled interests in Croydon and Italie Deux and the loss of control in Highcross and O'Parinor following action by secured lenders on those assets.

L PROPERTY DEVELOPMENT

Residual risk: **Medium** Link to strategy: **1, 3**

Property development is inherently risky due to its complexity, management intensity and uncertain outcomes, particularly for major schemes with multiple phases and long delivery timescales. Unsuccessful projects result in adverse financial and reputational outcomes.

Risk mitigations

— Utilise expertise and track record of developing iconic destinations
— Development plans and exposure included in annual business planning process
— Group's development pipeline provides flexible future delivery options, such as phasing, and requires limited near term expenditure to progress to the next decision stages
— Board approves all major commitments and performs formal development reviews twice yearly
— Capital expenditure is subject to a strict appraisal process which defines the key investment criteria, the risk assessment process, key stakeholders, and appropriate delegations of authority

Change in year

While cost inflation and ongoing supply chain issues have adversely impacted the broader property development market, the Group remains confident over its ability to realise future value from its numerous development opportunities in the long term.

Work continued in 2023 at The Ironworks, a 122-unit residential scheme directly adjacent to Dundrum. Key milestones at schemes in Dublin, Reading and Birmingham have also been achieved including planning consent for the 'Drum' potential repurposing of the former department store at Grand Central.

Link to strategy

1 Investment for growth and value creation
2 Agile platform
3 Sustainable and resilient capital structure

Risk movement

Increased
Decreased
No change

M TRANSFORMATION

Residual risk: **Medium** Link to strategy: **2**

The Group fails to deliver its strategic objective of creating an agile platform due to sub-optimal transformation projects. Other issues could arise due to transformation initiatives being delivered late, overbudget or causing significant disruption to business-as-usual activity.

Risk mitigations

— Strong governance by Board and senior management to oversee transformation programme including scope, timings and costs
— Implementation of a strong change management programme
— Full management and communications engagement to motivate colleagues to drive transformation agenda
— Use of external expertise to leverage best practise and support existing teams to deliver various initiatives
— Use of standard project delivery methodologies
— Prioritisation of solutions to avoid stress and conflicts
— Engagement with process and business owners to scope and deliver optimal solutions

Change in year

Substantial progress on the transformation programme was made in 2023 with a number of projects successfully delivered. Key achievements include the consolidation of UK and France property management services to a single supplier and the successful delivery of a number of IT projects including a new purchase ordering system, an integrated HR system, and a new customer management and leasing platform. As these key projects have gone live, the change management and benefit realisation element of the transformation programme has become critical to embed changed processes and behaviours.

N PEOPLE

Residual risk: **Medium** Link to strategy: **2**

A failure to retain or recruit key management and other colleagues to build skilled and diverse teams could adversely impact operational and corporate performance, culture and ultimately the delivery of the Group's strategy. As the Group evolves its strategy it must continue to motivate and retain people, ensure it offers the right colleague proposition and attract new skills in a changing market.

Risk mitigations

— Recent refresh of the Group's purpose, vision and values
— Annual business planning process includes people plans covering team structures, training, and talent management initiatives
— Succession planning undertaken across the senior management team and direct reports
— Training and development programmes and twice yearly formal colleague appraisal process
— Active colleague forum to enable formal Board engagement with feedback incorporated in management plans
— Affinity groups to promote diversity, equality and inclusion
— Regular tailored colleague surveys to gain feedback, with action plan in place by function to address colleague feedback

Change in year

The effects of the consolidation of UK and France property management suppliers was actively managed during 2023 with enhanced activity on colleague engagement and communications. In the year a talent management programme was launched across the Group, and the Hammerson Colleague Survey was successfully re-launched. Although risk of voluntary attrition remains during the transformation period, levels of voluntary attrition for 2023 were lower than in 2022 and we continue to attract and retain strong talent across the Group.

Viability Statement

Overview
The Directors have assessed the future viability of the Group.

The assessment factored in the latest geopolitical, economic and trading outlook, particularly the financial challenges on both consumers and businesses from high interest rates, benign economic growth, inflation and supply chain pressures.

The Group has a clear strategy with three key areas of strategic focus:
- Invest for growth and value creation
- A sustainable and resilient capital structure
- An agile platform

The areas of strategic focus are underpinned by the Group's commitment to ESG and the Group has made progress in all these areas during 2023. Details of this progress, including details of 2024 strategic priorities and outlook, are explained in the Chief Executive's Statement.

Assessment of prospects
To assess the Group's viability the Directors considered the strong operational and financial performance in 2023; the Group's capital structure; strategic objectives, future prospects; and principal risks.

2023 performance
The Group delivered a strong financial performance in 2023. Adjusted earnings increased by 11% in 2023 to £116m driven by underlying income growth and lower administration and net financing costs, higher Adjusted earnings from the Group's investment in Value Retail; partly offset by income foregone from recently sold properties.

From an operational perspective, the Group delivered another record year of leasing, maintained robust occupancy, and footfall and sales were ahead of 2022 levels in all three of the Group's operating countries.

Further details on financial performance are the Financial Review, and details on operational performance are in the Chief Executive's Statement.

Capital structure
The Group's financial position also strengthened during 2023. Net debt at 31 December 2023 (on a proportionally consolidated basis) was £1,326m, £406m, or 23%, lower than at the start of the year. The reduction was principally due to proceeds from disposals of £216m and the derecognition of £125m of secured debt on the Group's investments in Highcross and O'Parinor.

At 31 December 2023, the Group's weighted average debt maturity was 2.5 years (2022: 3.4 years) with £728m of unsecured debt maturing by 31 December 2026. In addition, the secured debt in Dundrum (Group's 50% share £260m) matures in September 2024.

However, the Group has significant liquidity of £1,225m at 31 December 2023 (2022: £996m), reflecting cash of £570m and unutilised committed revolving credit facilities ('RCFs') of £655m. The Group's current cash balance covers the unsecured debt maturities in 2024 and 2025. £605m of the RCFs mature in 2026 and contain options, subject to lender consent, which could extend them by a further 12 months into 2027.

In addition, the Group's share of net debt held by Value Retail was £730m (2022: £675m). This comprised secured borrowings of £794m, which are non-recourse to the Group, less cash of £64m. The debt has an average maturity of 3.1 years, with £270m of secured loans maturing by the end of 2026.

Strategy and prospects
The Board annually reviews the Group's strategy and also in December assesses and approves a five year Business Plan ('the Plan'). The Plan sets out how the Group will achieve its strategic objectives and contains financial forecasts, financing strategies and asset level and portfolio plans, including potential disposals and acquisitions, capital expenditure initiatives and development projects. It also includes forecasts of financing and debt covenant metrics including reverse stress headroom calculations.

Another important factor to consider in the viability assessment is the diversity and security of the Group's income. At 31 December 2023, only 18% (2022: 17%) of passing rent is derived from the top ten tenants. Also, only 35% (2022: 40%) of the Group's passing rent is subject to a tenant break or expiry over the next three years, corresponding to an average unexpired lease term of 4.6 years (2022: 4.3 years).

Principal risks and Viability period conclusion
While the Group's performance and financial position has further improved in 2023, levels of macroeconomic and geopolitical uncertainty remain elevated and two of the Group's principal risks are currently judged as having high levels of residual risk. From a viability perspective, the key principal risks are "Investment markets & valuations" and "Capital structure" as these are intrinsically linked to the Group's debt covenants and liquidity.

Having considered all of the above factors, particularly the weighted average debt maturity, the Directors have concluded not to change the three year timescale for the Group's viability assessment. This means that for the year ended 31 December 2023, the Group's 'Viability period' covers the period to 31 December 2026.

Assessment of viability
Approach
To enable the Board to understand the Group's viability a reverse stress test ('stress test') of the Group's Plan was undertaken to assess the maximum level that the key variables to the Group's unsecured debt covenants could fall before reaching the covenant thresholds.

The key variables impacting the unsecured debt covenants are valuations for the gearing and unencumbered asset ratio covenants, and net rental income for the interest cover covenant. Net interest cost also impacts the interest cover ratio, although at 31 December 2023, 84% of the Group's gross debt is at fixed interest rates, which limits the volatility of this element of the covenant and this position is not expected to change significantly over the Viability period.

Financing assumptions
To fully assess the Group's resilience, a set of 'worse case' financing outcomes has been incorporated into the stress test as follows:
- the secured loans in Dundrum and Value Retail are not refinanced and the lenders enforce their security resulting in the Group derecognising the full value of its equity investments totalling £541m; and
- the early repayment of £16m of the Group's unsecured private placement notes which do not mature over the Viability period since these notes have the lowest covenant headroom to valuation falls, 27% at 31 December 2023, and the Group has the right to redeem the notes for their value plus a make-whole amount.

Climate risk

The Directors also considered climate-related risks as part of the Viability assessment. The Group's climate risk is currently judged to have a medium level of residual risk and during 2023 the Group has launched various initiatives contained within each asset's Net Zero Asset Plans which provide a clear pathway to the Group achieving Net Zero by 2030. Overall, given the longer term nature of climate risk, the Directors have concluded that this risk does not have a significant impact on the Viability assessment over the three year Viability period.

Scenario outcome

Based on the above Viability assumptions, the outcome of the stress test is shown below:

Level of reduction in key variable to reach covenant threshold

Key variable	Covenant	31 Dec 2023	Viability period
Valuations (including VR)	Gearing	34%	31%
Net rental income	Interest cover	68%	71%

Having reviewed current external forecasts, recent precedents and possible future adverse impacts to valuations and net rental income, the Directors believe it is implausible that the reductions in valuations or net rental income shown in the stress test will occur over the Viability period.

In addition the Group is forecast to have sufficient liquidity until the maturity of the RCFs in Q2 2026. As stated above, these contain a 12 months extension option which is subject to lender consent. The Directors believe it is reasonable to assume that the Group will be able to extend the RCFs or secure alternative sources of funding such that, even in the absence of other mitigating actions, the Group will have sufficient liquidity to cover the entire Viability period.

Other mitigating actions

There are also a number of key mitigating actions available to the Group which have not been factored into the Viability assessment. These would provide further financial strength and covenant headroom and include:

- Refinancing of maturing loans in the ordinary course of business, particularly in relation to secured debt, as this avoids the modelled derecognition of these investments in the stress test. Refinancing discussions are underway for the Dundrum secured loan while Value Retail management remain confident of refinancing its maturing loans following the successful refinancing activities of £1.4bn in 2022 and 2023
- Additional liquidity from further disposals including the recently contracted sale of Union Square, Aberdeen for £111m which is due to complete in March 2024
- Curtailment of uncommitted capital expenditure plans and other discretionary cash flows factored into the Plan

Conclusion

Based on their detailed Viability assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2026.

Non-financial and Sustainability Information Statement

Non-financial and sustainability information can be found in the following locations within the Strategic Report (or is incorporated into the Strategic Report by reference for these purposes):

Index of non-financial reporting disclosures

The Group also applies a range of policies and procedures relating to colleagues, environmental and social matters, human rights and anti-bribery and corruption. The Group's energy, environmental, climate change and biodiversity policies and climate-related financial disclosures consistent with all TCFD recommendations are included in the TCFD section on page 34. A description of the Group's other polices, the due diligence measures we undertake to implement them and the results of applying these policies, are all set out in the table below.

Policy	Description	Policy application and outcomes	Associated reporting requirement
Code of conduct	Sets out expectations for colleagues' personal behaviour including treating others with respect, acting fairly in dealing with stakeholders, complying with laws and maintaining integrity in financial reporting	The Code of conduct is issued to all colleagues across the Group and supported by training during new colleague induction, as well as being reinforced by the Board's and senior leadership's actions and communications. No material breaches were alleged or identified during 2023. Also see page 24 for more information on our colleagues.	— Employees — Social matters — Anti-bribery and corruption
Equal opportunities policy	Confirms the Group's commitment to equal opportunities and diversity and the Group's opposition to all forms of unlawful discrimination	The policy is available to all colleagues and applied in relation to all hiring and promotion decisions at all levels. No breaches of the policy were alleged or identified during 2023. The ethos of the policy is supported by four colleague led affinity groups (LGBTQ+, Race & Ethnicity, Women and Wellbeing), each of which has a sponsor on the Group Executive Committee and partners with Group Communications and HR to deliver relevant news, events and initiatives to colleagues across the Group. Also see page 24 for more information on our colleagues and affinity groups.	— Human rights — Employees — Social matters
Health, safety and security statement of intent	Sets out measures designed to ensure a culture of health and safety best practice that leads to the elimination or reduction in risks to health, safety and security of all associated with the Group	The policy is applied through our robust management system across the UK and Ireland, which enabled us to gain re-accreditation to ISO 45001 standard in November 2023. The Group undertook a full review of all the centre assessments over the last three years, and the entire Health, Safety, and Security Management System. As at 31 December 2023, there were no intolerable risks outstanding and no Environmental Health Officer notices were received during the year. By integrating the non-core portfolio into the management system, we saw a reduction in the number of open risks. A continued improvement in health and safety culture was reflected in internal audit scores with the entire portfolio scoring above 95%. Also see page 30 for more information on health, safety and security matters.	— Employees — Social matters
Modern slavery and human trafficking statement	Sets out the approach taken by the Group to understand the potential modern slavery risks associated with the Group's business and explains the actions taken to prevent slavery and human trafficking within the Group's operations and supply chains	Modern slavery awareness is maintained across the Group's operational teams and specific training is provided to colleagues through the Group's online training system. Key risk areas identified are within the Group's supply chain and relate to construction activities and low skilled support services – both areas remained low as part of the Group's overall risk assessment in 2023. By incorporating modern slavery declarations in our Source to Contract activities, we have increased compliance and reduced the risks of using supplier and third party suppliers who do not comply with this legislation. No incidents of modern slavery or human trafficking were identified or alleged during 2023. The Company's 2023 Modern Slavery and Human Trafficking Statement was approved by the Board in June 2023.	— Human rights — Social matters
Responsible procurement policy	Sets out the Group's objectives to promote responsible procurement through the purchase of environmentally and socially sustainable goods and services and engage with key suppliers to encourage better performance and effective management of environmental and social risks within the Group's supply chain	The policy was applied to procurement activities undertaken across both operational and development activities in 2023. Supplier adherence to this policy is monitored and enforced at the Request for Information stage of procurement with the most compliant suppliers being progressed to the next stages of the procurement process. The policy is also linked to the due diligence process necessary to approve third party consultants, contractors and suppliers. No material breaches were alleged or identified during 2023.	— Human rights — Social matters — Anti-bribery and corruption — Environmental matters

Policy	Description	Policy application and outcomes	Associated reporting requirement
Supply chain code of conduct and procurement	Outlines a set of best practice standards that apply to all Group suppliers (covering legal requirements, labour standards, health and safety and environmental responsibility) and explains how the Group measures and monitors supplier adherence to such standards	This is fully embedded in the new procurement process – each new supplier to the Group must subscribe to the code of conduct and complete the accompanying questionnaire in order to gain Approved Supplier status. Suppliers must be fully compliant with health and safety, ESG regulations and must be fully insured. RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) issued by the Health and Safety Executive must be fully resolved and disclosed before we can use such suppliers. This has resulted in only the most compliant suppliers being selected to reduce risk exposure and associated costs. This is also linked to the due diligence process necessary to approve third party consultants, contractors and suppliers. No material breaches were alleged or identified during 2023.	— Human rights — Social matters — Anti-bribery an1orruption — Environmental matters
Anti-bribery and corruption policy*	Sets out the Group's zero tolerance policy in relation to bribery and corruption, including prohibitions on improper and facilitation payments, and penalties for breach of policy	The policy is issued to all colleagues across the Group alongside the Gifts and Entertainment Policy and supported by training delivered during the colleague induction programme. The Company has also made available to all colleagues an Anti-Bribery and Corruption Risk Assessment, which provides guidance on carrying out due diligence when appointing third party consultants, contractors and suppliers. No incidents of bribery or corruption were alleged or identified during 2023.	— Employees — Anti-bribery and corruption
Whistleblowing policy*	Encourages colleagues to report any concerns they may have in relation to health and safety matters, the environment, or any other unethical, unfair, dangerous or illegal behaviour, sets out the process for doing so and confirms that whistleblowers will not be victimised	The policy is issued to all colleagues across the Group and supported by training during new colleague inductions. No whistleblowing concerns were raised by colleagues during 2023.	— Employees — Anti-bribery and corruption
Gifts and entertainment policy*	Explains the forms of, and circumstances in which, gifts or entertainment might be acceptable and the reporting and approval procedures to follow where colleagues wish to offer, or receive, hospitality	The policy is issued to all colleagues across the Group and supported by training as part of new colleague inductions. Gifts and entertainment registers are maintained across the Group and reviewed periodically.	— Employees — Anti-bribery and corruption

All policies are available on the Company's website at www.hammerson.com save for those marked with a * which are available to all colleagues through the Company's intranet.

2023 Strategic Report

Pages 1 to 67 of this Annual Report constitute the Strategic Report which was approved and signed on behalf of the Board on 28 February 2024.

Rita-Rose Gagné
Director

Himanshu Raja
Director

(A) Audit Committee
(N) Nomination and Governance Committee
(R) Remuneration Committee
● Committee Chair

Executive Directors

Rita-Rose Gagné
Chief Executive

Appointed to the Board
2 November 2020

Rita-Rose has a wealth of experience in global real estate investment, asset management, M&A and strategy. She has worked in property markets across the world and her expertise spans across various asset classes and multi-use assets, including residential, retail, office and logistics. Prior to Hammerson, she held various executive roles at the global real estate company, Ivanhoé Cambridge. Most recently, Rita-Rose was President of Growth Markets, where she managed over $7.6bn of real estate assets plus development projects across markets in Asia and Latin America. She is a Non-executive Director of Value Retail plc.

Himanshu Raja
Chief Financial Officer

Appointed to the Board
26 April 2021

Himanshu brings to the Board strong financial, strategic and leadership qualities as well as extensive experience of debt and equity markets and in business transformation. Before joining Hammerson, Himanshu served as CFO of listed companies in the FTSE 100 and FTSE 250 for over 12 years as CFO of Logica plc, G4S plc, and Countrywide plc, and was CFO of Misys under private equity ownership. Himanshu has previously held senior roles covering finance, IT, procurement and capital and cost transformation largely in the telecoms sector. Himanshu qualified as a Chartered Accountant with Arthur Andersen.

Non Executive Directors

Habib Annous
Independent Non-executive Director
(A) (N) (R)

Appointed to the Board
5 May 2021

Habib brings to the Board over 30 years' experience in investment management across a range of sectors. Most recently, he was a partner at Capital Group, from 2002 to 2020, where he was responsible for the European Real Estate sector as well as a number of other industries. He started his career as an equity analyst in 1988 with responsibility for UK Real Estate. He became a Fund Manager in 1989 at Lazard Investors and then moved to Barclays Global Investors and subsequently to Merrill Lynch Investment Managers. Habib is an adviser to the Investor Forum.

Méka Brunel
Independent Non-executive Director
(N) (R)

Appointed to the Board
1 December 2019

Méka has broad experience in the European real estate sector which, together with her knowledge and skills in property outside of retail, strengthens the Board's expertise. Her previous roles include Director of Strategic Development at Gecina in 2003 and CEO of Eurosic in 2006. In 2009, she joined Ivanhoé Cambridge as European President before returning to Gecina in 2014 as a Non-executive Director and was CEO from 2017 to 2022. Méka was Chair of the European Public Real Estate Association and is a Non-executive Director of ORPEA S.A. and also chair of the Palladio Foundation, a non-profit organisation.

External Listed Directorships
Non-executive Director of ORPEA S.A

Full biographical details for each Director and full details of external appointments can be found on our website at www.hammerson.com

You can view details of our Group Executive Committee members on our website at www.hammerson.com

Non Executive Directors

Robert Noel
Chair of the Board
N

Appointed to the Board
1 September 2020 and appointed as Chair on 7 September 2020

Robert brings extensive property industry knowledge and experience to the Board having built a long and successful career spanning over 30 years in the real estate sector, including at other listed companies. Most notably, Robert was CEO at Land Securities Group Plc (Landsec) from 2012 until March 2020. Prior to joining Landsec in 2010, Robert was Property Director at Great Portland Estates Plc from 2002 to 2009 and from 1992 to 2002 he was a Director of Nelson Bakewell, the property services group. Robert is a past president of the British Property Federation. He is the Chair of Taylor Wimpey plc.

External Listed Directorships
Chair of the Board of Taylor Wimpey plc.

Mike Butterworth
Senior Independent Director
A N

Appointed to the Board
1 January 2021

Mike brings to the Board more than 25 years' experience in senior finance roles in businesses across a range of sectors including technology, manufacturing, communications, healthcare and beverages. Previously he was CFO of Incepta Group plc and Cookson Group plc. Mike brings wide-ranging non-executive experience, including as a Non-executive Director at Johnston Press plc, Kin and Carta Group plc, Stock Spirits Group plc and Cambian Group plc. Mike is a qualified chartered accountant.

External Listed Directorships
Non-executive Director of Pressure Technologies plc and Focusrite plc.

Adam Metz
Independent Non-executive Director
A N

Appointed to the Board
22 July 2019

Adam brings to the Board wide ranging knowledge in retail and commercial real estate, and extensive investment experience gained at Blackstone Group, TPG Capital and the Carlyle Group. His comprehensive experience in real estate investment and strategy in the US, Europe and Asia, through listed companies and private equity, enables him to make a valuable contribution to our Board.

External Listed Directorships
Chair of Seritage Growth Properties and independent Director of Morgan Stanley Direct Lending Fund.

Carol Welch
Independent Non-executive Director
N R

Appointed to the Board
1 March 2019

Carol brings deep experience in commercial, marketing, innovation and digital gained while working in senior roles at global businesses, such as PepsiCo, Cadbury Schweppes, and Associated British Foods. She also brings insightful leadership, operations and tenant experience from the leisure, retail and hospitality sectors gained through her previous roles as Chief Marketing Officer at Costa Coffee, Managing Director UK and Ireland and European Commercial Officer at ODEON Cinemas. Carol is currently CEO of A.F. Blakemore & Son Ltd and Non-executive Director at SPAR UK.

Carol is our Designated Non-executive Director for Colleague engagement.

Corporate Governance Report

Robert Noel
Chair of the Board

Dear Shareholders

I am pleased to present the Corporate Governance Report for 2023. The Company is subject to the UK Corporate Governance Code 2018 (the Code), which is available on the website of the Financial Reporting Council at www.frc.org.uk. The purpose of the Code is to promote the highest ethical and governance standards for UK premium listed businesses to contribute to long term sustainable success. The Board considers that, throughout the year, the Company has applied all of the principles and complied with all of the provisions of the Code. The Company's compliance with the Code is reported against each of the five main sections of the Code: Board leadership and Company purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration.

The Company's disclosures on the way it has applied the principles of the Code can be found throughout this Annual Report on the following pages:

BOARD LEADERSHIP AND COMPANY PURPOSE

The role of the Board

The purpose of the Company is to create exceptional city centre destinations that realise value for our stakeholders, connect our communities and deliver a positive impact for future generations.

The primary duty of the Board is to promote the long term success of the Company by setting a clear purpose and strategy which create long term value for our investors and other stakeholders. It aligns the Group's culture with its strategy, purpose and values and sets the strategic direction and governance of the Group. The Board has ultimate responsibility for the Group's management, strategic direction and performance, and ensures that sufficient resources are available to enable management to meet the strategic objectives set. You can read more about our strategy on pages 4 to 5 and pages 8 to 15.

The Company's governance framework supports strong governance across its activities, enabling oversight of performance, delivery against strategic objectives and effective decision making. As part of this framework, the Company has a Schedule of Matters Reserved for the Board (Matters Reserved), which was reviewed and updated in December 2023, and is available to view at www.hammerson.com. The Board undertakes various duties in accordance with the Matters Reserved, including approving major acquisitions, disposals, capital expenditure and financings. The Board also oversees the Company's system of internal controls and risk management, including climate related risks and opportunities, and approves and monitors performance against the annual Business Plan.

Details of the Board of Directors of the Company as at the date of this report are set out on pages 68 to 69 and can also be found on the Company's website at www.hammerson.com. Details of the various Director roles are set out in the 'Division of responsibilities' section on page 74 and details of Board and Committee composition can be found in the Nomination and Governance Committee Report on pages 78 to 83.

Key activities of the Board in 2023

During 2023, among other things, the Board spent time on:

- Strategic aims and the financial and operating performance of the Company
- External economic developments, market changes and other trends relevant to the Company
- Stakeholder matters, including consideration of developments relevant to colleagues, shareholders, partners and other stakeholders
- Investment and disposal proposals, planning and execution, including the disposal of the Company's interests in Italie Deux, Italik and Croydon, and the derecognition of Highcross and O'Parinor
- The Company's annual and half year reporting, including the return to a cash dividend for the interim 2023 dividend and setting a new dividend policy
- Strategic projects and initiatives affecting the Company, including transformation activity and outcomes in the year
- Completion of a £100m bond tap issuance for maturities in 2028 and matching tender offer for shorter dated bond maturities, together with oversight of other financing and treasury matters
- The review and approval of the Company's strategy and business plans
- Discussing matters relating to risk and internal control, including consideration of the principal and emerging risks affecting the Company and cyber/IT matters
- Colleague developments, including the results of the Company's 2023 colleague engagement survey and matters relating to succession planning, culture, diversity and inclusion, and talent development
- Updates and regular reporting on investor relations activity and shareholder engagement
- The Company's purpose, vision and values, including the embedding of, and engagement with colleagues on, these items
- Sustainability and the wider ESG agenda
- Governance matters, including reviewing group wide policies, arrangements for the 2023 Annual General Meeting and the reappointment of Directors
- The 2023 internal Board and Committee effectiveness evaluation

Purpose and strategy

The Board discharged its responsibilities in relation to strategy and purpose through a number of activities in the year. These included the annual Board Strategy Day held in October 2023, which covered a wide range of strategic issues with input from senior management and colleagues from across the business. This year, a range of different external perspectives were provided at the Strategy Day through the participation of occupiers, advisers and other third parties. These perspectives facilitated discussion in different areas relevant to the Company's strategy, operations and markets, including the identification of potential risks and opportunities for consideration by the Board and management.

The Board also considers strategic matters as part of regular meetings through the year. At each scheduled meeting, management provide updates on performance against strategic goals and initiatives, together with relevant updates on external developments and stakeholder perspectives.

Throughout 2023, the Board focused on providing leadership and support to the Executive team as well as an objective, independent and constructive view on the Company's strategy and business model, to ensure they adequately reflect the core capabilities of the business and the changing external environment, particularly during a period of uncertain macroeconomic and geopolitical conditions. Further detail on how the Company generates and preserves value over the long term is set out in the Chief Executive's statement on pages 8 to 15 and Our business model on pages 18 to 19.

Meetings of the Board

Formal meetings of the Board throughout the year present an opportunity for the Directors to be updated on, and oversee, the performance of the business, progress against strategic objectives, external and internal developments and stakeholder perspectives, among other things. As part of these meetings, its annual Strategy Day and other sessions with management during the year, the Board considers opportunities and risks relating to the future development of the business, including matters relating to the wider ESG agenda.

Board and Committee meetings attendance – 2023

	Scheduled Board meetings	Audit Committee meetings	Nomination and Governance Committee meetings	Remuneration Committee meetings
Robert Noel	7/7	N/A	3/3	N/A
Rita-Rose Gagné	7/7	N/A	N/A	N/A
Himanshu Raja	7/7	N/A	N/A	N/A
Habib Annous	7/7	5/5	3/3	4/4
Méka Brunel	7/7	N/A	3/3	4/4
Mike Butterworth	7/7	5/5	3/3	N/A
Adam Metz	7/7	5/5	3/3	N/A
Carol Welch	7/7	N/A	3/3	4/4

During the year, Directors attend meetings of Committees of which they are not a member by invitation. This includes: (i) the Chair's attendance at meetings of the Audit and Remuneration Committees; (ii) the Chief Executive and Chief Financial Officer's attendance at meetings of the Audit Committee; and (iii) the Chief Executive's attendance at meetings of the Remuneration, and Nomination and Governance Committees. This attendance is not reflected in the table above.

The annual schedule of Board meetings is set well in advance so that, so far as possible, all Directors are available to attend meetings. If, in exceptional circumstances, a Director is unable to attend a meeting, they receive the papers as usual and have the opportunity to provide any questions or comments ahead of the meeting and to discuss the outcome of the meeting with the Chair or executive management. The same applies to meetings of the Board's committees.

The table in the previous page sets out details of the attendance at meetings of the Board and its committees during 2023. In addition to these scheduled meetings, a number of ad hoc meetings were held to consider specific items of business. In addition, all members of the Board attended the annual Strategy Day in October 2023.

Each scheduled meeting of the Board includes time for discussion between the Chair, the Non-executive Directors and the Chief Executive Officer, and separately for discussion between the Chair and the Non-executive Directors without the Executive Directors present.

Culture and values

The Board recognises the importance that culture and values play in the long term success and sustainability of the Company, and the role of the Board in establishing, monitoring and assessing culture. During 2023, the contribution of culture and values has been an important focus for the Board.

Following the review and relaunch of Hammerson's values in 2022, the senior management team spent time in 2023 working with colleagues to ensure that those values were embraced and embedded into the Company's culture. Workshops were held throughout the year to obtain feedback and actively engage with colleagues to consider what those values mean to them and the difference they can make at an individual and team level to ensure they are embedded efficiently. The Board received updates on the results of these sessions via the Nomination and Governance Committee and will continue to monitor progress in 2024. You can read more on this in the Our Colleagues section on page 24.

During 2023, the Board monitored, assessed and promoted the Company's culture and values through a number of different activities, including:

- Asset visits and tours and attendance by Directors at various colleague events and meetings. This included a visit of the Board to the Company's assets in Birmingham in June 2023, involving meetings with colleagues, occupiers and other stakeholders.
- Updates to the Board and its Committees by the Chief Executive and the Chief People Officer on matters relating to people and culture.
- The Board discussed plans for, and the results of, the Company's colleague engagement survey, including updates on engagement with colleagues and resulting actions.
- The Remuneration Committee's consideration of matters relating to values and culture as part of its remuneration deliberations.
- The Board's review of arrangements relating to whistleblowing, fraud and anti-bribery and corruption, including with a view to ensuring that appropriate systems are in place for colleagues to raise concerns in confidence.

The Group is committed to complying fully with all applicable laws and regulations and has high standards of governance and compliance. The Code of Conduct has been prepared to help colleagues and Directors to fulfil their personal responsibilities to investors and wider stakeholders. The Code of Conduct covers the following areas:

- Compliance and accountability
- The required standards of personal behaviour
- The Group's dealings with stakeholders
- Measures to prevent fraud, bribery and corruption
- Share dealing
- Security of information

The colleague induction programme includes compulsory modules on health and safety, anti-bribery, cyber security, ESG, protection of confidential and inside information, and data protection, which are delivered in the UK, France and Ireland via the Group's online Learning Management System. The content for these modules was thoroughly reviewed and refreshed in advance of the relaunch to all colleagues.

The Directors remain committed to zero tolerance of bribery and corruption by colleagues and the Group's suppliers. The Audit Committee receives annual Anti-Bribery and Corruption, Fraud and Whistleblowing Reports and reviews the arrangements in place for individuals to raise concerns. In 2023, the Board reviewed and, on the Audit Committee's recommendation, approved updates to the Company's Anti-Bribery and Corruption Policy (including enhancements to the processes for approving and recording gifts and entertainment) and Anti-Fraud Policy and Response Plan. The Group's Whistleblowing Policy and procedures were also updated to introduce a third party provider to give colleagues an additional method to raise whistleblowing concerns anonymously and confidentially. There were no allegations of fraud detected or reported during the year and no whistleblowing concerns were raised.

The Group's Modern Slavery and Human Trafficking Statement is submitted to the Board for approval each year, and the statement is published on the Company's website at www.hammerson.com.

Engagement with stakeholders

Stakeholder engagement remains a key focus for the Board. In order to comply with Section 172 of the Companies Act 2006 (the Act), the Board takes into consideration the interests of stakeholders when making decisions and includes a statement setting out the way in which Directors have discharged this duty during the year. Further information on the actions carried out in 2023 by the Board to comply with its obligations to the Group's stakeholders is detailed on pages 20 to 21 and the statement of compliance with Section 172 of the Act is set out on page 22. The identification of our key stakeholders and the continuing engagement efforts help to ensure that the Board can understand, consider and balance broad stakeholder interests when making decisions to deliver long term sustainable success. While the Board will engage directly with stakeholders on certain issues, stakeholder engagement will often take place at an operational level with the Board receiving regular updates on stakeholder views from the Executive Directors and the senior management team. Board papers requesting a decision from the Board are required to include a specific section reviewing the impact of the proposal on relevant stakeholder groups.

Following a recommendation in the 2022 external board evaluation, during 2023 the Nomination and Governance Committee spent time reviewing and discussing a stakeholder map setting out details of the Company's principal stakeholders, how the Company engages with them and the issues of interest to them. This discussion was intended to identify, among other things, whether all key stakeholders and their interests had been appropriately identified and potential opportunities for enhancement in relation to the Board's consideration of stakeholder interests in 2024. Following its discussion, the Committee was satisfied that all key stakeholder groups had been appropriately covered in the exercise and that there was valuable and informative engagement with each group, whether by Directors or management during the year.

Engagement with colleagues

Our colleagues are central to the business and their performance is critical to its long term sustainable success. Colleague engagement in our business is therefore high on our agenda at both Board and senior management levels.

The Colleague Forum (the Forum) enhances two way dialogue between the Board and colleagues, offering a structured environment for the Board to listen to feedback from our colleagues allowing issues to be highlighted and inform future Board decision making.

Carol Welch is our Designated Non-executive Director for Colleague Engagement. The purpose of the role is to:

- Act as the Board's eyes and ears to understand colleagues' views on Company culture, and the degree to which behaviours and values in the business are aligned with culture and values agreed by the Board
- Provide guidance and feedback, with insight gained from the Forum and from separate sessions held with colleagues, on achieving effective internal communication
- Provide independent advice and guidance to the Chief Executive, Chief People Officer and other Group Executive Committee (GEC) members on matters of colleague engagement
- Speak on behalf of the Board at the Forum's events
- Assist the Board in understanding colleagues' views based on insight from the Forum and colleague sessions, and provide guidance to the Board on how their decisions may impact colleagues

Carol attends quarterly meetings with the Forum in addition to separate discussions with its chair and the Chief People Officer, and monthly sessions with the Chief People Officer. In November 2023, Carol and Habib Annous, Chair of the Remuneration Committee, carried out an engagement session with the Forum specifically to discuss executive remuneration and its alignment with the wider Company pay policy. The feedback received in that session was then discussed at the Remuneration Committee the following month.

Carol's annual report on colleague engagement in 2023 included an assessment of progress made against 2023 objectives and her recommendations for engagement priorities for 2024, which were reviewed by the Nomination and Governance Committee in December 2023.

In 2023, the Forum's focus has been on how to truly embed Hammerson's values as the foundation of the Company's culture as well as discussing and understanding the results of the colleague survey. The Company also has four colleague-led affinity groups (LGBTQ+, Women, Race & Ethnicity, Wellbeing) which are integrated with the Forum to support colleague engagement and diversity and inclusion activities throughout the year. Each of the groups has a designated GEC sponsor to provide senior leadership support for its work. You can read more about the work of the Forum and the affinity groups in the Our Colleagues section on pages 24 to 25.

The Board values the benefits of engagement with, and input from, colleagues and acknowledges its important contribution to Board discussion and decision making. As part of this engagement, throughout the year, Directors and senior management provide employees with regular updates and information through a range of channels on matters of interests, including internal developments and the performance of the business.

Further details on colleagues, including our approach to investing in and rewarding our workforce as well as the policies and procedures applicable to colleagues, can be found on pages 20 to 21, 24 to 25 and 66 to 67.

Engagement with shareholders

The Company undertakes a broad range of investor relations (IR) activity to ensure that current and potential investors, as well as financial analysts, are kept informed of performance and have appropriate access to management to understand the Company's business and strategy.

The Board is regularly updated on IR matters and feedback received from investors. The Board believes it is important to maintain open and constructive relationships with investors and for them to have opportunities to share their views with the Board. The Chief Executive and Chief Financial Officer engage with the Company's major institutional investors on a regular basis. As Chair of the Board, I offer to meet with major institutional investors and proxy advisors ahead of our Annual General Meeting (AGM) to discuss matters such as corporate governance and succession planning. The Chair of the Remuneration Committee takes part in consultations with major institutional investors on remuneration issues from time-to-time, including an extensive consultation in the first quarter of 2023 as part of the Committee's review of the Directors' Remuneration Policy. The Board also regards the Company's AGM as an important opportunity for investors to engage directly with Directors.

The Senior Independent Director is available to investors if they have any issues or concerns which cannot be resolved through the normal channels of the Chair of the Board, Chief Executive and Chief Financial Officer, or for which such contact would be inappropriate.

In advance of, and following, the Company's AGM in May 2023, the Board undertook extensive engagement with shareholders on the business of the meeting. In particular, and in accordance with the Code, after the AGM the Board engaged with relevant investors to discuss the voting outcome on those resolutions which received more than 20% of votes cast against the Board's recommendation. The voting outcomes principally reflected votes cast against the Board's recommendation on these resolutions by a group of shareholders connected with Lighthouse Properties plc. Following engagement with our investors, the Company published a detailed update on 3 November 2023, including the outcome of that engagement in identifying the reasons for the result and different investor feedback. The full statement issued pursuant to the Code can be found on our website www.hammerson.com.

The Board would like to thank shareholders who took part in the engagement process since the AGM and for the insight this provided. Additional relevant information, including the context of resolutions to be proposed at the Company's 2024 AGM, will be set out in the Notice of Meeting to be sent to shareholders in due course.

Conflicts of interest and concerns

The Board has a well-established and detailed process for the management of conflicts of interest. The Directors are required to avoid a situation where they have, or could have, a direct or indirect conflict with the interests of the Company. Prior to appointment and during their term in office, Directors are required to disclose any conflicts or potential conflicts to me, as Chair, and the General Counsel and Company Secretary. At each scheduled meeting of the Board, a register is reviewed, containing details of conflicts or potential conflicts of interest for each Director, noting any changes or matters for authorisation. As part of the year end reporting, each Director reviews the Conflict of Interest Register in respect of their disclosed conflicts and confirms its accuracy to the General Counsel and Company Secretary.

There is regular dialogue between Directors outside Board meetings on any important issues that require discussion and resolution. If necessary, any unresolved matters that are raised with the Chair of the Board, the Senior Independent Director and the General Counsel and Company Secretary would be recorded in the minutes of the next Board meeting. As Chair of the Board, I encourage a culture of open and inclusive debate, challenge and discussion at meetings and outside of the formal environment. This helps to ensure that any concerns can be considered and resolved.

DIVISION OF RESPONSIBILITIES

Role of the Chair of the Board and the Chief Executive

The Chair of the Board and the Chief Executive have separate roles and responsibilities which are clearly defined and set out in writing. The division of responsibilities document is reviewed annually by the Nomination and Governance Committee and recommended to the Board for approval. The latest version is available on the Company's website.

As Chair of the Board, I am responsible for the overall effectiveness of the Board in directing the Company and for ensuring that the Board receives accurate, timely and clear information. The conclusion of the 2023 Board effectiveness review was that Board meetings were chaired well, that the views of all Directors are sought and that all members of the Board participated in and contributed to Board discussions equally. The results and actions arising from the Board effectiveness review carried out in 2023 are summarised on pages 76 to 77.

The Chief Executive leads and manages the business in line with the strategy, policies and parameters set by the Board. To ensure the effective day-to-day running of the business, authority for operational management of the Group has been delegated to the Chief Executive and some powers are further delegated by her to senior managers across the Group.

Role of the Non-executive Directors and the Senior Independent Director

The Non-executive Directors are identified in their biographies on pages 68 to 69 and play a key role in providing constructive challenge to management and offering strategic guidance through their participation at Board and Committee meetings. The Non-executive Directors hold a meeting without me present annually, led by the Senior Independent Director, to discuss my performance, in addition to playing a key role in appointing and removing Executive Directors and scrutinising management performance against objectives. I also hold meetings with the Non-executive Directors as part of every Board meeting without the Executive Directors present.

Mike Butterworth is our Senior Independent Director and is available to discuss shareholders' concerns on governance and other matters. He can deputise as Chair of the Board in my absence, act as a sounding board and serve as an intermediary for other Board members. His full role is clearly defined in writing as part of the division of responsibilities document which is available on the Company's website.

Directors' time commitment and additional appointments

All Directors are thoroughly engaged with the work of the Group, as evidenced by their attendance at Board and Committee meetings during the year, which is disclosed in the Board and Committee meetings attendance table, set out on page 71. In addition to Board and Committee meeting attendance, Non-executive Directors also visited the Company's assets during the year.

As part of the selection process for any potential new Directors, any significant external time commitments are considered before an appointment is agreed. The Board has adopted a Directors' Overboarding Policy (Overboarding Policy) to set limits on the number of external appointments which can be held by Directors in line with the guidelines published by Institutional Shareholder Services (ISS). The Overboarding Policy was reviewed most recently in December 2023 to ensure it continues to reflect best practice requirements in the Code and latest guidance issued by ISS. Directors are required to consult with the Chair of the Board and obtain the approval of the Board before taking on additional appointments. Executive Directors are not permitted to take on more than one external appointment as a director of a FTSE 100 listed company or any other significant appointment.

The Overboarding Policy states that Non-executive Directors may hold up to five mandates on publicly-listed companies (including their role as a Director of the Company). For the purpose of calculating this limit:

— A non-executive directorship counts as one mandate
— A non-executive chair counts as two mandates
— A position as executive director (or comparable role) is counted as three mandates

None of the Directors' external directorships exceed the limit in the Overboarding Policy. The Overboarding Policy is available to view on the Company's website at www.hammerson.com.

In line with the Code, during the year, the Board considered significant external appointments proposed to be undertaken by certain Directors. These were (i) Méka Brunel's proposed appointment as a non-executive director of ORPEA S.A. and (ii) Carol Welch's proposed appointment as CEO of A.F. Blakemore & Son Ltd. For each appointment, the Board considered (among other things) the time commitment, impact on the relevant Director's ability to continue to serve effectively as a member of the Board and whether it presented a conflict of interest. In each case, the Board concluded that there were no concerns in this regard. It therefore approved each of the proposed appointments and was satisfied that neither of them would restrict the relevant Director from carrying out their duties as a Director of the Company. The relevant Director did not participate in the decision or discussion with respect to their own proposed appointments.

Non-executive Directors' independence

The Board has assessed the independence of each of the Non-executive Directors. All of the Company's Non-executive Directors are considered to be independent as at the date of this Report, in accordance with the provisions of the Code. I was independent on appointment to the Board in September 2020 for the purpose of the Code. The Company has therefore complied with the Code provision that at least half of the Board, excluding the Chair, should comprise independent Non-executive Directors.

In accordance with provision 10 of the Code, the Board considers factors and circumstances which are likely to impair, or could appear to impair, a Non-executive Director's independence, together with consideration, among other things, of whether they are independent in character and judgment, how they conduct themselves in Board and committee meetings and whether they have any interests which may give rise to an actual or perceived conflict of interest.

Board and Committee Governance Structure as at 31 December 2023

Board Committees

The Board has delegated certain responsibilities to its Audit, Remuneration, and Nomination and Governance Committees, each of which reports regularly to the Board. Each of these Committees' terms of reference is available on the Company's website at www.hammerson.com.

Further detail on the work of each of the Audit, Nomination and Governance, and Remuneration Committees can be found on pages 84, 78 and 90, respectively.

The Board is also supported by three further committees, the principal of which is the Group Executive Committee (GEC), which provides executive management of the Group within the agreed strategy and Business Plan. The GEC is chaired by the Chief Executive and comprises the senior leadership team. The members of the GEC and their biographies are available to view on the Group's website at www.hammerson.com. The GEC manages the operation of the business on a day-to-day basis, sets financial and operational targets, oversees the Group's risk management and has responsibility for the Company's sustainability objectives. The GEC is supported in turn by the Group Investment Committee, which supports the GEC and the Board in the execution of their respective capital allocation responsibilities, and by the Group Management Committee which supports the GEC in the execution of its operational duties.

Board support

The Chair and the General Counsel and Company Secretary are always available for the Directors to discuss any issues concerning the operation of the Board and other governance matters.

The Company Secretary, whose appointment or removal is decided by all Directors, provides independent advice to the Board on legal and governance matters and ensures that the Board has the policies, process, information, time and resources it needs in order to function effectively. This includes ensuring that the Board regularly receives training and updates on relevant legal and governance developments as well as assisting with the induction of new Directors.

COMPOSITION, SUCCESSION AND EVALUATION

Composition and succession

Appointments to the Board are subject to a formal, rigorous and transparent procedure based on merit and objective criteria, which is overseen by the Board's Nomination and Governance Committee. The Nomination and Governance Committee also oversees the effective succession planning of the Directors and the process for succession planning to the senior management team.

Following a review of composition, it was determined that the Board and its Committees have an appropriate and diverse combination of skills, experience and knowledge that are relevant to the Group in its operating context. For further detail of each Director's skills, experience and knowledge, see the Board Skills Matrix on page 79.

The Board has confirmed that each Director continues to be effective and demonstrate commitment to their role. On the recommendation of the Nomination and Governance Committee, the Board will therefore be recommending that all serving Directors be reappointed by shareholders at the 2024 AGM.

Further information on composition, succession and the work of the Nomination and Governance Committee can be found in the Committee's Report on pages 78 to 83.

The Board acknowledges the benefits that diversity and inclusion can bring to the Board and to all levels of the Company's operations. As such, the Board is committed to the promotion of diversity and inclusion across the Company and ensuring that all employees are treated fairly. Further information on the Board's approach to diversity and inclusion, and the consideration of relevant matters during 2023 can be found in the Nomination and Governance Committee Report.

Induction

On appointment all new directors receive a comprehensive and personalised induction programme. The programme is developed and overseen by the General Counsel and Company Secretary to familiarise new directors with the Group and the market, risk and governance framework within which it operates.

Induction programmes are tailored to a Director's particular requirements, but typically include site visits, one-to-one meetings with Executive Directors, the General Counsel and Company Secretary and senior management, and meetings with the Company's key advisors. Directors also receive guidance on their statutory and regulatory responsibilities, together with a range of relevant current and historical information about the Group and its business. A key aim of the induction is to ensure that new Board members are equipped to contribute to the Group and the work of the Board as quickly as possible.

Training and development

Directors receive training and presentations during the course of the year to keep their knowledge current and enhance their experience. The Nomination and Governance Committee is responsible for overseeing the training and development needs of the Board and agrees the topics of the training sessions to be held during the year to support the ongoing development and skills of the Directors. This year, these sessions included presentations from external parties on artificial intelligence, economic and political developments, the legal and regulatory landscape, directors' duties, process digitalisation and the evolution of working practices following the pandemic.

In addition to these sessions, the Board is regularly briefed on business related matters, investor relations, and legal, regulatory and governance developments. The Audit and Remuneration Committees receive updates on relevant accounting and remuneration changes, evolving market trends and evolving disclosure requirements from external advisers and management.

Board and Committee effectiveness review

The process

The Board undertakes a formal and rigorous annual evaluation of its effectiveness and the performance of the whole Board, its individual Directors and its Committees. The Board's policy, in line with the Code, is to carry out an externally facilitated Board effectiveness review every three years.

In 2022, an externally facilitated evaluation was carried out by Board Alchemy. Accordingly, in 2023, the evaluation was undertaken internally and was led by the Chair and the General Counsel and Company Secretary.

In order to produce a set of objective data to form the basis of future comparison, a questionnaire covering the Board and each of its Committees was completed by Directors. This was followed by confidential one-to-one interviews between Directors and the General Counsel and Company Secretary to discuss key issues and themes in more detail. Alongside this, there was an assessment of progress against the recommendations from the 2022 external valuation.

The scope of the evaluation was broad and focused on a range of different areas relevant to Board and Committee effectiveness and corporate governance, having regard to the FRC's guidance on board effectiveness, including:

- Board composition, skills and diversity
- Board behaviours and dynamics
- Oversight of business performance and strategy and culture
- Board responsibilities and independence
- Board meetings and information
- The operation and contribution of Committees
- Stakeholder engagement

The findings

The results of the evaluation, progress against the 2022 recommendations and proposed recommendations for 2024 were first discussed by the Chair and the General Counsel and Company Secretary, before being presented to the Board for discussion and approval in December 2023. Overall, the results were positive, with the key outcomes summarised below:

- The Board and its Committees continued to operate effectively in 2023, with clarity as to their role and purpose
- There remains a good range of relevant skills and experiences on the Board, and the composition demonstrates good diversity in terms of gender and ethnicity
- Board and Committee papers are of high quality, clear and delivered in good time ahead of meetings
- The Board and its Committees are chaired well, with all members given sufficient opportunity to contribute to discussions, which involve an appropriate balance of constructive challenge and support
- The training and development sessions held throughout the year were valued by Directors with universal requests for these to be maintained going forward
- There was thoughtful, balanced and extensive consideration of matters relating to the new Remuneration Policy by the Remuneration Committee during the year, including engagement with shareholders and proxy advisers to inform the Committee's decision making
- The enhanced stakeholder engagement programme was valued by the Board, which appreciated the benefit of opportunities during 2023 to meet and engage with a range of stakeholders, including through asset tours, stakeholder meetings, the Board Strategy Day and regular Board meetings.

Implementation of the findings of the 2022 evaluation

Progress was made against the recommendations arising from the 2022 externally facilitated evaluation throughout the year, resulting in all of the actions being completed by year end with relevant items embedded as part of ongoing Board and Committee processes. Some of the key recommendations and the actions implemented during the year are summarised in the table opposite.

Recommendations from the 2023 evaluation

The Board welcomes the positive conclusions of the 2023 evaluation and will focus during 2024 on the recommendations made, with the aim of further improving the effectiveness of the Board and its Committees. The recommendations identified in this year's evaluation include: to consider the balance between time spent in Board and Committee meetings on presentations and discussion; to refresh the cover sheets used for Board and Committee papers to identify key specific areas on which management would like Directors to focus and provide input at the meeting; to arrange further opportunities for Board asset visits; and to continue with the programme of training and development sessions at the Nomination and Governance Committee in 2023, including further updates in areas such as the UK political environment (given the forthcoming general election), macro technology developments and external viewpoints on the Company and its markets.

Progress against recommendations from the 2022 Board evaluation

Key recommendation	Summary of actions taken
Continue to create opportunities for informal interaction between Board members	Board calendars have been reviewed to build in further opportunities throughout the year for Directors to have informal interactions with each other, including through asset tours and other events.
Create additional opportunities for Directors to meet a wider range of management and staff in a structured way	A wide range of colleagues below GEC level present at Board and Committee meetings throughout the year. Asset tours have also continued to take place which allow the Directors to meet a broad range of colleagues. The October 2023 Strategy Day provided further opportunities for the Board to engage with colleagues throughout the business as part of the presentations and discussion.
Continue to focus on the Company's long-term strategy including in relation to ESG matters	The Directors continued to focus on longer-term strategy and strategic initiatives in 2023, through Board discussions and the annual Strategy Day. The Board received specific presentations on ESG matters throughout the year. A commitment to ESG continues to underpin the Company's strategic decisions. The Board's focus in these areas was supported by the training and development programme in 2023, including discussion of topics such as the economic and political context, transformation initiatives and trends impacting the world of work.
Enable ongoing Board oversight of technology and systems changes in the years ahead	The Board received detailed briefings on transformation and operational/system changes as part of the 2023 strategy day as well as at its formal meetings. Presentations were also provided on macro technology trends, for example artificial intelligence, as part of the wider training programme for the Board. Further sessions will continue to be arranged during 2024 and beyond.

Director performance
During the year, as Chair, I held meetings with individual Directors at which, among other things, their individual performance is discussed. Informed by my ongoing observation of individual Directors, these discussions form part of the basis for recommending the reappointment of Directors at the AGM and cover matters such as the Director's contribution to the Board and its Committees and their time commitment.

Chair performance
As in previous years, the Senior Independent Director led an annual assessment process in respect of my performance as Chair. This involved meeting with other members of the Board and the Company Secretary without me being present and consideration of relevant findings from the 2023 Board Evaluation and other relevant matters. The Senior Independent Director subsequently provided feedback to me.

AUDIT, RISK AND INTERNAL CONTROL

Financial statements and audit
The Board has established formal and transparent policies and procedures in relation to the production of the financial statements and the audit functions. The Audit Committee oversees the Group's financial reporting and monitors the independence and effectiveness of the internal and external audits. The Committee oversees the valuation of the property portfolio and is responsible for the relationship with the External Auditor. Further information can be found in the Audit Committee Report on pages 84 to 89.

Fair, balanced and understandable assessment
The Board is responsible for presenting a fair, balanced and understandable assessment of the Company's position and prospects. The full statement confirming this can be found in the Statement of Directors' responsibilities on page 112. Additionally, the Group's Viability Statement can be found on pages 64 to 65 and the going concern statement can be found on page 128.

Risk management and internal controls
The Board recognises that it has overall responsibility for monitoring risk management and internal control systems so as to protect the assets of the Group and ensure risks are appropriately managed. Further information on the Group's approach to risk can be found on pages 54 to 63 and in the Audit Committee Report on pages 84 to 89.

During the year, the Board and its Committees discuss and review a range of matters relevant to the overall assessment of risk management and internal controls. This included a thorough review by the Audit Committee and the Board of the principal and emerging risks to which the Group is subject and consideration of risk appetite. Activity in these areas forms a key part of the Board's processes to identify, evaluate and manage the principal risks faced by the Company, and relevant mitigating actions. As part of its assessment of risk, the Board considers relevant internal and external factors, including developments in 2023 as a result of economic and political factors relevant to the Company, its operations and the markets in which it operates.

The Board and its Committees have continued to monitor closely external and regulatory developments in relation to risk management and internal control, including ongoing activity by the UK Government and FRC in relation to audit and corporate governance reforms.

REMUNERATION

Remuneration Committee
The Remuneration Committee is responsible for establishing a remuneration policy which is designed to support the Company's strategy and promote its long term sustainable success. The Committee sets the remuneration for the Chair of the Board, Executive Directors and members of the GEC. It also oversees remuneration policies and practices across the Group. The Committee is responsible for the alignment of reward, incentives and culture and approves bonus plans and long term incentive plans for the Executive Directors and members of the GEC. During 2023, the Committee considered a broad range of matters within its Terms of Reference. Further information can be found in the Remuneration Committee Report on pages 90 to 109.

Robert Noel
Chair of the Board
28 February 2024

Nomination and Governance Committee Report

Overseeing matters related to corporate governance, Board composition and succession planning, ensuring the Board and its Committees have the right combination of skills, experience and knowledge.

Robert Noel
Chair of the Nomination and Governance Committee

Committee members
Robert Noel (Chair)
Habib Annous
Méka Brunel
Mike Butterworth
Adam Metz
Carol Welch

Dear Shareholders

On behalf of the Board, I am pleased to present the Report of the Nomination and Governance Committee (the Committee) covering the work of the Committee during 2023. This report provides an overview of the roles and responsibilities of the Committee and its main activities during the year.

Following changes introduced in the previous year, 2023 was the first full year that the Committee operated with a broader remit, including a wider range of corporate governance-related responsibilities that had previously been the responsibility of the full Board. The change has been valuable, as evidenced by feedback in this year's Board evaluation.

The Committee comprises all our Non-executive Directors and its terms of reference can be found on the Company's website at www.hammerson.com. The Chief Executive and Chief People Officer attend meetings by invitation, together with the General Counsel and Company Secretary, who acts as Secretary to the Committee.

The Committee is responsible for recommending appointments to the Board and its Committees, and ensures that plans are in place for the orderly succession to the Board, its Committees and the senior management team. This includes the development of a pipeline of potential candidates to the Board and the senior management team with the necessary skills and experience, while taking into account diversity and inclusion. The Committee is also responsible for overseeing the Board effectiveness review and monitoring developments relating to corporate governance, bringing any issues to the attention of the Board.

Key activities in 2023

During the year the Committee met three times and its activities included:

— Considering Board composition and succession, and assessing the composition and responsibilities of the Board's committees
— Reviewing talent and executive management succession planning
— The annual review of the Board's Diversity & Inclusion Policy and Overboarding Policy
— Assessing the Directors' skill sets, knowledge and experience to ensure that an appropriate balance of skills, knowledge and experience has been maintained
— Reviewing the Non-executive Directors' independence
— Monitoring external corporate governance developments and horizon scanning, including proposed changes to the UK's listing regime, new reporting requirements relating to diversity and inclusion, and the UK government's audit and corporate governance reforms
— Establishing the process for the 2023 internal Board effectiveness review led by the Chair and the General Counsel and Company Secretary
— Overseeing the Board's post-AGM investor engagement plan in line with the requirements of the Code
— Considering Board training and development, and discussing topics to be covered as part of the training sessions held throughout the year to support the ongoing development and skills of the Directors
— Receiving reports from the Board's Designated Non-executive Director for Colleague Engagement

Board Skills Matrix

	Rita-Rose Gagné	Himanshu Raja	Robert Noel	Habib Annous	Mike Butterworth	Méka Brunel	Adam Metz	Carol Welch
Risk Management; Audit		E	N	N	N		N	
Finance, Banking; Financial Services; Fund Management		E		N	N		N	
Investment; Mergers & Acquisitions	E	E	N	N	N	N	N	
Asset and Property Management, Regeneration & Development	E		N			N	N	
Business Transformation; Strategy	E	E	N			N	N	N
Retail	E					N	N	N
Media; Marketing								N
Digital; Customer Service & Customer Behaviours	E	E						N
International Business & Markets	E					N	N	N
Environmental, Social & Governance	E	E	N	N	N	N		

E – Executive Director
N – Non-executive Director

— Reviewing how the Company identifies and engages with its key stakeholder groups
— As part of wider activity in relation to diversity and inclusion, setting the Company's 2027 target, as required by the Parker Review, for the percentage of senior management who identify as being from an ethnic minority.

Board balance, composition and skills
The composition of the Board was unchanged during 2023. It currently comprises eight Directors: the Chair of the Board, two Executive Directors and five Non-executive Directors. During the year and in accordance with its usual practice, the Committee reviewed the composition and balance of the Board and its Committees, having regard to requirements under the UK Corporate Governance Code (the Code). The review considered: each Director's skills, experience and knowledge; the membership of the Committees of the Board; the balance on the Board between Executive and Non-executive Directors; the tenure of individual Directors and the Board as a whole; multiple forms of diversity on the Board; and the independence of the Non-executive Directors.

As demonstrated by the skills and experience summarised in the biographies of the Directors on pages 68 and 69, and the Board Skills Matrix above, the Board members have a wide range of relevant skills gained in diverse business environments and different sectors and geographies. This gives the Board varying perspectives during discussions and enhances its decision making and oversight of management. The Committee is satisfied that the Board has the necessary mix of skills and experience to fulfil its role effectively (as confirmed by the internally facilitated Board effectiveness review conducted in 2023 – see pages 76 and 77).

The Committee is also satisfied that the Board is comprised of an appropriate combination of Executive and Non-executive Directors, and that the overall size of the Board remains appropriate given the complexity and scale of the Company's operations. All Non-executive Directors are currently considered to be independent for the purposes of the Code as at the date of this Report. On appointment to the Board, I was considered to be independent in accordance with the terms of the Code.

All Directors are subject to annual re-election by shareholders at the AGM. Prior to the Company's AGM each year, the Committee considers, and makes recommendations to the Board concerning the reappointment of Directors, having regard to their performance, suitability, time commitment and ability to continue to contribute to the Board. Following this year's review in advance of the 2024 AGM, the Committee has recommended to the Board that all Directors be reappointed at the AGM.

The biographies of the Directors, set out on pages 68 and 69, contain more information on the reasons why the Board recommends the re-election of each Director. Directors are expected to devote sufficient time to the Company's affairs to enable them to fulfil their duties as Directors effectively. The attendance at the meetings for each Director during 2023 is shown in the Board and Committee Meetings Attendance table on page 71. Details of the Company's Overboarding Policy and decisions made during the year in relation to Directors' additional external appointments are set out on page 74. The Committee remains satisfied that each Director continues to devote an appropriate amount of time to the Company and to their responsibilities as a Director.

Board Diversity and Inclusion Policy and objectives
Diversity and inclusion has continued to be an important focus of the Committee, with consideration during the year of relevant developments and activities at Board level, across senior management and within our wider workforce. The Committee is mindful of the diverse communities within which the Company's destinations are located, and of the advantages of promoting diversity, in its broadest sense, at all levels of the Company's operations.

In December 2023, the Committee reviewed the Board Diversity & Inclusion Policy, with an updated version subsequently approved by the Board. The policy sets out the Company's approach to diversity and inclusion in respect of the Board and senior management team. The Board recognises the benefits of diversity and inclusion in their broadest sense in the boardroom and that the skills, knowledge and backgrounds collectively represented on the Board should reflect the environment in which the business operates. The policy can be read in full on the Group's website at www.hammerson.com.

The Directors believe that the benefits of a diverse and inclusive Board, and wider workforce, will bring different perspectives and build a broad range of capabilities necessary for the Company to achieve its strategic objectives. Set out in the table below is a summary of some of the progress made in 2023 against the specific requirements of the Board Diversity and Inclusion Policy.

At the end of 2023, the Board continued to be diverse: three of the Board's eight members were women (37.5%) and the Board exceeded the Parker Review target of having at least one Director from a minority ethnic group with three of its eight members (37.5%) identifying as non-white. The Board recognises that due to its relatively small size, the appointment or departure of a single Director can have a significant impact on the achievement of particular numerical targets with respect to the Board's composition. However, considerations relating to diversity of gender and ethnicity will continue to be important factors for any future Board-level recruitment searches.

Board Diversity & Inclusion Policy objective	Progress update	
Consider diversity and inclusion, including gender and ethnicity, when reviewing the composition and balance of the Board and when conducting the annual Board effectiveness review.	Diversity and inclusion is carefully considered as part of the Board's annual review of both Board and Committee composition. Diversity and inclusion on the Board was an area of consideration for the internally facilitated Board effectiveness review during the year, which concluded that there continues to be good diversity represented on the Board.	✓
Aim to maintain female representation on the Board of at least 33% and, over time as opportunities arise, seek to achieve female representation of at least 40%. Specifically, the Board will aim to maintain the current position where at least one of the Chair of the Board, the Senior Independent Director, CEO or CFO is female.	At the date of this report, the Board comprises 37.5% women Directors and the Chief Executive Officer is female. The composition of the Board in this regard continues to be in line with the requirements of the policy. The policy objectives will be a key consideration for future Board-level recruitment searches.	✓
Aim at all times to have at least one non-white director on the Board.	At the date of this report, the composition of the Board exceeds the requirement of the policy and the Parker Review. The Company responded to the Department for Business and Trade's Ethnic Diversity Voluntary Census in December 2023 and continues to monitor wider developments in this area.	✓
Encourage and monitor the development of internal employees to help support the internal talent pipeline for succession at both Board and senior management level.	The Committee spent considerable time on this area in 2023 with detailed updates on the Company's plans presented for discussion, including plans for talent development at Board and senior management level and more widely in the organisation.	✓
Oversee plans for diversity and inclusion and assess progress annually by monitoring gender and ethnic diversity of the members of the Company's GEC and direct reports to GEC (excluding executive assistants).	The Committee has reviewed plans to further improve diversity and inclusion in 2024. This has included updates on initiatives across the Company in this area, including the work of the Company's Affinity Network and involvement in setting the Company's new 2027 target for the percentage of the senior management group who identify as being from an ethnic minority.	✓
In discussions on Board composition and appointments, continue to have regard to relevant best practice and the recommendations of relevant industry reviews in the areas of diversity and inclusion.	In 2023, the Committee received updates on developing market practice and regulatory requirements in this area from the General Counsel and Company Secretary, and the Chief People Officer, including changes under the Listing Rules and the Parker Review.	✓

Although there were no recruitment searches at Board-level undertaken in 2023 and the composition of the Board was unchanged throughout the year, the Committee remains committed in future searches to (i) engaging only executive search firms who have signed up to the Voluntary Code of Conduct on gender diversity and best practice and (ii) ensuring that candidate lists for Board positions are compiled by drawing from a broad and diverse range of candidates (including candidates who may not have prior listed company experience).

During the year, the Committee specifically considered the Company's diversity in the context of the new Listing Rules requirements on diversity reporting, which apply to the Company for the first time in this Annual Report. Further information and the relevant disclosures follow in the sections below. The Committee will continue to monitor compliance with the targets in the Listing Rules, as well as considering diversity in the Company's senior manager population. As part of this it will continue to be updated on, and discuss, initiatives across the Company in relation to diversity and inclusion.

Gender identity reporting under LR9.8.6R(9) and LR9.8.6R(10)

As at 31 December 2023, being the relevant reference date for the purposes of Listing Rule 9.8.6R(9)(a):

— three of the Board's eight members identified as female (37.5%). This is slightly below the target of 40% in the Listing Rules. This requirement will be an important consideration for future Board-level appointments. In line with the Board Diversity and Inclusion Policy, the Board will seek to achieve female representation of 40% as opportunities arise as part of future recruitment searches; and

— the position of Chief Executive, being one of the senior positions identified in the Listing Rules (together with the Chair of the Board, the Senior Independent Director and the Chief Financial Officer), was held by a woman.

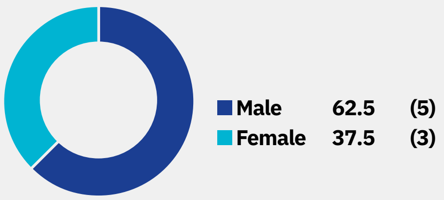
The Board's commitments in these areas are formalised within the Board Diversity and Inclusion Policy.

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management[1]
Men	5	62.5%	3	6	75%
Women	3	37.5%	1	2	25%
Not specified/prefer not to say					

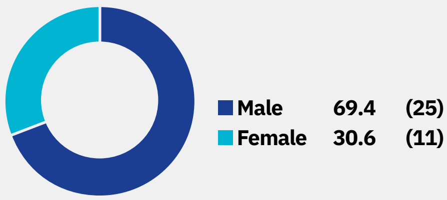
1 In accordance with Listing Rule 9.8.6R(10), executive management for these purposes are the members of the Group Executive Committee.

2 The data in the table was collected via written submissions completed by each relevant individual within scope of the reporting requirements set out in Listing Rule 9.8.6R(10).

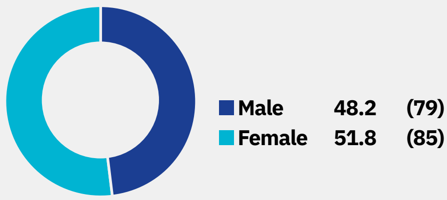
Board: Gender diversity
%



Senior management and direct reports*: Gender diversity %



Workforce: Gender diversity
%



All data as at 31 December 2023

* as defined in the UK Corporate Governance Code (excluding executive assistants)

Ethnic background identity reporting under LR9.8.6R(9) and LR9.8.6R(10)

As at 31 December 2023, being the relevant reference date for the purposes of Listing Rule 9.8.6R(9)(a), three of the Board's eight members identified as non-white (37.5%), exceeding the target set in the Listing Rules, the Parker Review and the Board Diversity and Inclusion Policy.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management[1]
White British or other White (including minority-white groups)	5	62.5%	3	7	87.5%
Mixed/Multiple Ethnic Groups	1	12.5%			
Asian/Asian British	1	12.5%	1	1	12.5%
Black/African/Caribbean/Black British					
Other ethnic group, including Arab	1	12.5%			
Not specified/ prefer not to say					

1 In accordance with Listing Rule 9.8.6R(10), executive management for these purposes are the members of the Group Executive Committee.

2 The data in the table was collected via written submissions completed by each relevant individual within scope of the reporting requirements set out in Listing Rule 9.8.6R(10).

Parker Review – Board and senior management

As noted above, three of the Board's members (37.5%) identify as non-white. This exceeds the current target set by the Parker Review.

During 2023, the Committee considered developments arising from the ongoing work and reporting of the Parker Review. Among other things, it discussed the new requirement for FTSE 250 companies to set a target for the percentage of their senior management who self-identify as being from an ethnic minority in December 2027. Based on the relevant population of senior managers (being, for the Company, the members of the Group Executive Committee and those senior managers who report directly to them) of 24, the Company has set a target of 10% by December 2027. This is considered to be a meaningful and stretching target that will build on the percentage of relevant colleagues who identified as being from an ethnic minority as at 31 December 2023 (4%). In setting the target, the Committee was also mindful of the reduced size of the organisation and the anticipated opportunities for recruitment in the years ahead and the approach taken by peers in the sector in which the Company operates, among other factors. The Committee will monitor the target in the years ahead, including consideration of progress and ongoing actions to deliver compliance by December 2027. This will include regular reports from the Chief People Officer on the Company's participation in sector wide activities and discussions in this area.

You can read more about the management development plans that we have in place to encourage and support achieving this target and creating a diverse and inclusive pipeline more broadly in the Our Colleagues section on page 24 and 25.

Workforce diversity, colleague engagement, and succession planning

In December 2023, the Committee considered the Company's Annual HR Report, including a report on culture and engagement, talent development, progress with diversity and inclusion objectives across the Group, the UK gender pay gap and wider HR initiatives for 2024. The Committee takes seriously its role in overseeing the development of a diverse pipeline for senior management positions and the link between diversity and inclusion, and delivery of the Company's purpose, values and strategic aims. It received updates during the year on diversity and inclusion initiatives across the Company, including management's work with diversity and inclusion campaign groups, and the activities of the Company's Affinity Network.

In line with the Code, the Committee discloses that the gender balance of those in senior management (being the members of the GEC) and their direct reports (excluding executive assistants) at 31 December 2023 was 30.6% (11) female (2022: 30.2%% (13)) and 69.4% (25) male (2022: 69.8%% (30)).

Further details of gender diversity at senior manager level (as defined in the Companies Act 2006) and across the workforce can be found on page 81. The above charts illustrate the gender diversity at Board level and with respect to senior management and their direct reports (as defined in the Code) and also the overall workforce, in each case as at 31 December 2023.

The Committee continues to be involved in overseeing colleague engagement activities. In 2023, the Company gathered feedback from colleagues via participation in an all Colleague survey. The results of that exercise, including the short, medium and long term actions that it highlighted, were presented to the Committee in December 2023.

In June and December 2023, Carol Welch, as Designated Non-executive Director for Colleague Engagement, also reported to the Committee on her activities during 2023, and on her engagement with colleagues and, in particular, with the colleague forum (The Forum). Carol's report included, among other things, perspectives on actions in 2023 to embed the Company's new purposes, vision and values, the development of the talent pipeline, and colleague engagement and communication initiatives. In June 2023, the Chief People Officer presented an update on the work of The Forum, including its focus areas for 2023 and priorities for the period ahead. You can read further details on this on page 24.

The Committee plays an important role in monitoring the Company's culture. In 2023 it received information and data from the Chief People Officer in relation to culture and activities across the organisation to ensure that culture remains aligned with the Company's purpose, values and strategy. This will remain an area of focus during 2024.

Governance

The Committee is responsible for certain governance-related matters, including:

- Monitoring the Board's corporate governance arrangements to ensure that both the Company and the Board operate in a manner consistent with corporate governance best practice
- Monitoring director conflicts of interest
- Reviewing and approving the process for the annual effectiveness review of the Board and its Committees, including approval of the appointment of any external evaluator and monitoring progress against any relevant recommendations arising from any such effectiveness review
- Monitoring training and development needs of the Board and individual Directors
- Reviewing the Company's delegation of authority policy and making such recommendations as required to the Board for approval
- Considering the process to be followed for the annual appraisal of the Chair

During 2024, the Committee will continue to monitor external governance developments and in particular, oversee the Company's preparations to ensure compliance with, and effective reporting against, the new UK Corporate Governance Code, which was published by the FRC in January 2024. The new Code will first apply to the Company in its financial year beginning on 1 January 2025.

Committee effectiveness

As described in more detail on pages 76 and 77, an internal evaluation of the effectiveness of the Board and its Committees was undertaken during the year in line with the requirements of the Code. The Committee considers that during the year it continued to have access to sufficient resources to enable it to carry out its duties and has continued to perform effectively. In 2023, the Committee reviewed and updated its terms of reference to ensure that they remain appropriate.

Robert Noel
Chair of the Nomination and Governance Committee
28 February 2024

Audit Committee Report

Overseeing matters related to the integrity, accuracy and transparency of the Group's financial and narrative reporting; its compliance with laws and regulations, the internal control and risk management systems; and managing the external and internal audit processes.

Mike Butterworth
Chair of the Audit Committee

Committee members
Mike Butterworth (Chair)
Habib Annous
Adam Metz

Dear Shareholders

As Chair of the Audit Committee (the Committee), I am pleased to present my report for the year ended 31 December 2023.

This report sets out the activities undertaken by the Committee during 2023 and offers insight into how the Committee has discharged the responsibilities delegated to it by the Board and its key areas of focus.

COMMITTEE GOVERNANCE

The Committee plays a key governance role for the Group and in meeting its responsibilities, the Committee continues to consider the provisions of the UK Corporate Governance Code (the Code) and the Financial Reporting Council's (FRC) Guidance on Audit Committees, including the minimum standards published by the FRC in May 2023. The Committee's terms of reference are available to view at www.hammerson.com.

Membership and meetings

The Committee continues to be comprised exclusively of independent Non-executive Directors with the necessary financial experience and sector specific knowledge to fulfil their responsibilities. There were no changes in the membership of the Committee during the year.

The Committee met five times during the year. To ensure the Committee addresses all its required responsibilities, the agenda for each meeting is planned around the Group's annual reporting cycle and includes particular matters for the Committee's consideration. Following each meeting, the Board is appraised of matters arising from the Committee.

The Chair of the Board, the Chief Executive, the Chief Financial Officer and other members of the senior finance team, together with senior representatives of the Company's External Auditor, PricewaterhouseCoopers LLP (PwC), are invited to attend all or part of meetings as appropriate. In order to fulfil its duties as set out in its terms of reference, the Audit Committee receives presentations and reviews reports from the Group's senior management and from the Group's external valuers, CBRE Ltd, Cushman and Wakefield LLP, Jones Lang LaSalle Ltd (the Valuers), consulting as necessary with PwC.

The Committee meets, with no Company management present, at least once a year with PwC, and at least once with the Group's members of management responsible for internal audit, enterprise risk and ESG.

The Valuers and PwC have full access to one another, and I personally spoke with the Valuers and PwC separately to discuss the half year and year end valuation process to ensure each was satisfied that there had been a full and open exchange of information and views.

Independence and experience

The Board continues to be satisfied that the Committee members provide an appropriate depth of financial reporting, risk management and commercial experience across different industries including commercial real estate and in listed companies. This combined knowledge and experience enables the Committee to undertake its duties properly and act independently of management. The Board has also confirmed that it is satisfied that being a chartered accountant and having held other senior finance appointments, I meet the Code requirement that at least one member has recent and relevant financial experience.

More information about the Committee members' skills and experience is set out in the Director biographies on pages 68 and 69 and in the Board Skills Matrix on page 79.

Annual review of effectiveness

For 2023, the review of the Audit Committee's effectiveness was carried out internally, led by the Chair of the Board and the General Counsel and Company Secretary. I can confirm that this review concluded that the Committee continues to perform its role effectively with no significant concerns or improvement recommendations.

The private sessions of the Committee, in which members meet without the presence of management, also provide further opportunities to discuss matters in connection with its effectiveness and to highlight any areas for improvement or change.

External advice

The Board makes funds available to the Committee to enable it to take independent legal, accounting or other advice if or when the Committee believes it necessary to do so.

KEY COMMITTEE ACTIVITIES IN 2023

Core duties

The Committee assists the Board in fulfilling its oversight responsibilities by acting independently from the Executive Directors. There is an annual schedule of items which are allocated to the meetings across the year to ensure that those items within the Committee's terms of reference are covered fully and that sufficient time is allocated to allow for thorough discussion and challenge. These items are supplemented and, time allocations amended, throughout the year as key matters arise.

The principal duties of the Committee undertaken in 2023 included:

Accounting and financial reporting matters

- Monitoring the integrity of the Annual Report and Accounts and the Interim Statement to ensure clarity and completeness of disclosures, including those relating to alternative performance measures
- Reviewing matters of accounting significance, including financial reporting issues, judgements and estimates
- Advising the Board on whether, as a whole, the Annual Report and Accounts are fair, balanced and understandable
- Reviewing the Group's valuation process and valuations of the Group's property portfolio
- Considering and reviewing the basis for the going concern and longer term viability statements in light of financial plans and reverse stress tests
- Reviewing the impact of climate risk on the financial statements and the Group's TCFD disclosures

Risk management and internal control

- Reviewing the Group's financial controls and internal control effectiveness and maturity
- Reviewing and monitoring the Group's risk management systems, processes and risk appetite, including those to identify emerging risks, to ensure the Group has an effective internal controls environment and complies with the applicable laws and regulations
- Ensuring that management has systems and procedures in place to ensure the integrity and accuracy of financial information
- Debating and agreeing changes to the Group's principal risks

Internal audit

- Monitoring and reviewing the adequacy, effectiveness and independence of the Internal Audit and Risk functions
- Considering the whistleblowing mechanisms by which colleagues may raise concerns about possible improprieties in financial reporting or other matters
- Considering the major findings of internal audit investigations and the response of senior management to any recommendations arising from those findings
- Monitoring the resolution of agreed actions from previous internal audit reviews
- Reviewing and approving the 2024 Group internal audit plan, which comprises a five year cyclical and risk-based annual internal audit plan

External audit

- Approving the annual audit plan presented by the External Auditor
- Reviewing the results and conclusions of work performed by the External Auditor
- Reviewing and monitoring the relationship with the External Auditor, including their independence, objectivity, effectiveness, terms of engagement and level of fees
- Reviewing and approving the policy on the engagement of the External Auditor to supply non-audit services
- Engaging with PwC and senior management in relation to the selection of a new lead audit partner
- Making recommendations for the reappointment of the External Auditor

General matters

- Reviewing and approving the Group's tax strategy and accompanying statement
- Reviewing and recommending to the Board for adoption the Group's policies on Anti-Bribery and Corruption, Anti-Money Laundering, Whistleblowing and Fraud
- Referring matters to the Board which, in its opinion, should be addressed at a meeting of the Board
- Evaluating its own performance and effectiveness and as part of this, reviewing its constitution and terms of reference, recommending changes to the Board for approval

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management

The Audit Committee continued to review the Group's approach to risk management. As explained in the Risk and uncertainties section on page 54, the Group uses a number of tools to review the Group's risk management processes including the Group's Risk Management Framework, Residual Risk Heat Map and Risk Dashboard. These tools are reviewed regularly by senior management to ensure that risks, both existing and emerging, are properly identified and managed and the potential impact on the Group assessed. The Committee also supported the Board in its annual review of the Group's risk appetite.

Climate risk

As as part of the Group's Task Force on Climate-related Financial Disclosures (TCFD) response, the impact of climate risk was assessed in the context of the financial statements. Further details on the Group's TCFD response is given on pages 31 to 40.

For the year ended 31 December 2023, while recognising the Group's commitment to achieving Net Zero by 2030 as part of the wider ESG strategy, it was judged that climate risk has not had a material impact on the financial reporting estimates and judgements.

Key areas of the financial statements in which climate risk has been assessed were:

— Property valuations which are stated at fair value as determined by the Group's external valuers in accordance with RICS Valuation – Global Standards. RICS has previously published a guidance note "Sustainability and ESG in Commercial Property Valuation" and the implications of this for the Group's valuations were discussed with the Valuers. We have also shared the Group's Net Zero Asset Plans with the Valuers to enable them to fully understand the planned programme of works which are a key element of the Group's Net Zero commitment

— Going concern and Viability: Given the longer term nature of climate risk there is not expected to be a material impact on the Group's financial projections over the shorter going concern and Viability periods

— Contingent liabilities: As explained in note 17 to the financial statements, in 2021 the Group issued €700m sustainability-linked bonds maturing in 2027. The bonds contain two emissions reduction targets, both of which will be tested in 2025 against a 2019 benchmark. If the targets are not met, a total of 37.5 basis points per annum, equivalent to £2.3m per target, will be payable in addition to the final year's coupon. Given the continued progress made in reducing emissions these potential penalties have been treated as contingent liabilities in the 2023 financial statements.

Further details of the Group's approach to climate risk can be found on pages 37 and 58.

Internal control

The Committee assists the Board in fulfilling its responsibilities relating to the adequacy and effectiveness of the Group's control environment.

During the year, the Committee received regular updates on the Group's internal control systems covering financial, operational and compliance controls. The Group's internal controls provide reasonable but not absolute assurance against material misstatement or loss. The review of the controls involves analysis and evaluation of the key risks to the Group, including a review of all the material controls. This includes the plans for the continuity of the Group and its operations in the event of unforeseen interruption.

During the year work was undertaken to implement an internationally recognised internal control framework, the COSO 2013 internal control framework. This will enhance both the Group's control environment and assurance programme ensuring alignment to principal risks. It will also further promote a strong culture of awareness and accountability for risk management across the Group.

In addition, the Committee reviewed the Group's approach to compliance with legislation and the prevention of fraud, anti-money laundering and anti-bribery and corruption. The Committee also oversaw enhancements made to the Group's arrangements relating to Whistleblowing, which ensures that appropriate systems are in place for colleagues to raise concerns in confidence. I am pleased to confirm that no allegations of fraud or whistleblowing concerns were raised in 2023.

The Committee confirms that its review of the control environment in 2023 was able to demonstrate that the Group continues to operate an effective internal control environment.

Significant issues, judgements and estimates

The Committee received reports from management and the External Auditor setting out the significant accounting and financial reporting matters and judgements in respect of the financial statements as well as how these matters were addressed. The following sets out the main areas of judgement considered by the Committee. For each area, the Committee was satisfied with the accounting and disclosures in the Annual Report and Accounts.

Matter considered	The committee's review and conclusion
Valuation of the Group's property portfolio The valuation of the Group's property portfolio is a key recurring judgement due to its significance in the context of the Group's net asset value. Valuations are inherently subjective due to the assumptions and judgements made by the Valuers. Key inputs to the valuations are capitalisation yields and market rental income (ERV). Although the Valuers also consider other factors including the location, physical attributes of the property, and environmental and structural conditions. Valuations are undertaken by the Group's three external valuers and are thoroughly reviewed by management.	The external valuers each presented their year end valuations to the Committee in January 2024. These were scrutinised, challenged and debated with a focus on the key judgements adopted. It was acknowledged that the Group's leasing performance provided good evidence to support the Valuer's ERV assumptions. However, the low levels of transactions, relative to long term averages, meant that yield judgements were more subjective with outward yield movements, particularly in the second half of the year, reflecting the higher interest rate environment and the availability and terms of financing. The Committee Chair also held private meetings with each valuer to discuss and challenge the valuation process and asked the Valuers to highlight any disagreements with management during the valuation process. This allowed the Committee to satisfy itself that the valuation process was independent and objective. The Committee also received a report from the External Auditor detailing their assessment of the valuation process and year end values. Based on the work undertaken, the Committee was satisfied that the valuations had been carried out in an appropriate manner with reference to the widest range of available evidence and was therefore suitable for inclusion in the Group's financial statements.
Accounting for property transactions (including classification of assets held for sale) The accounting treatment of property transactions is a recurring judgement for the Group because of the financial significance and potential complexity of such transactions. For property transactions, judgement can be required to determine the point at which assets should be reclassified as 'held for sale'.	The Committee reviewed management's accounting treatment and disclosures for the two property disposals completed during 2023 as well as ongoing property transactions including Union Square where a contract for disposal was exchanged in February 2024. The principal areas of discussion included the sales which completed during the year and an assessment as to whether any of the Group's properties fell under the definitions of assets held for sale at year end or required disclosure as a post balance sheet event. The Committee reviewed and challenged management's proposed accounting treatments and was satisfied that no material transactions met the reclassification criteria under IFRS5 Non-current Assets Held for Sale and Discontinued Operations to be 'held for sale' at 31 December 2023. It was also in agreement with the disclosures adopted in relation to disposals and post balance sheet events in the financial statements.
Derecognition of Highcross and O'Parinor During the first half of 2023, secured loans held by two of the Group's joint ventures, Highcross and O'Parinor, were in breach of certain conditions. The lenders on both loans acted to enforce their security resulting in the Group losing control of the joint venture entities.	The Committee reviewed management's paper in relation to both secured loans which set out the nature of the loan breaches and the impact of the actions taken by the lenders. It also set out the required accounting treatment whereby the asset and liabilities of the joint venture entities are derecognised, with the investments being fully impaired resulting in a £22m impairment charge in 2023. The Committee discussed management's paper with PwC and was satisfied with the proposed accounting treatment and associated disclosures in the financial statements and Annual Report.
Going concern and viability An assessment is required to recommend to the Board that the Group's financial statements be prepared on a going concern basis. A further assessment is also required to support the Group's Viability Statement.	The Committee, in conjunction with the Board, reviewed management's assessments of going concern and viability. The assessments both contained a Base scenario derived from the Group's Business Plan and took account of the Group's principal risks and the latest geopolitical, economic and trading outlook. The assessments contained earnings, balance sheet, cash flow, liquidity and credit metric projections, including key covenants. The assessment also contained reverse stress tests to appraise the Group's absolute resilience to adverse changes to key variables (valuations and net rental income) impacting debt covenants. The Committee reviewed and challenged the financial forecasts and their underlying assumptions and were satisfied that management had conducted a robust assessment which clearly demonstrated the Group's resilience. The Committee also agreed with retaining the three year Viability period and explanations of the assessments and judgement as set in the Going concern and Viability statements.

Significant issues, judgements and estimates continued

Matter considered	The committee's review and conclusion
Fair, balanced and understandable The Group uses a number of Alternative Performance Measures (APMs), being financial measures not specified under IFRS, to monitor the performance of the business. Management principally reviews the Group on a proportionally consolidated basis, except for Value Retail. Judgement is required to ensure disclosures and associated commentary explain clearly the performance of the business and provide reconciliations to IFRS.	The Committee reviewed management papers which explained management's judgement that the Annual Report was fair, balanced and understandable. In relation to APMs, the paper explained that APMs: — are not given more prominence than measures under IFRS — are properly explained, including the rationale for their use — where relevant, are reconciled to IFRS Following its review, the Committee was satisfied that the Annual Report and financial statements were fair, balanced and understandable and recommended this conclusion to the Board.

INTERNAL AUDIT

The Group's internal audit function provides independent and objective assurance over the design and operating effectiveness of the system of internal control though a risk focused approach. The function reports into the CFO, but has an independent reporting line directly into the Committee.

Internal audit activities are predominantly carried out internally, with co-sourcing support provided by BDO for more complex reviews. This arrangement also ensures that the function has access to a dedicated resource pool and specialist skills.

Prior to the start of each financial year, the Committee reviews and approves the annual group internal audit plan. A further review occurs during the year to take account of any necessary revisions. The plan takes account of the Group's Risk Management Framework and in particular any heightened principal risks affecting the Group with audits split between a cyclical annual plan and risk based audits. Other key factors for consideration are key areas of change for the Group which have not been subject to recent audit.

Following the adoption of the COSO 2013 internal control framework in 2023, an assurance map has been developed which enables the Group to determine a five year cyclical internal audit plan based on the risk profile of identified material areas. The Committee reviewed and approved the first five year cycle at its meeting in December 2023 and I look forward to providing an update against this plan in next year's report.

Internal audits completed during the year included, but were not limited to:

Cyclical:

- Accounts receivable
- Capital expenditure controls
- Balance sheet reconciliations
- Supplier selection and management
- Outsourcing arrangements
- Cyber security
- Lease management
- Purchase to pay

Risk based:

- Business continuity
- Commercialisation activities
- Property valuations

Recommendations for improvements are agreed with management with clear timelines and responsibilities for implementation. Progress updates on actions arising from current and prior reports are and have been provided at Committee meetings throughout the year. The Committee is satisfied that the internal audit programme remains risk focused, is functioning satisfactorily across the Group, and that management is open to reviews and takes action on recommendations on a timely basis.

Accordingly, it has been concluded that the Group's internal audit arrangements provide effective assurance over the Group's risk and control environment and that the function has adequate resources and appropriate access to information to enable it to perform its role effectively and efficiently. The Committee continues to review how the internal audit function may need to evolve in future years.

EXTERNAL AUDITOR

Independence and objectivity

Both the Board and the External Auditor (PwC) have safeguards in place to protect the independence and objectivity of the External Auditor. The Committee receives details of any relationships between the Company and PwC that may have a bearing on their independence. These were reviewed by the Committee during the year and remain satisfactory. In accordance with International Standards on Auditing (UK), PwC formally confirmed to the Committee and to the Board its independence as auditor of the Company.

Auditor effectiveness

The effectiveness of the audit process is subject to ongoing monitoring and the Committee has considered this as part of the 2023 year end process. The Committee considered a number of factors, including the quality and scope of the audit plan and reporting.

The Committee also sought the views of key members of the finance team, senior management and the Directors regarding the audit process and the quality and experience of the audit partner engaged in the audit. Their overall feedback was positive and that the External Auditor provides an appropriate level of challenge to management. It was agreed that the audit team had continued to be responsive and cooperative and had demonstrated flexibility and adaptability in working with management day-to-day to address any issues arising during the year. Confirmation was also sought that the fee payable for the annual audit is sufficient to enable PwC to perform its obligations in accordance with the scope of the audit.

The Committee has concluded that taken as a whole, PwC has carried out its audit for 2023 effectively and efficiently.

Auditor appointment

PwC has served as the Group's External Auditor since being appointed at the AGM in April 2017 after a full tender process was undertaken in 2016. The current audit partner, Sonia Copeland, in accordance with the FRC's Ethical Standard, will be subject to a mandatory rotation from the Hammerson account following the conclusion of the 2023 audit. During the year, the Committee worked closely with PwC to identify a successor to Sonia. After considering a number of candidates with varying specialist areas of expertise and following a thorough interview process, which included meeting with members of senior management and myself as Chair of the Committee, Christopher Richmond has been identified as the preferred candidate to take over from Sonia for the 2024 financial year audit and beyond. Chris attended the January and February 2024 Committee meetings in an observational capacity and shadowed Sonia on the conclusion of the 2023 audit to ensure an orderly handover.

The external audit contract will be put out to tender at least every 10 years and the Committee currently expects to conduct an external audit tender in 2026. There are no contractual obligations that restrict the Committee's choice of External Auditor.

PwC's objectivity, independence and performance remain strong and, accordingly, the Committee has recommended to the Board that PwC be re-appointed as External Auditor for the 2024 financial year, subject to approval at the AGM to be held on Thursday, 25 April 2024.

The Committee is in compliance with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority.

Non-audit services

The Committee has put in place a robust auditor engagement policy to ensure that the External Auditor remains objective and independent. It considers how such objectivity might be, or appear to be, compromised through the provision of non-audit services by the External Auditor.

The Group's non-audit services policy can be found on the Company's website at www.hammerson.com and reflects the requirements of the Financial Reporting Council (FRC's) Revised Ethical Standard 2019 such that:

- The External Auditor may only provide services which are included on the FRC's 'whitelist' of services
- Non-audit services with fees up to £50,000 are assessed and, as appropriate, authorised by the Chair of the Committee. Services with fees above this level are considered by the Committee as a whole
- The provision of non-audit services is monitored closely to ensure compliance with the 70% non-audit services cap calculated as the average of the fees paid for audit services in the last three consecutive financial years

During the year, PwC received £0.1m for non-audit services (2022: £nil) this related to reporting accounting work to support the Group's £100m bond issue and was agreed with myself as Chair of the Committee prior to commencement of their work. For 2023, this represented 4% of the Group's audit fee for the year (2022: 1%) and further analysis of fees paid to the External Auditor is set out in note 5E to the financial statements.

CONCLUSIONS

The Committee's oversight of financial reporting, external and internal audit, and the further development of the risk and control environments have continued to be key areas of focus. These are likely to remain so for the 2024 financial year as the Group continues to deliver its strategic objectives.

The Committee remains focused on ensuring that finance and risk capability is appropriate to the scale of the business, whilst also acknowledging an increasingly regulated environment. As the UK's regulatory landscape continues to evolve, the Committee will continue to monitor developments from the review led by the Department for Business and Trade (previously part of the Department for Business, Energy and Industrial Strategy (BEIS)) into restoring trust in audit and corporate governance, and the impact the recommendations may have on the Group. In particular, the Committee will spend time working with management to prepare to report on the updated UK Corporate Governance Code, published by the FRC on 22 January 2024, with particular attention to the changes introduced to Section 4 in respect of audit, risk and internal control. The Committee and management are committed to ensuring that we respond positively to these changes in the regulatory environment, particularly in the context of the Group's digital transformation programme.

Mike Butterworth
Chair of the Audit Committee
28 February 2024

Directors' Remuneration Report

Aligning remuneration with our strategy and stakeholder interests. Ensuring our remuneration reflects market conditions and supports the ongoing focus on transforming and growing our business.

Habib Annous
Chair of the Remuneration Committee

Committee members
Habib Annous (Chair)
Méka Brunel
Carol Welch

Dear Shareholders

I am pleased to present our Directors' Remuneration Report (the Report) for the year ended 31 December 2023.

Context for the Committee's decisions

The external environment throughout 2023 provided significant headwinds. Interest rates continued to rise, reaching 5.25% in the UK and 4% in the Eurozone by the end of the summer, as central banks sought to bring inflation under control. The ongoing war in Ukraine and developments in the Middle East impacted business and consumer sentiment. All three of the economies where our flagship assets are based were in, or close to being in, technical recession as the year ended.

Despite these external factors, the Company delivered a strong financial performance and significant strategic and operational progress building on the improvements we have seen in the last three years.

In 2023, our Adjusted Earnings Per Share is up by 10% to 2.33p reflecting a 4% growth in like-for-like Net Rental Income. We continued to transform our cost base with Gross Administration Costs reducing by 14% as we pivoted to an agile platform. Management have also made good progress in strengthening the Group's balance sheet primarily through the disposal of non-core assets with net debt down 23% to £1,326m.

The recent announcement of the agreed disposal of Union Square will, when completed, deliver on the £500m disposal programme set out in our strategy.

Successful delivery of our strategic goals over the last three years means we are now well positioned to invest for growth and value creation whilst retaining our commitment to sustainability. We have committed to shareholders to keep the Annual Incentive Plan (AIP) measures under review to ensure they remain appropriate to Hammerson's evolution. For 2024, we are replacing the Gross Administration Costs and Net Debt performance measures within the AIP with Relative Total Accounting Return (TAR) and Net Rental Income (NRI) relative to our Business Plan. In choosing these measures we have sought to reflect the key pillars of the Company's growth.

Throughout the year, we have consulted extensively with shareholders. These discussions have helped the Committee in selecting the new measures. We have retained the Adjusted Earnings Per Share (EPS) measure introduced in 2023.

Short term incentive arrangement

As outlined above and elsewhere in the Annual Report, this was another successful year for the Group with significant progress having been made operationally, financially and strategically in our transformation.

Consistent with this, there was substantial delivery against the targets set for the AIP. The financial performance measures in 2023 were focused on Adjusted Earnings Per Share, reduction of Net Debt and Gross Administration Costs.

Adjusted Earnings Per Share performance was fully achieved with performance ahead of the on-target level.

The Net Debt target was achieved at just over the on-target level with an achievement at 56.1%.

Delivery against the Gross Administration Costs target was materially ahead, achieving a payout of 90%.

The reduction in CO_2 emissions (Scope 1 and 2) of 12.3% (on a like-for-like basis) resulted in a 100% achievement against the carbon emissions reduction measure. This strong performance is due to the delivery of energy efficiency works at several assets and an increased focus on energy saving actions and controls.

Personal/Strategic objectives were based on the Business Plan and Strategy with substantial progress being made in 2023 across the five strategic objectives as detailed on page 96.

Particular achievements included:

- The continued reinvigoration of our assets, signing 306 leases at an average of 12% above Estimated Rental Value (ERV)
- Delivery of the cost reduction programme while also achieving higher colleague retention and increasing the score for customer satisfaction
- Delivering significant progress against the digital transformation programme

Performance against the Personal/Strategic objectives was assessed at 95% for the Chief Executive Officer and 89% for the Chief Financial Officer.

Long term incentive arrangements

Consistent with market practice, our approach is to make annual grants of long term incentives awards through the Restricted Share Scheme (RSS). In line with the Policy, Rita-Rose Gagné and Himanshu Raja received annual RSS awards equivalent to 100% and 75% of base salary, respectively, on 20 March 2023.

As disclosed in previous Remuneration Reports, the first grant under the RSS was made to Rita-Rose Gagné as a recruitment award. The award was over shares then worth 1.5 times her salary in November 2020 on her appointment as Chief Executive. As RSS awards are subject to a performance underpin three years after grant, 2023 was the year when the award was due to be assessed.

The Committee assessed the underpin in the 2020 grant in December 2023 and determined that the underpin had been met and, therefore, that the award should be allowed to vest in accordance with the rules. The Committee thoroughly discussed all aspects of the Group's performance over the three years since grant, and concluded that the successful delivery of the strategy during this period should result in a full vesting. The Committee noted that on the basis of performance in the period, the outcome does not reflect any element of windfall. Among other things, the Committee considered the significant debt reduction, organisational and operational transformation, and positive Total Shareholder Return (TSR) of 83.6% (on an enhanced scrip dividend basis).

Following the assessment of the underpin, the total 2020 award is now included in full in the single figure table, which has, as expected, resulted in a significant increase in the single figure number for 2023.

A key feature of our approach to remuneration is ensuring alignment between the interests of our Executive Directors and shareholders. The impact of dividends and share price growth since November 2020 means that the amount for the 2020 RSS award included in the single figure table is nearly double the value originally awarded.

It is worth noting that the grant of the 2020 award is fully included in this year's numbers even though only one-third vested during 2023, with a second third contingent on employment to November 2024 and a final third contingent on employment to November 2025. As the award is also subject to a two year holding period, none of it is capable of release before November 2025 and, therefore, it is not yet part of Rita-Rose's actual 'take home pay'.

Remuneration alignment to strategy

All aspects of remuneration are regularly considered by the Committee to ensure they support and are aligned to strategy.

To support the changed focus to growing the business, the Committee has determined that the 2024 AIP financial performance measures be revised to comprise an equal weighting of Net Rental Income (being a key measure of the health of demand for our destinations), Adjusted Earnings Per Share and Relative Total Accounting Return (essentially comparing our net assets plus dividends to other listed property companies). The non-financial component will continue to include a 10% weighting on emissions reduction alongside the 25% for Personal/Strategic objectives.

Net Rental Income	21.67%
Adjusted Earnings Per Share	21.67%
Relative Total Accounting Return	21.67%
Emissions Reduction	10%
Personal/Strategic Objectives	25%

Result of the 2023 AGM and shareholder engagement

All remuneration related resolutions were passed by a clear majority of shareholders at the 2023 AGM, including the Directors' Remuneration Policy (the Policy), albeit not with the level of support which we would have ideally liked. This was impacted by the decision of one of our largest shareholders not to support these resolutions.

It is worth noting that our remuneration arrangements are consistent with institutional shareholder 'best practice' guidelines in all material respects.

Following the AGM, I engaged extensively with many of our largest shareholders who together represented around 60% of our share register. While the majority of our shareholders (and the related proxy agencies) support our Policy, some shareholders hold different views and would prefer to see the RSS replaced by a more traditional Long-Term Incentive Plan (LTIP). I understand the different shareholder viewpoints that we have in this area.

We note that there is some external debate amongst institutional shareholder bodies and other stakeholders, such as the Capital Markets Industry Taskforce, generally regarding approaches to executive remuneration. We will continue to stay abreast of the debate and to consider the position in light of developments in best practice.

Reflecting the evolution in our strategy and feedback from the engagement process, we have changed some of the metrics in our bonus scorecard and concluded that the current approach, with these modifications, is appropriate for 2024. As I explained in my letter to shareholders last year, the Committee will continue to consider the views of our shareholders whilst ensuring that the Policy supports the development of the strategy agreed by the Board and remains aligned to stakeholder interests.

Once again, I would like to thank shareholders who have engaged with me on remuneration matters. The insight and feedback provided is an important input to the Committee's discussions and decision making.

Colleague engagement

We communicate with, and receive feedback from, the Company's colleagues through a variety of channels, notably through The Colleague Forum (the Forum) which you can read about on page 73. Carol Welch, a member of the Remuneration Committee and Designated Non-executive Director for Colleague Engagement, and I met with the Forum in November 2023 to discuss executive remuneration and explain how it aligns with the wider Company pay policy. This informed a valuable discussion on this topic at the Committee's meeting in December.

The Committee is regularly updated on Group-wide colleague pay and benefits and considers colleague remuneration, as well as feedback from Carol Welch, as part of its review of executive remuneration.

2024 pay approach

The Committee approved a 4% salary increase for each of the Executive Directors, noting that this is below the average (5%) to be awarded to colleagues generally.

Exercise of discretion and judgement

The Remuneration Committee considered the AIP outturn and the satisfaction of the RSS underpin to be appropriate and to reflect a strong performance against the majority of objectives despite the challenging backdrop. As such, the Remuneration Committee did not exercise its discretion to override formulaic variable pay outturns in the year.

Conclusion

After another year of consistent strategic execution and operational progress, Hammerson is a stronger business. This is reflected in the remuneration outcomes for 2023.

In summary:

— The AIP delivered between 87.1% and 85.6% of the maximum for the Executive Directors, with 40% of each award deferred in shares for two years.
— The Committee assessed the underpin for the CEO's 2020 RSS grant, awarded on her appointment as CEO in November 2020. It determined that the award should be allowed to vest in accordance with the relevant rules.
— The CEO and CFO received RSS awards for 2023 over shares worth 100% and 75% of salary, respectively.
— Recognising the need to balance the impact of high inflation with the continuing focus on cost control, a 4% salary increase has been awarded to the Executive Directors which is below the average awarded to colleagues more generally.

Following the three years of transformational change for the business, Hammerson is well positioned to invest for sustainable growth. The Committee remains focused on ensuring that our remuneration structures and outcomes remain aligned with the strategy and Business Plan set by the Board.

At the 2024 AGM, the Remuneration Report will be submitted to shareholders. I am grateful for the engagement provided by shareholders during the year and I look forward to receiving your continued support at the AGM.

Habib Annous
Chair of the Remuneration Committee

	Activities and decisions of the Committee in 2023
Salary and benefits	— 2023 review of Executive Directors' pay and the fee for the Chair of the Board — 2023 review of GEC members' salaries
Annual Incentive Plan and Long Term Incentive Schemes	— Consideration of AIP 2022 outturn — Review and approval of 2023 AIP structure, performance targets and personal objectives — Review of likely 2023 AIP outturn and potential targets for 2024 — Review and approval of the 2023 RSS award levels — Review and approval of the underpin for the 2020 RSS award — Review of RSP awards for GEC members — Review of AIP for GEC members
Policy renewal	— Consideration of the policy against developments in market and best practice — Consideration of changes to the policy — Engagement with shareholders and proxy agencies on proposed changes to the policy and extensive discussion of feedback received in advance of the 2023 AGM
Governance	— Review of AGM season remuneration report results, and shareholders' and proxy agencies' views on remuneration — Review of the Remuneration Committee's terms of reference — Post AGM engagement with shareholders on remuneration matters
Other	— Review of Directors' Remuneration Report — Employee share plan award activity — Review of remuneration consultant costs and re-appointment — Review of emerging remuneration practice — In consultation with the Designated Non-executive Director for Colleague Engagement, engagement with the wider workforce on how executive pay aligns with pay for the wider workforce

The Directors' Remuneration Report (the Report) sets out how the Directors' Remuneration Policy (the Policy) was put into practice in 2023 and how we intend to implement it in 2024. It is divided into three sections:

— Section 1: Single figure tables
— Section 2: Further information on 2023 remuneration
— Section 3: Implementation of Remuneration Policy in 2024

The Group's External Auditors have reported on certain sections of this Report and stated whether, in their opinion, those sections have been properly prepared.

The Policy was approved by shareholders at the AGM held on 4 May 2023 and is available to view on the investor relations section of the Company's website at www.hammerson.com. A summary of the key provisions for each element of the Directors' Remuneration Policy is set out in this Report.

SECTION 1: SINGLE FIGURE TABLES

This section contains the single figure tables showing 2023 remuneration for the Executive Directors and Non-executive Directors, and information that relates directly to the composition of these figures.

All figures highlighted in **GREEN** in the Report relate directly to a figure that is found in the Single Figure Table below.

Executive Directors' remuneration: Single Figure Table (audited)

		Salary £000	Benefits £000	Pension £000	Fixed Total £000	Annual Bonus (AIP) £000	Restricted Share Scheme (RSS)(1) £000	Variable Total £000	Total £000
Rita-Rose Gagné	**2023**	**706**	**21**	**71**	**798**	**1,241**	**2,025**	**3,266**	**4,064**
	2022	682	25	68	775	1,120	–	1,120	1,895
Himanshu Raja	**2023**	**452**	**20**	**45**	**517**	**585**	–	**585**	**1,102**
	2022	436	25	44	505	529	–	529	1,034
Total	**2023**	**1,158**	**41**	**116**	**1,315**	**1,826**	**2,025**	**3,851**	**5,166**
	2022	1,118	50	112	1,280	1,649	–	1,649	2,929

1 See summary of RSS immediately below.

Commentary on the Single Figure Table (audited)

Restricted Share Scheme (RSS)

In 2023, Rita-Rose Gagné's first RSS award (made on her appointment as CEO in November 2020) met its performance underpin with the Company achieving a positive TSR of 83.6% (on an enhanced scrip dividend basis) over the reference period (being the three years from 2 November 2020) and making significant progress against the strategy set in early 2021. Key highlights over the reference period included a reduction in net debt of £876m (39%), multiple disposals raising £843m of gross proceeds, significant cost reductions, and substantial internal transformation and team restructuring, leading the Committee to determine that the underpin had been met and that the award should be allowed to vest in accordance with the relevant rules. The award ceases to be contingent on employment as to one-third on each of the third, fourth and fifth anniversaries of grant in November 2020, and was therefore not immediately payable in 2023. The award is then exercisable only from the fifth anniversary of grant and ceases to be exercisable on the seventh anniversary of grant.

The single figure table above shows the full 2020 RSS award (and, for the avoidance of doubt, not solely the one-third which ceased to be contingent on employment on the third anniversary of grant).

The value of the 2020 RSS award has been calculated using the closing share price on the third anniversary of grant date for the one-third of the RSS award which ceases to be contingent on employment (24.70p). The value of the remaining two-thirds of the awards has been calculated using the share price over the last quarter of the financial year (25.80p). The total value includes dividend equivalents of £589,819. £427,908 of the total value is attributable to share price appreciation in the period between grant in November 2020 and November 2023 based on the grant price of 17.71p.

Annual bonus for 2023

The Annual Incentive Plan (AIP) is the Company's annual bonus scheme. The bonus awards are based on performance conditions that were approved by the Committee. For 2023, the AIP bonus was split 65% for performance against financial measures, 10% for emissions reduction and 25% for performance against personal objectives. The Committee has the ability to override the indicative formulaic outturn if it considers that not to be appropriate given the Company's performance during the year.

The performance targets were not disclosed in advance of the year, as they were considered by the Board to be commercially sensitive information, but full details of the conditions and performance against them are now set out below.

	Financial measures (% of bonus achieved, max 65%)	ESG measures (% of bonus achieved, max 10%)	Personal/ Strategic measures (% of bonus achieved, max 25%)	Total vesting percentage (%, max 100%)	Vesting amount as % of salary	AIP amount (Shown in Single Figure Table) £000
Rita-Rose Gagné (max bonus – 200% of salary)	53.3%	10.0%	23.75%	87.1%	174.1%	1,241
Himanshu Raja (max bonus – 150% of salary)	53.3%	10.0%	22.25%	85.6%	128.4%	585

AIP OUTTURN

						Performance against targets a			Bonus achieved
Performance measures			Entry threshold (% vesting at threshold)	On-target (50% vesting)	Full vesting target (100% vesting)	Result achieved	Vesting percentage against maximum	Weighting (% of max bonus available)	% of max bonus achieved
Adjusted earnings per share		b	1.91p	2.12p	2.33p	2.33p	100%	21.67%	21.67%
Net debt		c	£1,685m	£1,342	£1,217m	£1,326m	56.1%	21.67%	12.16%
Gross admin costs			£55.0m	£53.1m	£51.1m	£51.5m	90.0%	21.67%	19.50%
ESG – emissions reduction vs 2022		d	3%	5%	7%	12.3%	100.0%	10.0%	10.00%
Personal/Strategic objectives	Rita-Rose Gagné	e	See summary of progress in the table below				95% CEO	25%	23.75%
Personal/Strategic objectives	Himanshu Raja	e					89% CFO	25%	22.25%
Total CEO									**87.1%**
Total CFO									**85.6%**

a Each of the AIP performance conditions is subject to a straight line payment scale between threshold, on-target and full vesting points.

b Consistent with established practice, the original performance targets for Adjusted Earnings Per Share are, where relevant, adjusted for variances in the timing of planned disposals.

c Net debt is as shown in Table 13 of the Additional information. Again, consistent with established practice, the original targets were adjusted to reflect changes in foreign exchange rates in the year.

d Reduction in emissions is assessed on a like for like basis based on Scope 1 and 2 emissions.

e Personal/Strategic objectives for the CEO and CFO were based on the Business Plan and Strategy with substantial progress made across the five strategic objectives, as summarised in the table overleaf.

Performance against AIP Personal/Strategic Objectives

Value Creation	– Further realigned our portfolio with the sale of non-core assets – The success of the continued reinvigoration of our assets and placemaking activities, resulted in the signing of 306 leases, with £46m of headline rent (£29m at our share) at 12% above ERV, maintaining strong flagship occupancy – Repositioning of Bullring, resulting in an uplift to ERV of 5% in 2023 – Delivered like-for-like GRI growth of 6% and NRI growth of 4% – Improved the headline loan to value ratio to 34%, enabling us to invest for growth
Cost Management	– 49% reduction in headcount from December 2022 – Alongside cost management initiatives, surveyed occupiers to ensure that we continue to provide a superior proposition with overall customer satisfaction increased (as confirmed by our external provider) – 14% year-on-year reduction in Gross Administration Costs
Sustainability	– Regained 4* GRESB scoring – Launched a new colleague engagement survey with 83% participation which will provide the basis for tracking future trends – Prioritising broader social impact with new partners, including being the first destination to be used by Charity Supr.Mkt – Integrated net zero pathways into our asset management plans – 90% of colleagues participated in the Hammerson Giving Back Day – Delivering a strong investment in social value of £2.5m
Organisation	– Further integration of the new simplified, asset-centric operating model, removing inefficiencies and leveraging the strength of our portfolio to further consolidate our suppliers to enhance our support for our occupiers and customers – Consolidation of UK-based offices to a new London head office in Marble Arch, achieving cost savings and high levels of colleague engagement with 83%+ positive feedback on the move – Implementation of coaching and development plans for colleagues across the organisation to support growth and retention – High levels of colleague engagement in Affinity group activities and successful refresh of The Colleague Forum
Digitalisation	– Implemented a new enhanced leasing platform which achieves a faster and more efficient leasing process both for us and our occupiers – Engaging with customers both directly and through social media to attract new customers and increase revenue streams through ticketed placemaking activations such as the Sound of Musicals event at Westquay and the first Late Night Out event at the Bullring – Increased automation of internal enterprise systems, to improve the agility of our processes

The Committee assessed individual contribution to these common objectives and, in light of the exceptional achievements made to complete the transformation project and return the Company to a value creation and growth strategy, concluded that the individual outturns at 95% and 89% for the CEO and CFO respectively were reasonable.

Against this backdrop, a scorecard outturn of 87.1% of maximum for the CEO and 85.6% of maximum for the CFO was proposed to the Committee which, following due consideration, was approved without adjustment. 40% of the outturn is deferred into shares for two years, generally contingent on continued employment.

Fixed Remuneration

Salary

This represents salary earned in respect of the year. From 1 April 2023, salaries increased by 4%.

Benefits

The taxable benefits shown in the Single Figure Table include a car allowance (£16,000), private health insurance and permanent health insurance for both Executive Directors.

Executive Directors are eligible to participate in the Company's all-employee share plan arrangements (SIP and Sharesave). Himanshu Raja's benefits also include amounts received in respect of his participation in the SIP in 2023.

Pension

Executive Directors receive a salary supplement in lieu of pension benefits. Rita-Rose Gagné and Himanshu Raja each received a salary supplement of 10% of base salary which is consistent with the rate available to new joiners and below the rate for longer-serving employees. All salary supplements paid to Executive Directors in lieu of pension benefits are subject to deductions required for income tax and employees' national insurance contributions in the UK.

Non-executive Directors: Single Figure Table (audited)

The table below shows the remuneration of Non-executive Directors for the year ended 31 December 2023 and the comparative figures for the year ended 31 December 2022. The figures for 2022 only include directors who served for part of 2023 and, therefore, do not equate to the totals for 2022 as reported in last year's report.

Non-executive Directors' remuneration for the year ended 31 December 2023

		Committee membership and other responsibilities			Fees		Benefits		Total	
		Audit Committee	Remuneration Committee	Other	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Robert Noel				Chair of the Board	300	300	3	3	303	303
Habib Annous	a	✓	✓	Chair of the Remuneration Committee	82	78	-	–	82	78
Méka Brunel	b		✓		67	67	5	2	72	69
Mike Butterworth	c	✓		Senior Independent Director and Chair of the Audit Committee	87	83	1	–	88	83
Adam Metz	d	✓			67	67	92	70	159	137
Carol Welch			✓	Designated Non-Executive Director for Colleague Engagement	75	75	1	–	76	75
Total	e				678	670	102	75	780	745

a Habib Annous was appointed Chair of the Remuneration Committee on 28 April 2022.
b Méka Brunel is based in France. This is reflected in her benefits figure – see Benefits note below.
c On 29 April 2022, Mike Butterworth was appointed as Senior Independent Director.
d Adam Metz is based in the USA. This is reflected in his benefits figure – see Benefits note below.
e All Non-executive Directors are members of the Nomination and Governance Committee. No fee is payable for being Chair or a member of that Committee.

Benefits

Benefits disclosed relate to the reimbursement of travel and accommodation expenses incurred in attending Board meetings at the Company's head office. For those Non-executive Directors based outside the UK, this includes the cost of international travel and accommodation. In accordance with the Policy, any tax arising is settled by the Company. Robert Noel is entitled to private medical insurance which is taxed as a benefit in kind. The grossed-up value of relevant amounts has been disclosed.

Fees payable to Chair of the Board and Non-executive Directors – 2023 annual fees

	£
Chair of the Board	300,000
Non-executive Director	61,500
Senior Independent Director	10,000
Audit Committee Chair	15,000
Remuneration Committee Chair	15,000
Audit/Remuneration Committee Member	5,000
Designated Non-executive Director for Colleague Engagement	8,000

SECTION 2: FURTHER INFORMATION ON 2023 REMUNERATION

Directors' shareholdings and share plan interests (audited)

Summary of all Directors' shareholdings and share plan interests as at 31 December 2023 (including Persons Closely Associated)

	Outstanding scheme interests at 31 December 2023				Actual shares held		
	Unvested (subject to performance measures) a	Unvested (not subject to performance measures) b	Vested but unexercised scheme interests c	Total shares subject to outstanding scheme interests	At 1 January 2023 d	At 31 December 2023 e	Total of all scheme interests and share-holdings at 31 December 2023 e
Executive Directors							
Rita-Rose Gagné	8,204,843	8,623,558	2,654,716	19,483,117	322,201	329,448	19,812,565
Himanshu Raja	3,797,241	1,460,465	–	5,257,706	263,357	284,368	5,542,074
Non–executive Directors							
Robert Noel	–	–	–	–	1,206,177	1,240,089	1,240,089
Habib Annous	–	–	–	–	842,002	861,793	861,793
Méka Brunel	–	–	–	–	31,514	65,184	65,184
Mike Butterworth	–	–	–	–	211,317	211,317	211,317
Adam Metz	–	–	–	–	1,126,950	1,152,297	1,152,297
Carol Welch	–	–	–	–	52,587	52,587	52,587

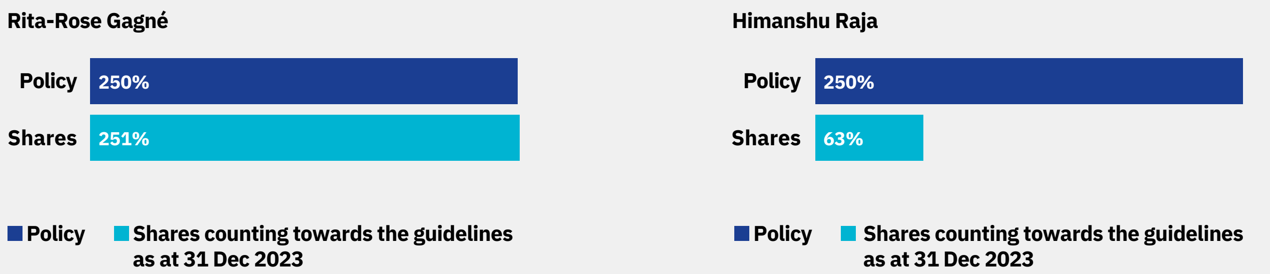
a RSS awards.
b DBSS, Sharesave and RSS awards (that have completed any underpin period).
c RSS awards that have vested but remain unexercised plus any notional dividend shares.
d Or joining date if later.
e Or leaving date if earlier.
f DBSS and RSS awards are nil cost options, satisfied through market purchase. The DBSS awards are exercisable from the second anniversary of grant until the seventh anniversary of grant. The RSS awards are subject to an employment contingency vesting one third on each of the third, fourth and fifth anniversaries of grant (to the extent the performance underpin is met following the third anniversary of grant). The RSS awards are exercisable from the fifth anniversary of grant and cease to be exercisable on the seventh anniversary of grant.

Between 1 January 2024 and 27 February 2024 (being the latest practicable date prior to publication of this document) the Executive and Non-executive Directors' beneficial interests in the table above remained unchanged.

Directors' share ownership guidelines (audited)

The chart below shows the Executive Directors actual share ownership compared with the current share ownership guidelines. Executive Directors are normally expected to achieve the minimum shareholding guidelines within seven years of appointment. Non-executive Directors are also encouraged to acquire a shareholding in the Company.

Directors' share ownership guidelines



* The shareholding as a percentage of salary is as at the share price of 28.4p on 31 December 2023. Shares under award are granted on a gross basis but only credited to the ownership requirement on a net of tax basis, as shown above.

Rita-Rose Gagné achieved the share ownership guidelines in 2023. During the year the 2020 RSS underpin was met and, therefore, consistent with the Investment Association's guidelines, those shares now count (on a net of tax basis) against her ownership requirement.

Himanshu Raja was appointed as Chief Financial Officer on 26 April 2021 and is required to achieve the share ownership guidelines by April 2028. In practice, it is currently anticipated that the guidelines should be met earlier than this. Assuming the 2021 RSS underpin is met during 2024, his holding for the purposes of the guidelines is likely to increase to at least one time's salary during the year.

Executive Directors' share plan interests (including share options) (audited)

The table overleaf sets out the Executive Directors' interests under the Deferred Bonus Share Scheme (DBSS) and the Restricted Share Scheme (RSS). No Executive Director holds awards under the LTIP.

Performance conditions and form of awards (audited)

Awards under the DBSS are not subject to any performance conditions (other than continued employment on the vesting date). The RSS awards are subject to a material underperformance underpin. RSS awards were made on 20 March 2023 over shares worth 100% of salary to Rita-Rose Gagné and over shares worth 75% of salary to Himanshu Raja. These awards were granted subject to a broad underpin (measured at the third anniversary of grant) in respect of the entire awards so that the Remuneration Committee may reduce the level of vesting if it feels that it is not appropriate in all the circumstances and may have regard to the various factors mentioned in the Policy in so determining. The underpin requires that the Group's performance and delivery of strategy is sufficient to justify vesting having regard to factors such as absolute and relative TSR, Net Debt and TPR over the underpin period.

Awards to Executive Directors under the RSS and DBSS are made in the form of nil-cost options.

Accrual of dividend shares

DBSS and RSS awards accrue notional dividend shares to the date of vesting (including any holding period).

Face values (audited)

Face values for the DBSS and RSS awards are calculated by multiplying the number of shares granted during 2023 by the average share price for the five business days preceding the awards. Notional dividend shares are not included in the face value calculations.

Dilution limits

Current in flight DBSS awards and Sharesave (SAYE) grants are satisfied using market purchased shares. RSS awards are also satisfied using market purchased shares (whether via a trust or treasury). It is expected that the 2024 RSS and DBSS awards will be satisfied in a similar way. The Committee may grant awards with new issued shares and will comply with the dilution limits as set out in the rules of the Company's share incentive plans during the year. The Company operates within the Investment Association's guidelines with reference to share dilution not exceeding 10% of the issued ordinary share capital in any rolling 10-year period under all-employee plans and 5% under its discretionary plans (counting both new issue and treasury shares).

Executive Directors' share plan interests 2023 (audited)

		Date of award	Vesting date	Number of awards held at 1 January 2023	Awarded	Notional dividend shares accrued	Exercised/ vested	Lapsed	Number of awards held at 31 December 2023	Grant price pence d	Face value of awards granted/ purchased during 2023 £000
Rita-Rose Gagné											
RSS	a	02 Nov 2020	02 Nov 2023	**7,782,944**	**–**	**181,204**	**2,654,716**	**–**	**5,309,432**	17.710	–
RSS	a	31 Mar 2021	31 Mar 2024	**2,558,171**	**–**	**59,560**	**–**	**–**	**2,617,731**	33.590	–
RSS	a	22 Mar 2022	22 Mar 2025	**2,502,074**		**58,524**	**–**	**–**	**2,560,598**	31.660	–
RSS	a	20 Mar 2023	20 Mar 2026	–	**2,957,917**	**68,867**	**–**	–	**3,026,784**	24.100	713
DBSS	b	22 Mar 2022	22 Mar 2024	**1,380,568**	**–**	**32,143**	–	–	**1,412,711**	31.660	–
DBSS	b	20 Mar 2023	20 Mar 2025	**–**	**1,858,153**	**43,262**	–	**–**	**1,901,415**	24.100	448
Himanshu Raja											
RSS	a	27 Apr 2021	27 Apr 2024	**1,090,539**	–	**25,390**	**–**	**–**	**1,115,929**	37.810	–
RSS	a	22 Mar 2022	22 Mar 2025	**1,200,771**	–	**27,956**	**–**	**–**	**1,228,727**	31.660	–
RSS	a	20 Mar 2023	20 Mar 2026	–	**1,419,535**	**33,050**	–	–	**1,452,585**	24.100	342
DBSS	b	22 Mar 2022	22 Mar 2024	**453,496**	–	**10,558**	–	–	**464,054**	31.660	–
DBSS	b	20 Mar 2023	20 Mar 2025	**–**	**878,099**	**20,444**	**–**	**–**	**898,543**	24.100	212
Sharesave	c	07 Jul 2022	01 Aug 2025	**97,868**	–	**–**	**–**	**–**	**97,868**	21.894	

a RSS awards vest as to one-third on each of the third, fourth and fifth anniversaries of the date of award. The performance period for the purpose of the performance conditions is the period of three years from grant. RSS awards were made on 20 March 2023 over shares worth 100% of salary to Rita-Rose Gagné and over shares worth 75% of salary to Himanshu Raja.

b DBSS awards vest on the second anniversary of the date of award. DBSS awards were made on 20 March 2023 over shares worth 40% of the prior year bonus to Rita-Rose Gagné and Himanshu Raja.

c The exercise price for the Sharesave award is 18.39p. This refers to the share price on the business day preceding the start of the Sharesave invitation period of 22.99p, with the exercise price set at 80% of this.

d The grant price refers to the average closing price over the five days prior to grant consistent with the general approach to determining the awards.

Executive Directors' SIP interests (audited)

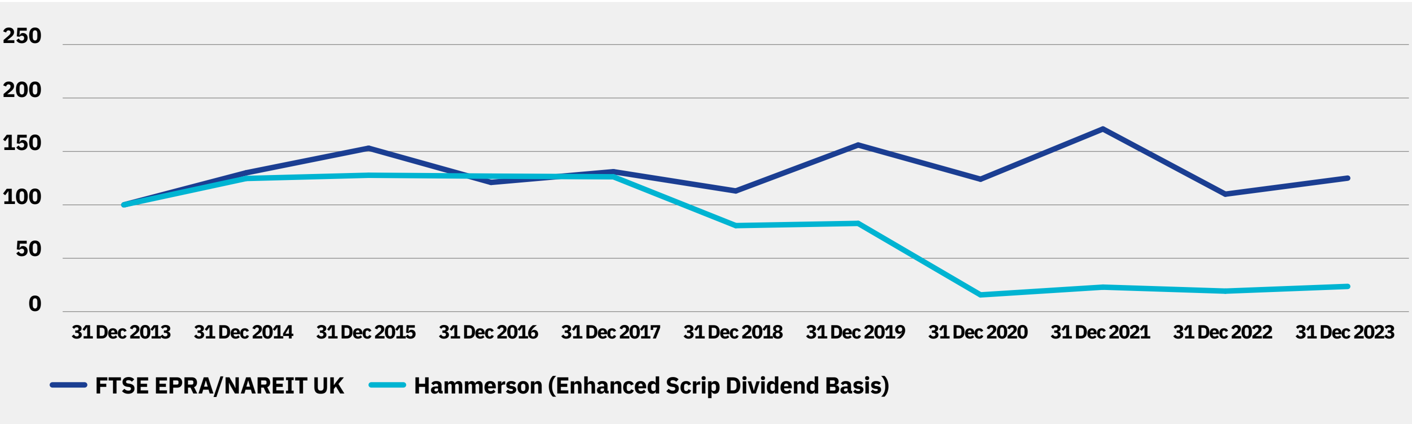
The Executive Directors' interests in ordinary shares of the Company under the Share Incentive Plan (SIP) as at 31 December 2023 (or at their leaving date if earlier) are shown in the table below. The shares are held in a SIP trust.

	Total SIP shares 1 January 2023	Partnership shares purchased	Matching shares awarded	Free shares awarded	Dividend shares awarded	Total SIP shares 31 December 2023
Himanshu Raja	**27,712**	**6,726**	**6,726**	**–**	**959**	**42,123**

Total Shareholder Return

The chart below shows the Total Shareholder Return (TSR) in respect of the Company's ordinary shares of 5p each for the 10 years ended 31 December 2023 against the return of the FTSE EPRA/NAREIT UK Index, which comprises shares of a number of the Company's peers. The total shareholder return is rebased to 100 at 31 December 2013. The other points shown on the chart are the values at intervening financial year ends.

Total Shareholder return index



Remuneration of the Chief Executive over the last 10 years

The table below shows the remuneration of the holder of the office of Chief Executive.

Chief Executive's remuneration history

	Total remuneration £000	As a % of maximum Annual bonus	 RSS/LTIP vesting
2023 Rita-Rose Gagné	4,064	87.1%	100%
2022 Rita-Rose Gagné	1,895	81.7%	n/a
2021 Rita-Rose Gagné	2,106	70.4%	n/a
2020 (Rita-Rose Gagné) from 2 November 2020	148	0.0%	n/a
2020 (David Atkins) to 2 November 2020	617	0.0%	0.0%
2019 David Atkins	1,408	37.1%	29.7%
2018 David Atkins	1,109	n/a	51.5%
2017 David Atkins	1,795	47.5%	56.4%
2016 David Atkins	2,681	65.3%	64.9%
2015 David Atkins	2,147	77.3%	0.0%
2014 David Atkins	1,568	65.3%	0.0%

Relative importance of spend on pay

The table below shows the Company's total employee costs compared with dividends paid.

Total employee costs compared with dividends paid

	Note*	**2023 £m**	2022 £m	Change
Employee costs	5B	**35.3**	42.8	-17.5%
Dividends	21	**35.9**	140.3	-74.4%

* Note references are to the financial statements

Remuneration for the Executive Directors and Non-executive Directors compared with UK employees of the Hammerson Group

The tables show the percentage change from 31 December 2022 to 31 December 2023 in base salary, taxable benefits and bonus for the Executive and Non-executive Directors compared with other employees of the Hammerson Group in the UK. Hammerson Plc does not have any employees. This data has been prepared using the employees of the UK subsidiaries only. The Executive Directors have been excluded from the UK employees' calculation.

Given the number of Directors who had not served for the whole of the two years being compared, any part year has been annualised on the basis of days served on the Board. While this is slightly simplistic, it provides a fairer overall position of the year-on-year changes than taking the unadjusted earnings in each year.

Following the significant reduction in UK headcount from 196 to 107 during 2023, we have updated the approach to calculating the percentage change for total UK employees shown in the tables below. The new approach is based on the weighted average change in salary, benefits and annual bonus for all employees who were employed throughout both 2022 and 2023, with pay being calculated on a full time equivalent basis. The prior year figures have not been restated.

Percentage change in the Executive Directors' base salary, taxable benefits and bonus

	Change % (2022 to 2023)			Change % (2021 to 2022)			Change % (2020 to 2021)			Change % (2019 to 2020)		
	Salary	**Benefits**	**Annual bonus**	Salary	Benefits	Annual Bonus	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus
Rita-Rose Gagné (CEO)	**3.5%**	**-16.0%**	**10.8%**	1.5%	-94.1%	18.4%	—	180.5%	n/a	n/a	n/a	n/a
Himanshu Raja (CFO)	**3.7%**	**-20.0%**	**10.6%**	1.4%	5.4%	13.4%	n/a	n/a	n/a	n/a	n/a	n/a
Total UK employees	**6.6%**	**3.6%**	**22.3%**	12.3%	15.5%	32.1%	9.5%	18.6%	324.7%	3.7%	-5.3%	-73.8%

Percentage change in the Non-executive Directors' fee and taxable benefits

	Change % (2022 to 2023)			Change % (2021 to 2022)			Change % (2020 to 2021)			Change % (2019 to 2020)		
	Salary	**Benefits**	**Annual bonus**	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus	Salary	Benefits	Annual Bonus
Robert Noel	—	**—**	**N/A**	—	-20.2%	n/a	3.8%	19.0%	n/a	n/a	n/a	n/a
Habib Annous	**5.1%**	**N/A**	**N/A**	11.1%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Méka Brunel	**—**	**150%**	**N/A**	0.0%	n/a	n/a	7.4%	-100.0%	n/a	-1.9%	-87.7%	n/a
Mike Butterworth	**4.8%**	**100%**	**N/A**	13.9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Adam Metz	**—**	**31.4%**	**N/A**	—	3,271.5%	n/a	7.4%	-93.7%	n/a	-1.7%	-77.8%	n/a
Carol Welch	**—**	**100%**	**N/A**	—	n/a	n/a	17.9%	n/a	n/a	-4.3%	—	n/a
Total UK employees	**6.6%**	**3.6%**	**22.3%**	12.3%	15.5%	32.1%	9.5%	18.6%	324.7%	3.7%	-5.3%	-73.8%

The table below shows the ratio of Chief Executive pay to that of the UK employees whose pay is at the 25th percentile, median and 75th percentile.

Chief Executive pay ratio

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	**Option A**	**47:1**	**34:1**	**20:1**
2022	Option A	41:1	26:1	15:1
2021	Option A	48:1	30:1	18:1
2020	Option A	21:1	13:1	7:1
2019	Option A	36:1	22:1	12:1

Total UK employee pay and benefits figures used to calculate the 2023 Chief Executive Pay Ratio

Year	25th percentile pay £000	Median pay £000	75th percentile pay £000
Salary	58	83	121
Total UK employee pay and benefits	86	121	201

Supporting information for the Chief Executive Pay Ratio

The Company has chosen the Option A methodology to prepare the pay ratio calculation as this is the most statistically robust method and is in line with the general preference of institutional investors.

As ratios could be unduly impacted by joiners and leavers who may not participate in all remuneration arrangements in the year of joining and leaving, the Committee has modified the statutory basis to exclude any employee not employed throughout the whole financial year.

Employee pay data is based on full-time equivalent (FTE) pay for UK employees as at 31 December 2023. For each employee, total pay is calculated in line with the single figure methodology (i.e. fixed pay accrued during the financial year and the value of performance based incentive awards vesting in relation to the performance year). Leavers and joiners are excluded. Employees on maternity or other extended leave are included on the basis of their FTE salary and benefits and pro-rata short term incentives. No other calculation adjustments or assumptions have been made.

The primary reason for the increase in the Chief Executive pay ratios from 2022 to 2023 was that the single figure disclosures for Rita-Rose Gagné include the value of the 2020 RSS award as it is included when the performance underpin is met even though it is only capable of release to her after another two years and two-thirds of the award remains contingent on further employment.

Each of the three individuals identified was a full-time employee during the year and received remuneration in line with the Policy.

Generally, the Remuneration Policy supports a greater variable pay opportunity the more senior the employee as these employees are able to influence Company performance more directly. Executive Directors participate in the RSS linked to long term strategy whilst other employees may participate in the Restricted Share Plan (RSP). The individuals identified this year for median and the 75th percentile pay were participants in the RSP and all three individuals received an annual bonus for 2023. The median pay ratio is consistent with the pay, reward and progression policies for the Company's UK employees, reflecting the Company's policy to pay market based levels of fixed rewards to its employees with an opportunity to benefit from the annual bonus plan. With a significant proportion of the Executive Directors' pay linked to performance and share price over the longer term, it is expected that the ratio will depend to a significant extent on RSS and RSP outcomes each year, and accordingly may fluctuate from year-to-year.

Payments to past Directors (audited)

No LTIP awards vested in 2023 to former Executive Directors. There were no payments to past Directors.

Payments for loss of office (audited)

There were no payments to past Directors for loss of office.

Service contracts and notice periods

The dates of the appointments of the Executive Directors in office as at 31 December 2023 are set out below.

	Rita-Rose Gagné	Himanshu Raja
Date of service contract	29 September 2020	19 April 2021
Notice period	12 months' notice (both from and to the Executive Director).	
Payment in lieu of notice (PILON)	Employment can be terminated by the Company with immediate effect by making a PILON in respect of the outstanding notice period comprising base salary and the value of benefits in respect of pension, private medical insurance and car allowance. No PILON in event of gross misconduct. The Company has the discretion to make any PILON on a phased basis, subject to mitigation.	

The dates of the appointments of the Non-executive Directors in office as at 31 December 2023 are set out below.

	Date of original appointment to Board	Commencement date of current term	Unexpired term as at April 2024
Robert Noel	1 September 2020	1 September 2023	2 years, 4 months
Habib Annous	5 May 2021	5 May 2021	1 month
Méka Brunel	1 December 2019	1 December 2022	1 year, 8 months
Mike Butterworth	1 January 2021	1 January 2024	2 years, 8 month
Adam Metz	22 July 2019	22 July 2022	1 year, 3 months
Carol Welch	1 March 2019	1 March 2022	11 months

Non-executive Directors are generally entitled to three months' notice.

External board appointments
Where Board approval is given for an Executive Director to accept an external non-executive directorship, the individual is entitled to retain any fees received. Rita-Rose Gagné and Himanshu Raja do not currently hold any external non-executive directorships.

Committee process
In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision making process related to their own remuneration. In particular, the remuneration of all Executive Directors is set and approved by the Committee; none of the Executive Directors are involved in the determination of their own remuneration arrangements. The Committee also receives support from external advisors and evaluates the support provided by those advisors annually to ensure that advice is independent, appropriate and cost effective.

Committee membership and meetings
The Committee continues to be comprised exclusively of independent Non-executive Directors and its terms of reference can be found on the Company's website at www.hammerson.com. The members of the Committee are shown at the start of this report.

The Committee met five times during the year. The agenda for each meeting is planned around the Group's reporting cycle and includes particular matters for the Committee's consideration. Following each meeting, the Board is appraised of matters arising from the Committee. The Chair of the Board, Chief Executive, Chief People Officer and external remuneration consultant attend meetings by invitation, together with the General Counsel and Company Secretary, who acts as secretary to the Committee.

Committee effectiveness
In line with the 2018 Code's requirements, an internal evaluation of the effectiveness of the Board and its committees was undertaken in 2023 (following an external evaluation in 2022). Further information on the 2023 evaluation can be found on page 76. The Committee considers that it continues to function effectively and in accordance with its terms of reference. In 2023, the Committee reviewed its terms of reference to ensure that they remain appropriate.

Advisors
The Committee appointed FIT Remuneration Consultants (FIT) in August 2011. FIT has no other connection with the Company or its Directors. Directors may serve on the remuneration committees of other companies for which FIT acts as remuneration consultants. The Committee is satisfied that all advice given was objective and independent having regard to their experience of working with advisors. FIT is a member of the Remuneration Consultants Group and subscribes to its Code of Conduct. Fees paid for services to the Committee in 2023 totalled £107,723 (2022: £87,283). FIT does not provide any other services to the Company. Terms of engagement (available on request to shareholders) specify that FIT will only provide advice expressly authorised by or on behalf of the Remuneration Committee. FIT fees were charged on the basis of the time spent advising the Company.

Slaughter and May provides legal advice and Lane Clark & Peacock LLP provides actuarial advice to the Company. The Committee may seek advice from both firms where it relates to matters within its remit.

Statement of voting at Annual General Meeting
The table below shows votes cast by proxy at the AGM held on 4 May 2023 in respect of the Directors' Remuneration Report and Directors' Remuneration Policy.

Statement of voting on remuneration

	Votes for		Votes against		Votes withheld
	Number		Number		number
2022 Remuneration Report (at the 2023AGM)	2,507,121,900	61.01%	1,602,373,868	38.99%	100,227,947
2023 Remuneration Policy (at the 2023 AGM)	2,546,605,548	60.67%	1,651,063,011	39.33%	12,055,156

As indicated in the Committee Chair's statement, while all remuneration related resolutions were passed at the 2023 AGM, this was not with the level of support which the Company would have ideally liked. This was impacted by the decision of one of the Company's largest shareholders not to support these resolutions. Following the 2023 AGM, the Chair of the Remuneration Committee undertook further engagement with shareholders. More information can be found in his letter on pages 91 and 92.

SECTION 3: IMPLEMENTATION OF REMUNERATION POLICY IN 2024

This section sets out information on how the Remuneration Policy will be implemented in 2024.

In implementing the Remuneration Policy, the Committee will continue to take into account factors such as remuneration packages available within comparable companies: the Group's overall performance; internal relativities; achievement of corporate objectives; individual performance and experience; published views of institutional investors; and general market and wider economic trends.

Summary of planned implementation of the Remuneration Policy during 2024

Salary

Policy

Purpose and link to strategy	Performance measures	Operation
To continue to retain and attract quality leaders To recognise accountabilities, skills, experience and value	Not applicable	Reviewed but not necessarily increased annually by the Committee The base salary for any existing Executive Director will not exceed £850,000 (or the equivalent if denominated in a different currency), with this limit increasing annually at the rate of UK CPI from the date of the 2017 AGM

Implementation

An increase of 4% was approved for each of the Executive Directors to take effect on 1 April 2024.

2024 Executive Directors' salaries	£000
Rita-Rose Gagné	741
Himanshu Raja	474

Benefits

Policy

Purpose and link to strategy	Performance measures	Operation
To provide a range of benefits in line with market practice To continue to retain and attract quality leaders	Not applicable	The aggregate value received by each Executive Director (based on value of P11D tax calculations or equivalent basis for a non-UK based Executive Director) will not exceed £100,000, with this maximum increasing annually at the rate of UK CPI from the date of the 2017 AGM

Implementation

In 2024, these benefits will continue to include a car allowance, enhanced sick pay, private medical insurance, permanent health insurance and life assurance.

Pension

Policy

Purpose and link to strategy	Performance measures	Operation
To provide market competitive retirement benefits to continue to retain and attract quality leaders	Not applicable	Executive Directors receive a 10% non-contributory allowance (Pension Choice) to be paid as, or as a combination of: – an employer contribution to the Group's defined contribution pension plan; – a payment to a personal pension plan; or – a salary supplement.

Implementation

Executive Directors will continue to receive a 10% salary supplement by way of pension provision.

Annual Incentive Plan (AIP) and deferral under the Deferred Bonus Share Scheme (DBSS)

Policy

Purpose and link to strategy	Performance measures	Operation
To align Executive Director remuneration with annual financial and Company strategic targets as determined by the Company's Business Plan To differentiate appropriately, in the view of the Committee, on the basis of performance The partial award in shares aligns interests with shareholders and supports retention	The annual bonus operates by reference to financial and personal performance measures assessed over one year. The weighting of financial measures will be at least 60% of the total opportunity	Awards are paid in a mix of cash and deferred shares, with the deferred shares element being at least 40% of the total award. The deferral period is at least two years. Awards are subject to clawback and malus provisions

Implementation

The AIP maximum will remain at 200% of base salary for the Chief Executive and 150% of base salary for the CFO.

Performance measures for the AIP for Executive Directors in 2024 are set out in the table below. They have been amended to replace Gross Administrative Costs and Net Debt with Net Rental Income and Relative Total Accounting Return. Adjusted Earnings Per Share has been retained as a measure.

The key focus for the Group in 2024 is to move from transformation to growth. 2024 will see an increase in repurposing and other asset initiatives such as placemaking investment. These activities are critical to underpin future growth over the medium term and therefore the committee believes that the introduction of a net rental income target is appropriate.

Total Accounting Return will be assessed on a relative basis compared to a wide peer group containing the FTSE 350 real estate companies (excluding agencies) plus key continental European property companies such as Unibail-Rodamco-Westfield, Klépierre and Eurocommercial.

Net Rental Income	21.67%
Adjusted Earnings Per Share	21.67%
Relative Total Accounting Return	21.67%
Emissions Reduction	10%
Personal/Strategic Objectives	25%

The personal/strategic objectives will be focused on three key areas, which include more detailed and measurable targets:

- Value Creation: Invest for growth and value creation – investing in repurposing obsolete and under-utilised space alongside the right partners and in the public realm to enhance the mix and maintain our appeal to customers and occupiers.
- Customer and Colleague Engagement: Continuing to focus on talent management and colleague engagement initiatives and ensuring the delivery of high levels of customer satisfaction.
- Sustainability: Increasing the focus on the full breadth of sustainability and broader environmental factors, internal diversity planning and community-based engagement.

The Committee designs the financial targets and personal/strategic objectives to align with the Group's strategy, as well as to the Business Plan and the priorities for the coming year. It is therefore felt that the specific financial targets and important personal objectives are commercially sensitive such that, having considered this carefully, the Board is of the view that it is in the Company's interests not to disclose this information in advance.

Further details of the specific targets and key personal/strategic objectives set will be disclosed in the 2024 Annual Report.

40% of the 2024 AIP vesting will be deferred by making an award of shares under the DBSS, with a deferral period of two years. No change to current arrangements is proposed for 2024.

Restricted Share Scheme

Policy

Purpose and link to strategy	Performance measures	Operation
To incentivise the creation of long term returns for shareholders To align interests of Executive Directors with shareholders and support retention to create alignment with the workforce	Subject to underpin as described in full in the Remuneration Policy. The underpin requires that the Group's performance and delivery of strategy is sufficient to justify vesting against the consideration of absolute and relative TSR, net debt and TPR	A discretionary annual award up to a value of 100% of base salary. The Committee reserves the discretion to increase the maximum award to 150% of base salary in exceptional circumstances. Awards are subject to clawback and malus provisions

Implementation

Annual award of 100% of base salary for the Chief Executive and 75% of base salary for the CFO. Vesting of the award is subject to the underpin described above.

Participation in all-employee arrangements

Policy

Purpose and link to strategy	Performance measures	Operation
In order to be able to offer participation in all-employee plans to employees generally, the Company is either required by the relevant UK and French legislation to allow Executive Directors to participate on the same terms or chooses to do so	Not generally applicable. Any award of free shares under the SIP may be subject to a Company performance target	Executive Directors are eligible to participate in all-employee incentive arrangements on same terms as other employees

Implementation

All-employee arrangements currently offered in the UK are Sharesave and SIP share awards. The opportunity to participate in all-employee arrangements continues on the same basis as for all staff in the UK. No change to current arrangements is proposed for 2024.

Share ownership guidelines

The Company has in place a share ownership policy for the Executive Directors. Executive Directors are normally required to achieve the minimum shareholding requirement within seven years of the date of appointment. An annual calculation as a percentage of salary is made against the guidelines as at 31 December each year based on the middle-market value share price on the last business day in December. Executive Directors are expected to accumulate and maintain a holding in ordinary shares in the Company equivalent to no less than 250% of base salary. The Company has a post-cessation share ownership guideline of 250% of salary for two years after termination of employment. This includes vested shares and shares which are unvested but have met the performance conditions or underpins on a net of tax basis.

Implementation

250% of base salary for the Chief Executive and all other Executive Directors.

Illustration of application of the Policy

Set out below is an illustration of the reward mix for the Executive Directors for 2024 at minimum, on-target and maximum performance.

Illustration of application of the Policy (£000s)

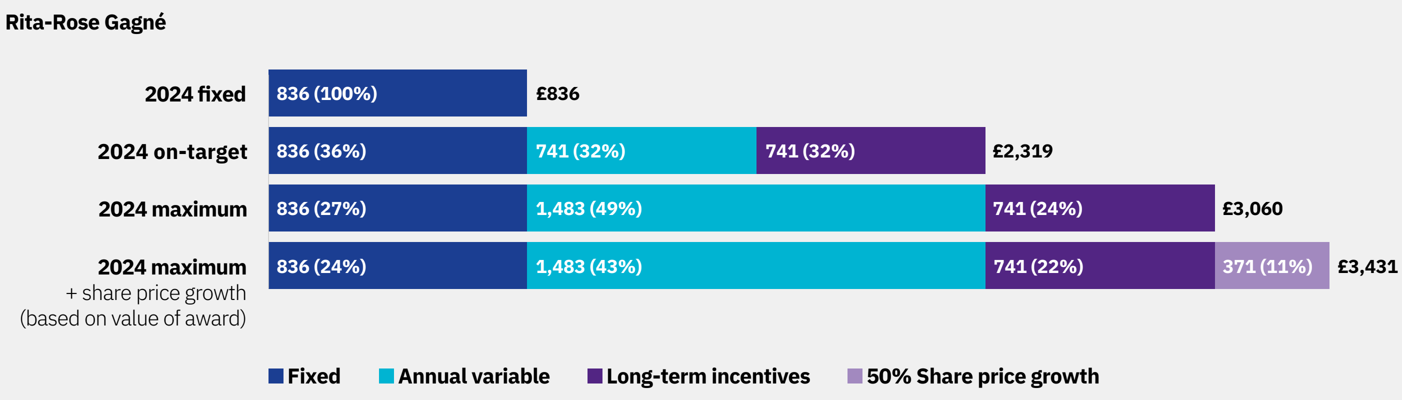
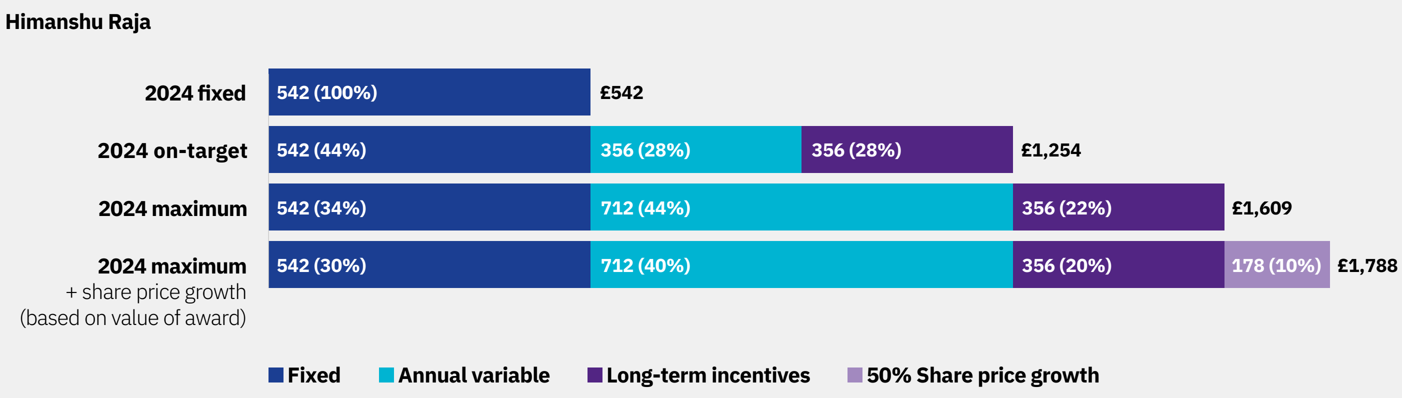


Illustration of application of the Policy (£000s)



Assumptions: Executive Director remuneration scenarios 2024

Element	Approach/Policy
Fixed	Consists of base salary, contractual and non-contractual benefits, pension and participation in the UK all-employee share plans. Base salary is the salary to apply after salary increases to take effect on 1 April 2024. Benefits are as shown in the Single Figure Table for 2023 in the Annual Remuneration Report. Pension contributions are based on salary after salary increases to take effect on 1 April 2024.
On-target	Based on what the Executive Director would receive if performance was in line with expectation (excluding share price appreciation and accrual of dividend equivalent payments): AIP: consists of on-target levels (50% of maximum bonus opportunity). RSS: Assumes maximum vesting of awards granted in 2024 (using the face value of awards based on 100% of salary for the CEO and 75% for the CFO).
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and accrual of dividend equivalent payments): AIP: consists of the maximum bonus opportunity (200% of base salary for CEO, 150% of base salary for the CFO). RSS: assumes maximum vesting of awards granted in 2024 (using the face value of awards based on 100% of salary for the CEO and 75% for the CFO).
Impact of share price appreciation	50% of maximum RSS award value (using the face value of awards granted in 2024).

	Base Salary £000	Benefits £000	Pension £000	Total Fixed £000
Rita-Rose Gagné	741	21	74	836
Himanshu Raja	474	20	47	542

Chair of the Board and Non-executive Directors' Fees

Policy

Purpose and link to strategy	Performance measures	Operation
To ensure the Company continues to attract and retain high-quality Chair and Non-executive Directors by offering market competitive fees	Not applicable	The Chair of the Board's fee is determined by the Committee. Other Non-executive Directors' fees are determined by the Board on the recommendation of the Executive Directors. Aggregate total fees payable annually to all Non-executive Directors are subject to the limit stated in the Company's Articles of Association (currently £1,000,000)

Implementation

Chair and Non-executive Directors' 2024 annual fees	£
Chair of the Board	300,000
Non-executive Director	64,575
Senior Independent Director	10,500
Audit Committee Chair	15,750
Remuneration Committee Chair	15,750
Audit/Remuneration Committee Member	5,250
Designated Non-executive Director for Colleague Engagement	8,400

The Chair of the Board's fee was reviewed by the Committee in December 2023 and the Non-executive Directors' fees were reviewed by the Board in December 2023 (with relevant individuals recusing themselves from discussion and decision-making). Although fees are subject to periodic review: (i) the Chair of the Board's fee has not changed since his appointment to the Board in 2020; (ii) the Non-executive Directors' fees (excluding the Chair and the introduction of a fee payable to the Designated Non-executive Director for Colleague Engagement in 2021) had not increased since 2018.

Following the reviews undertaken in 2023: (i) no change has been made to the Chair of the Board's fee in 2024; and (ii) the Non-Executive Directors' fees were increased by 5% with effect from 1 January 2024. Among other things when considering the increase in the Non-Executive Directors' fees, the Board reviewed relevant benchmarking and had regard to factors such as the increase in the time commitment and broader responsibilities of Non-Executive Directors in recent years and the period since when changes were last made to fees.

There is no fee for the Chair, or membership, of the Nomination and Governance Committee.

Remuneration for employees below Board level in 2024

Remuneration packages for all Group employees may comprise both fixed and variable elements. Generally, the more senior the individual, the greater the variable pay offer as a proportion of overall pay due to the ability of senior managers to impact more directly upon the Group's performance. As well as assessing the remuneration packages of the Executive Directors, the Committee reviews the remuneration of the senior management team and is kept informed of remuneration developments and principles for pay and reward across the Group. This includes any salary increases and benefits of the wider employee population and considers them in relation to the implementation of the Remuneration Policy for Executive Directors, ensuring there is an appropriate degree of alignment throughout the Group. The Designated Non-executive Director for Colleague Engagement is a member of the Remuneration Committee and attended meetings of the Company's employee forum in the year, including one specifically focused on discussing executive remuneration to explain how executive remuneration aligns with the wider company pay policy, as required by the UK Corporate Governance Code. This latter meeting was also attended by the Chair of the Remuneration Committee.

2018 UK Corporate Governance Code (Code) considerations

The Committee has considered the factors set out in provision 40 of the Code. In the Committee's view, the Policy addresses those factors as set out below:

Factor	How addressed
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	Remuneration policy and arrangements are clearly disclosed each year in the Annual Report. The Committee proactively seeks engagement with shareholders on remuneration matters and is regularly updated on workforce pay and benefits across the Group during the course of its activity.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand	Our remuneration structure is comprised of fixed and variable remuneration, with the performance conditions for variable elements clearly communicated to, and understood by, participants. The RSS provides a mechanism for aligning Executive Director and shareholder interests, removes the difficult challenge of setting robust, appropriately challenging and easily understandable performance targets in a volatile market which could lead to potentially unintended remuneration outcomes and significantly reduces the maximum pay available to Executive Directors.
Risk – remuneration arrangements should ensure that reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	The rules of the AIP and RSS provide discretion to the Committee to reduce award levels and awards are subject to malus and clawback provisions. The Committee also has overriding discretion to reduce awards to mitigate against any reputational or other risk from such awards being considered excessive. The RSS reduces the risk of unintended remuneration outcomes associated with complex performance conditions.
Predictability – the range of possible reward values to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	The RSS increases the predictability of reward values (removing the risk of potentially unintended outcomes). Maximum award levels and discretions are set out in the illustration and application of policy chart on page 107.
Proportionality – the link between individual awards, the delivery of strategy and the long term performance of the Group should be clear. Outcomes should not reward poor performance	Variable performance related elements represent a significant proportion of the total remuneration opportunity for the Executive Directors. The Committee considers the appropriate financial and personal performance measures each year to ensure that there is a clear link to strategy. Discretions available to the Committee ensure that awards can be reduced if necessary to ensure that outcomes do not reward poor performance.
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy	The Committee seeks to ensure that personal performance measures under the AIP incentivise behaviours consistent with the Group's culture, purpose and values. The RSS clearly aligns Executive Director interests with those of shareholders by ensuring a focus on delivering against strategy to generate long term value for shareholders.

By order of the Board

Habib Annous
Chair of the Remuneration Committee
28 February 2024

The Directors of the Company present their report together with the audited consolidated financial statements for the year ended 31 December 2023. This report has been prepared in accordance with requirements outlined within The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Directors' Report forms part of the management report as required under the Disclosure Guidance and Transparency Rules (DTR).

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006 (the Act), to include certain information in the Strategic Report that would otherwise be required to be included in this Directors' Report, as follows:

Information	Pages
Likely future developments in the Company	8-15
Information about dividends	7
Employment of disabled persons	25
Engagement with colleagues	24 and 73
Engagement with customers, suppliers and other external stakeholders	20-22 and 72-73
Going concern and Viability Statements	128 and 64-65

The Strategic Report is set out on pages 1 to 67 is incorporated into this Directors' Report by reference. Other information, which forms part of this Directors' Report by reference, can be found in the following sections:

Information	Pages
Corporate Governance	68-112
Financial instruments and risk management	158-163
Statement of Directors' responsibilities, including confirmation of disclosure of information to the Auditors	112
Subsidiaries and other related undertakings outside the UK	176-178
Disclosures concerning greenhouse gas emissions and energy consumption	40
Shareholder information	194-195

Articles of Association
The Company's Articles of Association (Articles) may be amended by special resolution in accordance with the Act and are available at www.hammerson.com.

2024 Annual General Meeting
The Company's 2024 Annual General Meeting (AGM) will be held at 9:00 am (UK time) on 25 April 2024. The resolutions to be proposed at the AGM will be set out in the Notice of AGM sent to the Company's shareholders.

Auditors
PricewaterhouseCoopers LLP (PwC) has indicated its willingness to remain in office and, on the recommendation of the Audit Committee, a resolution to reappoint PwC as the Company's Auditor will be proposed at the AGM.

Authority to allot shares in the Company
At the 2023 AGM, the Company was granted authority by shareholders to allot shares up to an aggregate nominal value of £83,242,906. This authority will expire on the earlier of 4 August 2024 or the conclusion of the 2024 AGM, at which a resolution will be proposed for its renewal. The Company made no allotments of shares during the year pursuant to this authority.

Branches
Details of the Company's French branch are provided on page 176.

Colleagues
Colleagues receive regular briefings and updates from the Board and management, including via all-employee meetings, email and the Group's intranet, to inform them of the performance of the business and opportunities to participate in employee share schemes. Further details of engagement with colleagues can be found on pages 20, 21, 24, 25 and 73.

Corporate Governance Statement
The Directors' Report (including the information specified as forming part of this Report) fulfils the requirements of the Corporate Governance Statement for the purposes of DTR 7.2.

Directors and their share interests
Details of the Directors who served during the year ended 31 December 2023 and continue to serve at the date of approval of the Directors' Report are set out on pages 68 to 69.

Directors are appointed and replaced in accordance with the Articles, the Act and the UK Corporate Governance Code. The powers of the Directors are set out in the Articles and the Act.

The Directors' interests in ordinary shares in the Company are set out in the table in the Directors' Remuneration Report on page 98.

Dividends
The Board has recommended a final 2023 cash dividend of 0.78p per share (2022: nil) bringing the total dividend for 2023 to 1.50p per share (2022: 0.2p per share cash/2p per share for the enhanced scrip dividend alternative). If approved by shareholders at the 2024 AGM, the final dividend will be paid as a non-Property Income Distribution, and treated as an ordinary UK company dividend.

The ex-dividend date for the final dividend will be 4 April 2024, the record date will be 5 April 2024 and the payment date will be 10 May 2024, subject to shareholder approval.

Further information on the final dividend recommended by the Board can be found on page 7.

Indemnification of and insurance for Directors and officers
The Company has in place directors' and officers' liability insurance, which is reviewed annually. The Company's Directors and officers are appropriately insured in accordance with standard practice. Directors are also indemnified under the Articles and through a Deed Poll of Indemnity. Qualifying third party indemnity provisions for the purposes of section 234 of the Companies Act 2006 were accordingly in force during the course of the year, and remain in force at the date of this Annual Report.

Political donations
It is the Company's policy not to make political donations and no political donations, contributions or political expenditure were made in the year ended 31 December 2023.

Post balance sheet events
Details of post balance sheet events can be found in note 27 to the financial statements.

Provisions on change of control
A change of control of the Company, following a takeover, may cause a number of agreements to which the Company is party to take effect, alter or terminate. These include certain insurance policies, joint venture and associated agreements, financing arrangements and employee share plans.

The Company's share plans contain provisions which could result in options and awards vesting or becoming exercisable on a change of control, in accordance with the rules of the plans. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment or otherwise that occurs specifically because of a takeover.

A number of joint venture, investment and associated arrangements to which members of the Group are party could allow the counterparties to terminate or alter those arrangements or exercise certain rights in the event of a change of control of the Company, or the rights of relevant members of the Group under those arrangements may change in such circumstances.

The Group has a number of borrowing facilities provided by various lenders. These facilities generally include provisions that may require any outstanding borrowings to be repaid or the amendment or termination of the facilities upon the occurrence of a change of control of the Company.

Purchase of own shares
At the 2023 AGM, the Company was granted authority by shareholders to purchase up to 499,457,436 ordinary shares of 5 pence each (representing approximately 10% of the Company's issued ordinary share capital as at 30 March 2023). This authority will expire at the conclusion of the 2024 AGM, at which a resolution will be proposed for its renewal, or, if earlier, on 4 August 2024. The Company made no purchases of its own shares into treasury during the year pursuant to the above authority. As at 31 December 2023, the Company held 7,691,247 ordinary shares in treasury.

Interests disclosed under DTR 5
As at 31 December 2023, the following information had been received by the Company, in accordance with Chapter 5 of the DTRs, from holders of notifiable interests in the Company's issued share capital. It should be noted that these holdings may have changed since they were notified to the Company. Substantial shareholders do not have different voting rights from those of other shareholders.

	Number of voting rights	% of issued share capital carrying voting rights *
APG Asset Management N.V.	997,468,698	19.97%
Lighthouse Properties plc	846,594,294	16.95%
BlackRock, Inc.	309,149,612	6.18%
Richmond Group	139,449,066	3.02%

* Percentages based on ordinary shares in issue, excluding treasury shares, as at the date the notification was received by the Company.

On 8 January 2024, the Company received an additional notification of interests in accordance with Chapter 5 of the DTRs from Lighthouse Properties plc with respect to a decrease in voting rights from 846,594,294 to 796,452,156 (representing 15.94% of the Company's issued share capital carrying voting rights as at the date of that notification). The Company received no other notifications between 1 January 2024 and 27 February 2024 (the last practicable date before publication of this Report).

Research and development activities
During the normal course of business, the Group continues to invest in new technology and systems and to develop new products and services to improve operating efficiency and strengthen its proposition for occupiers, customers and partners.

Share capital
Details of the Company's share capital and structure are set out in note 20A to the financial statements. The rights and obligations attached to the Company's shares are set out in the Articles, in addition to those conferred on shareholders by law. All of the Company's shares rank equally in all respects. On a show of hands, each member of the Company has the right to one vote at general meetings of the Company. On a poll, each member would be entitled to one vote for every share held. The shares carry no rights to fixed income. No person has any special rights of control over the Company's share capital and all shares are fully paid. The Articles and applicable legislation provide that the Company can decide to restrict the rights attaching to shares in certain circumstances, including where a person has failed to comply with a notice issued by the Company under section 793 of the Act.

There are no restrictions on the transfer of shares except the UK Real Estate Investment Trust restrictions and certain restrictions imposed by the Articles, law and the Company's Share Dealing Policy. The Articles set out certain circumstances in which the Directors of the Company can refuse to register a transfer of shares. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights. No dividends are paid in respect of shares held in treasury.

Shares held in the Employee Share Ownership Plan
The Trustees of the Hammerson Employee Share Ownership Plan hold Hammerson plc shares in trust to satisfy awards under the Company's employee share plans. The Trustees have waived their right to receive dividends on shares held in the Company. As at 31 December 2023, 15,850,507 ordinary shares were held in trust for employee share plans purposes.

Listing Rule 9.8.4R disclosures
The table below sets out where disclosures required by Listing Rule 9.8.4R are located and these disclosures are incorporated into this Directors' Report by reference.

LR 9.8.4R requirement	Page
Interest capitalised and tax relief	139-140
Details of long term incentive schemes	138
Shareholder waivers of dividends	111
Shareholder waivers of future dividends	111

By order of the Board

Alex Dunn
General Counsel and Company Secretary
28 February 2024

Directors' responsibilities in respect of the preparation of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). The Group has also prepared financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

— Select suitable accounting policies and then apply them consistently
— State whether applicable UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
— Make judgements and accounting estimates that are reasonable and prudent
— Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate Governance Report, confirms that to the best of their knowledge:

— The Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group
— The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company
— The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces

Provision of information to the Auditor

In the case of each Director in office at the date the Directors Report is approved:

— So far as the Director is aware, there is no relevant audit information of which the Group and Company's Auditors are unaware
— They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's Auditors are aware of that information

This confirmation is given, and should be interpreted in accordance with, the provisions of Section 418 of the Companies Act 2006.

By order of the Board

Rita-Rose Gagné
Chief Executive

Himanshu Raja
Chief Financial Officer
28 February 2024

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Hammerson plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Balance Sheets as at 31 December 2023; the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1B to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5E, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The UK, French, Irish and Value Retail components were subject to a full scope audit. We also performed audit procedures over specific large balances in Bishopsgate Goodsyard. Together these components account for approximately 100% of the Group's total assets

Key audit matters

- Valuation of investment property, either held directly or within joint ventures (Group)
- Accounting for the investment in Value Retail and valuation of investment property held by Value Retail (Group)
- Valuation of investments in subsidiary companies and amounts owed by subsidiaries and other related undertakings (Company)

Materiality

- Overall Group materiality: £32.5m (2022: £34.0m) based on 0.75% of Group's total assets.
- Specific Group materiality: £5.8m (2022: £5.3m) based on 5% of the Group's FY23 adjusted earnings.
- Overall Company materiality: £44.0m (2022: £44.5m) based on 0.75% of the Company's total assets.
- Overall performance materiality: £24.4m (2022: £25.5m) (Group); Specific performance materiality: £4.4m (2022: £3.9m) (Group) and Company performance materiality: £33.0m (2022: £33.4m) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property, either held directly or within joint ventures (Group) Refer to page 87 (Audit Committee Report), page 130 (Principal accounting policies), pages 132 (Significant estimates – Property valuations) and pages 146 to 152 (Notes to the Consolidated Financial Statements – notes 11 and 12). The Group directly owns, or owns via joint ventures or associates, a property portfolio which includes shopping centres, developments and premium outlets. The total value of this portfolio as at 31 December 2023 was £4,661.8m (2022: £5,107.1m) and has been impacted by the uncertainty in the macroeconomic environment. Of this portfolio £1,396.2m (2022: £1,461.0m) is held by subsidiaries within 'Investment properties', and £1,379.9m (2022: £1,620.0m) is held by joint ventures within 'Investment in joint ventures'. Together these properties are spread across the UK, French, Irish and Bishopsgate Goodsyard components. The remainder of the portfolio is held within associates, £1,885.7m (2022: £1,989.9m), with a balance of £1,885.7m (2022: £1,887.0m) held in Value Retail and £nil (2022: £102.9m) held in Italie Deux. The valuation of Value Retail's property is discussed within the subsequent key audit matter. This was identified as a key audit matter given the valuation of the investment property portfolio is inherently subjective and complex due to, among other factors, the individual nature of each property, its location, and the expected future rental streams for that particular property, together with considerations around the impact of climate change. The wider challenges currently facing the retail real estate occupier and investor markets, including the relative lack of comparable transactions and macroeconomic uncertainty, has further contributed to the subjectivity. As a result significant subjectivity remains within these valuations for the year ended 31 December 2023. The closing valuations were carried out by CBRE, Jones Lang LaSalle and Cushman & Wakefield (the 'external valuers'), in accordance with the RICS Valuation – Professional Standards and the Group accounting policies which incorporate the requirements of International Accounting Standard 40, 'Investment Property' and IFRS 13 'Fair value measurement'. Whilst no material valuation uncertainty clauses were included in the external valuations of the properties in the Group's portfolio as at 31 December 2023, the valuers continue to include wording suggested by RICS to describe market uncertainty and highlighting the importance of the valuation date. The properties' fair value is primarily determined by their investment value reflecting the fact that the properties are largely existing operational properties currently generating rental income. Shopping centres are primarily valued using the income capitalisation method.	Given the inherent subjectivity involved in the valuation of investment properties, the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this matter. **Assessing the valuers' expertise and objectivity** We assessed each of the external valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fee arrangements between the external valuers and the Group, and other engagements which might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of the external valuers, in their performance of the valuations, was compromised. **Data provided to the valuers** We checked the accuracy of the underlying lease data and capital expenditure used by the external valuers in their valuation of the portfolio by tracing the data back to the relevant component accounting records and signed leases on a sample basis. No exceptions were identified from this work. **Assumptions and estimates used by the valuers** We read the external valuation reports for the properties and confirmed that the valuation approach for each was in accordance with RICS standards and suitable for use in determining the final value for the purpose of the financial statements. We held discussions with each of the external valuers to challenge the valuation process, the key assumptions, and the rationale behind the more significant valuation movements during the year. It was evident from our interaction with the external valuers, and from our review of the valuation reports, that close attention had been paid to each property's individual characteristics at a detailed, tenant by tenant level, as well as considering the property specific factors such as the latest leasing activity, tenant mix, vacancy levels, the impact of CVAs and administrations, geographic location and the desirability of the asset as a whole. We also questioned the external valuers as to the extent to which recent market transactions and expected rental values which they made use of in deriving their valuations took into account the impact of climate change and related ESG considerations. In addition we performed the following procedures for each type of property. We were able to obtain sufficient evidence to support the valuation and did not identify any material issues during our work.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property, either held directly or within joint ventures (Group) continued Those development properties that are subject to active ongoing development are valued using the residual valuation approach. Certain operational properties, which have development potential and are included in developments, are valued under the income capitalisation method but adjusted to account for development potential. Development land is valued on a value per acre basis. **Shopping centres** In determining the valuation of a shopping centre the valuers take into account property specific information such as the current tenancy agreements and rental income. They then apply judgemental assumptions such as estimated rental value (ERV) and yield, which are influenced by prevailing market yields and where available, comparable market transactions and leasing evidence, to arrive at the final valuation. Due to the unique nature of each property the judgemental assumptions to be applied are determined having regard to the individual property characteristics at a detailed, tenant by tenant level, as well as considering the qualities of the property as a whole. **Developments** In determining the valuation of development property under a residual valuation method the valuers take into account the property specific information such as the development plans for the site. They then apply a number of judgemental assumptions including ERV and yield within the gross development value, estimated costs to complete and developers profit to arrive at the valuation. Due to the unique nature of an ongoing development the judgemental assumptions to be applied are determined having regard to the nature and risks associated with each development. In determining the valuation of operational properties with development potential the valuers initially follow the same methodology as described previously to arrive at an income capitalisation value. Having regard to the unique nature of each property, the likelihood of the development progressing and the status of planning consents for the development, the valuers then make adjustments to the valuation to reflect development potential. In determining the value of development land the valuers primarily have regard for the value per acre achieved by recent comparable land transactions.	— **Shopping centres** For shopping centres we obtained details of each property and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the yield and capital movement of each property with our expected range. We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks. Where assumptions were outside the expected range or otherwise appeared unusual we undertook further investigations and, when necessary, obtained corroborating evidence to support explanations received. This enabled us to assess the property specific factors that had an impact on value, including recent comparable transactions and leasing evidence where available, and to conclude on the reasonableness of the assumptions utilised. — **Developments** For significant ongoing developments valued via the residual valuation method we obtained the development appraisal and assessed the reasonableness of the valuers' key assumptions. This included comparing the yield to comparable market benchmarks, comparing the costs to complete estimates to development plans and contracts, and considering the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as ERV, cost contingencies and developers profit. Where assumptions appeared unusual we undertook further investigations and, when necessary, obtained corroborating evidence to support explanations received. For operational properties with development potential we performed the same procedures as described previously for shopping centres. We also considered the reasonableness of any additional value recognised for development potential by reviewing the stage of progress of the proposed development including verifying any planning consents obtained. For development land valued on a per acre basis we obtained details of the comparable land transactions utilised by the valuers. We verified the value of these transactions to supporting evidence and considered their comparability to the asset being valued. **Overall findings** We found that the assumptions used in the valuations were predominantly consistent with our expectations and comparable benchmarking information for the asset type, and that the assumptions were applied appropriately and reflected available comparable market transactions and leasing evidence. Where assumptions did not fall within our expected range, after challenging the valuers, we were satisfied that variances were due to property specific factors such as location and tenant mix. We concluded that the assumptions used in the valuations by the external valuers were supportable.

Key audit matter	How our audit addressed the key audit matter
Accounting for the investment in Value Retail and valuation of investment property held by Value Retail (Group) Refer to page 127 (Basis of consolidation), page 132 (Significant estimates – Property valuations) and pages 152 to 154 (Notes to the Consolidated Financial Statements – note 13). The Group has an investment in Value Retail, a separate group owning a number of premium outlets in the United Kingdom and across Europe. The Group equity accounts for its interest in Value Retail as an associate. The Group's investment as at 31 December 2023 was £1,115.0m (2022: £1,189.4m). **Investment property valuation** The valuation of the Group's investment in Value Retail is predominantly driven by the valuation of the property assets within the Value Retail portfolio. The total value of the properties was £5,142.1m as at 31 December 2023 (2022: £5,151.0m). The Group's share of the Value Retail property, which is included within the wider Group portfolio of £4,661.8m (2022: £5,107.1m), was £1,885.7m (2022: £1,887.0m). The year end valuation was carried out by Cushman & Wakefield, in accordance with the RICS Valuation – Professional Standards and the Group accounting policies which incorporate the requirements of International Accounting Standard 40, 'Investment Property' and IFRS 13 'Fair value measurement'. The premium outlets' fair value is determined by their investment value utilising a discounted cash flow (DCF) basis. In determining the valuation of a premium outlet, the valuers take into account property specific information such as current tenancy agreements, rental income generated by the asset, as well as property operating costs. They then apply judgmental assumptions such as yield, discount rate and expected rental income levels and subsequent growth rates, which are influenced by prevailing market yields and where appropriate comparable market transactions, to arrive at the final valuation. Due to the unique nature of each property the judgmental assumptions to be applied are determined having regard to the individual property characteristics at a detailed, unit by unit level, as well as considering the qualities of the property as a whole. **Accounting for the investment in Value Retail** Value Retail has a complex ownership structure whereby each investing party owns differing proportions of each of the entities, and hence properties, within the Value Retail group. As such this creates significant complexity in determining the overall investment in Value Retail held within the Group Consolidated Financial Statements. Therefore, on the basis of the significant judgement and estimation uncertainty within the investment property valuation, and the complexity in determining the overall investment in Value Retail, we identified this as a key audit matter.	**Investment property valuation** As Group auditors we formally instructed the component auditors of Value Retail to perform a full scope audit over the financial information of Value Retail. This included audit work over the valuation of investment property within Value Retail. Our component auditors obtained details of each property. They assessed the reasonableness of each property's key assumptions comparing its yield, discount rate and expected rental income and subsequent growth rates to comparable market benchmarks. In doing so they had regard to property specific factors and knowledge of the market, including comparable transactions and leasing evidence where appropriate. They obtained corroborating evidence to support explanations received from the valuers where appropriate. The Group audit team participated in the meeting held between Cushman & Wakefield and the component auditors. We have obtained reporting from the component auditors and have reviewed the results and underlying working papers over investment property valuation. We have no issues to report and we are satisfied that we have obtained sufficient audit evidence over the investment property balances within the Value Retail financial information. **Accounting for the investment in Value Retail** In respect of the complexity within the calculation of the Group's investment in Value Retail, we obtained the ownership structure for Value Retail as at 31 December 2023. We instructed the component auditor to verify the Group's percentage ownership of each entity within the Value Retail group. We have obtained reporting from the component auditors on this procedure and have reviewed the results and their underlying working papers. We have tested the adjustments made within the Group consolidation in accordance with IAS 28 'Investments in associates and joint ventures', in arriving at the Group's equity accounted investment in Value Retail to determine whether they are appropriate. We have no issues to report in respect of this work.

Key audit matter	How our audit addressed the key audit matter
Valuation of investments in subsidiary companies and amounts owed by subsidiaries and other related undertakings (Company) Refer to page 173 (Principal accounting policies) and pages 173 and 174 (Notes to the Company Financial Statements – notes C3 and C4). The Company has investments in subsidiary companies of £1,086.1m (2022: £1,322.4m) and amounts owed by subsidiaries and other related undertakings of £4,324.3m (2022: £4,395.0m) as at 31 December 2023. This is following the recognition of a £236.1m (2022: £42.5m gain) revaluation loss on investments in subsidiary companies and an Expected Credit Loss provision balance of £606.5m (2022: £595.9m) recognised on amounts owed by subsidiaries and other related undertakings as at 31 December 2023. The Company's accounting policy for investments is to hold them at fair value, while amounts owed by subsidiaries and other related undertakings are carried at amortised cost but subject to the Expected Credit Loss impairment requirements. Given the inherent judgement and complexity in assessing both the fair value of a subsidiary company, and the Expected Credit Loss of amounts owed by subsidiaries and other related undertakings, this was identified as a key audit matter for our audit of the Company. The primary determinant and key judgement within both the fair value of each subsidiary company and the Expected Credit Loss assessment of amounts owed by subsidiaries and other related undertakings is the value of the investment property held by each investee/counterparty. As such it was over this area that we applied the most focus and audit effort.	We obtained the Directors' valuation for the value of investments held in subsidiary companies and their Expected Credit Loss assessment of amounts owed by subsidiaries and other related undertakings as at 31 December 2023. We assessed the accounting policies for investments and amounts owed by subsidiaries and other related undertakings to verify they were compliant with FRS 101 'Reduced Disclosure Framework'. We verified that the methodology used by the Directors in arriving at the fair value of each subsidiary, and the Expected Credit Loss 'general approach' provision for amounts owed by subsidiaries and other related undertakings, was compliant with FRS 101 'Reduced Disclosure Framework'. We identified the key judgement within both the valuation of investments held in subsidiary companies and amounts owed by subsidiaries and other related undertakings to be the valuation of investment property held by each investee/counterparty. For details of our procedures over investment property valuations please refer to the related Group key audit matter above. We have no issues to report in respect of this work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group owns and invests in a number of shopping centres, developments and premium outlets across the United Kingdom and Europe. These are held within a variety of subsidiaries, joint ventures and associates.

Based on our understanding of the Group we focussed our audit work primarily on five components being: UK, France, Ireland, Bishopsgate Goodsyard and Value Retail.

Four components being UK, France, Ireland, and Value Retail were subject to a full scope audit given their financial significance to the Group. We performed audit procedures over specific large balances in Bishopsgate Goodsyard.

The UK, French, Irish, Bishopsgate Goodsyard and Value Retail components account for approximately 100% (2022: UK, French, Irish and Value Retail components accounted for 100%) of the Group's total assets.

The UK, Irish and Bishopsgate Goodsyard components were audited by the Group team. The French and Value Retail components were audited by component teams.

Detailed instructions were sent to both component teams. These instructions covered the significant areas that should be addressed by the component auditors (which included the relevant risks of material misstatement) and set out the information required to be reported back to the Group audit team. In addition, regular meetings were held with the component audit teams, with the Group audit team attending the clearance meeting for all component audits. Finally the Group audit team performed a detailed review of the working papers of all component teams to ensure the work performed was appropriate and in line with our instructions.

These procedures, together with additional procedures performed at the Group level (including audit procedures over the consolidation and consolidation adjustments), gave us the evidence we needed for our opinion on the Group financial statements as a whole.

In respect of the audit of the Company, the Group audit team performed a full scope statutory audit.

The impact of climate risk on our audit

The Directors have made commitments for the Group to be Net Zero by 2030 and Net Zero Asset Plans exist for each shopping centre within the Hammerson portfolio (excluding Value Retail).

The key areas of the financial statements where management evaluated that climate risk could have a potential significant impact are: the valuation of investment properties, the coupon rate on its €700m sustainability-linked bond and cash flow assumptions in the going concern assessment.

Using our knowledge of the business, we evaluated management's risk assessment, its estimates as set out in note 1F of the financial statements and resultant disclosures where significant. We considered the following areas to potentially be materially impacted by climate risk and consequently we focused our audit work on climate change in these areas:

- Valuation of investment properties;
- The coupon rate on the €700m sustainability-linked bond; and
- Cash flow assumptions in the going concern assessment.

To respond to the audit risks identified in these areas we tailored our audit approach to address these, in particular:

- We made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within the financial statements;
- We challenged the completeness of management's climate risk assessment by challenging the consistency of management's climate impact assessment with internal climate plans (including the Net Zero Asset Plans), and reading the entity's external communications for details of climate-related impacts;
- We evaluated, with assistance from our internal valuation experts, how management's external experts had considered the impact of ESG and climate change within the valuations of the Group's investment properties (refer to our key audit matter over the valuation of investment properties);
- We performed independent sensitivity analysis to determine the financial impact of not complying with the sustainability requirements linked to the €700m bond; and
- We challenged whether the impact of climate risk, and the Group's Net Zero by 2030 commitment, had been factored into the Directors' assessments and disclosures surrounding going concern.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters, for the year ended 31 December 2023.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£32.5m (2022: £34.0m).	£44.0m (2022: £44.5m).
How we determined it	Based on 0.75% of Group's total assets	Based on 0.75% of the Company's total assets
Rationale for benchmark applied	We determined materiality based on total assets given the valuation of investment properties, whether held directly or through joint ventures and associates, is the key determinant of the Group's value. This materiality was utilised in the audit of investing and financing activities.	Given the Hammerson plc entity is primarily a holding company we determined total assets to be the appropriate benchmark.
Specific materiality	£5.8m (2022: £5.3m).	Not applicable.
How we determined it	5% of the Group's FY23 adjusted earnings (2022: 5% of the Group's FY22 adjusted earnings).	Not applicable.
Rationale for benchmark applied	In determining this materiality we had regard to the fact that adjusted earnings is a secondary financial indicator of the Group (refer to note 9A of the financial statements which includes a reconciliation between IFRS and adjusted earnings). This materiality was utilised in the audit of operating activities.	Not applicable.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of overall materiality allocated across components was £1.3m to £30.8m. The range of overall materiality allocated across components for operating activities was £0.2m to £5.5m.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality for investing and financing activities was 75% (2022: 75%) of overall materiality, amounting to £24.4m (2022: £25.5m) for the Group financial statements and £33.0m (2022: £33.4m) for the Company financial statements. Our performance materiality for operating activities was 75% (2022: 75%) of Specific materiality, amounting to £4.4m (2022: £3.9m) for the Group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.6m (Group audit) (2022: £1.7m) for investing and financing activities, £0.6m (Group audit) (2022: £0.5m) for operating activities, and £2.2m (Company audit) (2022: £2.2m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

— We agreed the underlying cash flow projections to Board approved forecasts and assessed how these forecasts were compiled. We compared the prior year forecasts to actual performance to assess management's ability to forecast accurately;
— We evaluated the key assumptions within the projections, namely forecast property valuations and the levels of forecast net rental income, under the base scenario. We did so with reference to available third party data sources, contractual rental income, together with the most recent data on levels of expected rental concessions/tenant failure, and considered how the Group's Net Zero by 2030 climate commitment had been factored into the cash flow projections. We also considered the appropriateness of the key variables sensitised under the Group's reverse stress tests and recalculated and assessed the headroom available against each covenant threshold;
— We examined the minimum committed facility headroom under the base scenario and reverse stress tests, and evaluated whether the Directors' conclusion, that sufficient liquidity headroom existed to continue trading operationally throughout the period to 30 June 2025, was appropriate;
— We reviewed the terms of financing agreements to determine whether forecast covenant calculations were in line with those agreements and to determine whether the maturity profile of the debt included within the projections was accurate;
— We obtained and reperformed the Group's forecast covenant compliance calculations, under both the base scenario and reverse stress test to assess the Directors' conclusions on covenant compliance;
— We obtained reporting from our component auditors in respect of going concern and considered the impact of their conclusions in our procedures. One component auditor within their reporting to us, drew attention to a material uncertainty in respect of going concern for their component that had been identified by the component management team. We verified Group management appropriately factored this conclusion into their Group going concern assessment; and
— We reviewed the disclosures relating to the going concern basis of preparation and we found that these provided an explanation of the Directors' assessment that was consistent with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation including the Real Estate Investment Trust ("REIT") requirements, UK Companies Act 2006 requirements and listing requirements including the UK FCA Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with management, internal audit and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Designing audit procedures to incorporate unpredictability into our testing;
- Evaluation of the Group's compliance with the REIT requirements;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment property (see related key audit matters above);
- Identifying and testing journal entries, in particular any journal entries posted to revenue with unusual account combinations or posted by senior management; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditors responsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 25 April 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is seven years, covering the years ended 31 December 2017 to 31 December 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Sonia Copeland (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 February 2024

Consolidated Income Statement
Year ended 31 December 2023

		Notes	2023 £m	2022 £m
Revenue		2,4	**134.3**	131.4
Profit from operating activities	*	2	**26.2**	29.7
Revaluation loss on properties		2	**(45.2)**	(82.7)
Other net gains		2	**1.2**	0.6
Share of results of joint ventures		12B	**9.4**	(41.5)
Impairment of joint ventures		8B	**(22.2)**	–
Share of results of associates		13B	**16.0**	(7.1)
Operating loss			**(14.6)**	(101.0)
Finance income		6	**35.2**	26.1
Finance costs		6	**(71.3)**	(89.1)
Loss before tax			**(50.7)**	(164.0)
Tax charge		7	**(0.7)**	(0.2)
Loss for the year attributable to equity shareholders			**(51.4)**	(164.2)
Basic and diluted loss per share		10B	**(1.0)p**	(3.3)p

* Includes a charge of £9.4 m (2022: £4.0m) and a corresponding credit of £8.0 m (2022: credit of £10.7m) relating to provisions for impairment of trade (tenant) receivables as set out in note 14E.

Consolidated Statement of Comprehensive Income
Year ended 31 December 2023

		2023 £m	2022 £m
Loss for the year		**(51.4)**	(164.2)
Recycled through the profit or loss on disposal of overseas property interests			
Exchange gain previously recognised in the translation reserve		**(100.3)**	–
Exchange loss previously recognised in the net investment hedge reserve		**80.2**	–
Net exchange loss relating to equity shareholders	a	**(20.1)**	–
Items that may subsequently be recycled through profit or loss, net of tax			
Foreign exchange translation differences		**(49.3)**	130.6
Gain/(loss) on net investment hedge		**39.3**	(103.4)
Net gain/(loss) on cash flow hedge		**0.2**	(1.9)
Share of other comprehensive (loss)/gain of associates		**(8.8)**	23.3
		(18.6)	48.6
Items that will not subsequently be recycled through profit or loss, net of tax			
Net actuarial losses on pension schemes		**(1.4)**	(26.7)
Total other comprehensive (loss)/income	b	**(40.1)**	21.9
Total comprehensive loss for the year		**(91.5)**	(142.3)

a Relates to the sale of Italie Deux and the derecognition of O'Parinor as described in note 8.

b All items within total other comprehensive (loss)/income relate to continuing operations.

	Note	2023 £m	2022 £m
Non-current assets			
Investment properties	11	**1,396.2**	1,461.0
Interests in leasehold properties		**32.7**	34.0
Right-of-use assets		**3.9**	9.5
Plant and equipment		**0.9**	1.4
Investment in joint ventures	12C	**1,193.2**	1,342.4
Investment in associates	13C	**1,115.0**	1,297.1
Other investments		**8.8**	9.8
Trade and other receivables	14A	**1.9**	3.2
Derivative financial instruments	18A	**–**	7.0
Restricted monetary assets	15	**21.4**	21.4
		3,774.0	4,186.8
Current assets			
Trading properties	11	**–**	36.2
Trade and other receivables	14B	**74.1**	85.9
Derivative financial instruments	18A	**5.2**	0.1
Restricted monetary assets	15	**2.2**	8.6
Cash and cash equivalents		**472.3**	218.8
		553.8	349.6
Total assets		**4,327.8**	4,536.4
Current liabilities			
Trade and other payables	16	**(129.8)**	(168.3)
Obligations under head leases	19	**(0.1)**	(0.2)
Loans	17A	**(108.6)**	–
Tax		**(0.3)**	(0.5)
Derivative financial instruments	18A	**(2.3)**	(16.1)
		(241.1)	(185.1)
Non-current liabilities			
Trade and other payables	16	**(55.5)**	(56.3)
Obligations under head leases	19	**(37.3)**	(38.1)
Loans	17A	**(1,515.9)**	(1,646.4)
Deferred tax		**(0.4)**	(0.4)
Derivative financial instruments	18A	**(15.0)**	(23.7)
		(1,624.1)	(1,764.9)
Total liabilities		**(1,865.2)**	(1,950.0)
Net assets		**2,462.6**	2,586.4
Equity			
Share capital	20A	**250.1**	250.1
Share premium		**1,563.7**	1,563.7
Other reserves	20B	**105.5**	135.4
Retained earnings		**549.7**	646.0
Investment in own shares		**(6.4)**	(8.8)
Equity shareholders' funds		**2,462.6**	2,586.4
EPRA net tangible assets value per share	10C	**51p**	53p

These financial statements were approved by the Board on 28 February 2024 and signed on its behalf by:

Rita-Rose Gagné
Chief Executive

Himanshu Raja
Chief Financial Officer

Consolidated Statement of Changes in Equity
Year ended 31 December 2023

	Share capital a £m	Share premium £m	Merger reserve b £m	Capital redemption reserve c £m	Other reserves d £m	Retained earnings £m	Investment in own shares a £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
At 1 January 2022	221.0	1,593.2	374.1	198.2	110.0	252.9	(3.5)	2,745.9	0.1	2,746.0
Foreign exchange translation differences	–	–	–	–	130.7	–	–	130.7	(0.1)	130.6
Loss on net investment hedge	–	–	–	–	(103.4)	–	–	(103.4)	–	(103.4)
Gain on cash flow hedge	–	–	–	–	6.3	–	–	6.3	–	6.3
Gain on cash flow hedge recycled to net finance costs	–	–	–	–	(8.2)	–	–	(8.2)	–	(8.2)
Share of other comprehensive gain of associates	–	–	–	–	–	23.3	–	23.3	–	23.3
Net actuarial losses on pension schemes	–	–	–	–	–	(26.7)	–	(26.7)	–	(26.7)
Loss for the year	–	–	–	–	–	(164.2)	–	(164.2)	–	(164.2)
Total comprehensive income/(loss)	–	–	–	–	25.4	(167.6)	–	(142.2)	(0.1)	(142.3)
Transfer	–	–	(374.1)	(198.2)	–	572.3	–	–	–	–
Share-based employee remuneration	–	–	–	–	–	3.0	–	3.0	–	3.0
Cost of shares awarded to employees	–	–	–	–	–	(1.4)	1.4	–	–	–
Purchase of own shares	–	–	–	–	–	–	(6.7)	(6.7)	–	(6.7)
Dividends	–	–	–	–	–	(140.3)	–	(140.3)	–	(140.3)
Scrip dividend related share issue	29.1	(29.1)	–	–	–	127.1	–	127.1	–	127.1
Scrip dividend related share issue costs	–	(0.4)	–	–	–	–	–	(0.4)	–	(0.4)
At 31 December 2022	250.1	1,563.7	–	–	135.4	646.0	(8.8)	2,586.4	–	2,586.4
Recycled exchange gains on disposal of overseas property interests	**–**	**–**	**–**	**–**	**(20.1)**	**–**	**–**	**(20.1)**	**–**	**(20.1)**
Foreign exchange translation differences	**–**	**–**	**–**	**–**	**(49.3)**	**–**	**–**	**(49.3)**	**–**	**(49.3)**
Gain on net investment hedge	**–**	**–**	**–**	**–**	**39.3**	**–**	**–**	**39.3**	**–**	**39.3**
Loss on cash flow hedge	**–**	**–**	**–**	**–**	**(3.4)**	**–**	**–**	**(3.4)**	**–**	**(3.4)**
Loss on cash flow hedge recycled to net finance costs	**–**	**–**	**–**	**–**	**3.6**	**–**	**–**	**3.6**	**–**	**3.6**
Share of other comprehensive loss of associates	**–**	**–**	**–**	**–**	**–**	**(8.8)**	**–**	**(8.8)**	**–**	**(8.8)**
Net actuarial losses on pension schemes	**–**	**–**	**–**	**–**	**–**	**(1.4)**	**–**	**(1.4)**	**–**	**(1.4)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(51.4)**	**–**	**(51.4)**	**–**	**(51.4)**
Total comprehensive loss	**–**	**–**	**–**	**–**	**(29.9)**	**(61.6)**	**–**	**(91.5)**	**–**	**(91.5)**
Share-based employee remuneration	**–**	**–**	**–**	**–**	**–**	**3.6**	**–**	**3.6**	**–**	**3.6**
Cost of shares awarded to employees	**–**	**–**	**–**	**–**	**–**	**(2.4)**	**2.4**	**–**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**(35.9)**	**–**	**(35.9)**	**–**	**(35.9)**
As at 31 December 2023	**250.1**	**1,563.7**	**–**	**–**	**105.5**	**549.7**	**(6.4)**	**2,462.6**	**–**	**2,462.6**

a Share capital includes shares held in treasury and shares held in an employee share trust, which are held at cost and excluded from equity shareholders' funds through 'Investment in own shares' with further information set out in note 20A.

b The merger reserve arose in September 2014 from a placing of new shares using a structure which resulted in merger relief being taken under Section 612 of the Companies Act 2006. Following receipt of the proceeds in 2014 and the relevant criteria enabling use of the reserve having been satisfied, the amounts in the merger reserve are deemed distributable and accordingly the balance of this reserve was transferred to retained earnings.

c The capital redemption reserve comprised £14.3m relating to share buybacks which arose over a number of years up to 2019 and £183.9m resulting from the cancellation of the Company's shares as part of the reorganisation of share capital in 2020. Following approval by the Court on 22 November 2022, this reserve was reclassified as available for distribution to shareholders in accordance with ICAEW Technical Release 02/17BL section 2.8A and as a result was transferred to retained earnings.

d Other reserves comprises Translation, Net investment hedge and Cash flow hedge reserves as set out in note 20B.

	Note	2023 £m	2022 £m
Profit from operating activities	2	**26.2**	29.7
Net movements in working capital and restricted monetary assets	23A	**(4.7)**	2.6
Non-cash items	23A	**2.8**	(0.8)
Cash generated from operations		**24.3**	31.5
Interest received		**39.1**	18.1
Interest paid		**(80.8)**	(69.1)
Debt and loan facility issuance and extension fees		**(1.0)**	(2.8)
Premiums on hedging derivatives		**–**	(3.9)
Tax (paid)/repaid		**(0.9)**	0.3
Distributions and other receivables from joint ventures		**57.6**	89.5
Distributions from joint ventures reclassified as assets held for sale		**–**	6.0
Cash flows from operating activities		**38.3**	69.6
Investing activities			
Capital expenditure		**(18.7)**	(36.4)
Sale of properties (including trading properties)		**49.0**	124.0
Sale of investments in joint ventures		**69.0**	67.9
Sale of investments in associates		**96.7**	–
Advances to joint ventures	12D	**(8.3)**	(4.0)
Distributions and capital returns received from associates		**73.6**	2.6
Cash flows from investing activities		**261.3**	154.1
Financing activities			
Share issue expenses		**–**	(0.5)
Proceeds from award of own shares		**–**	0.1
Purchase of own shares		**–**	(6.7)
Proceeds from new borrowings		**96.0**	–
Repayment of borrowings		**(111.1)**	(302.4)
Equity dividends paid	21	**(29.9)**	(13.2)
Cash flows from financing activities		**(45.0)**	(322.7)
Increase/(decrease) in cash and cash equivalents		**254.6**	(99.0)
Opening cash and cash equivalents	23B	**218.8**	315.1
Exchange translation movement	23B	**(1.1)**	2.7
Closing cash and cash equivalents	23B	**472.3**	218.8

1. Basis of preparation, consolidation and principal accounting policies

A. GENERAL INFORMATION

Hammerson plc is a UK public company limited by shares incorporated under the Companies Act and is registered in England and Wales. The address of the Company's registered office is Marble Arch House, 66 Seymour Street, London W1H 5BX.

The Group's principal activities are as an owner, operator and developer of sustainable prime urban real estate. The Group owns and invests in flagship destinations, developments and other properties, and premium outlets across the United Kingdom and Europe. The significant accounting policies are described below.

B. BASIS OF PREPARATION AND CONSOLIDATION

Basis of preparation

The consolidated financial statements have been prepared in accordance with both UK adopted international accounting standards and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU, (IFRS adopted by the EU as at 31 December 2020), as well as SAICA Financial Reporting Guides as issued by the Accounting Practices committee and those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

New accounting standards, amendments to standards and IFRIC interpretations which became applicable during the year or have been published but are not yet effective, were either not relevant or had no, or are not expected to have a material impact on the Group's results or net assets.

In addition to the above, an assessment has been undertaken on the Pillar 2 tax legislation (effective 1 January 2024), which is based around undertaxed profits. The Group is not expected to meet the minimum threshold in place for the legislative rules to apply.

The financial statements are prepared on the historical cost basis, except that investment properties, other investments and derivative financial instruments are stated at fair value. Accounting policies have been applied consistently.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power over the investee, is exposed, or has rights, to variable return from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries, joint ventures or associates are included in the consolidated income statement when control is achieved, which is usually from the effective date of acquisition, or up to the effective date of disposal which is usually on completion of the transaction. All intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to bring the accounting policies used into line with those used by the Group.

Business combinations are accounted for using the acquisition method where any excess of the purchase consideration over the fair value of the assets, liabilities and contingent liabilities acquired and the resulting deferred tax thereon is recognised as goodwill which is then reviewed annually for impairment. Acquisition related costs are expensed.

Joint operations, joint ventures and associates

The accounting treatment for joint operations, joint ventures and associates requires an assessment to determine the degree of control or influence that the Group may exercise over them and the form of that control.

The Group's interest in joint arrangements is classified as either:

- a joint operation: not operated through an entity but by joint controlling parties which have rights to the assets and obligations for the liabilities; or
- a joint venture: whereby the joint controlling parties have rights to the net assets of the arrangement.

The Group's interests in its joint arrangements are commonly driven by the terms of partnership agreements, which ensure that control is shared between the partners.

Associates are those entities over which the Group is in a position to exercise significant influence, but not control or jointly control.

The Group's share of interests in joint operations is proportionally consolidated into the Group financial statements.

The results, assets and liabilities of joint ventures and associates are accounted for using the equity method. Investments in joint ventures and associates are carried in the consolidated balance sheet at cost as adjusted for post acquisition changes in the Group's share of the net assets of the joint venture or associate, less any impairment. Loans to joint ventures and associates are aggregated into the Group's investment in the consolidated balance sheet. The Group eliminates upstream and downstream transactions with its joint ventures, including interest and management fees.

Any losses of joint ventures or associates are initially recognised against the equity investment. However, if in excess of the Group's equity interest, losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the other entity. If the Group's equity investment is £nil, the share of losses is recognised against other long term interests or if such interests are not available, losses are simply restricted to leave the Group's equity investment remaining at £nil.

Distributions and other income received from joint ventures are included within cash flows from operating activities owing to their association with the underlying profits of the joint venture whereas all other cash flows are recognised as investing activities. Distributions from associates are included in investing activities. Distributions reduce the carrying value of the Group's investments in joint ventures and associates.

C. ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group uses a number of performance measures which are non-IFRS. The key measures comprise the following:

- Adjusted measures: Used by the Directors and management to monitor business performance internally and exclude the same items as for EPRA earnings, but also certain cash and non-cash items which they believe are not reflective of the normal day-to-day operating activities of the Group. Furthermore, the Group evaluates the performance of its portfolio by aggregating its share of joint ventures and associates which are under the Group's management ('Share of Property interests') on a proportionally consolidated basis. The Directors believe that disclosing such non-IFRS measures enables a reader to isolate and evaluate the impact of such items on results and allows for a fuller understanding of performance from year-to-year. Adjusted performance measures may not be directly comparable with other similarly titled measures used by other companies.

1. Basis of preparation, consolidation and principal accounting policies continued

- EPRA earnings and EPRA net assets: Calculated in accordance with guidance issued by the European Public Real Estate Association recommended bases.
- Headline earnings: Calculated in accordance with the requirements of the Johannesburg Stock Exchange listing requirements.

A reconciliation between reported and the above alternative earnings and net asset measures is set out in note 9.

D. GOING CONCERN

Introduction
In order to prepare the financial statements for the year ended 31 December 2023 on a going concern basis the Directors have undertaken a detailed assessment of the Group's principal risks and current and projected financial position over the period to 30 June 2025 ('the going concern period'). This period has been selected as it coincides with the first six monthly covenant test date for the Group's unsecured debt facilities falling due after the minimum 12 months going concern period.

The assessment included the preparation of a Base scenario which contained earnings, balance sheet, cash flow, liquidity and credit metric projections. The Base scenario was derived from the Group's 2024 Business Plan, which was approved by the Board in December 2023, with amendments to exclude certain uncommitted transactions such as disposals. The Business Plan projections assumed further improvements in the Group's near term operational performance, supported by the Group's strong leasing pipeline; collections performance; robust occupancy; and footfall and sales growth seen in 2023. The projections also factored in the latest geopolitical, economic and trading outlook, particularly the financial challenges on both consumers and businesses from high interest rates, benign economic growth, inflation and supply chain pressures.

Financial position
Over the course of 2023, the Group's net debt has reduced by £406m to £1,326m. The Group also has significant liquidity of £1,225m (2022: £997m), comprising cash of £570m and undrawn revolving credit facilities of £655m. The net debt reduction was principally due to disposal proceeds in the year of £216m and the derecognition of the Group's investment in Highcross and O'Parinor which included £125m of secured debt. This reduction has led to an improvement in the Group's credit metrics as detailed on page 51 of the Financial Review. Over the going concern period, there is only £109m of unsecured debt maturities, relating solely to a proportion of the Group's £185m private placement notes.

The Group has three principal unsecured debt covenants: gearing, interest cover and unencumbered asset ratio, with the latter covenant only applicable to the private placement notes. It also has a covenant relating to the amount of secured debt as a percentage of equity shareholders' funds which must remain below 50%. This was 11% at 31 December 2023 and is forecast to remain broadly unchanged over the going concern period. The key variables impacting the three principal covenants are valuation movements for the gearing and unencumbered asset ratio covenants, and changes in net rental income for the interest cover covenant. Net interest cost also impacts the interest cover ratio, although at 31 December 2023, 84% of the Group's gross debt is at fixed interest rates, which limits the volatility of this element of the covenant over the going concern period.

The Group also has secured debt in its Dundrum joint venture and its associate, Value Retail. These secured facilities are non-recourse to the rest of the Group and subject to covenants, principally relating to loan to value and interest cover. The loan secured against Dundrum and three of the loans held by Value Retail mature over the going concern period. In total the Group's share of these maturing loans was £513m at 31 December 2023.

Assessment approach
Consistent with the Group's strong financial position, the Base scenario projections forecast that the Group will maintain significant covenant headroom and liquidity over the going concern period.

To further determine the Group's ability to continue as a going concern, a reverse stress test ('stress test') was undertaken on the Base scenario to assess the maximum level that valuations and net rental income could fall over the going concern period before the Group reaches its key unsecured debt covenant thresholds. The stress test adopted valuation yields and ERVs as at 31 December 2023. However, to fully assess the impact on the going concern assessment the stress test adopted the following worse case assumptions:

- the secured loans in Dundrum and Value Retail are not refinanced and the lenders enforce their security resulting in the Group derecognising the full value of its equity investments totalling £508m; and
- the early repayment of £77m of the Group's unsecured private placement notes which do not mature over the going concern period. This assumption has been adopted as the unencumbered asset ratio, which is only applicable to these notes, has the lowest covenant headroom to valuation falls at 31 December 2023 of 27% and hence would breach before the gearing covenant shown below. In practice, this potential issue can be avoided as the Group has the right to redeem the notes for their value plus a make whole amount.

Factoring in these assumptions, the results of the stress test are as follows:

Level of reduction in key variable at each date to reach covenant threshold

Key variable	Covenant	31 Dec 2023 Actual	30 Jun 2025 Stress test
Valuations (incl. Value Retail)	Gearing	34%	31%
Net rental income	Interest cover	68%	70%

Having reviewed the results of the stress tests, current external forecasts, recent precedents and plausible future adverse impacts to valuations and net rental income, the Directors are satisfied that the Group has sufficient covenant headroom over the going concern period.

The Group is also forecast to retain significant liquidity over the going concern period, such that liquidity in the stress tests remains above £800m over the going concern period.

Mitigating actions
The going concern assessment explained above excludes the beneficial impact of potential mitigating actions which would provide the Group with further financial strength and covenant headroom. These include:

- Refinancing of maturing loans in the ordinary course of business, particularly in relation to secured debt, as this avoids the modelled derecognition of these investments in the stress test. Refinancing discussions are progressing for the Dundrum secured loan while Value Retail management remain confident of refinancing its maturing loans following the major refinancing activities of £1.4bn in 2022 and 2023.
- Additional liquidity from further disposals including the recently contracted sale of Union Square, Aberdeen for £111m which is due to complete in March 2024.
- Curtailment of uncommitted capital expenditure plans and other discretionary cash flows factored into the assessment.

Conclusion
The going concern assessment described above demonstrates that the Group is forecast to remain in a robust financial position over the going concern period with significant liquidity and debt covenant headroom. The Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

1. Basis of preparation, consolidation and principal accounting policies continued

E. PRINCIPAL ACCOUNTING POLICIES

Revenue

Revenue comprises gross rental income (consisting of base and turnover rents, income from car parks and commercialisation activities, lease incentive recognition and other rental income), service charge income, property fee income and joint venture and associate management fees. These income streams are recognised in the period to which they relate as set out below.

Rental income from investment property is recognised as revenue on a straight line basis over the lease term. Lease incentives and costs associated with entering into tenant leases are amortised over the lease term as a reduction in rental income. Lease modifications are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. On entering into a lease modification any initial direct costs associated with the lease, including surrender premia previously paid, are derecognised through rental expense in the year. Rent reviews are recognised when such reviews have been agreed with tenants.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, such as increases arising on rent reviews and turnover rent, are variable considerations and are recorded as income using the most reliable estimates of such considerations in the periods in which they are earned. Income from rent reviews is recognised from the period it is secured.

Under IFRS 15, the Group's revenue from contracts with customers includes service charge income, property fee income, car park income and joint venture and associate management fees and is recognised in accordance with the following performance obligations:

- Service charge income, property fee income and joint venture and associate management fees are recognised over the period the respective services are provided
- Car park income is recognised at the point in time when the customer has completed use of their car parking space

Retirement benefit costs

Defined contribution pension plans

The cost of defined contribution schemes is expensed as incurred. The Group has no further payment obligations once the contributions have been paid.

Defined benefit pension plans

The Group has one funded plan where assets are held in separate trustee administered funds. The Group also provides other unfunded pension benefits to certain members. The funded plan was de-risked in December 2022 when the Trustees of the Plan purchased a bulk annuity policy. In December 2023 a process was started to transfer the annuity policy to individual members and wind-up the Plan in 2024.

The Group's net obligation comprises the amount of future benefit that employees have earned, discounted to determine a present value, less the fair value of the pension plan assets. The cost of providing benefits under defined benefit arrangements are determined separately for each plan using the projected unit credit method, with valuations being carried out by the Group's external actuary.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation. A net pension asset is only recognised to the extent that it is expected to be recoverable in the future and the asset is limited to the present value of any future refunds from the plan or reduction in future contributions to the plan.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Share-based payments

Equity settled share-based employee remuneration is determined with reference to the fair value (excluding the effect of non-market-based vesting conditions) of the equity instruments at the date of grant and is expensed over the vesting period on a straight line basis.

The fair value of share options which are subject only to internal performance criteria or service conditions are measured using input factors including the exercise price, expected volatility, option life and risk-free interest rate. For all schemes, the number of options expected to vest is recalculated at each balance sheet date, based on expectations of leavers prior to vesting. The fair value of the market-based element of the Restricted Share Plan is calculated using the Monte Carlo model which is dependent on factors including the expected volatility, vesting period and risk-free interest rate.

Finance costs

Net finance costs

Net finance costs include interest payable on debt, derivative financial instruments, interest on head leases and other lease obligations, debt and loan facility cancellation costs, net of interest capitalised, interest receivable on funds invested and derivative financial instruments, and changes in the fair value of derivative financial instruments.

Capitalisation of interest

Interest is capitalised if it is directly attributable to the acquisition, construction or production of development properties or the significant redevelopment of investment properties. Capitalisation commences when the activities to develop the property start on site and continues until the property is substantially ready for its intended use, normally practical completion. Capitalised interest is calculated with reference to the actual rate payable on loans for development purposes or, for that part of the development cost financed out of general funds, at the Group's weighted average interest rate.

Tax

Tax exempt status

The Company has elected for UK REIT, French SIIC and Irish QIAIF status. To continue to benefit from these tax regimes, the Group is required to comply with certain conditions as outlined in note 7A. Management intends that the Group will continue as a UK REIT, a French SIIC and an Irish QIAIF for the foreseeable future.

Current and deferred tax

Tax is included in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

Current tax is the expected tax payable on the non-tax exempt income for the period, net of allowable expenses and tax deductions, using the tax rate(s) prevailing during the accounting period, together with any adjustment in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The following temporary differences are not provided for:

- Goodwill not deductible for tax purposes
- The initial recognition of assets or liabilities, with the exception of leases, that at the time of the transaction affects neither accounting nor taxable profit/(tax loss)

1. Basis of preparation, consolidation and principal accounting policies continued

– For investments in subsidiaries that at the time of the transaction do not give rise to equal taxable and deductible temporary differences.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the period when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Foreign currency

Income statement

Transactions in foreign currencies are translated into sterling at exchange rates approximating to the exchange rate ruling at the date of the transaction.

The operating income and expenses of foreign operations are translated into sterling at the average exchange rates for the year. Significant transactions, such as property sales, are translated at the foreign exchange rate ruling at the date of each transaction.

Transactions with joint ventures including distributions, interest and management fees are eliminated on a proportionate basis. The Group's financial performance is not materially impacted by seasonality.

Balance sheet

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rate ruling at that date and, unless they relate to the hedging of the net investment in foreign operations, differences arising on translation are recognised in the consolidated income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into sterling at the exchange rates ruling at the balance sheet date.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve. They are released to the consolidated income statement upon disposal of the foreign operation.

Exchange rates

The principal foreign currency denominated balances are in euro where the translation exchange rates used are:

Consolidated income statement

Average rate	Year ended 31 December 2023	Year ended 31 December 2022
Quarter 1	€1.133	€1.195
Quarter 2	€1.150	€1.179
Quarter 3	€1.163	€1.168
Quarter 4	€1.154	€1.150

Consolidated balance sheet

	31 December 2023	31 December 2022
Year end rate	€ 1.153	€1.128

E. PRINCIPAL ACCOUNTING POLICIES continued

Investment properties and trading properties

Investment properties are stated at fair value, being market value determined by professionally qualified external valuers, and changes in fair value are included in the consolidated income statement. Accordingly, no depreciation is provided.

Expenditure incurred on investment properties is capitalised where it is probable that the future economic benefits associated with the investment property will flow to the entity and the cost can be reliably measured. This includes the recognition of capitalised tenant incentives, less amortisation and impairment, capitalised interest and other capital expenditure.

Investment properties held for future sale are reclassified to Trading properties within current assets at the fair value at the date of transfer and subsequently measured at the lower of cost and net realisable value.

Interests in leasehold properties

The Group owns a number of properties on long leaseholds under leases from freeholders or superior leaseholders which are depreciated over the lease term. At the commencement of a lease, the Group recognises lease liabilities for the buildings element of the leasehold, disclosed as obligations under head leases, at the present value of the minimum lease payments to be made over the term of the lease. Payments to the freeholder or superior leaseholder are apportioned between a finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents and variable rents payable which are not dependent on an index, such as rent reviews or those related to rental income, are expensed in the period to which they relate. Where at inception, or at some point during the course of the lease, rents are fixed, or are in substance fixed, a right-of-use asset is created and a corresponding liability for the present value of the minimum future lease payments recognised on the balance sheet.

Right-of-use assets

The Group has leases for each of its corporate offices in the UK, France and Ireland. Leased assets are capitalised on inception of the lease as right-of-use assets and depreciated over the shorter of the non-cancellable lease period and any extension options that are considered reasonably certain to be taken, or the useful life of the asset.

A corresponding lease liability, representing the present value of the lease payments is also recognised. The discounted lease liability is calculated where possible using the interest rate implicit in the lease or where this is not attainable the incremental borrowing rate is utilised. The incremental borrowing rate is the rate the Group would have to pay to borrow the funds necessary to obtain a similar asset under similar conditions. The Group calculates the incremental borrowing rate using the risk free rate of the country where the asset is held, adjusted for length of the lease and a risk premium.

Lease payments are allocated against the principal and finance cost. Finance costs, representing the unwinding of the discount on the lease liability are expensed to produce a constant periodic rate of interest on the remaining liability.

Plant and equipment

Such assets are stated at cost less accumulated depreciation and, where appropriate, provision for impairment in value. Depreciation is charged to the consolidated income statement on a straight line basis over the estimated useful life, generally between three and five years.

1. Basis of preparation, consolidation and principal accounting policies continued

Cloud software license agreements and intangible assets
When the Group incurs configuration and customisation costs as part of a cloud based software-as-a-service (SaaS) agreement, and where this does not result in the creation of an asset which the Group has control over, such costs are expensed. Licence agreements to use cloud software are treated as service contracts and expensed, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets.

Software and licenses which are capitalised include costs incurred to acquire the assets as well as any internal infrastructure and design costs incurred in the development of software in order to bring the assets into use. Capitalised software costs include external direct costs of goods and services, as well as directly attributable internal payroll related costs for employees who are associated with the project. Computer software under development is held at cost less any recognised impairment loss.

Software is stated at cost less accumulated amortisation and, where appropriate, provision for impairment in value or estimated loss on disposal. Amortisation is provided to write off the cost of assets on a straight line basis between three and six years, and is recorded in administration expenses.

Other investments
Other investments are initially recognised at fair value and subsequently remeasured, with changes recognised in the consolidated income statement.

Disposals
Properties are treated as disposed when control transfers to the buyer which typically occurs on completion.

Gains or losses on the sale of properties are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure, unless reclassified to assets held for sale prior to disposal. Where a corporate entity, whose primary asset is a property, is disposed, the associated gains or losses on the sale of the entity are disclosed as profit or loss on sale of properties.

Trade and other receivables
Trade and other receivables are initially measured at fair value, subsequently measured at amortised cost and, where the effect is material, discounted to reflect the time value of money. Trade and other receivables are shown net of any loss allowance provision. In order to calculate any loss allowance for trade receivables the Group applies the simplified approach under IFRS 9 to determine the Expected Credit Loss (ECL).

In addition the Group makes provisions against receivables in the current period in respect of income not yet recognised in the income statement, but instead deferred on the balance sheet to be released to the income statement in a future period, to match the period to which the income relates.

Other non-trade receivables include loans receivable which are financial assets and are initially measured at fair value, plus acquisition costs, and are subsequently measured at amortised cost, using the effective interest method, less any impairment, determined using the general approach in IFRS 9.

Estimates made in assessing the provisions for impairment of trade (tenant) receivables require consideration of future events which therefore make the provisions inherently subjective. The Group applies the simplified approach under IFRS 9 by adopting a provisioning matrix to determine the Expected Credit Loss (ECL), grouping receivables dependent on risk level. In making these assessments, key factors the Group takes into account include:

- Credit ratings
- Latest information on occupiers' financial standing including the relative risk of the retail subsector in which they operate
- Historical default rates
- Ageing
- Rent deposits (included as part of payables) an d guarantees held
- The probability that tenants will serve out the remainder of the contractual terms of their leases

Specific higher provisioning levels may be applied where information is available which suggests this is required, for instance if the likelihood of default or tenant failure is deemed to be very high a full provision is applied. Trade receivables are written off when there is no feasible possibility of recovery and enforcement activity has ceased.

Some small differences in provision rates across segments exist which reflect the typically experienced local collection rates by age category. However, the effect on overall provisioning rate on the total gross balance by segment is not material.

Cash and cash equivalents and restricted monetary assets
Cash and cash equivalents comprise cash and short term bank deposits with an original maturity of three months or less which are readily accessible.

Restricted monetary assets relate to cash balances which legally belong to the Group but which the Group cannot readily access owing to restrictions imposed by law or legislation and include cash and monies held in escrow accounts for a specified purpose. These do not meet the definition of cash and cash equivalents and consequently are presented separately in the consolidated balance sheet.

Financial liabilities
Financial liabilities are those which involve a contractual obligation to deliver cash or other financial asset to external parties at a future date.

Loans
Loans are recognised initially at fair value, after taking account of any discount on issue and attributable transaction costs. Subsequently, loans are held at amortised cost, such that discounts and costs are charged as finance costs to the consolidated income statement over the term of the borrowing at a constant return on the carrying amount of the liability.

Trade and other payables
Trade payables (excluding derivative financial liabilities) are non-interest bearing and are stated at cost which equates to their fair value.

Derivative financial instruments
The Group uses derivative financial instruments to economically hedge its exposure to foreign currency movements and interest rate risks. These instruments are recognised initially at fair value, which equates to cost and subsequently remeasured at fair value, with changes in fair value being included in the consolidated income statement, except where hedge accounting is applied.

Derivative financial instruments are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period, otherwise they are held as non-current assets or liabilities.

1. Basis of preparation, consolidation and principal accounting policies continued

Hedge accounting is applied in respect of net investments in foreign operations and of debt raised in non-functional currencies. The fair value gain or loss on remeasurement of derivative financial instruments and the exchange differences on non-derivative financial instruments that are designated in a net investment hedge are recognised in the net investment hedge reserve in total comprehensive income, to the extent they are effective, and the ineffective portion is recognised in the consolidated income statement within net finance costs. Amounts are reclassified from the net investment hedge reserve to the consolidated income statement when the associated hedged item is disposed of.

Hedge accounting is also applied in respect of the foreign exchange exposure on US Dollar loans. The fair value gain or loss on re-measurement of derivative financial instruments that are designated in a cash flow hedge are recognised in the cash flow hedge reserve in total comprehensive income, to the extent they are effective, and the ineffective portion is recognised in the consolidated income statement within net finance costs. Amounts are reclassified from the cash flow hedge reserve to the consolidated income statement when the associated hedged transaction affects the consolidated income statement.

Disclosures in the cash flow statement are consistent with the Group's definition of Borrowings which includes currency swaps,

F. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions about the application of its accounting policies which affect the reported amounts of assets, liabilities, income and expenses. Actual amounts and results may differ from those estimates.

Judgements and estimates are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any revisions to accounting estimates are recognised in the period in which the estimate is revised.

Significant judgements

Impairment of non-financial assets and liabilities

Most of the Group's non-financial assets are investment properties and are already carried at their fair value under IAS 40. Investments in joint ventures and associates fall within the scope of IAS 28 and are therefore only assessed for impairment where one or more events cause an indicator of impairment versus the original investment.

Joint ventures and associates are accounted for under the equity method, which equates to the Group's share of the entity's Net Asset Value (NAV). NAV is based on the fair value of the assets and liabilities, measured in accordance with IFRS 13 'Fair Value Measurement'. There are no indicators falling outside of NAV which are considered to be grounds for further impairment review.

Climate risk

As part of the Group's Task Force on Climate-related Financial Disclosures (TCFD) response, the impact of climate risk in the context of the financial statements has been assessed. While recognising the Group's commitment to achieving Net Zero by 2030 as part of the wider ESG strategy, climate risk has not had a material impact on the financial reporting estimates and judgements in these financial statements.

Further information on the assessment is in the Audit Committee report on page 86.

Significant estimates

Property valuations

Backdrop

The valuation of the Group's property portfolio is the most material area of estimation due to its inherent subjectivity, reliance on assumptions and sensitivity to market fluctuations. The portfolio is valued by external valuers in accordance with RICS Valuation – Global Standards.

The 31 December 2023 reports include a general commentary on wider issues including uncertainty caused by the war in Ukraine and associated cost, supply chain, high interest rates and inflationary pressures. Key areas of estimate highlighted included:

– Estimation of market rents based on an increased level of activity
– Yield assumptions recognising the selective return of investor appetite towards the retail sector, and the limited comparable transactions

Other non-key factors considered included the appropriate levels of void costs and rent-free period, and the impact of shortening lease lengths.

Methodology

Investment properties, excluding trading properties and properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to estimated future rental income streams reflecting contracted income reverting to market rental income (ERV) with appropriate adjustments for income voids arising from vacancies, lease expiries or rent-free periods. These capitalisation yields (nominal equivalent yield) and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs to the valuations.

Where comparable evidence of yield movement is lacking, valuers are reliant on sentiment or the movement of less comparable assets. Factors that have been taken into account include, but are not limited to, the location and physical attributes of the property, tenure, tenancy details, lease expiry profile, rent collection, local taxes, structural and environmental conditions. With regards to the latter factor, the valuers comply with the RICS Guidance Note Sustainability and ESG in Commercial Property Valuation, which took effect from 31 January 2022, although make limited explicit adjustment to their valuations in respect of ESG matters. However, both the Group and the valuers anticipate that ESG will have a greater influence on valuations in the future as investment markets place a greater emphasis on this topic.

A tailored approach is taken to the valuation of development properties due to their unique nature. In the case of on-site developments, the approach applied is the 'residual method' of valuation, which is the investment method of valuation (as described above), with a deduction for all costs necessary to complete the development together with an allowance for risk and developers' profit. Properties held for future development are valued using the highest and best use method, by adopting the higher of the residual method of valuation allowing for all associated risks, and the investment method of valuation for the existing asset.

Valuations of the Group's premium outlets held by Value Retail are calculated on a discounted cash flow basis, utilising key assumptions such as net operating income, exit yield, discount rate and forecast sales density growth.

Inputs to the valuations, some of which are 'unobservable' as defined by IFRS 13, include capitalisation yields and ERV. These are dependent on individual market characteristics. With other factors remaining constant, an increase in ERV would increase valuations, whilst increases in capitalisation yields and discount rates would reduce values and vice versa. However, there are interrelationships between unobservable inputs as they are determined by market conditions. For example, an increase in rents may be offset by an increase in yield, resulting in no net impact on values. A sensitivity analysis, showing the impact on values of changes in yields and rental income is in note 11A.

2. Profit/(loss) for the year

As described in note 3, the Group evaluates the performance of its portfolio by aggregating its share of joint ventures (see note 12) and associates (see note 13) which are under the Group's management ('Share of Property interests') on a proportionally consolidated basis with its wholly owned portfolio in its 'Reported Group'.

Adjusted earnings, which are also calculated on a proportionally consolidated basis, is the Group's primary profit measure and this is the basis of information which is reported to the Board. The following table sets out a reconciliation from Reported earnings to Adjusted earnings.

						2023
				Proportionally consolidated		
	Note	Reported Group £m	Share of Property interests £m	Sub-total before adjustments £m	Capital and other a £m	Adjusted £m
Revenue	4	134.3	132.4	266.7	–	266.7
Gross rental income b	3A, 4	92.8	115.6	208.4	–	208.4
Service charge income	4	26.6	17.1	43.7	–	43.7
		119.4	132.7	252.1	–	252.1
Service charge expenses		(29.1)	(20.4)	(49.5)	–	(49.5)
Cost of sales	5A	(14.7)	(20.7)	(35.4)	0.3	(35.1)
Net rental income		75.6	91.6	167.2	0.3	167.5
Gross administration costs	5A	(64.3)	(0.4)	(64.7)	13.2	(51.5)
Other income	4	14.9	–	14.9	–	14.9
Net administration expenses		(49.4)	(0.4)	(49.8)	13.2	(36.6)
Profit from operating activities		26.2	91.2	117.4	13.5	130.9
Revaluation losses on properties	11	(45.2)	(73.9)	(119.1)	119.1	–
Disposals						
– Profit/(loss) on sale of properties	8A	1.3	(19.1)	(17.8)	17.8	–
– Recycled exchange gains on disposal of overseas interests		20.1	–	20.1	(20.1)	–
Change in fair value of other investments		(1.1)	–	(1.1)	1.1	–
Loss on sale of joint ventures and associates		(19.1)	19.1	–	–	–
Other net gains		1.2	–	1.2	(1.2)	–
Share of results of joint ventures	12B	9.4	(9.4)	–	–	–
Impairment of joint venture	8B	(22.2)	–	(22.2)	22.2	–
Share of results of associates	13B	16.0	(1.2)	14.8	17.3	32.1
Operating (loss)/profit		(14.6)	6.7	(7.9)	170.9	163.0
Net finance costs	6	(36.1)	(6.6)	(42.7)	(3.2)	(45.9)
(Loss)/profit before tax		(50.7)	0.1	(50.6)	167.7	117.1
Tax charge	7A	(0.7)	(0.1)	(0.8)	–	(0.8)
(Loss)/profit for the year attributable to equity shareholders		(51.4)	–	(51.4)	167.7	116.3

a Adjusting items, described above as 'Capital and other', are set out in note 9A.

b Proportionally consolidated figure includes £13.6m (2022: £13.7m) of contingent rents calculated by reference to tenants' turnover.

2. Profit/(loss) for the year continued

							2022
					Proportionally consolidated		
		Note	Reported Group £m	Share of Property interests £m	Sub-total before adjustments £m	Capital and other a £m	Adjusted £m
Revenue		4	131.4	143.6	275.0	–	275.0
Gross rental income	b	3A, 4	90.2	125.0	215.2	–	215.2
Service charge income		4	24.2	18.6	42.8	–	42.8
			114.4	143.6	258.0	–	258.0
Service charge expenses			(27.8)	(22.5)	(50.3)	–	(50.3)
Cost of sales		5A	(9.3)	(21.2)	(30.5)	(2.4)	(32.9)
Net rental income			77.3	99.9	177.2	(2.4)	174.8
Gross administration costs		5A	(64.6)	(0.3)	(64.9)	5.1	(59.8)
Other income		4	17.0	–	17.0	–	17.0
Net administration expenses			(47.6)	(0.3)	(47.9)	5.1	(42.8)
Profit from operating activities			29.7	99.6	129.3	2.7	132.0
Revaluation losses on properties		11	(82.7)	(138.3)	(221.0)	221.0	–
Disposals and assets held for sale							
– Profit/(loss) on sale of properties		8A	0.7	(0.1)	0.6	(0.6)	–
– Income from assets held for sale		8A	–	(1.6)	(1.6)	1.6	–
Change in fair value of other investments			(0.1)	–	(0.1)	0.1	–
Other net gains/(losses)			0.6	(1.7)	(1.1)	1.1	–
Share of results of joint ventures		12B	(41.5)	41.5	–	–	–
Share of results of associates		13B	(7.1)	1.8	(5.3)	32.7	27.4
Operating (loss)/profit			(101.0)	2.9	(98.1)	257.5	159.4
Net finance costs		6	(63.0)	(2.6)	(65.6)	11.6	(54.0)
(Loss)/profit before tax			(164.0)	0.3	(163.7)	269.1	105.4
Tax charge		7A	(0.2)	(0.3)	(0.5)	–	(0.5)
(Loss)/profit for the year attributable to equity shareholders			(164.2)	–	(164.2)	269.1	104.9

For footnotes see page 133.

3. Segmental analysis

The Group's reportable segments are determined by the internal performance reported to the Chief Operating Decision Makers which has been determined to be the Chief Executive Officer and the Group Executive Committee. Such reporting is both by sector and geographic location as these demonstrate different characteristics and risks, are managed by separate teams and are the basis on which resources are allocated.

The Group evaluates the performance of its portfolio by aggregating its wholly owned properties and joint operations in the 'Reported Group' with share of joint ventures and associates which are under the Group's management ('Share of Property interests') on a proportionally consolidated line-by-line basis. The Group does not proportionally consolidate the Group's investment in Value Retail as this is not under the Group's management, and instead monitors the performance of this investment separately as its share of results of associates as reported under IFRS.

The Group's activities presented on a proportionally consolidated basis including Share of Property interests are:
- Flagship destinations
- Developments and other

Total assets are not monitored by segment and resource allocation is based on the distribution of property assets between segments.

A. INCOME BY SEGMENT

	Gross rental income		Adjusted net rental income	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Flagship destinations				
UK	**92.8**	90.5	**72.9**	74.3
France	**58.6**	61.8	**49.4**	53.8
Ireland	**40.0**	37.3	**36.3**	33.6
	191.4	189.6	**158.6**	161.7
Developments and other	**17.0**	25.6	**8.9**	13.1
Managed portfolio – proportionally consolidated	**208.4**	215.2	**167.5**	174.8
Less Share of Property interests	**(115.6)**	(125.0)		
Reported Group	**92.8**	90.2		

3. Segmental analysis continued

B. INVESTMENT AND DEVELOPMENT PROPERTY ASSETS BY SEGMENT

		Note	2023 Property valuation £m	2023 Capital expenditure £m	2023 Revaluation losses £m	2022 Property valuation £m	2022 Capital expenditure £m	2022 Revaluation losses £m
Flagship destinations								
UK			**863.1**	**13.9**	**(21.8)**	871.0	12.8	(90.2)
France			**1,003.3**	**14.3**	**(15.2)**	1,241.0	33.3	(57.2)
Ireland			**629.7**	**5.4**	**(37.5)**	676.4	4.9	(20.1)
			2,496.1	**33.6**	**(74.5)**	2,788.4	51.0	(167.5)
Developments and other			**280.0**	**13.3**	**(44.6)**	431.7	21.9	(53.5)
Managed portfolio – proportionally consolidated			**2,776.1**	**46.9**	**(119.1)**	3,220.1	72.9	(221.0)
Value Retail			**1,885.7**	**27.5**	**(7.7)**	1,887.0	6.6	(60.7)
Group portfolio			**4,661.8**	**74.4**	**(126.8)**	5,107.1	79.5	(281.7)
Less Value Retail		13C	**(1,885.7)**	**(27.5)**	**7.7**	(1,887.0)	(6.6)	60.7
Less Share of Property interests	a	12C	**(1,379.9)**	**(27.3)**	**73.9**	(1,722.9)	(35.2)	138.3
Less trading properties	b		**–**	**–**	**–**	(36.2)	–	–
Reported Group		11	**1,396.2**	**19.6**	**(45.2)**	1,461.0	37.7	(82.7)

a The property valuation of Share of Property interests comprises UK Flagship destinations: £741.8m (2022: £738.6m); France flagship destinations: £nil (2022: £166.8m), Ireland flagship destinations: £485.2m (2022: £525.0m) and Developments and other £152.9m (2022: £292.5m).

b In December 2019, the Group exchanged contracts for the forward sale of Italik, subject to completion of the development which was opened in 2021, resulting in the sale becoming unconditional although in accordance with a contractually allowed option and subsequent agreement, the purchaser deferred completion to 2023. At 31 December 2022, the 75% of Italik contracted for sale was included within Trading properties at the agreed sale price less forecast costs to complete with final completion occurring on 11 March 2023 as explained in note 8.

C. ANALYSIS OF NON-CURRENT ASSETS

		2023 £m	2022 £m
UK		**1,116.6**	1,135.4
Continental Europe	a	**2,165.5**	2,518.0
Ireland		**491.9**	533.4
	b	**3,774.0**	4,186.8

a Includes the Group's associate stake in Value Retail which has interests across Europe, including UK and Ireland.

b Includes financial instruments of £30.2m (2022: £38.2m) of which £21.4m (2022: £28.4m) relates to the UK and the remainder of £8.8m (2022: £9.8m) to Continental Europe.

4. Revenue

		Note	2023 £m	2022 £m
Base rent			**69.6**	68.2
Turnover rent			**4.7**	5.5
Car park income	*		**10.9**	10.8
Lease incentive recognition			**3.2**	2.7
Other rental income			**4.4**	3.0
Gross rental income		2	**92.8**	90.2
Service charge income	*		**26.6**	24.2
Other income				
– Property fee income	*		**8.4**	11.5
– Joint venture and associate management fees	*		**6.5**	5.5
			14.9	17.0
			134.3	131.4

* Revenue for those categories marked * amounted to £52.4m (2022: £52.0m) and is recognised under IFRS 15 'Revenue from Contracts with Customers'. All other revenue is recognised in accordance with IFRS 16 'Leases'.

5. Costs

A. PROFIT FROM OPERATING ACTIVITIES IS STATED AFTER CHARGING:

Cost of sales		2023 £m	2022 £m
Ground and equity rents payable		**1.1**	0.7
Inclusive lease costs recovered through rent		**2.8**	3.1
Other property outgoings	a	**10.6**	6.4
Change in provision for amounts not yet recognised in the income statement		**0.2**	(0.9)
		14.7	9.3

Gross administration costs		Note	2023 £m	2022 £m
Employee costs		5B	**35.2**	42.0
Depreciation of plant and equipment			**0.6**	1.0
Depreciation of right-of-use assets			**2.4**	3.1
Other costs	b		**12.9**	13.4
Business transformation costs		9A	**13.2**	5.1
			64.3	64.6

a Includes charges and credits in respect of expected credit losses as set out in note 14D.

b Comprises predominantly professional fees (mainly audit, valuation and legal), Corporate office costs and insurances and IT related costs.

B. EMPLOYEE COSTS

		2023 £m	2022 £m
Wages and salaries (including bonuses)		**24.4**	31.3
Social security		**4.9**	5.5
Other pension costs		**2.4**	3.0
Share-based remuneration	*	**3.6**	3.0
		35.3	42.8
Capitalised into development properties		**(0.1)**	(0.8)
Total		**35.2**	42.0

* Share-based remuneration comprises the share element of performance related bonuses (where the other element is paid in cash) and longer term share plans, some of which contain performance conditions and where further information is provided in the Directors' Remuneration report.

C. EMPLOYEE NUMBERS

	2023 number	2022 number
Average number of employees	**199**	370
Number of employees whose costs are recharged to occupiers, included above	**24**	145

5. Costs continued

D. SHARE-BASED PAYMENTS

Share-based remuneration charge comprises a number of equity settled share schemes which the Group operates for certain employees of the Group. At 31 December 2023, there were no shares exercisable under any of these schemes (2022: none). Details of each scheme are as follows:

Restricted Share Schemes (RSS and RSSBB) and Long Term Incentive Plan (LTIP)
The RSS applies to the Executive Directors, through the grant of £nil cost options, which vest one third each on the third, fourth and fifth anniversaries of the date of the award (with an additional two years minimum holding period). There is a vesting performance underpin which is measured at the end of the third anniversary. The RSS superseded the Company's LTIP in 2019. The RSSBB is a new scheme in 2023 which applies to members of the Group Executive Committee, excluding Executive Directors, also through the grant of £nil cost options but which vest in total on the third anniversary of the date of the award. In common with the RSS there is also a vesting performance underpin measured at the end of the third anniversary.

	2023 number	2022 number
1 January	**15,576,073**	11,100,742
Granted	**11,855,560**	5,244,132
Lapsed	**(441,574)**	(768,801)
31 December	**26,990,059**	15,576,073

Weighted average	2023	2022
Fair value of awards granted	**24p**	32p
Share price at date of exercise	**n/a**	n/a
Remaining contractual life	**2.1 years**	2.3 years

Restricted Share Plan (RSP)
UK eligible employees are granted £nil cost options which have a vesting period of three years from the date of the award. There are no performance criteria to be satisfied for the awards to vest, the employee only needs to be in employment on the third anniversary from the date of the award.

	2023 number	2022 number
1 January	**18,410,753**	16,570,535
Granted	**4,192,451**	7,273,007
Exercised	**(8,735,735)**	(1,210,999)
Forfeited	**(1,428,812)**	(4,221,790)
31 December	**12,438,657**	18,410,753

Weighted average	2023	2022
Fair value of awards granted	**24p**	32p
Share price at date of exercise	**23p**	32p
Remaining contractual life	**1.2 years**	1.3 years

Deferred Bonus Share Scheme (DBSS)
The DBSS is open to Executive Directors and senior management where a deferred element of their annual performance related incentive plan is settled in shares which are deferred for a period of two years from the date of the award and where the other element of this plan is settled in cash. The share awards are satisfied through the grant of £nil cost options.

	2023 number	2022 number
1 January	**2,761,940**	714,478
Granted	**4,705,583**	2,761,940
Exercised	**–**	(714,478)
31 December	**7,467,523**	2,761,940

Weighted average	2023	2022
Fair value of awards granted	**24p**	32p
Share price at date of exercise	**n/a**	31p
Remaining contractual life	**1.1 years**	1.3 years

5. Costs continued

D. SHARE-BASED PAYMENTS continued

Other schemes

French share scheme

Eligible employees in France are granted £nil cost options which have a vesting period of two years, and a further holding period of two years, from the date of the award. There are no performance conditions to be satisfied for the awards to vest, the employee only needs to be in employment on the second anniversary of the date of the award.

Share Incentive Plan (SIP)

Eligible UK employees are invited to invest up to £1,800 per annum tax free in SIP partnership shares. As an incentive to participants, the Company will match each partnership share with one matching share. The vesting period is three years from the date of the award.

Savings related share option scheme

UK eligible employees may participate in this scheme by choosing to enter into one or more contracts for a three or five year term and save up to a total of £500 per month. At the end of the contract employees may exercise an option to purchase shares in the Company at the option price, which is set at the beginning of the contract at a discount of up to 20% of the prevailing share price at the time the invitation is launched.

E. AUDITOR REMUNERATION

		2023 £m	2022 £m
Audit of the Group and Company financial statements		1.0	0.9
Audit of subsidiaries		0.5	0.5
Audit related assurance services, including interim review		0.3	0.3
		1.8	1.7
Non-audit services	a	0.1	–
Total auditor remuneration	b	**1.9**	1.7

a 2023: Related to reporting accountant work in respect of the £100m bond issue.

b Excludes the additional amounts of £0.2m (2022: £0.2m) incurred in respect of the Group's share of audit services undertaken on behalf of its joint ventures.

6. Net finance costs

	Note	2023 £m	2022 £m
Discount on redemption of bonds	9A,17A	4.3	–
Interest receivable on derivatives		12.8	21.4
Bank and other interest receivable		18.1	4.7
Finance income		**35.2**	26.1
Interest on bank loans and overdrafts		(4.5)	(4.6)
Interest on bonds and related charges		(59.2)	(61.4)
Interest on senior notes and related charges		(5.4)	(6.0)
Interest on obligations under head leases		(2.1)	(2.1)
Interest on other lease obligations		(0.1)	(0.1)
Other interest payable		(0.7)	(0.4)
Gross interest costs		**(72.0)**	(74.6)
Interest capitalised in respect of properties under development		–	1.2
		(72.0)	(73.4)
Debt and loan facility cancellation costs	9A	–	(1.3)
Fair value gains/(losses) on derivatives	9A	0.7	(14.4)
Finance costs		**(71.3)**	(89.1)
Net finance costs		**(36.1)**	(63.0)

7. Tax charge

A. TAX CHARGE

	2023 £m	2022 £m
Foreign current tax	**0.7**	0.2
Tax charge	**0.7**	0.2

The Group's tax charge remains low because it has tax exempt status in its principal operating countries. The Group has been a REIT in the UK since 2007 and a SIIC in France since 2004. These tax regimes exempt the Group's property income and gains from corporate taxes, provided a number of conditions in relation to the Group's activities are met. These conditions include, but are not limited to, distributing at least 90% of the Group's UK tax exempt profits as property income distributions (PID) with equivalent tests of 95% on French tax exempt property profits and 70% of tax exempt property gains. Based on preliminary calculations, the Group has met the REIT and SIIC conditions for 2023. The residual businesses in both the UK and France are subject to corporation tax as normal. The Irish assets are held in a QIAIF which provides similar tax benefits to those of a UK REIT but which subjects dividends and certain excessive interest payments to a 20% withholding tax. The Group is committed to remaining in these tax exempt regimes.

The Group operates in a number of jurisdictions and is subject to periodic reviews and challenges by local tax authorities on a range of tax matters during its normal course of business. Tax impacts can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group uses in-house expertise when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The Group believes that its tax liability accruals are adequate for all open tax years based on its assessment of many factors, including tax laws and prior experience.

B. TAX CHARGE RECONCILIATION

	Note	2023 £m	2022 £m
Loss before tax	2	**(50.7)**	(164.0)
(Profit)/loss after tax of joint ventures	12B	**(9.4)**	41.5
(Profit)/loss after tax of associates	13B	**(16.0)**	7.1
Loss on ordinary activities before tax		**(76.1)**	(115.4)
Tax at the UK corporation tax rate of 25% (2022: 19%)		**(19.0)**	(21.9)
UK REIT tax exemption		**12.8**	6.2
French SIIC tax exemption		**4.0**	6.4
Irish QIAIF tax exemption		**2.3**	1.2
Losses for the year not utilised		**–**	7.1
Non-deductible and other items		**0.6**	1.2
Tax charge		**0.7**	0.2

C. UNRECOGNISED DEFERRED TAX

A deferred tax asset is not recognised for UK revenue losses or capital losses where their future utilisation is uncertain. At 31 December 2023, the total of such losses was £556m (2022: £601m) and £645m (2022: £650m) respectively, and the potential tax effect of these was £139m (2022: £150m) and £161m (2022: £162m) respectively.

Deferred tax is not provided on potential gains on investments in subsidiaries and joint ventures when the Group can control whether gains crystallise and it is probable that gains will not arise in the foreseeable future. At 31 December 2023, the total of such gains was £133m (2022: £133m) and the potential tax effect before the offset of losses was £33m (2022: £33m).

If a UK REIT sells a property within three years of completion of development, the REIT exemption will not apply. However, the Group had no completed properties falling within this timeframe but also has available capital losses to cover taxes arising if the circumstance were to arise.

Deferred tax is also not recognised in respect of withholding tax on taxable events on the basis the Group controls when such taxable events may occur.

8. Disposals and impairment

A. DISPOSALS

Year ended 31 December 2023
On 31 March 2023, the Group raised gross proceeds of €164m (£144m) from the disposal of its 25% associate stake in Italie Deux in Paris and the wholly owned Italik extension. 75% of the Italik extension had been classified as a trading property up to the point of disposal.

On 21 April 2023, the Group completed the sale of its 50% joint venture investment in Centrale and Whitgift in Croydon for gross proceeds of £70m. Also during the year the Group raised further gross proceeds of £2m from the sale of ancillary non-core land.

In total these disposals resulted in a loss on sale of £19.1m as included in the Share of Property Interests in note 2. In addition there was a profit on sale of properties of £1.3m in the Reported Group.

Year ended 31 December 2022
The profit on the sale of properties of £0.7m includes the disposal of Victoria, Leeds which was sold on 25 February 2022 for gross proceeds of £120m and several post completion adjustments arising mainly from historical disposals in prior periods.

Also, on 15 March 2022, the Group completed the sale of its joint venture investment in Silverburn for gross proceeds of £70m. The Group had exchanged contracts for this sale on 14 December 2021 such that this investment was classified as assets held for sale at 31 December 2021 at £71.4m. In 2022, £nil gain/loss on disposal was recognised. However, income generated during the period of £1.6m was included in Adjusted earnings as shown in note 9A.

B. IMPAIRMENT ON DERECOGNITION OF JOINT VENTURES

Year ended 31 December 2023
At 31 December 2022, the Group's Highcross and O'Parinor joint ventures, in which the Group had 50% and 25% interests respectively had £125m of debt secured against the property interests which was non-recourse to the Group. In both cases the loans were in breach of certain conditions and the Group had been working constructively with the respective lenders on options to realise "best value" for all stakeholders.

On 9 February 2023, a receiver was appointed to administer Highcross for the benefit of the creditors and, as a result of no longer having joint control the Group derecognised its share of assets and liabilities, including the property value and £80m of debt. There was no loss on derecognition as the Group's joint venture investment in Highcross had been fully impaired at 31 December 2021, from which date the Group had ceased recognising the results of this joint venture in the consolidated income statement.

On 30 June 2023, the lenders for O'Parinor took control of the joint venture. The Group therefore fully impaired its joint venture investment by £22.2m and derecognised its share of assets and liabilities, including the property value of £61m and £45m of secured debt. The impairment has increased by £0.1m from 30 June 2023 due to additional costs of disposal.

9. Key alternative performance measures

Headline earnings has been calculated in accordance with the requirements of the Johannesburg Stock Exchange listing requirements. EPRA earnings and EPRA net assets are calculated in accordance with guidance issued by the European Public Real Estate recommended bases. Reconciliations from Reported Group (IFRS) earnings after tax and Net assets attributable to equity shareholders to these measures are set out below.

A. ALTERNATIVE EARNINGS MEASURES

		2023 £m	2022 £m
Reported Group			
Loss after tax		**(51.4)**	(164.2)
Adjustments:			
Revaluation losses on managed portfolio		**119.1**	221.0
Disposals			
– Loss/(profit) on sale of properties	a	**17.8**	(0.6)
– Recycled exchange gains on disposal of overseas property interests	b	**(20.1)**	–
Joint venture related			
– Impairment of investment	c	**22.2**	–
Associates (Value Retail):			
– Revaluation losses	d	**7.7**	60.7
– Deferred tax	d, e	**7.4**	0.1
– Change in fair value of financial assets	d	**0.2**	(0.2)
Sub-total: Adjustments for Headline earnings		**154.3**	281.0
Associates (Value Retail):			
– Change in fair value of derivatives	d, f	**11.1**	(18.1)
– Change in fair value of participative loans	d, f	**(9.1)**	(9.8)
Included in Financing:			
– Discount on redemption of bonds	g	**(4.3)**	–
– Debt and loan facility cancellation costs	g	**–**	1.3
– Change in fair value of derivatives	g	**1.1**	10.3
Change in fair value of other investments	h	**1.1**	0.1
Sub-total: Adjustments for EPRA earnings		**154.2**	264.8
Included in profit from operating activities:			
– Business transformation costs	i	**13.2**	5.1
– Change in provision for amounts not yet recognised in the income statement	j	**0.3**	(2.4)
– Income from assets held for sale	k	**–**	1.6
Total: Adjustments for Adjusted earnings		**167.7**	269.1
Headline earnings		**102.9**	116.8
EPRA earnings		**102.8**	100.6
Adjusted earnings		**116.3**	104.9

a As shown in note 2, includes profit on the sale of properties of £1.3m (2022: loss of £0.6m) and losses on the sale of joint venture and associates of £19.1m (2022: £nil) principally relating to the sales of Italie Deux and Croydon. See note 8 for further details.

b Exchange gains previously recognised in equity until disposal, principally in relation to Italie Deux and O'Parinor.

c Impairment resulting from derecognition of O'Parinor joint venture, see note 8 for details.

d Adjustments in respect of associates. Total for 2023 is £17.3m (2022: £32.7m).

e In accordance with EPRA guidance, the tax effects of EPRA adjustments (including those for disposals) are excluded.

f Change in fair value of derivatives and participative loans: such items are excluded because they represent gains and losses arising from market rather than settlement revaluation methodologies which differ from the accruals basis upon which all other non-investment property related assets and liabilities are measured. Such a treatment is a form of revaluation gain or loss created by an assumption that the derivatives or loans will be settled before their maturity. Such gains and losses are excluded from Adjusted earnings as they are unrealised and conflict with the commercial reasons for entering into such arrangements and are expected to be held to maturity.

9. Key alternative performance measures continued

g Financing items comprise:

		2023 Reported Group £m	2023 Share of Property interests £m	2023 Total £m	2022 Reported Group £m	2022 Share of Property interests £m	2022 Total £m
Discount on redemption of bonds		**(4.3)**	**–**	**(4.3)**	–	–	–
Debt and loan facility cancellation costs		**–**	**–**	**–**	1.3	–	1.3
Change in fair value of derivatives	f	**(0.7)**	**1.8**	**1.1**	14.4	(4.1)	10.3
		(5.0)	**1.8**	**(3.2)**	15.7	(4.1)	11.6

The write off of up-front fees arising on early cancellation or early repayment redemption premiums are considered outside of day-to-day financing activities and are accordingly excluded from Adjusted earnings.

h Relates to the fair value movement in a small residual investment in VIA Outlets.

i Business transformation costs comprise:

	2023 £m	2022 £m
Employee severance	**6.3**	3.4
System related costs	**2.9**	1.7
Consultancy costs	**4.0**	–
	13.2	5.1

Such costs relate to the strategic and operational review undertaken by the new management team and which is an integral part of the Group's strategy announced during 2021. The related costs are incremental and do not form part of underlying trading. These costs have been incurred since the announcement of the strategy and further transformation activities will take place in 2024.

j The Group makes a charge for expected credit losses in accordance with the technical interpretation of IFRS 9 irrespective of whether the income to which the provision relates has been recognised in the income statement or is deferred on the balance sheet. Because of the mismatch this causes between the cost of provision being recognised in one accounting period and the related revenue being recognised in a different accounting period, the adjustment eradicates this distortion. For 2023 the adjustment of £0.3m (2022: £(2.4m)) is split £0.2m (2022: £(0.9m)) for the Reported Group and £0.1m (2022: (£1.5m)) for Share of Property interests.

k Income from assets held for sale in 2022 relates to the Group's joint venture investment in Silverburn, which was transferred to assets held for sale as at 31 December 2021 and where the sale completed in March 2022. A £nil gain/loss was generated on the sale which comprised certain additional costs and accruals of £1.6m which were offset by net income generated in the period up to the point of disposal (after taking account of distributions) of £1.6m. The Group excludes losses on disposal from its EPRA and Adjusted earnings, and because this offset of income generated in the period against the loss causes the income to be excluded, the income is added back as an adjusting item in order to reflect the fact that the property remained under the Group's ownership and management up until completion of the disposal and is therefore considered to form part of underlying earnings. There were no assets held for sale as at 31 December 2023.

9. Key alternative performance measures continued

B. ALTERNATIVE NET ASSET MEASURES

The Group uses the EPRA best practice guidelines incorporating three measures of net asset value: EPRA Net Tangible Assets (NTA), Net Reinstatement Value (NRV) and Net Disposal Value (NDV). EPRA NTA is considered to be the most relevant measure for the Group.

A reconciliation between IFRS net assets and the three EPRA net asset valuation metrics is set out below.

		Reported Group £m	Share of Property interests £m	Value Retail £m	2023 Total £m
Reported balance sheet net assets (equity shareholders' funds)		**2,462.6**	**–**	**–**	**2,462.6**
Change in fair value of borrowings	a	**36.7**	**(0.2)**	**–**	**36.5**
EPRA NDV					**2,499.1**
Deduct change in fair value of borrowings	a	**(36.7)**	**0.2**	**–**	**(36.5)**
Deferred tax – 50% share	b	**0.2**	**0.1**	**100.7**	**101.0**
Fair value of currency swaps as a result of interest rates	c	**1.0**	**–**	**–**	**1.0**
Fair value of interest rate swaps		**0.7**	**(1.3)**	**(22.0)**	**(22.6)**
EPRA NTA					**2,542.0**
Deferred tax – remaining 50% share	b	**0.2**	**–**	**100.7**	**100.9**
Purchasers' costs	d	**302.9**	**–**	**–**	**302.9**
EPRA NRV					**2,945.8**

		Reported Group £m	Share of Property interests £m	Value Retail £m	2022 Total £m
Reported balance sheet net assets (equity shareholders' funds)		2,586.4	–	–	2,586.4
Change in fair value of borrowings	a	216.2	(0.7)	–	215.5
EPRA NDV					2,801.9
Deduct change in fair value of borrowings	a	(216.2)	0.7	–	(215.5)
Deferred tax – 50% share	b	0.2	0.1	99.4	99.7
Fair value of currency swaps as a result of interest rates	c	(0.9)	–	–	(0.9)
Fair value of interest rate swaps		2.1	(6.3)	(47.3)	(51.5)
EPRA NTA					2,633.7
Deferred tax – remaining 50% share	b	0.2	–	99.4	99.6
Purchasers' costs	d	330.0	–	–	330.0
EPRA NRV					3,063.3

a Applicable for EPRA NDV calculation only and hence the adjustment is reversed for EPRA NTA and EPRA NRV.

b EPRA guidance stipulates exclusion of 50% of deferred tax for EPRA NTA purposes.

c Excludes impact of foreign exchange.

d Represents property transfer taxes and fees payable should the Group's entire property portfolio, (including Value Retail), be acquired at year end market values.

10. (Loss)/earnings per share and net asset value per share

The calculations of the (loss)/earnings per share (EPS) measures set out below are based on (loss)/profit after tax, Headline profit after tax, EPRA profit after tax and Adjusted profit after tax attributable to owners of the parent and the weighted average number of shares in issue during the year.

Headline earnings per share has been calculated in accordance with the requirements of the Johannesburg Stock Exchange listing requirements. EPRA has issued recommended bases for the calculation of certain per share information which includes net asset value per share as well as earnings per share. The calculation of Headline, EPRA and Adjusted earnings which includes a reconciliation to Reported IFRS earnings is set out in note 9A.

Basic EPS measures are calculated by dividing the earnings attributable to the equity shareholders of the Company by the weighted average number of shares outstanding during the year. Diluted EPS measures are calculated on the same basis as basic EPS but with a further adjustment to the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. Such potentially dilutive ordinary shares comprise share options and awards granted to colleagues where the exercise price is less than the average market price of the Company's ordinary shares during the year and any unvested shares which have met, or are expected to meet, the performance conditions at the end of the year. To the extent that there is no dilution, this arises due to the anti-dilutive effect of all such shares.

Net assets per share comprise net assets calculated in accordance with EPRA guidelines, as set out in note 9B, divided by the number of shares in issue.

A. NUMBER OF ORDINARY SHARES FOR PER SHARE CALCULATIONS

	31 December 2023 million	31 December 2022 million
Shares in issue (for purposes of net asset per share calculations)	**5,002.3**	5,002.3

	Year ended 31 December 2023	Year ended 31 December 2022
Weighted average number of shares		
For purposes of basic EPS	**4,971.4**	4,938.9
Effect of potentially dilutive shares (share options)	**10.6**	10.3
For purposes of diluted EPS (excluding Reported Group)	**4,982.0**	4,949.2

B. (LOSS)/EARNINGS PER SHARE

		(Loss)/earnings		**(Loss)/earnings per share**			
				Basic		**Diluted**	
	Note	**Year ended 31 December 2023 £m**	Year ended 31 December 2022 £m	**Year ended 31 December 2023 pence**	Year ended 31 December 2022 pence	**Year ended 31 December 2023 pence**	Year ended 31 December 2022 pence
Reported Group		**(51.4)**	(164.2)	**(1.0)p**	(3.3)p	**(1.0)p**	(3.3)p
Headline	9A	**102.9**	116.8	**2.1p**	2.4p	**2.1p**	2.4p
EPRA	9A	**102.8**	100.6	**2.1p**	2.0p	**2.1p**	2.0p
Adjusted	9A	**116.3**	104.9	**2.3p**	2.1p	**2.3p**	2.1p

C. NET ASSET VALUE PER SHARE

		Net asset value		**Net asset value per share**	
	Note	**31 December 2023 £m**	31 December 2022 £m	**31 December 2023 pence**	31 December 2022 pence
EPRA NDV	9B	**2,499.1**	2,801.9	**50p**	56p
EPRA NTA	9B	**2,542.0**	2,633.7	**51p**	53p
EPRA NRV	9B	**2,945.8**	3,063.3	**59p**	61p

11. Properties

	2023			2022		
	Investment properties £m	Trading properties £m	Total £m	Investment properties £m	Trading properties £m	Total £m
At 1 January	1,461.0	36.2	1,497.2	1,561.4	34.3	1,595.7
Revaluation losses	(45.2)	–	(45.2)	(82.7)	–	(82.7)
Capital expenditure	19.6	–	19.6	37.7	–	37.7
Capitalised interest	–	–	–	1.2	–	1.2
Disposals (see note 8)	(11.9)	(36.2)	(48.1)	(125.3)	–	(125.3)
Exchange adjustment	(27.3)	–	(27.3)	68.7	1.9	70.6
At 31 December	1,396.2	–	1,396.2	1,461.0	36.2	1,497.2

	2023			2022		
	Freehold £m	Long leasehold £m	Total £m	Freehold £m	Long leasehold £m	Total £m
Valuation analysis by tenure	734.0	662.2	1,396.2	805.3	691.9	1,497.2

Properties are stated at fair value, valued by professionally qualified external valuers in accordance with RICS Valuation – Global Standards as follows:

Valuer	Properties
CBRE	UK flagships, Developments and other properties
Jones Lang LaSalle	UK flagships, French flagships, Developments and other properties
Cushman and Wakefield	Brent Cross, Irish flagships, Development and other, Value Retail (not included in the table above)

As detailed in note 1F due to the estimation and judgement required in the valuations which are derived from data that is not publicly available, consistent with EPRA's guidance, these valuations are classified as Level 3 in the IFRS 13 fair value hierarchy. A reconciliation of the Group portfolio valuation to Reported Group is shown in note 3B. A listing of properties is in Table 22 of the Additional Information.

A. INVESTMENT PROPERTIES – SENSITIVITY ANALYSIS ON VALUATIONS

As at 31 December 2023		Valuation	Nominal equivalent yield		Estimated rental value (ERV)	
Proportionally consolidated – including Value Retail		£m	-100bp £m	+100bp £m	+10% £m	-10% £m
Flagship destinations						
UK		863	121	(94)	86	(86)
France		1,003	246	(165)	100	(100)
Ireland		630	132	(93)	63	(63)
		2,496	499	(352)	249	(249)
Developments and other		280	n/a	n/a	n/a	n/a
Managed portfolio		2,776	n/a	n/a	n/a	n/a
Value Retail	*	1,886	310	(216)	186	(186)
Group portfolio		4,662				

As at 31 December 2023		Nominal equivalent yield			ERV p/m²		
Key unobservable inputs		Minimum %	Maximum %	Average %	Minimum £	Maximum £	Average £
Flagship destinations							
UK		7.3	9.8	8.1	230	440	350
France		4.8	7.5	5.1	180	560	470
Ireland		5.7	7.4	5.8	420	590	550
Value Retail	*	5.3	6.5	5.6	1,000	5,600	2,300

* Nominal equivalent yield and ERV are not key observable inputs for Value Retail. Exit yields and net operating income have therefore been used as proxies. Valuations are performed on a discounted cash flow basis with discount rates used ranging from 9% to 11% (average of 9.9%).

11. Properties continued

B. TENANT INCENTIVES

Unamortised tenant incentives are included within capital expenditure and impaired as appropriate whereby the provision is calculated in accordance with the considerations described in note 18D.

	Reported Group		Proportionally consolidated	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Unamortised tenant incentives	**13.0**	13.2	**26.6**	29.4
Provision	**(1.9)**	(2.4)	**(3.5)**	(5.3)
	11.1	10.8	**23.1**	24.1

C. JOINT OPERATIONS

Investment properties included a 50% interest in the Ilac Centre, Dublin and a 50% interest in Pavilions, Swords totalling £144.5m (2022: £151.4m). These properties are jointly controlled in co-ownership with Irish Life Assurance plc.

12. Investment in joint ventures

The Group's investments in joint ventures form part of the Share of Property interests to arrive at management's analysis of the Group on a proportionally consolidated basis as explained in note 3 and set out in note 2.

The Group and its partners invest principally by way of equity investment. However, where applicable, non-equity (loan) balances have been included within non-current other payables as a liability of the joint venture. Joint ventures comprise prime urban real estate consisting of Flagship destinations and Developments and other properties.

A. INVESTMENTS AT 31 DECEMBER 2023

Joint venture	Partner	Principal property	Share
United Kingdom			
Bishopsgate Goodsyard Regeneration Limited	Ballymore Properties	The Goodsyard	50%
Brent Cross Partnership	Aberdeen Standard Investments	Brent Cross	41%
Bristol Alliance Limited Partnership	AXA Real Estate	Cabot Circus	50%
Grand Central Limited Partnership	CPP Investments	Grand Central	50%
The Bull Ring Limited Partnership	CPP Investments	Bullring	50%
The Oracle Limited Partnership	ADIA	The Oracle	50%
The West Quay Limited Partnership	GIC	Westquay	50%
Ireland			
Dundrum Retail Limited Partnership/Dundrum Car Park Limited Partnership	PIMCO	Dundrum	50%

The results of disposals of interests in joint ventures are included up to the point of disposal except for where such disposals form part of assets held for sale whereby they are excluded for the whole year.

During the year, and as explained in note 8, the Group disposed of its 50% interest in Croydon and also derecognised its 50% investment in Highcross and 25% investment in O'Parinor.

Figures in the following tables include, where applicable, adjustments to align to the Group's accounting policies and exclude balances which are eliminated on consolidation. For 2023, Goodsyard, Croydon (up to its disposal in April 2023), Highcross (up to date of derecognition in February 2023)and O'Parinor (up to date of derecognition in June 2023) are included in 'Other'. Croydon is separately disclosed in 2022.

12. Investment in joint ventures continued

B. RESULTS

		Brent Cross £m	Cabot Circus £m
Gross rental income		28.6	29.4
Net rental income		24.1	22.8
Administration expenses		(0.1)	(0.1)
Profit from operating activities		24.0	22.7
Revaluation (losses)/gains on properties		(9.6)	(6.1)
Operating profit/(loss)		14.4	16.6
Finance income		0.4	0.4
Finance costs		(0.4)	(0.7)
Profit/(loss) before tax		14.4	16.3
Tax charge		–	–
Profit/(loss) for the year	a	14.4	16.3
Share of distributions received by the Group		9.8	7.5

C. ASSETS AND LIABILITIES

		Brent Cross £m	Cabot Circus £m
Non-current assets			
Investment properties		388.0	234.9
Other non-current assets		12.8	13.6
		400.8	248.5
Current assets			
Cash and cash equivalents		16.9	18.8
Other current assets		5.4	6.0
		22.3	24.8
Current liabilities			
Loans – secured		–	–
Other payables		(14.9)	(13.1)
		(14.9)	(13.1)
Non-current liabilities			
Obligations under head leases		(12.8)	(14.1)
Other payables – due to Group companies	b	–	–
– other parties and deferred tax		(0.9)	(0.2)
		(13.7)	(14.3)
Net assets/(liabilities)	b	394.5	245.9

a Following the impairment of Highcross to £nil in 2021, the Group ceased to equity account for its investment in this joint venture such that although gross balance sheet items on a proportionally consolidated basis remain included in the Group's figures, it was excluded from all income statement metrics including revaluation losses. The effect of this is that the Group's share of results was £nil and the cumulative losses restricted shown on the balance sheet therefore represents the Group's share of losses which exceed the Group's investment of £nil.

b The Group's long term loan due from Westquay of £348.2m (2022: £348.2m) has been impaired by its share of the net liabilities of Westquay of £195.7m (2022: £201.1m). The Group's total loans due from joint ventures set out in notes 18A and 26A are shown net of this impairment.

	100% share							2023
	Bullring £m	Grand Central £m	The Oracle £m	Westquay £m	Dundrum £m	Other £m	Total £m	Group share £m
	48.5	8.0	23.5	28.9	59.2	17.5	243.6	114.4
	39.7	4.4	14.7	23.2	52.6	13.7	195.2	90.4
	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	–	(0.9)	(0.4)
	39.6	4.3	14.6	23.1	52.3	13.7	194.3	90.0
	21.3	(13.8)	(22.3)	(2.8)	(74.4)	(41.8)	(149.5)	(73.9)
	60.9	(9.5)	(7.7)	20.3	(22.1)	(28.1)	44.8	16.1
	0.5	–	0.2	0.7	4.6	2.9	9.7	4.1
	–	(0.1)	–	(0.4)	(17.1)	(7.4)	(26.1)	(10.7)
	61.4	(9.6)	(7.5)	20.6	(34.6)	(32.6)	28.4	9.5
	–	–	(0.1)	–	–	–	(0.1)	(0.1)
	61.4	(9.6)	(7.6)	20.6	(34.6)	(32.6)	28.3	9.4
	10.0	14.9	2.0	–	3.5	–	47.7	47.7

	100% share							2023
	Bullring £m	Grand Central £m	The Oracle £m	Westquay £m	Dundrum £m	Other £m	Total £m	Group share £m
	575.0	67.0	184.1	283.5	1,011.0	89.0	2,832.5	1,379.9
	0.3	2.6	–	4.2	2.2	–	35.7	16.7
	575.3	69.6	184.1	287.7	1,013.2	89.0	2,868.2	1,396.6
	28.8	9.0	14.8	31.3	77.8	0.6	198.0	97.3
	7.5	9.9	4.3	7.9	8.0	0.1	49.1	23.6
	36.3	18.9	19.1	39.2	85.8	0.7	247.1	120.9
	–	–	–	–	(520.0)	–	(520.0)	(260.0)
	(22.0)	(10.8)	(8.9)	(17.0)	(9.1)	(0.5)	(96.3)	(46.0)
	(22.0)	(10.8)	(8.9)	(17.0)	(529.1)	(0.5)	(616.3)	(306.0)
	–	(2.8)	–	(4.2)	–	–	(33.9)	(15.8)
	–	–	–	(348.2)	–	(49.3)	(397.5)	–
	(0.6)	(0.4)	(0.4)	(348.9)	(1.0)	(49.5)	(401.9)	(2.5)
	(0.6)	(3.2)	(0.4)	(701.3)	(1.0)	(98.8)	(833.3)	(18.3)
	589.0	74.5	193.9	(391.4)	568.9	(9.6)	1,665.7	1,193.2

12. Investment in joint ventures continued

B. RESULTS continued

		Brent Cross £m	Cabot Circus £m
Gross rental income		28.0	27.8
Net rental income		26.5	23.9
Administration expenses		–	–
Profit from operating activities		26.5	23.9
Revaluation losses on properties		(35.8)	(30.0)
Adjustment for income from assets held for sale	c	–	–
Operating (loss)/profit		(9.3)	(6.1)
Finance income		–	–
Finance costs		(0.3)	(0.5)
(Loss)/profit before tax		(9.6)	(6.6)
Tax charge		–	–
(Loss)/profit for the year	a	(9.6)	(6.6)
Share of distributions received by the Group		11.8	15.8

C. ASSETS AND LIABILITIES

		Brent Cross £m	Cabot Circus £m
Non-current assets			
Investment properties		396.6	237.3
Other non-current assets		12.8	13.5
		409.4	250.8
Current assets			
Cash and cash equivalents		13.0	24.1
Other current assets	d	4.2	7.1
		17.2	31.2
Current liabilities			
Loans – secured		–	–
Other payables		(13.6)	(21.3)
		(13.6)	(21.3)
Non-current liabilities			
Loans – secured		–	–
Obligations under head leases		(12.8)	(14.1)
Other payables – due to Group companies	b, e	–	–
– other parties and deferred tax	e	(0.8)	(0.6)
		(13.6)	(14.7)
Cumulative losses restricted	a	–	–
Net assets/(liabilities)	b	399.4	246.0

c Comprises income in respect of Silverburn as described in note 9A.

d Other current assets in Croydon included restricted monetary assets of £41.8m relating to cash held in escrow for specified development costs.

e Dundrum loans of £42.6m at 100%, previously included in 'other payables' were reclassified to equity.

									2022
								100% share	
Bullring £m	Grand Central £m	The Oracle £m	Westquay £m	Croydon £m	Highcross £m	Dundrum £m	Other £m	Total £m	Group share £m
45.2	9.9	22.1	29.1	14.3	20.6	55.0	21.4	273.4	119.4
37.2	6.4	15.7	24.5	0.5	14.3	48.1	22.6	219.7	95.5
0.1	(0.1)	–	–	(0.2)	(0.3)	(0.4)	(0.1)	(1.0)	(0.3)
37.3	6.3	15.7	24.5	0.3	14.0	47.7	22.5	218.7	95.2
(35.0)	(4.6)	(44.1)	(29.3)	(54.2)	(52.1)	(34.2)	(12.5)	(331.8)	(132.1)
–	–	–	–	–	–	–	(3.2)	(3.2)	(1.6)
2.3	1.7	(28.4)	(4.8)	(53.9)	(38.1)	13.5	6.8	(116.3)	(38.5)
0.3	–	0.1	–	0.2	7.4	–	–	8.0	0.3
–	(0.1)	–	(0.2)	–	(5.0)	(1.9)	(5.7)	(13.7)	(3.0)
2.6	1.6	(28.3)	(5.0)	(53.7)	(35.7)	11.6	1.1	(122.0)	(41.2)
–	–	–	–	(0.5)	–	–	–	(0.5)	(0.3)
2.6	1.6	(28.3)	(5.0)	(54.2)	(35.7)	11.6	1.1	(122.5)	(41.5)
23.9	–	9.3	–	–	–	2.6	–	63.4	63.4

									2022
								100% share	
Bullring £m	Grand Central £m	The Oracle £m	Westquay £m	Croydon £m	Highcross £m	Dundrum £m	Other £m	Total £m	Group share £m
540.5	78.5	201.1	285.3	108.9	125.7	1,088.9	379.3	3,442.1	1,620.0
2.7	2.6	–	4.2	0.6	6.1	8.9	–	51.4	26.7
543.2	81.1	201.1	289.5	109.5	131.8	1,097.8	379.3	3,493.5	1,646.7
18.0	24.7	11.6	16.5	13.9	22.2	73.3	13.9	231.2	110.9
9.8	19.0	3.6	3.9	65.4	5.0	3.7	19.5	141.2	61.3
27.8	43.7	15.2	20.4	79.3	27.2	77.0	33.4	372.4	172.2
–	–	–	–	–	(158.8)	–	(186.4)	(345.2)	(126.1)
(20.9)	(7.3)	(9.7)	(10.9)	(16.0)	(35.7)	(14.9)	(11.8)	(162.1)	(80.7)
(20.9)	(7.3)	(9.7)	(10.9)	(16.0)	(194.5)	(14.9)	(198.2)	(507.3)	(206.8)
–	–	–	–	–	–	(530.9)	–	(530.9)	(265.5)
–	(2.8)	–	(4.2)	–	–	–	–	(33.9)	(15.8)
–	–	–	(348.2)	(25.3)	–	–	(45.4)	(418.9)	–
(1.0)	(0.6)	(0.7)	(348.8)	(43.3)	(0.2)	(0.9)	(55.8)	(452.7)	(6.3)
(1.0)	(3.4)	(0.7)	(701.2)	(68.6)	(0.2)	(531.8)	(101.2)	(1,436.4)	(287.6)
–	–	–	–	–	35.7	–	–	35.7	17.9
549.1	114.1	205.9	(402.2)	104.2	–	628.1	113.3	1,957.9	1,342.4

12. Investment in joint ventures continued

D. RECONCILIATION OF MOVEMENTS IN INVESTMENT IN JOINT VENTURES

		2023 £m	2022 £m
At 1 January		**1,342.4**	1,451.8
Share of results of joint ventures		**9.4**	(41.5)
Advances		**8.3**	4.0
Cash distributions (including interest)	a	**(55.0)**	(84.0)
Other receivables		**(6.8)**	(5.3)
Disposals (see note 8)		**(98.9)**	–
Exchange and other movements		**(6.2)**	17.4
At 31 December		**1,193.2**	1,342.4

a Comprises distributions of £47.7m (2022: £63.4m) and interest previously accrued of £7.3m (2022: £20.6m).

13. Investment in associates

A. PERCENTAGE SHARE

	Principal property		2023 Share	2022 Share
Value Retail	Various Villages across Europe	a	**40%**	40%
Italie Deux	Italie Deux, Paris	b	**–**	25%

a Interest is calculated based on the share of profits to which the Group is entitled and excludes individual interests which are loss making.

b The Group disposed of its 25% interest in Italie Deux on 31 March 2023. See note 8 for further details.

Analysis of the results and assets and liabilities of the Group's investment in associates is set out below and with the exception of Value Retail, these results form part of the Share of Property interests to arrive at management's analysis of the Group on a proportionally consolidated basis as explained in note 3 and set out in note 2.

B. RESULTS

	Value Retail		Italie Deux			2023 Total
	100% share £m	Group share £m	100% share £m	Group share £m	100% share £m	Group share £m
Gross rental income	**482.7**	**162.4**	**4.8**	**1.2**	**487.5**	**163.6**
Net rental income	**330.6**	**114.5**	**4.6**	**1.2**	**335.2**	**115.7**
Administration expenses	**(156.9)**	**(51.4)**	**–**	**–**	**(156.9)**	**(51.4)**
Profit from operating activities	**173.7**	**63.1**	**4.6**	**1.2**	**178.3**	**64.3**
Revaluation gains/(losses) on properties	**15.8**	**(7.7)**	**–**	**–**	**15.8**	**(7.7)**
Operating profit	**189.5**	**55.4**	**4.6**	**1.2**	**194.1**	**56.6**
Interest costs	**(97.0)**	**(35.2)**	**–**	**–**	**(97.0)**	**(35.2)**
Fair value losses on derivatives	**(47.5)**	**(11.1)**	**–**	**–**	**(47.5)**	**(11.1)**
Fair value gains on participative loans	**–**	**15.6**	**–**	**–**	**–**	**15.6**
Net finance costs	**(144.5)**	**(30.7)**	**–**	**–**	**(144.5)**	**(30.7)**
Profit before tax	**45.0**	**24.7**	**4.6**	**1.2**	**49.6**	**25.9**
Current tax charge	**(12.9)**	**(2.5)**	**–**	**–**	**(12.9)**	**(2.5)**
Deferred tax charge	**(28.9)**	**(7.4)**	**–**	**–**	**(28.9)**	**(7.4)**
Profit for the year	**3.2**	**14.8**	**4.6**	**1.2**	**7.8**	**16.0**

Adjusted earnings – Value Retail	**32.1**
Adjusted earnings – Italie Deux	**1.2**
Adjusted earnings – Total	**33.3**

13. Investment in Associates continued

B. RESULTS continued

	Value Retail 100% share £m	Value Retail Group share £m	Italie Deux 100% share £m	Italie Deux Group share £m	2022 Total 100% share £m	2022 Total Group share £m
Gross rental income	434.1	148.0	22.4	5.6	456.5	153.6
Net rental income	288.5	101.3	17.8	4.4	306.3	105.7
Administration expenses	(144.3)	(48.0)	(0.1)	–	(144.4)	(48.0)
Profit from operating activities	144.2	53.3	17.7	4.4	161.9	57.7
Revaluation losses on properties	(98.1)	(60.7)	(24.8)	(6.2)	(122.9)	(66.9)
Operating profit/(loss)	46.1	(7.4)	(7.1)	(1.8)	39.0	(9.2)
Interest costs	(79.6)	(27.7)	(0.1)	–	(79.7)	(27.7)
Fair value gains on derivatives	57.0	18.1	–	–	57.0	18.1
Fair value gains on participative loans	–	15.0	–	–	–	15.0
Net finance (costs)/income	(22.6)	5.4	(0.1)	–	(22.7)	5.4
Profit/(loss) before tax	23.5	(2.0)	(7.2)	(1.8)	16.3	(3.8)
Current tax charge	(15.3)	(3.2)	–	–	(15.3)	(3.2)
Deferred tax charge	(8.8)	(0.1)	–	–	(8.8)	(0.1)
Loss for the year	(0.6)	(5.3)	(7.2)	(1.8)	(7.8)	(7.1)

Adjusted earnings – Value Retail	27.4
Adjusted earnings – Italie Deux	4.4
Adjusted earnings – Total	31.8

C. ASSETS AND LIABILITIES

	2023 100% share Value Retail £m	**2023 Group share £m**	2022 100% share Value Retail £m	2022 100% share Italie Deux £m	2022 100% share Total £m	2022 Group share £m
Non-current assets						
Investment properties	**5,142.1**	**1,885.7**	5,151.0	411.6	5,562.6	1,989.9
Other non-current assets	**321.3**	**93.0**	370.7	–	370.7	114.2
	5,463.4	**1,978.7**	5,521.7	411.6	5,933.3	2,104.1
Current assets						
Cash and cash equivalents	**193.8**	**64.4**	288.6	27.4	316.0	93.6
Other current assets	**116.0**	**43.2**	98.9	11.8	110.7	40.7
	309.8	**107.6**	387.5	39.2	426.7	134.3
Total assets	**5,773.2**	**2,086.3**	5,909.2	450.8	6,360.0	2,238.4
Current liabilities						
Loans	**(159.3)**	**(87.8)**	(314.7)	–	(314.7)	(108.1)
Other payables	**(143.2)**	**(103.2)**	(148.4)	(17.0)	(165.4)	(104.6)
	(302.5)	**(191.0)**	(463.1)	(17.0)	(480.1)	(212.7)
Non-current liabilities						
Loans	**(1,973.1)**	**(706.1)**	(1,787.1)	–	(1,787.1)	(653.6)
Participative loans	**(398.5)**	**(98.5)**	(387.1)	–	(387.1)	(95.7)
Other payables, including deferred tax	**(665.7)**	**(188.1)**	(650.7)	(3.1)	(653.8)	(185.2)
	(3,037.3)	**(992.7)**	(2,824.9)	(3.1)	(2,828.0)	(934.5)
Total liabilities	**(3,339.8)**	**(1,183.7)**	(3,288.0)	(20.1)	(3,308.1)	(1,147.2)
Net assets	**2,433.4**	**902.6**	2,621.2	430.7	3,051.9	1,091.2
Reverse participative loans	**398.5**	**212.4**	387.1	–	387.1	205.9
	2,831.9	**1,115.0**	3,008.3	430.7	3,439.0	1,297.1

D. RECONCILIATION OF MOVEMENTS IN INVESTMENT IN ASSOCIATES

		2023			2022		
		Value Retail £m	**Italie Deux £m**	**Total £m**	Value Retail £m	Italie Deux £m	Total £m
At 1 January		**1,189.4**	**107.7**	**1,297.1**	1,140.8	106.2	1,247.0
Share of results of associates		**14.8**	**1.2**	**16.0**	(5.3)	(1.8)	(7.1)
Capital return		**–**	**–**	**–**	–	(2.0)	(2.0)
Distributions		**(66.3)**	**–**	**(66.3)**	(4.4)	(0.6)	(5.0)
Share of other comprehensive (loss)/gain of associate	a	**(8.8)**	**–**	**(8.8)**	23.3	–	23.3
Disposals		**–**	**(108.6)**	**(108.6)**	–	–	–
Exchange and other movements		**(14.1)**	**(0.3)**	**(14.4)**	35.0	5.9	40.9
At 31 December	b	**1,115.0**	**–**	**1,115.0**	1,189.4	107.7	1,297.1

a Relates to the change in fair value of derivative financial instruments in an effective hedge relationship within Value Retail.

b Includes accumulated impairment to the investment in Value Retail of £94.3m (2022: £94.3m) which was recognised in the year ended 31 December 2020 and is equivalent to the notional goodwill on this investment.

14. Trade and other receivables

A. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	2023 £m	2022 £m
Net pension asset (see note 22C)	**–**	1.4
Other receivables	**1.9**	1.8
	1.9	3.2

B. TRADE AND OTHER RECEIVABLES – CURRENT

		2023 £3	2022 £m
Trade receivables	*	**27.6**	23.4
VAT receivable		**9.5**	16.7
Balances due from joint venture entities		**1.4**	8.3
Accrued interest receivable		**11.0**	11.6
Other receivables		**21.3**	23.9
Corporation tax		**0.1**	0.1
Prepayments		**3.2**	1.9
		74.1	85.9

* Credit risk is explained further in note 18D.

14. Trade and other receivables continued

C. TRADE (TENANT) RECEIVABLES – AGEING ANALYSIS AND PROVISIONING

	2023 Gross trade receivables £m	2023 Provision £m	2023 Net trade receivables £m	2022 Gross trade receivables £m	2022 Provision £m	2022 Net trade receivables £m
Not yet due	**11.9**	**(1.2)**	**10.7**	3.2	(0.6)	2.6
0–3 months overdue	**5.5**	**(1.0)**	**4.5**	4.0	(0.8)	3.2
3–12 months overdue	**8.1**	**(2.6)**	**5.5**	8.1	(2.3)	5.8
More than 12 months overdue	**16.1**	**(9.2)**	**6.9**	25.7	(13.9)	11.8
	41.6	**(14.0)**	**27.6**	41.0	(17.6)	23.4

D. TRADE (TENANT) RECEIVABLES – SEGMENTAL ANALYSIS AND PROVISIONING

Proportionally consolidated	2023 Gross trade receivables £m	2023 Provision £m	2023 Net trade receivables £m	2022 Gross trade receivables £m	2022 Provision £m	2022 Net trade receivables £m
UK	**25.7**	**(6.1)**	**19.6**	29.1	(12.5)	16.6
France	**29.5**	**(10.7)**	**18.8**	40.0	(17.2)	22.8
Ireland	**4.6**	**(1.8)**	**2.8**	5.0	(2.6)	2.4
Managed portfolio	**59.8**	**(18.6)**	**41.2**	74.1	(32.3)	41.8
Less Share of Property interests	**(18.2)**	**4.6**	**(13.6)**	(33.1)	14.7	(18.4)
Reported Group	**41.6**	**(14.0)**	**27.6**	41.0	(17.6)	23.4

Provisions against trade receivables includes £0.9m (2022: £0.2m) against receivables whereby the income has been deferred on the balance sheet. On a proportionally consolidated basis, a further £1.0m (2022: £1.4m) relates to Share of Property interests. The charge made for making these provisions is excluded from Adjusted earnings as described in note 9A.

E. ANALYSIS OF MOVEMENTS IN PROVISIONS

Loss allowance	2023 £m	2022 £m
At 1 January	**17.6**	27.4
Additions to provisions charged to the income statement	**9.4**	4.0
Disposals	**–**	(1.3)
Release of provisions	**(8.0)**	(10.7)
Utilisation	**(5.4)**	(2.8)
Exchange	**0.4**	1.0
At 31 December	**14.0**	17.6

15. Restricted monetary assets

		2023 Current £m	2023 Non-current £m	2022 Current £m	2022 Non-current £m
Cash held in respect of tenants and co-owners	a	**2.2**	**–**	8.6	–
Cash held in escrow	b	**–**	**21.4**	–	21.4
		2.2	**21.4**	8.6	21.4

a Comprises amounts held to meet future services charge costs and related expenditure such as marketing expenditure, where local laws or regulations restrict the use of such cash.

b Comprises funds placed in escrow in 2020 by Hammerson plc to satisfy potential obligations under indemnities granted in favour of Directors and officers to the extent that such obligations are not already satisfied by the Company or covered by Directors' and Officers' liability insurance. The funds will remain in trust until the later of December 2026, or, if there are outstanding claims at that date, the date on which all claims are resolved.

16.Trade and other payables

		2023 Current £m	2023 Non-current £m	2022 Current £m	2022 Non-current £m
Trade payables		**14.3**	**–**	22.7	–
Pension liability		**1.0**	**7.3**	0.9	7.8
VAT payable		**12.6**	**–**	17.8	–
Balances due to joint venture entities		**3.9**	**–**	23.1	–
Balances due to co-owners	a	**2.2**	**–**	8.7	–
Accruals – interest		**35.9**	**–**	37.6	–
– capital expenditure		**12.3**	**–**	14.0	–
– withholding tax		**6.0**	**–**	–	–
– other		**20.1**	**–**	33.6	–
Deferred income		**3.1**	**–**	1.1	–
Distributions received in advance from Value Retail		**–**	**25.1**	–	18.1
Guarantee and tenant deposits		**2.4**	**11.1**	–	11.1
Lease liabilities	b	**1.2**	**2.7**	2.7	6.9
Employee severance provision	c	**5.3**	**–**	–	–
Other payables		**9.5**	**9.3**	6.1	12.4
		129.8	**55.5**	168.3	56.3

a Reflects the liability associated with restricted monetary assets held on behalf of co-owners in order to meet future service charge costs and related expenditure.

b Of the non-current portion of £2.7m (2022: £6.9m), £0.6m (2022: £1.8m) is payable between one to two years, £1.2m (2022: £2.4m) from two to five years and £0.9m (2022: £2.7m) in more than five years.

c Provision for employee severance costs included in business transformation costs in note 5.

17. Loans

A. LOAN PROFILE

		2023 £m	2022 £m
Unsecured			
£300.0m (2022: £200m) 7.25% sterling bonds due 2028	a	**292.2**	199.0
€700.0m 1.75% eurobonds due 2027	b	**600.8**	612.3
£211.2m (2022: £300.0m) 6% sterling bonds due 2026	a	**211.1**	299.1
£338.3m (2022: £350.0m) 3.5% sterling bonds due 2025	a	**337.3**	348.3
Unamortised facility fees		**(2.2)**	(3.1)
Senior notes due 2031		**5.0**	5.1
Senior notes due 2028		**11.0**	11.3
Senior notes due 2026		**60.7**	62.0
Senior notes due 2024		**–**	112.4
	c	**1,515.9**	1,646.4
Senior notes due 2024 – shown in current liabilities		**108.6**	–
		1,624.5	1,646.4

a On 31 August 2023 the Group issued £100m of bonds (at a discount of £6.7m), adding to the existing £200m, 7.25% sterling bond issue due 2028. The newly issued bonds therefore having an effective interest rate of 9.1%. The proceeds were used to redeem £88.8m of the 6% sterling bonds due in 2026, and £11.7m of the 3.5% sterling bonds due in 2025 by way of a tender. The tendered bonds were redeemed at a discount, and after associated costs, the Group recognised a net gain of £4.3m which is shown in finance income in note 6, this discount has been excluded from the Group's Adjusted earnings as shown in note 9A.

b The coupon is linked to two sustainability performance targets, both of which will be tested in December 2025 against a 2019 benchmark. If the targets are not met, a total of 37.5 basis points per annum, or €2.625m (£2.3m) per target, will be payable in addition to the final year's coupon. The Group has made certain assumptions which support not increasing the effective interest rate, as a result of the possibility of failing to meet the targets. Planned future initiatives which will assist the Group in achieving the targets include the introduction of energy efficient projects, the generation of additional on or offsite energy and driving compliance with relevant energy performance legislation. The Group continues to make steady progress against both targets.

c Maturity analysis is set out in note 18G.

B. UNDRAWN COMMITTED FACILITIES

The Group has the following revolving credit facilities (RCF), which are all in sterling unless otherwise indicated, expiring as follows:

		2023 £m	2022 £m
2021 RCF expiring 2024		**50.0**	150.0
2021 JPY7.7bn RCF expiring 2026	a	**43.2**	48.9
2021/22 RCF expiring 2026	a	**563.0**	463.0
	b	**656.2**	661.9

a On 29 April 2023, the Group exercised its option to extend the maturity of these RCFs by one year from 2025 to 2026.

b £0.8m (2022: £2.1m) of RCFs have been utilised (although not drawn) to support ancillary facilities leaving £655.4m (2022: £659.8m) available to the Group.

C. MATURITY ANALYSIS OF UNDRAWN COMMITTED FACILITIES

Expiry	2023 £m	2022 £m
Within one year	**50.0**	–
Within one to two years	**–**	50.0
Within two to five years	**606.2**	611.9
	656.2	661.9

18. Financial Instruments and Risk Management

A. FINANCIAL RISK MANAGEMENT AND STRATEGY

The Group's financial risk management strategy seeks to set financial limits for treasury activity to ensure they are in line with the risk appetite of the Group. The Group's activities expose it to certain financial risks comprising liquidity risk, market risk (comprising interest rate and foreign currency risk), credit risk and capital risk.

The Group's treasury function, which operates under treasury policies approved by the Board, maintains internal guidelines for interest cover, gearing, unencumbered assets and other credit ratios and both the current and projected financial position against these guidelines are monitored regularly.

To manage the risks set out above, the Group uses certain derivative financial instruments to mitigate potentially adverse effects on the Group's financial performance. Derivative financial instruments are used to manage exposure to fluctuations in foreign currency exchange rates and interest rates but are not employed for speculative purposes.

Financial instruments are grouped and accounted for as set out in the table below.

		Note	Current £m	Non-current £m	2023 Total £m	Current £m	Non-current £m	2022 Total £m
Balances due from joint ventures			**–**	**201.8**	**201.8**	–	239.1	239.1
Trade and other receivables	a	14A,14B	**61.3**	**1.9**	**63.2**	67.2	1.8	69.0
Restricted monetary assets		15	**2.2**	**21.4**	**23.6**	8.6	21.4	30.0
Cash and cash equivalents			**472.3**	**–**	**472.3**	218.8	–	218.8
Financial assets at amortised cost					**760.9**			556.9
Investment in associates: participative loans		13C	**–**	**212.4**	**212.4**	–	205.9	205.9
Other investments			**–**	**8.8**	**8.8**	–	9.8	9.8
Assets at fair value through profit and loss	b				**221.2**			215.7
Derivative financial instruments – assets			**5.2**	**–**	**5.2**	0.1	7.0	7.1
Derivative financial instruments – liabilities			**(2.3)**	**(15.0)**	**(17.3)**	(16.1)	(23.7)	(39.8)
Derivatives at fair value through profit and loss	c				**(12.1)**			(32.7)
Trade and other payables	d	16	**(101.8)**	**(48.2)**	**(150.0)**	(148.5)	(48.5)	(197.0)
Loans		17	**(108.6)**	**(1,515.9)**	**(1,624.5)**	–	(1,646.4)	(1,646.4)
Obligations under head leases		19	**(0.1)**	**(37.3)**	**(37.4)**	(0.2)	(38.1)	(38.3)
Financial liabilities at amortised cost					**(1,811.9)**			(1,881.7)

a Excludes net pension asset, VAT, corporation tax and prepayments of £12.8m (2022: £20.1m).
b Gain of £14.5m (2022: £15.0m) recognised in income statement.
c Gain of £13.5m (2022: £15.2m) recognised in income statement.
d Excludes pension liabilities, VAT, withholding tax, deferred income and provisions totalling £35.3m (£27.6m).

B. LIQUIDITY RISK

Cash levels are monitored to ensure sufficient resources are available to meet the Group's operational requirements. Short term money market deposits are used to manage cash resources to maximise the rate of return, giving due consideration to risk.

Liquidity requirements are met with an appropriate mix of short and longer term debt whereby the Group borrows predominantly on an unsecured basis in order to maintain operational flexibility at a low operational cost. Loans and facilities are arranged to maintain short term liquidity and ensure an appropriate maturity profile. Long term debt comprises mainly the Group's fixed rate unsecured bonds and private placement senior notes. Short term funding is raised principally through syndicated revolving credit facilities from a range of banks and financial institutions with which the Group maintains strong working relationships. Analysis of the Group's loans and facilities together with their maturity is set out in note 17.

18. Financial Instruments and Risk Management continued

C. INTEREST RATE AND CURRENCY RISK

Interest rate risk

Interest rate swaps are used to manage the interest rate basis of the Group's debt, allowing changes from fixed to floating rates or vice versa. Clear guidelines exist for the Group's ratio of fixed to floating debt, interest cover, gearing, unencumbered assets and other credit ratios. The interest rate profile is measured regularly against these guidelines.

The Group has interest swap agreements totalling £300m which mature in February 2024. Interest is paid at a rate linked to SONIA, and received at a fixed rate of 6% per annum. The Group defines Borrowings as loans and currency swaps and excludes the fair value of the interest rate swaps as the fair value crystallises over the life of the instruments rather than at maturity. The Group does not apply hedge accounting to its interest rate swaps.

				2023				2022
Interest rate profile	**Sterling £m**	**US Dollar £m**	**Euro £m**	**Total £m**	Sterling £m	US Dollar £m	Euro £m	Total £m
Borrowings (loans and currency swaps)								
– Fixed rate	**521.5**	**–**	**1,114.8**	**1,636.3**	227.1	–	1,136.9	1,364.0
– Floating rate	**(611.7)**	**(4.5)**	**615.8**	**(0.4)**	(495.9)	(4.9)	813.8	313.0
	(90.2)	**(4.5)**	**1,730.6**	**1,635.9**	(268.8)	(4.9)	1,950.7	1,677.0

Offsetting

After taking into account the netting impact included within the Group's International Swap and Derivatives Association (ISDA) agreements with each counterparty (which are enforceable on the occurrence of future credit events such as a default), the positions, including accrued interest, would be derivative financial assets of £3.7m (2022: £6.2m) and derivative financial liabilities of £8.4m (2022: £29.3m). The combined value of derivative financial instruments was therefore a liability of £4.7m (2022: liability of £23.1m).

Currency risk

The currency profile of the Group's loans is as follows:

				2023				2022
	Sterling £m	**US Dollar £m**	**Euro £m**	**Total £m**	Sterling £m	US Dollar £m	Euro £m	Total £m
Bonds	**840.6**	**–**	**600.8**	**1,441.4**	846.4	–	612.3	1,458.7
Unamortised facility fees	**(2.2)**	**–**	**–**	**(2.2)**	(3.1)	–	–	(3.1)
Senior notes	**30.9**	**60.3**	**94.1**	**185.3**	30.9	63.9	96.0	190.8
	869.3	**60.3**	**694.9**	**1,624.5**	874.2	63.9	708.3	1,646.4

Hedging

The Group enters into cash flow hedge and net investment relationships to mitigate its exposure to currency risk. The ratio for hedging instruments designated in both net investment and cash flow hedge relationships was 1:1. Ineffectiveness could be recognised on either hedging relationship due to significant changes in counterparty credit risk or a reduction in the notional amount of the hedged item during the designated hedging period. However, no ineffectiveness was recognised in 2023 or 2022.

			2023			2022
Maturity of fair value of currency swaps	**Current £m**	**Non-current £m**	**Total £m**	Current £m	Non-current £m	Total £m
Assets	**5.2**	**–**	**5.2**	–	7.0	7.0
Liabilities	**(1.6)**	**(15.0)**	**(16.6)**	(16.1)	(21.5)	(37.6)
	3.6	**(15.0)**	**(11.4)**	(16.1)	(14.5)	(30.6)

Cash flow hedges

US dollar loans comprise elements of the Group's Senior notes as set out above. To manage the impact of foreign exchange movements on these loans, the Group has used derivatives at an average hedged exchange rate of £1 = $1.387 (2022: £1 = $1.387), to swap all the cash flows to either euro or sterling where the sterling element is designated as a cash flow hedge with the critical terms of the loans being the same as the related derivatives.

The carrying value of derivatives designated in a cash flow hedge was an asset of £4.9m (2022: £8.3m). This designation allows exchange differences on hedging instruments to be recognised in the cash flow hedge reserve and then recycled to net finance costs in the consolidated income statement, to offset against the exchange differences on US dollar loans also recognised in net finance costs.

The cash flow hedge reserve includes a loss of £nil (2022: £0.2m) in respect of continuing cash flow hedges. The cash flows are expected to occur in 2024.

18. Financial Instruments and Risk Management continued

C. INTEREST RATE AND CURRENCY RISK continued

Net investment hedges

To manage the foreign currency exposure on its net investments in euro-denominated entities, the Group has designated all euro loans or synthetic euro loans, including euro-denominated bonds, senior notes and currency swaps, as net investment hedges.

This designation allows exchange differences on hedging instruments to be recognised directly in equity which acts as an offset against the exchange differences on net investments in euro-denominated entities which are also recognised in equity. The notional and carrying amount of such euro-denominated liabilities and the average hedged rate is set out below.

	2023			2022		
	Euro notional amount €m	Carrying amount £m	Average hedged exchange rate €	Euro notional amount €m	Carrying amount £m	Average hedged exchange rate €
Bonds	700.0	600.8	1.163	700.0	612.3	1.163
Senior notes	108.5	94.1	1.152	108.5	96.0	1.152
Cross currency swaps	484.0	14.2	1.194	484.0	22.2	1.194
Foreign exchange swaps	710.0	0.8	1.154	918.0	16.4	1.151
Total	2,002.5	709.9		2,210.5	746.9	

The euro notional amount represents the amount due at maturity without netting any receivable of different currency under the same instrument.

The net investment hedge reserve includes £20.3m (2022: £60.8m) in respect of continuing net investment hedges whereby these are due to mature between 2024 and 2031.

Sensitivity analysis

Interest risk sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short term fluctuations on the Group's results. Changes in foreign exchange and interest rates may have an impact on consolidated earnings over the longer term. The sensitivity has been calculated by applying the interest rate change to the loans net of their related interest rate swaps.

	2023		2022	
	Change in interest rate		Change in interest rate	
Interest rate sensitivity on earnings	+1% £m	–1% £m	+1% £m	–1% £m
Income statement	(0.8)	0.8	6.2	(6.3)

Currency risk sensitivity analysis

The sensitivity of the Group's financial instruments to changes in exchange rates shows the impact on results and other comprehensive income of a 10% change in the sterling exchange rate against euro by retranslating the year end euro-denominated financial instruments, taking into account forward foreign exchange contracts. 10% represents management's assessment of a reasonably possible change in foreign exchange rates over a 12 month period. The analysis does not reflect the exposure and inherent risk during the year.

	2023		2022	
	Change in exchange rate		Change in exchange rate	
Euro currency sensitivity impact on earnings	+10% £m	–10% £m	+10% £m	–10% £m
Income statement	–	0.1	(0.4)	0.5
Other comprehensive income	157.3	(192.3)	177.2	(216.6)

The effect on the net gains taken to equity would be more than offset by the effect of exchange rate changes on the euro-denominated assets included in the Group's financial statements.

The Group does not have a material currency risk exposure to US dollar transactions and balances.

18. Financial Instruments and Risk Management continued

D. CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss.

The Group's credit risk arises from trade and other receivables, unamortised tenant incentives, restricted monetary assets, cash and cash equivalents, balances due from joint ventures and associates, other investments, loans receivable, participative loans to associates and derivative financial instruments.

Trade (tenant) receivables
The Group's greatest exposure to credit risk arises principally from trade (tenant) receivables which all have due dates within 12 months. The Group determines and monitors regularly the level of risk associated with trade receivables and applies the IFRS 9 simplified approach to measuring expected credit losses applying the methodology, judgements and estimates set out in note 1E and by reference to changes in the levels of default experienced, tenant credit ratings and wider macroeconomic factors. Analysis of the provision is set out in note 14.

For many trade receivables, the Group obtains security in the form of rental deposits or guarantees which can be called upon if the counterparty is in default. Both of these serve to limit the potential exposure to credit risk.

Unamortised tenant incentives
Provisioning rates against unamortised tenant incentives are lower than those against trade receivables as the credit risk of tenants not paying rent for future periods, and hence unamortised tenant incentives not being recovered, is lower than the credit risk on trade receivables currently overdue. The Group determines and monitors regularly the level of risk and assesses impairment of such balances accordingly and by reference to changes in the levels of default experienced, tenant credit ratings and wider macroeconomic factors. Details of the provision is set out in note 11B.

Other balances
The credit risk associated with restricted monetary assets, cash and cash equivalents, derivative financial instruments and amounts due from joint ventures and associates (including loans and participative loans receivable, which are carried at fair value based on the underlying assets) is considered low, with an assessment of each category set out as follows:

Restricted monetary assets, cash and cash equivalents and derivative financial instruments
Such balances are held with counterparties which are banks that are committed lenders to the Group with high credit ratings assigned by international credit rating agencies.

Amounts due from joint ventures and associates
Balances due from joint ventures comprise loans from the Group to establish and fund the partnerships which form part of the total investment in joint ventures. The credit risk of loans due from joint ventures and also associates is monitored by reference to changes in the underlying assets, principally driven by investment property valuation changes. The most material balance, relating to loans due from The West Quay Limited Partnership (see note 12), is repayable on demand, although the Group does not expect this loan to be recalled in the foreseeable future. Consequently, the expected credit loss has been calculated by discounting the outstanding loan balance over the period until it is anticipated that the cash will be realised at the interest rate implicit in the loan. The resultant expected credit loss was not material to the Group. Accordingly no loss has been recognised.

Investments
The carrying value of investments in joint ventures and associates equates to the Group's share of the underlying net assets of the investment. The most significant component of underlying net assets is investment properties, which are carried at fair value meaning that there is no residual credit risk.

Other receivables
Other receivables are grouped based on type, contractual terms, ageing and financial standing of the debtor using the same methodologies and considerations as for trade receivables. Dependent on the nature of the receivable the credit risk ranges from low to moderate. However, the resulting provisions are not significant.

E. CAPITAL RISK

The capital structure of the Group comprises of equity and debt, including cash and cash equivalents. The Group's financing policy is to optimise the weighted average cost of capital by using an appropriate mix of debt and equity. Further information on loans is provided in note 17 and information on share capital and reserves is set out in note 20 and the Consolidated statement of changes in equity. The Group reviews regularly its loan covenant compliance.

18. Financial Instruments and Risk Management continued

F. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

Definitions

The Group's financial instruments are categorised by level of fair value hierarchy prescribed by accounting standards. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (actual prices) or indirectly (derived from actual prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (from unobservable inputs)

Fair value valuation technique

Financial instrument	Valuation technique for determining fair value
Unsecured bonds	Quoted market prices
Senior notes	Present value of cash flows discounted using prevailing market interest rates
Unsecured bank loans and overdrafts	Present value of cash flows discounted using prevailing market interest rates
Fair value of currency swaps and interest rate swaps	Present value of cash flows discounted using prevailing market interest rates
Other investments including participative loans to Value Retail	Underlying net asset values of the interests in Villages/centre *

* The assets of the Villages/centre comprise mainly investment properties held at fair value determined by professional valuers.

Fair value hierarchy analysis

		2023		2022	
	Hierarchy	**Carrying amount £m**	**Fair value £m**	Carrying amount £m	Fair value £m
Unsecured bonds	Level 1	**1,441.4**	**1,407.4**	1,458.7	1,249.5
Senior notes	Level 2	**185.3**	**180.4**	190.8	180.7
Unamortised facility fees	Level 2	**(2.2)**	**–**	(3.1)	–
Fair value of currency swaps	Level 2	**11.4**	**11.4**	30.6	30.6
Borrowings		**1,635.9**	**1,599.2**	1,677.0	1,460.8
Fair value of interest rate swaps	Level 2	**0.7**	**0.7**	2.1	2.1
Participative loans to Value Retail	Level 3	**212.4**	**212.4**	205.9	205.9
Fair value of other investments	Level 3	**8.8**	**8.8**	9.8	9.8

Analysis of movements in Level 3 financial instruments

	2023			2022		
Level 3 financial instruments	**Participative loans £m**	**Other investments £m**	**Total £m**	Participative loans £m	Other investments £m	Total £m
At 1 January	**205.9**	**9.8**	**215.7**	184.8	9.5	194.3
Total gains/(losses) in						
– share of results of associates	**15.6**	**–**	**15.6**	15.0	–	15.0
– consolidated income statement	**–**	**(1.1)**	**(1.1)**	–	–	–
– other comprehensive income	**(4.4)**	**0.1**	**(4.3)**	10.5	0.3	10.8
Other movements – advances	**(4.7)**	**–**	**(4.7)**	(4.4)	–	(4.4)
At 31 December	**212.4**	**8.8**	**221.2**	205.9	9.8	215.7

All other factors remaining constant, an increase of 5% in the net asset values of the Villages/centre would increase the carrying amount of the Level 3 financial instruments by £11.8m. Similarly, a decrease of 5% would decrease the carrying amount by £11.8m. The fair values of all other financial assets and liabilities equate to their book values.

18. Financial Instruments and Risk Management continued

G. MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The remaining contractual non-discounted cash flows for financial liabilities are as follows:

2023		Note	Less than one year £m	One to two years £m	Two to five years £m	Five to 25 years £m	More than 25 years £m	Total £m
Trade and other payables	a	16	**101.8**	**6.6**	**2.0**	**39.6**	**–**	**150.0**
Derivative financial liability cash inflows			**(12.7)**	**(362.3)**	**–**	**–**	**–**	**(375.0)**
Derivative financial liability cash outflows			**8.9**	**372.2**	**–**	**–**	**–**	**381.1**
Loans	b	17	**108.6**	**338.3**	**1,190.5**	**5.0**	**–**	**1,642.4**
Interest			**60.2**	**58.2**	**100.5**	**0.3**	**–**	**219.2**
Obligations under head leases		19	**2.2**	**2.2**	**6.7**	**44.8**	**65.8**	**121.7**

2022		Note	Less than one year £m	One to two years £m	Two to five years £m	Five to 25 years £m	More than 25 years £m	Total £m
Trade and other payables	a	16	148.5	10.2	3.3	35.0	–	197.0
Derivative financial liability cash inflows			(13.3)	(30.8)	(362.3)	–	–	(406.4)
Derivative financial liability cash outflows			34.7	18.7	380.9	–	–	434.3
Loans	b	17	–	112.6	1,332.6	216.4	–	1,661.6
Interest			61.1	59.6	127.2	15.1	–	263.0
Obligations under head leases		19	2.3	2.3	6.8	45.2	69.4	126.0

a As defined in note 18A.
b Before taking into account unamortised borrowing costs of £17.9m (2022: £15.2m).

19. Obligations under head leases

Due	2023 Minimum lease payments £m	2023 Effect of discounting £m	2023 Present value of minimum lease payments £m	2022 Minimum lease payments £m	2022 Effect of discounting £m	2022 Present value of minimum lease payments £m
Within one year	**2.2**	**(2.1)**	**0.1**	2.3	(2.1)	0.2
Between one and two years	**2.2**	**(2.1)**	**0.1**	2.3	(2.1)	0.2
Between two and five years	**6.7**	**(6.3)**	**0.4**	6.8	(6.4)	0.4
Between five and 25 years	**44.8**	**(39.3)**	**5.5**	45.2	(40.0)	5.2
More than 25 years	**65.8**	**(34.5)**	**31.3**	69.4	(37.1)	32.3
More than one year	**119.5**	**(82.2)**	**37.3**	123.7	(85.6)	38.1

20. Share Capital and Other Reserves

A. SHARE CAPITAL

	2023 number	2023 £m	2022 number	2022 £m
Called up, allotted and fully paid				
Ordinary shares of 5p each	**5,002,265,607**	**250.1**	5,002,265,607	250.1

Share capital includes 7,691,247 shares (2022: 7,691,247 shares) held in treasury and 15,850,507 shares (2022: 25,512,208 shares) held in an employee share trust whereby during the year, purchases of 50,000 shares were made with the balance being issued to employees.

B. OTHER RESERVES

	Translation reserve £m	Net investment hedge £m	Cash flow hedge £m	Total other reserves £m
At 1 January 2022	471.1	(362.8)	1.7	110.0
Foreign exchange translation differences	130.7	–	–	130.7
Loss on net investment hedge	–	(103.4)	–	(103.4)
Gain on net investment hedge	–	–	6.3	6.3
Gain on cash flow hedge recycled to net finance costs	–	–	(8.2)	(8.2)
Total comprehensive gain/(loss)	130.7	(103.4)	(1.9)	25.4
At 31 December 2022	**601.8**	**(466.2)**	**(0.2)**	**135.4**
Recycled exchange gain on disposal of overseas property	**(100.3)**	**80.2**	**–**	**(20.1)**
Foreign exchange translation differences	**(49.3)**	**–**	**–**	**(49.3)**
Gain on net investment hedge	**–**	**39.3**	**–**	**39.3**
Loss on cash flow hedge	**–**	**–**	**(3.4)**	**(3.4)**
Loss on cash flow hedge recycled to net finance costs	**–**	**–**	**3.6**	**3.6**
Total comprehensive (loss)/gain	**(149.6)**	**119.5**	**0.2**	**(29.9)**
At 31 December 2023	**452.2**	**(346.7)**	**–**	**105.5**

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations and also includes the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserves comprise cumulative gains and losses representing the effective portion of the cumulative net change in the fair value of cash flow and foreign currency hedging instruments.

21. Dividends

			Cash dividend per share	Enhanced scrip alternative per share	2023 £m	2022 £m
2021 final dividend	– Cash	a	0.2p		–	11.8
	– Enhanced scrip alternative	b		2.0p	–	51.4
2022 interim dividend	– Cash		0.2p		–	1.4
	– Enhanced scrip alternative	b		2.0p	–	75.7
2023 interim dividend	**– Cash**	a, c	**0.72p**		**35.9**	–
					35.9	140.3
Cash flow analysis:						
Cash dividend		d			**29.9**	2.6
Withholding tax – 2021 final dividend		a			–	10.6
					29.9	13.2
Total cash dividends per share in respect of the year					**0.72p**	0.2p

a Dividends paid as a PID are subject to withholding tax which is paid approximately two months after the dividend itself is paid.

b Calculated as the market value of shares issued to satisfy the enhanced scrip dividend alternative.

c 2023 interim dividend paid on 2 October 2023 less £6.0m of withholding tax which was paid in January 2024. No final 2022 dividend was paid as the Group had satsified its 2022 PID obligations.

d Comprises cash payments after deduction of withholding tax (see note c above), where applicable.

A final 2023 dividend of 0.78p per share payable in cash, was recommended by the Board on 28 February 2024 and, subject to approval by shareholders at the 2024 AGM, is payable on 10 May 2024 to shareholders on the register at the close of business on 5 April 2024. The dividend will be paid entirely as a non-PID, and treated as an ordinary company dividend.

22. Pensions

The Group operates a number of defined benefit and defined contribution pension schemes. The principal scheme is a UK funded defined benefit pension scheme ('the Scheme') where assets are held in a separate fund administered by the Scheme Trustees. The Scheme is valued by a qualified actuary at least every three years and contributions are assessed in accordance with the actuary's advice. The Scheme closed to new entrants in 2002 and to future accrual in 2014. As described in note 22D in December 2022, the Scheme purchased a bulk annuity policy ('buy-in') to fully insure all future payments to members of the Scheme. In December 2023, given the successful completion of the buy-in and for the Trustee to trigger the winding-up of the Scheme, the Company terminated its liability to make contributions to the Scheme. This initiated a process for the Trustee to assign the bulk annuity policy to individual Scheme members and to transfer the administration to Just, which is expected to take place in the first quarter of 2024, after which the final steps to wind-up of the Scheme can be undertaken.

The Group also operates three Unfunded Unapproved Retirement Schemes. Two provide pension benefits to two former Executive Directors, and the other meets pension obligations in respect of former US employees.

A. DEFINED CONTRIBUTION PENSION SCHEME

The charge in respect of the Group's UK funded defined contribution pension scheme was £2.4m (2022: £3.0m).

B. PRINCIPAL ASSUMPTIONS USED FOR THE SCHEME

Financial		2023 %	2022 %
Discount rate for accrued benefits		**4.5**	4.8
Inflation (retail price index)		**3.0**	3.2
Rate of increase in pensions in payment		**3.0**	3.2

Demographic		Years	Years
Life expectancy from age 60:			
– Pensioner aged 60	*	**28.4**	28.7
– Non-pensioner currently aged 40	*	**29.9**	30.1

Weighted average maturity	Years	Years
The Scheme	**13.5**	14.0
Other schemes	**Up to 10.3**	Up to 10.8

* The Group uses demographic assumptions underlying the most recent formal actuarial valuation of the Scheme as at 31 December 2021. The base mortality assumptions are based on the S3NA tables, with adjustments to reflect the Scheme's population. Future mortality improvements for 2024 are CMI 2022 projections with a long term rate of improvement of 1.25% p.a. together with weighting parameters 'w2020' and 'w2021' of 0% and 'w2022' of 40%, which adjust for evidence of negative impacts of non-Covid-19 mortality expected to continue in the future (2022: CMI 2021 projections with a long term rate of improvement of 1.25% p.a. also with the w2020 and w2021 weighting parameters of 10%).

22. Pensions continued

C. DEFINED BENEFIT PENSION SCHEMES – CHANGES IN PRESENT VALUE

			2023			2022		
		Note	Obligations £m	Assets £m	Net £m	Obligations £m	Assets £m	Net £m
At 1 January			**(82.4)**	**75.1**	**(7.3)**	(115.9)	122.6	6.7
Recognised in the consolidated income statement:								
– interest (cost)/income	a		**(3.9)**	**3.5**	**(0.4)**	(2.2)	2.5	0.3
– administration costs (accrued expenses)			**(0.6)**	**–**	**(0.6)**	–	–	–
Recognised in other comprehensive income – actuarial (losses)/gains:								
– experience adjustments			**(0.9)**	**–**	**(0.9)**	(7.5)	–	(7.5)
– changes in financial assumptions			**(0.5)**	**–**	**(0.5)**	34.4	–	34.4
– changes in demographic assumptions			**0.8**	**–**	**0.8**	1.7	–	1.7
– actual return on plan assets			**–**	**(0.5)**	**(0.5)**	–	(55.3)	(55.3)
– asset limit			**–**	**(0.3)**	**(0.3)**	–	–	–
			(5.1)	**2.7**	**(2.4)**	28.6	(55.3)	(26.7)
Employer contributions	b		**–**	**0.3**	**0.3**	–	12.4	12.4
Benefits paid			**5.1**	**(4.2)**	**0.9**	7.9	(7.1)	0.8
Exchange gains/(losses)			**0.2**	**–**	**0.2**	(0.8)	–	(0.8)
At 31 December			**(82.2)**	**73.9**	**(8.3)**	(82.4)	75.1	(7.3)
Analysed as:								
– Present value of the Scheme	c	14A	**(73.6)**	**73.6**	**–**	(73.3)	74.7	1.4
– Present value of Unfunded Retirement Schemes		16	**(8.6)**	**0.3**	**(8.3)**	(9.1)	0.4	(8.7)
			(82.2)	**73.9**	**(8.3)**	(82.4)	75.1	(7.3)

a Included in net finance costs in note 6.

b Owing to the wind-up process triggered in the year described above and in note 22D, the Group will not expect to make contributions to the Scheme in 2024.

c As permitted by IFRIC 14 the Group recognised the pension surplus on the Scheme in 2022 as it has a legal right to receive that surplus on winding up.

D. ANALYSIS OF THE SCHEME ASSETS – ALL UNQUOTED

		2023 £m	2022 £m
Cash and other net current assets		**–**	1.4
Buy-in insurance policy	a	**73.6**	73.3
		73.6	74.7

a On 8 December 2022, the Scheme purchased a bulk annuity policy ('buy-in') with Just Retirement Limited ('Just') for a premium of £87.3m. This contract fully insured all future payments to members of the Scheme, with the premium met from the Scheme's assets. On 20 December 2023 the Group terminated its liability to make contributions to the Scheme and the Trustees subsequently triggered the wind-up of the Scheme. This initiated a process for the Trustees to assign the annuity policy to individual Scheme members, to transfer the administration to Just and to wind-up the Scheme. As wind-up has been triggered, the Company is no longer able to recognise the asset on its balance sheet in respect of the Scheme and as a result an asset limit has been applied at year end.

E. SENSITIVITY ON PRINCIPAL ASSUMPTIONS USED TO MEASURE THE SCHEME'S LIABILITIES

Positive/(negative) effect		2023 £m	2022 £m
Discount rate	+0.1%	**0.9**	1.0
Inflation	+0.1%	**(0.9)**	(0.9)
Long term improvements in longevity	+ 1 year	**(2.5)**	(2.4)

23. Notes to the Cash flow Statement

A. ANALYSIS OF ITEMS INCLUDED IN OPERATING CASH FLOWS

		2023 £m	2022 £m
Net movements in working capital and restricted monetary assets			
Movements in working capital:			
– Decrease/(increase) in receivables		8.8	(6.0)
– Decrease in payables		(19.8)	(17.4)
		(11.0)	(23.4)
Decrease in restricted monetary assets		6.3	26.0
		(4.7)	2.6

		2023 £m	2022 £m
Non-cash items			
Increase in accrued rents receivable		(3.2)	(3.5)
Increase/(decrease) in loss allowance provisions	*	1.0	(2.6)
Amortisation of lease incentives and other costs		0.6	1.2
Depreciation (note 5)		3.0	4.1
Other non-cash items including share-based payment charge		1.4	–
		2.8	(0.8)

* Comprises movement in provisions against trade (tenant) receivables and unamortised tenant incentives.

B. ANALYSIS OF MOVEMENTS IN NET DEBT

	2023			2022		
	Cash and cash equivalents £m	Borrowings £m	Net debt £m	Cash and cash equivalents £m	Borrowings £m	Net debt £m
At 1 January	218.8	(1,677.0)	(1,458.2)	315.1	(1,878.9)	(1,563.8)
Cash flow	254.6	(15.1)	239.5	(99.0)	302.4	203.4
Change in fair value of currency swaps	–	(1.9)	(1.9)	–	8.4	8.4
Exchange and other non-cash movements	(1.1)	58.1	57.0	2.7	(108.9)	(106.2)
At 31 December	472.3	(1,635.9)	(1,163.6)	218.8	(1,677.0)	(1,458.2)

Borrowings at 31 December 2023 reflects loans of £1,624.5m (2022: £1,646.4m) and fair value of currency swaps of £11.4m (2022: £30.6m).

24. Contingent liabilities and commitments

A. CONTINGENT LIABILITIES

	2023 £m	2022 £m
Reported Group:		
– guarantees given	**23.1**	45.3
– claims arising in the normal course of business	**15.6**	34.0
Share of Property interests – claims arising in the normal course of business	**12.4**	6.5
Proportionally consolidated	**51.1**	85.8

In addition, the Group operates in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Group addresses this by closely monitoring these potential instances, seeking independent advice and maintaining transparency with the authorities it deals with as and when any enquiries are made. As a result, the Group has identified a potential tax exposure attributable to the ongoing applicability of tax treatments adopted in respect of certain tax structures within the Group. The range of potential outcomes is a possible outflow of minimum £nil and maximum £122m (2022: minimum £nil and maximum £145m). The Directors have not provided for this amount because they do not believe an outflow is probable.

B. CAPITAL COMMITMENTS ON INVESTMENT PROPERTIES

	2023 £m	2022 £m
Reported Group	**0.4**	0.4
Share of Property interests	**45.5**	51.4
	45.9	51.8

25. Operating leases as a lessor

The Group leases its investment properties to occupiers under operating leases with a weighted average lease term for the Reported Group properties of 3.5 years (2022: 3.2 years).

Future minimum rentals receivable under non-cancellable leases	2023 £m	2022 £m
Within one year	**61.6**	68.8
Between one and two years	**49.9**	58.9
Between two and five years	**80.6**	46.9
More than five years	**79.2**	71.7
	271.3	246.3

26. Related Parties

A. JOINT VENTURES AND ASSOCIATES

Transactions between the Group's subsidiary undertakings, which are related parties, have been eliminated on consolidation and are accordingly not disclosed. The Group had the following transactions with its joint ventures and associates, which comprise primarily management fees, interest receivable, loan balances and other amounts due.

			2023		2022	
		Note	**Joint ventures £m**	**Associates £m**	Joint ventures £m	Associates £m
Income statement						
Management fees			**6.0**	**0.5**	4.9	0.5
Net interest receivable			**9.9**	**0.1**	11.0	0.1
Share of distributions		12B/13D	**47.7**	**66.3**	63.4	5.0
Capital return		13D	**–**	**–**	–	2.0
Balance sheet – amounts due from/(to)						
Loans	a	12C	**201.4**	**1.7**	239.1	1.8
Advances	b	12D	**8.3**	**–**	4.0	–
Participative loans		13C	**–**	**212.4**	–	205.9
Cash held on behalf of tenants and co-owners		15	**2.2**	**–**	8.6	–
Balances due from joint ventures		14B	**1.4**	**–**	8.3	–
Balances due to joint ventures		16	**(3.9)**	**–**	(23.1)	–
Balances due to co-owners		16	**(2.2)**	**–**	(8.7)	–
Distributions received in advance		16	**–**	**(25.1)**	–	(18.1)

a Loans shown net of impairments. Loans due from associates comprise €2.0m (£1.7m) (2022: €2.0m (£1.8m)) due to an intermediate holding company of Value Retail which is secured against a number of Value Retail assets and matures on 30 November 2043.

b Represents movements in advances during the year.

B. KEY MANAGEMENT

Full details of the Directors' emoluments, as required by the Companies Act 2006, are disclosed in the audited sections of the Directors' Remuneration report on pages 94 to 103. The Company did not grant any credits, advances or guarantees of any kind to its Directors during the current and preceding years.

The remuneration of the Directors and other members of the Group Executive Committee (GEC), who are the key management of the Group, is set out below in aggregate.

	2023 £m	2022 £m
Salaries and short term benefits	**5.9**	5.9
Post employment benefits	**0.3**	0.3
Share-based payments	**2.8**	2.0
	9.0	8.2

27. Post Balance Sheet Events

On 23 February 2024, the Group exchanged contracts for the sale of Union Square, Aberdeen for gross proceeds of £111m, with completion due in March 2024. At the balance sheet date this asset did not meet the criteria for reclassification to assets held for sale under IFRS 5 as it was not being actively marketed and substantive terms had yet to be agreed such that a sale was not considered highly probable. Consequently as at 31 December 2023 it was included within investment properties at its fair value of £121m.

Company Balance Sheet
As at 31 December 2023

	Note	2023 £m	2022 £m
Non-current assets			
Investments in subsidiaries	C3	**1,086.1**	1,322.4
Trade and other receivables	C4	**4,326.0**	4,396.8
Derivative financial instruments	C6	**–**	7.0
Restricted monetary assets	15A	**21.4**	21.4
		5,433.5	5,747.6
Current assets			
Trade and other receivables		**18.5**	16.2
Derivative financial instruments	C6	**5.2**	0.1
Cash and cash equivalents		**415.7**	172.9
		439.4	189.2
Total assets		**5,872.9**	5,936.8
Current liabilities			
Loans	C6	**(108.6)**	–
Trade and other payables	C5	**(2,369.3)**	(2,276.5)
Derivative financial instruments	C6	**(2.3)**	(16.1)
		(2,480.2)	(2,292.6)
Non-current liabilities			
Loans	C6	**(915.1)**	(1,034.1)
Derivative financial instruments	C6	**(15.0)**	(23.7)
		(930.1)	(1,057.8)
Total liabilities		**(3,410.3)**	(3,350.4)
Net assets		**2,462.6**	2,586.4
Equity			
Share capital	20A	**250.1**	250.1
Share premium		**1,563.7**	1,563.7
Revaluation reserve		**(1,030.7)**	(794.6)
Retained earnings *		**1,685.9**	1,576.0
Investment in own shares		**(6.4)**	(8.8)
Equity shareholders' funds		**2,462.6**	2,586.4

* Profit for the year attributable to equity shareholders was £146.0m (2022: loss of £183.8m).

These financial statements were approved by the Board on 28 February 2024 and signed on its behalf by:

Rita-Rose Gagné
Chief Executive

Himanshu Raja
Chief Financial Officer

Company Statement of Changes in Equity
Year ended 31 December 2023

	Note	Share capital a £m	Share premium £m	Merger reserve b £m	Capital redemption reserve c £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares a £m	Equity share-holders' funds £m
At 1 January 2022		221.0	1,593.2	374.1	198.2	(837.1)	1,200.1	(3.5)	2,746.0
Revaluation gains on investments in subsidiaries	C3	–	–	–	–	42.5	–	–	42.5
Foreign exchange translation differences on net investment in subsidiaries	C3	–	–	–	–	–	0.6	–	0.6
Loss for the year attributable to equity shareholders		–	–	–	–	–	(183.8)	–	(183.8)
Total comprehensive income/(loss)		–	–	–	–	42.5	(183.2)	–	(140.7)
Transfer	b,c	–	–	(374.1)	(198.2)	–	572.3	–	–
Cost of shares awarded to employees		–	–	–	–	–	–	1.4	1.4
Purchase of own shares		–	–	–	–	–	–	(6.7)	(6.7)
Dividends	21	–	–	–	–	–	(140.3)	–	(140.3)
Scrip dividend related share issue		29.1	(29.1)	–	–	–	127.1	–	127.1
Scrip dividend related share issue costs		–	(0.4)	–	–	–	–	–	(0.4)
At 31 December 2022		250.1	1,563.7	–	–	(794.6)	1,576.0	(8.8)	2,586.4
Revaluation loss on investments in subsidiaries	C3	–	–	–	–	(236.1)	–	–	(236.1)
Foreign exchange translation differences on net investment in subsidiaries	C3	–	–	–	–	–	(0.2)	–	(0.2)
Profit for the year attributable to equity shareholders		–	–	–	–	–	146.0	–	146.0
Total comprehensive (loss)/income		–	–	–	–	(236.1)	145.8	–	(90.3)
				–	–				
Cost of shares awarded to employees		–	–	–	–	–	–	2.4	2.4
Dividends	21	–	–	–	–	–	(35.9)	–	(35.9)
At 31 December 2023		**250.1**	**1,563.7**	**–**	**–**	**(1,030.7)**	**1,685.9**	**(6.4)**	**2,462.6**

a Share capital includes shares held in treasury which are then excluded from equity shareholders' funds through 'Investment in own shares', which are stated at cost and are held in the employee share trust.

b The merger reserve arose in September 2014 from a placing of new shares using a structure which resulted in merger relief being taken under Section 612 of the Companies Act 2006. Following receipt of the proceeds in 2014 and the relevant criteria enabling use of the reserve having been satisfied, the amounts in the merger reserve were deemed distributable and accordingly the balance of this reserve was transferred to retained earnings in 2022.

c The capital redemption reserve comprised £14.3m relating to share buybacks which arose over a number of years up to 2019 and £183.9m resulting from the cancellation of the Company's shares as part of the reorganisation of share capital in 2020. Following approval by the Court on 22 November 2022, this reserve was reclassified as available for distribution to shareholders in accordance with ICAEW Technical Release 02/17BL section 2.8A and as a result was transferred to retained earnings in 2022.

C1. Basis of preparation, consolidation and principal accounting policies

A. GENERAL INFORMATION

The Company is incorporated in the United Kingdom and the separate financial statements of the Company have been presented as required by the Companies Act 2006.

The financial statements are prepared on the historical cost basis, except that investments in subsidiaries and derivative financial instruments are stated at fair value. The accounting policies have been applied consistently year-on-year, however, in order to enhance the users' understanding, certain figures have been re-presented as described in the applicable parts of the financial statements as well as certain other presentational changes.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- A statement of cash flows
- Certain comparative information as otherwise required by IFRS
- Certain disclosures in respect of financial instruments
- Share-based payments
- The effects of new but not yet effective IFRSs
- Certain related party transactions including with those with subsidiaries

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements into which the Company is consolidated.

B. GOING CONCERN

The Company has net current liabilities, due primarily to amounts owed to its subsidiaries and other related undertakings. The Company from a going concern perspective is inextricably linked to the Group. As explained in note 1D to the consolidated financial statements, the Directors have concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis. This conclusion also applies to the preparation of the Company's financial statements for the reasons set out in that note.

C. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies relevant to the Company are the same as those set out in the accounting policies for the Group in note 1, except for significant judgements and key estimates, investments in subsidiaries, which are included at fair value with movements recognised within the revaluation reserve, and amounts owed by subsidiaries and other related undertakings which are held at amortised cost but are subject to a credit loss impairment assessment which is based on the net asset values of the borrowing entity.

D. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Company financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the Company's financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

There were no significant areas of judgement, but the Company's key areas of estimation uncertainty are in respect of the valuation of investments in subsidiaries and the impairment of amounts due from subsidiaries as detailed below.

The Directors determine the valuations of investments in subsidiaries with reference to the net assets of the entities. The principal assets of the entities are the investment properties held either by the subsidiary or its fellow group undertakings which are valued by professional external valuers. The Directors ensure they are satisfied that the carrying amount of the Company's investment in subsidiaries is appropriate. The basis of valuation of the Group's investment properties is set out in the notes 1F and 11 to the consolidated financial statements. Consistent with the Group's deferred tax recognition treatment, as explained in note 7C, in calculating the net asset values of the subsidiaries, no deduction is made for deferred tax.

Additionally, as required by IFRS 9, management has assessed the recoverability of amounts due to the Company from its subsidiaries and other related undertakings, including joint ventures, by considering the value of the underlying assets, incorporating any illiquidity impact in the event of an immediate recovery being required.

C2. Income statement

In accordance with the exemption permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement or statement of comprehensive income for the year.

C3. Investment in subsidiaries

	2023		2022	
	Cost £m	**Valuation £m**	Cost £m	Valuation £m
At 1 January	**2,083.1**	**1,322.4**	2,082.5	1,279.3
Exchange adjustment	**(1.4)**	**(0.2)**	0.6	0.6
Revaluation (loss)/gain	**–**	**(236.1)**	–	42.5
At 31 December	**2,081.7**	**1,086.1**	2,083.1	1,322.4

A list of the subsidiary and other related undertakings is included in note C7.

C4. Trade and other receivables – non-current

		2023 £m	2022 £m
Amounts owed by subsidiaries and other related undertakings	*	**4,324.3**	4,395.0
Loans receivable from associate		**1.7**	1.8
		4,326.0	4,396.8

* Includes an expected credit loss impairment provision of £606.5m (2022: £595.9m). The movement in the year comprises an additional impairment provision of £122.4m (2022: £124.3m) and a reduction of the provision in 2023 of £111.8m (2022: £nil), primarily related to disposed entities.

Amounts owed by subsidiaries and other related undertakings are unsecured and bear interest at floating rates based on SONIA/EURIBOR. This includes amounts which are repayable on demand. However, there are no intentions to seek repayment of these amounts before 31 December 2024.

C5. Trade and other payables – current

	2023 £m	2022 £m
Amounts owed to subsidiaries and other related undertakings	**2,333.1**	2,244.9
Accruals	**36.2**	31.6
	2,369.3	2,276.5

The amounts owed to subsidiaries and other related undertakings are unsecured, repayable on demand and bear interest at floating rates based on SONIA/EURIBOR.

C6. Loans and derivative financial instruments

The Company's loans are the same as those for the Reported Group except for the €700.0m (£600.8m (2022: £612.3m)) 1.75% eurobonds due 2027 whereby the borrower is a subsidiary undertaking, but where the proceeds were transferred to the Company such that the amount is included within amounts owed to subsidiaries and other related undertakings. An analysis of the loans is set out in note 17A to the consolidated financial statements.

Details on the Company's derivatives, which are the same as those for the Reported Group, are set out in notes 18A, 18C and 18F to the consolidated financial statements.

C7. Subsidiaries and other related undertakings

A. Subsidiaries and wholly owned entities
The Company has a 100% direct or indirect interest in the ordinary share capital (unless a Limited Partnership where no shares are in issue) of the following entities, which are registered/operate in the countries as shown:

England and Wales

Registered office: Marble Arch House, 66 Seymour Street, London W1H 5BX, unless otherwise indicated

280 Bishopsgate Investments Limited
Bull Ring (GP2) Limited
Crocusford Limited
Governeffect Limited
Grantchester Developments (Birmingham) Limited
Grantchester Group Limited
Grantchester Holdings Limited
Grantchester Limited
Grantchester Properties (Gloucester) Limited
Grantchester Properties (Sunderland) Limited
Hammerson (Brent Cross) Limited
Hammerson (Brent South) Limited
Hammerson (Bristol Investments) Limited
Hammerson (Bristol) Limited
Hammerson (Cardiff) Limited
Hammerson (Coventry) Limited
Hammerson (Cramlington I) Limited
Hammerson (Cricklewood) Limited
Hammerson (Croydon) Limited
Hammerson (Euston Square) Limited
Hammerson (Folkestone) Limited
Hammerson (Milton Keynes) Limited
Hammerson (Newcastle) Limited
Hammerson (Renfrew) Limited
Hammerson (Telford) Limited
Hammerson (Value Retail Investments) Limited
Hammerson (Victoria Investments) Limited
Hammerson (Victoria Quarter) Limited
Hammerson (Watermark) Limited
Hammerson Birmingham Properties Limited

C7. Subsidiaries and other related undertakings continued

A. Subsidiaries and wholly owned entities continued

England and Wales
Registered office: Marble Arch House, 66 Seymour Street, London W1H 5BX, unless otherwise indicated

Hammerson Bull Ring Limited
Hammerson Bull Ring 2 Limited
Hammerson Company Secretarial Limited
Hammerson Croydon (GP1) Limited
Hammerson Croydon (GP2) Limited
Hammerson Employee Share Plan Trustees Limited
Hammerson Group Management Limited
Hammerson Group Limited
Hammerson International Holdings Limited
Hammerson Investments (No. 12) Limited
Hammerson Investments (No. 16) Limited
Hammerson Investments (No. 23) Limited
Hammerson Investments (No. 26) Limited
Hammerson Investments Limited
Hammerson Junction (No. 3) Limited
Hammerson Martineau Galleries Limited
Hammerson MGLP Limited
Hammerson MGLP 2 Limited
Hammerson Moor House (LP) Limited
Hammerson Operations Limited
Hammerson Oracle Investments Limited
Hammerson Oracle Investments 1 Limited
Hammerson Oracle Investments 2 Limited
Hammerson Oracle Properties Limited
Hammerson Pension Scheme Trustees Limited
Hammerson Project Management Limited
Hammerson Renewable Energy Limited
Hammerson Retail Parks Holdings Limited
Hammerson Share Option Scheme Trustees Limited
Hammerson Sheffield (NRQ) Limited
Hammerson Shelf Co 13 Limited
Hammerson Shelf Co 14 Limited
Hammerson UK Properties Limited
Hammerson Via No 1 Limited
Hammerson Via No 2 Limited
Hammerson Wrekin LLP
London & Metropolitan Northern
Martineau Galleries (GP) Limited
Martineau Galleries No. 1 Limited
Martineau Galleries No. 2 Limited
Precis (1474) Limited (Ordinary and Deferred)
RT Group Developments Limited
RT Group Property Investments Limited
Spitalfields Developments Limited
Spitalfields Holdings Limited (Ordinary and Preference)
The Junction (General Partner) Limited
The Junction (Thurrock Shareholder GP) Limited
The Junction Limited Partnership
The Junction Thurrock (General Partner) Limited
The Junction Thurrock Limited Partnership
The Martineau Galleries Limited Partnership
West Quay (No. 1) Limited
West Quay (No. 2) Limited
West Quay Shopping Centre Limited
Westchester Holdings Limited

C7. Subsidiaries and other related undertakings continued

Scotland

Registered office: 1 West Regent Street, Glasgow, G2 1AP

Union Square Developments Limited

France

Registered office: 36 Rue de Châteaudun, Paris 75009

Cergy Expansion 1 SAS	SCI Cergy Cambon SCI
Hammerson plc – French branch	SCI Cergy Capucine SCI
Hammerson SAS	SCI Cergy Honoré SCI
Hammerson Asset Management SAS	SCI Cergy Lynx SCI
Hammerson Centre Commercial Italie SAS	SCI Cergy Madeleine SCI
Hammerson Cergy SASU	SCI Cergy Office 1 SCI
Hammerson Cergy 1 SCI	SCI Cergy Office 2 SCI
Hammerson Cergy 2 SCI	SCI Cergy Office 3 SCI
Hammerson Cergy 4 SCI	SCI Cergy Office 4 SCI
Hammerson Cergy 5 SCI	SCI Cergy Office 5 SCI
Hammerson Développement SCI	SCI Cergy Office 6 SCI
Hammerson Fontaine SCI	SCI Cergy Opéra SCI
Hammerson France SAS	SCI Cergy Paix SCI
Hammerson Holding France SAS	SCI Cergy Royale SCI
Hammerson Marketing et Communication SAS	SCI Cergy Trois SCI
Hammerson Marseille SCI	SCI Cergy Tuileries SCI
Hammerson Property Management SAS	SCI Cergy Vendôme SCI
Hammerson Troyes SCI	SCI Nevis SCI
Les Pressing Réunis SARL	SCI Paris Italik SCI
RC Aulnay 3 SCI	SNC Cergy Expansion 2

Ireland

Registered office: Riverside One, Sir John Rogerson's Quay, Dublin 2, DO2 X576, unless otherwise indicated

Dublin Central GP Limited	Hammerson Group Management Limited – Irish branch
Dublin Central Limited Partnership	Hammerson Ireland Finance Designated Activity Company
Dundrum R&O Park Management Limited	Hammerson Ireland Investments Limited
Dundrum Town Centre Management Limited	Hammerson Operations (Ireland) Limited
Dundrum Village Management Company Limited	The Hammerson ICAV *

* Registered office: 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland.

Jersey

Registered office: 47 Esplanade, St Helier, Jersey JE1 0BD, unless otherwise indicated

Hammerson Birmingham Investments Limited *	Hammerson VIA (Jersey) Limited
Hammerson Highcross Investments Limited	Hammerson VRC (Jersey) Limited
Hammerson Junction (No. 1) Limited	The Junction Thurrock Unit Trust
Hammerson Junction (No. 2) Limited	The Junction Unit Trust

* Registered office: 44 Esplanade, St. Helier, Jersey JE4 9WG.

C7. Subsidiaries and other related undertakings continued

A. Subsidiaries and wholly owned entities continued

Isle of Man
Registered office: First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF

Hammerson (Silverburn) Limited

Northern Ireland
Registered office: 50 Bedford Street, Belfast, United Kingdom, BT2 7FW

Abbey Retail Park Limited

Germany
Registered office: Schlossstraße 1, 12163 Berlin, Germany

BFN10 GmbH

Netherlands
Registered office: Albatroshof 41, 2872 BG Schoonhoven, Netherlands

Hammerson Europe BV	Zweibrucken NL Holdco BV *

* 66% interest in the ordinary share capital. Registered office: Van Heuven Goedhartlaan 935 A 1181 LD, Amstelveen, Noord-Holland, Netherlands.

United States
Registered office: 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States; country of operation is the United Kingdom

Hammerson LLC

B. Joint ventures

Unless otherwise indicated, the Company has an indirect 50% interest in the ordinary share capital (unless a Partnership, Limited Partnership or Unit Trust where no shares are in issue) of the following entities, which are registered/operate in the countries as shown:

England and Wales
Registered office: Marble Arch House, 66 Seymour Street, London W1H 5BX

Bishopsgate Goodsyard Regeneration Limited	Highcross Leicester (GP) Limited
Brent Cross Partnership (41% interest)	Highcross Leicester Holdings Limited
Bristol Alliance (GP) Limited	Highcross Leicester Limited Partnership
Bristol Alliance Limited Partnership	Highcross Residential (Nominees 1) Limited
Bristol Alliance Nominee No. 1 Limited	Highcross Residential (Nominees 2) Limited
Bristol Alliance Nominee No. 2 Limited	Highcross Shopping Centre Limited
BRLP Rotunda Limited	Oracle Nominees (No. 1) Limited
Bull Ring (GP) Limited	Oracle Nominees (No. 2) Limited
Bull Ring No. 1 Limited	Oracle Nominees Limited
Bull Ring No. 2 Limited	Oracle Shopping Centre Limited
Grand Central (GP) Limited	Reading Residential Properties Limited
Grand Central Limited Partnership	The Bull Ring Limited Partnership
Grand Central No 1 Limited	The Highcross Limited Partnership
Grand Central No 2 Limited	The Oracle Limited Partnership
Highcross (GP) Limited	The West Quay Limited Partnership

C7. Subsidiaries and other related undertakings continued

Ireland

Registered office: Riverside One, Sir John Rogerson's Quay, Dublin 2, DO2 X576 Ireland

Dundrum Car Park GP Limited	Dundrum Residential Owners Management Company Limited *
Dundrum Car Park Limited Partnership	Dundrum Retail Limited Partnership
Dundrum Retail GP Designated Activity Company	

* Limited by guarantee.

Jersey

Registered office: 47 Esplanade, St Helier, Jersey JE1 0BD, unless otherwise stated

Grand Central Unit Trust *	Highcross (No. 1) Limited
Highcross Leicester Limited	Highcross (No. 2) Limited

* Registered office: 44 Esplanade, St Helier, Jersey JE4 9WG.

France

Registered office: 7 Place d'Estienne d'Orves – 2, Rue de Clichy – 75001 Paris, unless otherwise stated

RC Aulnay 1 SCI	25%	RC Aulnay 2 SCI	25%
Société Civile de Développement du Centre Commercial de la Place des Halles SDPH SC*	65%		

* Registered office: 36 Rue de Châteaudun, Paris 75009.

C. Associates

	Country of registration or operation		Class of share held	Ownership %
Bicester Investors Limited Partnership	Bermuda	a	N/A	25%
Bicester Investors II Limited Partnership	Bermuda	a	N/A	25%
Master Holding BV	Netherlands	b	Ordinary	44%
Value Retail Investors Limited Partnership	Bermuda	a	N/A	79%
Value Retail Investors II Limited Partnership	Bermuda	a	N/A	89%
Value Retail Investors III Limited Partnership	Bermuda	a	N/A	50%
Value Retail PLC	UK	d	Ordinary	24%
VR European Holdings BV	Netherlands	b	Ordinary	25%
Value Retail Barcelona SL	Spain	e	Ordinary	58%
Value Retail Madrid SL	Spain	f	Ordinary	51%
VR Franconia GmbH	Germany	g	Ordinary	66%
VR Ireland BV	Netherlands	b	Ordinary	57%
VR La Vallée BV	Netherlands	b	Ordinary	28%
VR Maasmechelen Tourist Outlets Comm. VA	Belgium	h	B-shares	29%

Registered offices:

a Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda.
b TMF, Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, Netherlands.
c 36 Rue de Châteaudun, Paris 75009.
d 19 Berkeley Street, London W1J 8ED.
e La Roca Village, Santa Agnès de Malanyanes, 08430 La Roca del Vallès, Barcelona, Spain.
f Calle Juan Ramon Jiménez, 3, Las Rozas Village, 28232 Las Rozas de Madrid, Madrid, Spain.
g Almosenberg, 97877, Wertheim, Germany.
h Zetellaan 100, 3630 Maasmechelen, Belgium.

C7. Subsidiaries and other related undertakings continued

D. Exemption from audit
The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of Section 479A of that Act.

	Company registration number		Company registration number
Grantchester Developments (Birmingham) Limited	4295332	Hammerson Croydon (GP2) Limited	8284202
Grantchester Group Limited	1887040	Hammerson Group Management Limited	574728
Grantchester Holdings Limited	4035681	Hammerson International Holdings Limited	666151
Grantchester Limited	2489293	Hammerson Investments (No. 23) Limited	4186905
Grantchester Properties (Gloucester) Limited	3691896	Hammerson Investments Limited	3109232
Hammerson (Brent Cross) Limited	3377460	Hammerson Martineau Galleries Limited	4161246
Hammerson (Brent South) Limited	6644658	Hammerson MGLP Limited	3768311
Hammerson (Bristol Investments) Limited	6663404	Hammerson MGLP 2 Limited	9084398
Hammerson (Cardiff) Limited	6668272	Hammerson Operations Limited	4125216
Hammerson (Cricklewood) Limited	4789711	Hammerson Oracle Investments Limited	3289109
Hammerson (Croydon) Limited	4044457	Hammerson UK Properties Limited	298351
Hammerson (Milton Keynes) Limited	6671304	Hammerson Via No. 2 Limited	12279332
Hammerson (Renfrew) Limited	8180149	Martineau Galleries (GP) Limited	3744383
Hammerson (Value Retail Investments) Limited	6654800	RT Group Developments Limited	3699545
Hammerson (Victoria Investments) Limited	8047957	RT Group Property Investments Limited	4357520
Hammerson (Victoria Quarter) Limited	8230241	Spitalfields Developments Limited	2025411
Hammerson (Watermark) Limited	6763965	The Junction (General Partner) Limited	4278233
Hammerson Bull Ring Limited	5447873	West Quay Shopping Centre Limited	643320
Hammerson Croydon (GP1) Limited	8230396		

The following partnerships are exempt from the requirements to prepare, publish and have audited individual financial statements by virtue of regulation 7 of the Partnerships (Accounts) Regulations 2008. The results of these partnerships are consolidated within these consolidated financial statements.

The Junction Thurrock Limited Partnership	The Martineau Galleries Limited Partnership
The Junction Limited Partnership	

C8. Contingent Liabilities

The Company has subsidiaries and related parties that operate in a number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. The tax impact can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. The Company addresses this by closely monitoring these potential instances, seeking independent advice, and maintaining transparency with the authorities it deals with as and when any enquiries are made. As a result, the Company has identified a potential tax exposure attributable to the ongoing applicability of tax treatments adopted in respect of the Company's tax structures. The range of potential outcomes is a possible outflow of minimum £nil and maximum £122m (2022: minimum £nil and maximum £145m). The Directors have not provided for this amount because they do not believe an outflow is probable.

Hammerson is a member of the European Public Real Estate Association (EPRA) and has representatives who actively participate in a number of EPRA committees and initiatives. This includes working with peer group companies, real estate investors and analysts and the large audit firms, to improve the transparency, comparability and relevance of the published results of listed real estate companies in Europe.

As with other real estate companies, we have adopted the EPRA Best Practice Recommendations (BPR) and were again awarded a Gold Award for compliance with the EPRA BPR for our 2022 Annual Report. Further information on EPRA and the EPRA BPR can be found on their website www.epra.com. Details of our key EPRA metrics are shown in Table 1.

SUMMARY EPRA PERFORMANCE MEASURES

Table 1

Performance measure	Note/Table	2023	2022
Earnings	9A	**£102.8m**	£100.6m
Earnings per share (EPS)	10B	**2.1p**	2.0p
Cost ratio (including vacancy costs)	Table 8	**41.2%**	38.0%
		2023	2022
Net Disposal Value (NDV) per share	10C	**50p**	56p
Net Tangible Assets value (NTA) per share	10C	**51p**	53p
Net Reinstatement Value (NRV) per share	10C	**59p**	61p
Net Initial Yield (NIY)	Table 10	**5.9%**	5.8%
Topped-up Net Initial Yield	Table 10	**6.3%**	6.0%
Vacancy rate	Table 5	**5.8%**	4.8%
Loan to value	Table 21	**48.1%**	49.2%

PORTFOLIO ANALYSIS

Where applicable, the information presented within the 'Development and other' segment only reflects available data in relation to the investment properties within this segment.

Adjusted net rental income
Table 2

Proportionally consolidated	2023 £m	2022 £m
Base rent	**149.8**	159.2
Turnover rent	**13.6**	13.7
Car park income	**28.1**	27.9
Commercialisation income	**9.8**	9.5
Surrender premiums	**0.4**	0.8
Lease incentive recognition	**4.3**	0.9
Other rental income	**2.4**	3.2
Gross rental income	**208.4**	215.2
Ground rents payable	**(1.8)**	(1.3)
Inclusive lease costs recovered through rent	**(6.4)**	(9.1)
Other property outgoings	**(32.7)**	(30.0)
Cost of sales	**(40.9)**	(40.4)
Adjusted net rental income	**167.5**	174.8

Net rental income
Table 3

Like-for-like net rental income (NRI) is calculated as the percentage change in NRI for investment properties owned throughout both the current and prior year and at constant exchange rates. Properties which have undergone or are undergoing a significant extension project are excluded from this calculation for both the current and prior periods.

2023

Proportionally consolidated	Properties owned throughout 2022/23 £m	Change in like-for-like NRI %	Disposals £m	Developments and other £m	Total Adjusted NRI £m	Change in provision £m	Total NRI £m
UK	**73.5**	**3.2**	**–**	**(0.6)**	**72.9**	**(0.3)**	**72.6**
France	**28.1**	**1.8**	**3.4**	**17.9**	**49.4**	**–**	**49.4**
Ireland	**36.3**	**6.0**	**–**	**–**	**36.3**	**–**	**36.3**
Flagship destinations	**137.9**	**3.6**	**3.4**	**17.3**	**158.6**	**(0.3)**	**158.3**
Developments and other	**–**	**n/a**	**–**	**8.9**	**8.9**	**–**	**8.9**
Managed portfolio	**137.9**	**3.6**	**3.4**	**26.2**	**167.5**	**(0.3)**	**167.2**

2022

Proportionally consolidated	Properties owned throughout 2022/23 £m	Exchange £m	Disposals £m	Developments and other £m	Total Adjusted NRI £m	Change in provision £m	Total NRI £m
UK	71.2	–	3.7	(0.6)	74.3	1.7	76.0
France	27.6	(1.0)	10.6	16.6	53.8	–	53.8
Ireland	34.3	(0.7)	–	–	33.6	0.2	33.8
Flagship destinations	133.1	(1.7)	14.3	16.0	161.7	1.9	163.6
Developments and other	–	(0.1)	0.3	12.9	13.1	0.5	13.6
Managed portfolio	133.1	(1.8)	14.6	28.9	174.8	2.4	177.2

The Managed portfolio value on which like-for-like growth is based was £2,008m (2022: £2,244m).

Rental data
Table 4

Proportionally consolidated	Gross rental income £m	Adjusted net rental income £m	Vacancy rate a %	Average rents passing b £/m²	Rents passing c £m	Estimated rental value d £m	Rents passing for reversion e £m	2023 Reversion/ (over-rented) f %
UK	**92.8**	**72.9**	**4.9**	**400**	**87.3**	**82.3**	**83.7**	**(1.8)**
France	**58.6**	**49.4**	**6.9**	**450**	**53.0**	**61.3**	**54.2**	**13.2**
Ireland	**40.0**	**36.3**	**3.8**	**480**	**39.0**	**39.5**	**37.1**	**6.4**
Flagship destinations	**191.4**	**158.6**	**5.4**	**430**	**179.3**	**183.1**	**175.0**	**4.6**
Developments and other	**17.0**	**8.9**	**13.6**	**190**	**8.5**	**10.0**	**9.2**	**8.9**
Managed portfolio	**208.4**	**167.5**	**5.8**	**400**	**187.8**	**193.1**	**184.2**	**4.8**
								2022
UK	90.5	74.3	3.6	420	84.0	80.8	80.6	0.4
France	61.8	53.8	4.4	430	65.9	75.5	67.0	12.5
Ireland	37.3	33.6	2.3	500	38.8	39.9	36.9	8.1
Flagship destinations	189.6	161.7	3.7	440	188.7	196.2	184.5	6.3
Developments and other	25.6	13.1	16.0	170	21.6	21.6	21.8	(1.4)
Managed portfolio	215.2	174.8	4.8	380	210.3	217.8	206.3	5.5

a See Table 5 for analysis of vacancy.

b Average rents passing at the year end before deducting head rents and excluding rents passing from anchor units, car parks and commercialisation.

c Rents passing are the annual rental income receivable at the year end from an investment property, after any rent-free periods and after deducting head rents and car parking and commercialisation running costs totalling £12.6m (2022: £14.2m).

d The estimated rental value (ERV) at the year end calculated by the Group's valuers. At 31 December 2023, includes ERV for vacant space of £9.9m (2022: £9.2m) as per Table 5 and ERV for space undergoing reconfiguration of £2.6m – UK £2.3m, Ireland £0.3m (2022: £2.6m – UK £2.2m, Ireland £0.4m). ERVs in the above table are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13.

e Rents passing for reversion is rents passing adjusted for tenant incentives and inclusive costs, to give a better comparison with ERV which is on a net effective basis.

f We have amended the reversion/(over-rented) figures (and restated 2022 figures) to show a direct comparison between the valuers' ERV and rents passing for reversion, with both sets of figures being on a net effective basis. The reversion/(over-rented) figures therefore show the future change in the Group's rental income from the settlement of rent reviews or a combination of letting:

- units at prevailing ERVs at the next lease event i.e. break or expiry (see Table 6)
- vacant units (see Table 5)
- units undergoing reconfiguration (see note d above)

PORTFOLIO ANALYSIS continued

Vacancy
Table 5

Proportionally consolidated	2023 ERV of vacant space £m	2023 Total ERV for vacancy[a] £m	2023 Vacancy rate %	2022 ERV of vacant space £m	2022 Total ERV for vacancy[a] £m	2022 Vacancy rate %
UK	**3.2**	**65.9**	**4.9**	2.3	64.2	3.6
France	**4.2**	**60.6**	**6.9**	3.2	72.5	4.4
Ireland	**1.3**	**35.2**	**3.8**	0.8	35.7	2.3
Flagship destinations	**8.7**	**161.7**	**5.4**	6.3	172.4	3.7
Developments and other	**1.2**	**8.5**	**13.6**	2.9	17.9	16.0
Managed portfolio	**9.9**	**170.2**	**5.8**	9.2	190.3	4.8

a Total ERV for vacancy differs from Table 4 due to the exclusion of car park ERV and head rents payable, which distort the vacancy metric.

Lease expiries and breaks at 31 December 2023
Table 6

Proportionally consolidated	Rental income based on passing rents that expire/break in: Out-standing £m	2024 £m	2025 £m	2026 £m	Total £m	ERV of leases that expire/break in: Out-standing £m	2024 £m	2025 £m	2026 £m	Total £m	Weighted average unexpired lease term: to break years	to expiry years
UK	**2.7**	**14.4**	**8.6**	**10.5**	**36.2**	**3.8**	**12.9**	**7.2**	**8.8**	**32.7**	**5.8**	**7.9**
France	**3.6**	**6.2**	**1.7**	**1.6**	**13.1**	**3.4**	**6.2**	**2.0**	**1.8**	**13.4**	**2.6**	**5.9**
Ireland	**0.9**	**5.0**	**1.6**	**3.0**	**10.5**	**1.3**	**5.1**	**1.4**	**2.8**	**10.6**	**5.4**	**6.9**
Flagship destinations	**7.2**	**25.6**	**11.9**	**15.1**	**59.8**	**8.5**	**24.2**	**10.6**	**13.4**	**56.7**	**4.6**	**6.9**
Developments and other	**1.3**	**1.0**	**2.2**	**0.7**	**5.2**	**1.0**	**0.9**	**1.5**	**0.6**	**4.0**	**6.1**	**7.6**
Managed portfolio	**8.5**	**26.6**	**14.1**	**15.8**	**65.0**	**9.5**	**25.1**	**12.1**	**14.0**	**60.7**	**4.6**	**7.0**

The table above compares rents passing (as per Table 4) on a headline basis for those units with leases expiring or subject to a tenant break in each year compared to the ERV of those units determined by the Group's valuers on a net effective basis (as per Table 4).

Top ten tenants at 31 December 2023 (ranked by passing rents)
Table 7

Proportionally consolidated	Passing rent £m	% of total passing rent
Inditex	**9.6**	**5.1**
H&M	**3.8**	**2.0**
Next	**3.4**	**1.8**
Selfridges	**3.2**	**1.7**
River Island	**2.8**	**1.5**
CK Hutchison Holdings	**2.6**	**1.4**
JD Sports	**2.5**	**1.4**
Boots	**2.3**	**1.2**
Watches of Switzerland	**2.2**	**1.2**
Signet	**2.1**	**1.1**
	34.5	**18.4**

PORTFOLIO ANALYSIS continued

Cost ratio
Table 8

Proportionally consolidated		2023 £m	2022 £m
Adjusted gross administration costs		**51.5**	59.8
Business transformation costs	A	**13.2**	5.1
Gross administration costs		**64.7**	64.9
Property fee income		**(8.4)**	(11.5)
Management fee receivable		**(6.5)**	(5.5)
Property outgoings		**39.1**	39.1
Less inclusive lease costs recovered through rent		**(6.4)**	(9.1)
Total operating costs	B	**82.5**	77.9
Less vacancy costs		**(8.6)**	(12.3)
Total operating costs excluding vacancy costs	C	**73.9**	65.6
Gross rental income		**208.4**	215.2
Ground rents payable		**(1.8)**	(1.3)
Less inclusive lease costs recovered through rent		**(6.4)**	(9.1)
Gross rental income	D	**200.2**	204.8
Cost ratio including vacancy costs	B/D	**41.2%**	38.0%
Cost ratio excluding vacancy costs	C/D	**36.9%**	32.0%
Cost ratio including vacancy costs (excluding business transformation costs)	(B-A)/D	**34.6%**	35.5%

The Group's business model for developments is to use a combination of in-house resource and external advisors. The cost of external advisors is capitalised to the cost of developments. The cost of employees working on developments is generally expensed, but capitalised subject to meeting certain criteria related to the degree of time spent on and the stage of progress of specific projects. Employee costs of £0.1m (2022: £0.8m) were capitalised as development costs and are not included within 'Gross administration costs'.

Valuation analysis
Table 9

Proportionally consolidated – including Value Retail	Properties at valuation £m	Revaluation losses in the year £m	Income return a %	Capital return a,b %	Total return a,b %	Initial yield %	True equivalent yield %	Nominal equivalent yield c %
2023								
UK	**863.1**	**(21.8)**	**8.7**	**(2.4)**	**6.1**	**7.8**	**8.5**	**8.1**
France	**1,003.3**	**(15.2)**	**4.6**	**(4.3)**	**0.1**	**4.4**	**5.3**	**5.1**
Ireland	**629.7**	**(37.5)**	**5.7**	**(5.6)**	**(0.2)**	**5.4**	**6.0**	**5.8**
Flagship destinations	**2,496.1**	**(74.5)**	**6.3**	**(4.0)**	**2.0**	**5.8**	**6.6**	**6.3**
Developments and other	**280.0**	**(44.6)**	**2.7**	**(6.2)**	**(3.6)**	**8.2**	**10.2**	**9.6**
Managed portfolio	**2,776.1**	**(119.1)**	**5.9**	**(4.1)**	**1.6**	**5.9**	**6.7**	**6.4**
Value Retail	**1,885.7**	**(7.7)**	**6.2**	**(0.4)**	**5.8**			
Group portfolio	**4,661.8**	**(126.8)**	**6.0**	**(2.6)**	**3.2**			

Proportionally consolidated – including Value Retail	Properties at valuation £m	Revaluation losses in the year £m	Income return a %	Capital return a,b %	Total return a,b %	Initial yield %	True equivalent yield %	Nominal equivalent yield c %
2022								
UK	871.0	(90.2)	7.9	(9.4)	(2.1)	7.7	8.4	8.0
France	1,241.0	(57.2)	4.8	(4.6)	–	4.4	5.2	5.0
Ireland	676.4	(20.1)	5.2	(3.0)	2.1	5.3	5.7	5.5
Flagship destinations	2,788.4	(167.5)	6.0	(5.9)	(0.2)	5.7	6.3	6.1
Developments and other	431.7	(53.5)	2.3	(14.8)	(12.8)	7.0	10.3	9.7
Managed portfolio	3,220.1	(221.0)	5.4	(7.3)	(2.3)	5.8	6.6	6.3
Value Retail	1,887.0	(60.7)	5.3	(3.1)	2.0			
Group portfolio	5,107.1	(281.7)	5.3	(5.8)	(0.7)			

a Returns included 100% of Italik, 75% of which was classified as a trading property until its sale in March 2023.

b Capital and Total return figures include the losses on disposal and impairment charges on derecognised assets (Highcross and O'Parinor).

c Nominal equivalent yields are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13. The nominal equivalent yield for the Reported Group was 5.7% (2022: 5.7%).

PORTFOLIO ANALYSIS continued

Net Initial Yield
Table 10
Investment portfolio

Proportionally consolidated			Note/ Table	2023 £m	2022 £m
Wholly owned	a		3B	1,396.2	1,461.0
Share of Property interests			3B	1,379.9	1,722.9
Trading properties			3B	–	36.2
Net investment portfolio valuation on a proportionally consolidated basis			3B	2,776.1	3,220.1
Less: Developments	b			(192.3)	(249.0)
Completed investment portfolio				2,583.8	2,971.1
Purchasers' costs	c			171.9	197.2
Grossed up completed investment portfolio		A		2,755.7	3,168.3
Annualised cash passing rental income				182.4	207.1
Non-recoverable costs				(15.5)	(21.1)
Rents payable				(4.1)	(3.8)
Annualised net rent		B		162.8	182.2
Add:					
Notional rent expiration of rent-free periods and other lease incentives	d			7.8	3.2
Future rent on signed leases				1.7	3.8
Topped-up annualised net rent		C		172.3	189.2
Add back: Non-recoverable costs				15.5	21.1
Passing rents			Table 4	187.8	210.3
Net initial yield		B/A		5.9%	5.8%
'Topped-up' net initial yield		C/A		6.3%	6.0%

a 31 December 2022 figure included 100% of Italik, 75% of which is part of trading properties. The Group's 100% interest was sold in March 2023.
b Included within the Developments and other portfolio.
c Purchasers' costs equate to 6.7% (2022: 6.7%) of the value of the completed investment portfolio.
d Weighted average remaining rent-free period is 0.5 years (2022: 0.7 years).

Capital expenditure
Table 11

		2023			2022		
Proportionally consolidated	Note	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
Developments		3	10	13	5	10	15
Capital expenditure – creating area		1	–	1	14	–	14
Capital expenditure – no additional area		12	13	25	3	24	27
Tenant incentives		4	4	8	16	1	17
Total	3B	20	27	47	38	35	73
Conversion from accruals to cash basis		(1)	(3)	(4)	(2)	5	3
Total on cash basis		19	24	43	36	40	76

BALANCE SHEET INFORMATION

Note 2 to the financial statements shows the Group's proportionally consolidated income statement. The Group's proportionally consolidated balance sheet and net debt are shown in Tables 12 and 13 respectively. As explained in note 3 to the financial statements, the Group's interest in Value Retail is not proportionally consolidated as it is not under the Group's management.

Balance sheet

Table 12

		2023			2022		
	Note	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
Non-current assets							
Investment properties		1,396.2	1,379.9	2,776.1	1,461.0	1,722.9	3,183.9
Interests in leasehold properties		32.7	15.4	48.1	34.0	15.4	49.4
Right-of-use assets		3.9	–	3.9	9.5	–	9.5
Plant and equipment		0.9	–	0.9	1.4	–	1.4
Investment in joint ventures		1,193.2	(1,193.2)	–	1,342.4	(1,342.4)	–
Investment in associates		1,115.0	–	1,115.0	1,297.1	(107.7)	1,189.4
Other investments		8.8	–	8.8	9.8	–	9.8
Trade and other receivables		1.9	1.3	3.2	3.2	5.0	8.2
Derivative financial instruments		–	–	–	7.0	6.3	13.3
Restricted monetary assets		21.4	–	21.4	21.4	–	21.4
		3,774.0	203.4	3,977.4	4,186.8	299.5	4,486.3
Current assets							
Trading properties		–	–	–	36.2	–	36.2
Trade and other receivables		74.1	22.0	96.1	85.9	43.4	129.3
Derivative financial instruments		5.2	1.4	6.6	0.1	–	0.1
Restricted monetary assets		2.2	0.2	2.4	8.6	21.0	29.6
Cash and cash equivalents		472.3	97.3	569.6	218.8	117.7	336.5
		553.8	120.9	674.7	349.6	182.1	531.7
Total assets		4,327.8	324.3	4,652.1	4,536.4	481.6	5,018.0
Current liabilities							
Trade and other payables		(129.9)	(46.0)	(175.9)	(168.5)	(66.8)	(235.3)
Loans		(108.6)	(260.0)	(368.6)	–	(126.1)	(126.1)
Tax		(0.3)	–	(0.3)	(0.5)	(0.3)	(0.8)
Derivative financial instruments		(2.3)	–	(2.3)	(16.1)	–	(16.1)
		(241.1)	(306.0)	(547.1)	(185.1)	(193.2)	(378.3)
Non-current liabilities							
Trade and other payables		(55.5)	(2.4)	(57.9)	(56.3)	(7.0)	(63.3)
Obligations under head leases		(37.3)	(15.8)	(53.1)	(38.1)	(15.8)	(53.9)
Loans		(1,515.9)	–	(1,515.9)	(1,646.4)	(265.5)	(1,911.9)
Deferred tax		(0.4)	(0.1)	(0.5)	(0.4)	(0.1)	(0.5)
Derivative financial instruments		(15.0)	–	(15.0)	(23.7)	–	(23.7)
		(1,624.1)	(18.3)	(1,642.4)	(1,764.9)	(288.4)	(2,053.3)
Total liabilities		(1,865.2)	(324.3)	(2,189.5)	(1,950.0)	(481.6)	(2,431.6)
Net assets		2,462.6	–	2,462.6	2,586.4	–	2,586.4
EPRA adjustment	9B			79.4			47.3
EPRA NTA	10C			2,542.0			2,633.7
EPRA NTA per share	10C			51p			53p

BALANCE SHEET INFORMATION continued

Net debt
Table 13

	2023			2022		
Proportionally consolidated	Reported Group £m	Share of Property interests £m	Total £m	Reported Group £m	Share of Property interests £m	Total £m
Cash and cash equivalents	472.3	97.3	569.6	218.8	117.7	336.5
Loans	(1,624.5)	(260.0)	(1,884.5)	(1,646.4)	(391.6)	(2,038.0)
Fair value of currency swaps	(11.4)	–	(11.4)	(30.6)	–	(30.6)
Net debt	(1,163.6)	(162.7)	(1,326.3)	(1,458.2)	(273.9)	(1,732.1)

Movement in net debt
Table 14

Proportionally consolidated	2023 £m	2022 £m
Opening net debt	(1,732.1)	(1,798.8)
Profit from operating activities	117.3	129.3
Decrease in receivables and restricted monetary assets	16.5	27.5
(Decrease)/increase in payables	(31.0)	8.2
Adjustment for non-cash items	0.7	0.7
Cash generated from operations	103.5	165.7
Interest received	43.6	16.8
Interest paid	(93.5)	(73.5)
Early redemption of bonds	4.3	–
Debt and loan facility issuance and extension fees	(0.6)	(2.8)
Operating distributions from Value Retail	73.6	–
Premiums on hedging activities	–	(3.9)
Tax (paid)/repaid	(0.4)	0.1
Cash flows from operating activities	130.5	102.4
Investing activities		
Capital expenditure	(42.9)	(76.3)
Derecognition of JV cash	(15.6)	–
Derecognition of JV secured debt	125.0	–
Cash held within sold or derecognised entities	(8.4)	–
Sale of properties	216.4	191.9
Cash flows from investing activities	274.5	115.6
Financing activities		
Share issue expenses	–	(0.5)
Purchase of own shares	–	(6.7)
Proceeds from awards of own shares	0.1	0.1
Equity dividends paid	(30.0)	(13.2)
Cash flows from financing activities	(29.9)	(20.3)
Exchange translation movement	30.7	(131.0)
Closing net debt	(1,326.3)	(1,732.1)

BALANCE SHEET INFORMATION continued

Total accounting return
Table 15

		2023 NTA £m	2023 NTA per share pence	2022 NTA £m	2022 NTA per share pence
EPRA NTA at 1 January		**2,633.7**	**52.7**	2,840.1	64.3
Scrip dividend dilution in NTA per share in the year		**–**	**–**	–	(7.5)
EPRA NTA at 1 January rebased to reflect scrip dividends in the year	A	**2,633.7**	**52.7**	2,840.1	56.8
EPRA NTA at 31 December		**2,542.0**	**50.8**	2,633.7	52.7
Reduction in NTA		**(91.7)**	**(1.9)**	(206.4)	(4.1)
Cash dividends in the year		**35.9**	**0.7**	13.2	0.3
	B	**(55.8)**	**(1.2)**	(193.2)	(3.8)
Total accounting return	B/A		**(2.1)%**		(6.8)%

FINANCING METRICS

Net debt : EBITDA
Table 16
Proportionally consolidated

		Note/ Table	2023 £m	2022 £m
Adjusted operating profit			**163.0**	159.4
Amortisation of tenant incentives and other items within net rental income			**(3.6)**	(0.1)
Share-based remuneration			**3.6**	3.0
Depreciation			**3.0**	4.1
EBITDA	A		**166.0**	166.4
Net debt	B	Table 13	**1,326.3**	1,732.1
Net debt : EBITDA	B/A		**8.0x**	10.4x

Interest cover
Table 17
Proportionally consolidated

		Note	2023 £m	2022 £m
Adjusted net rental income		2	**167.5**	174.8
Less net rental income in associates: Italie Deux		13B	**(1.1)**	(4.4)
	A		**166.4**	170.4
Adjusted net finance costs		2	**45.9**	54.0
Less interest on lease obligations and pensions			**(3.3)**	(2.6)
Add back capitalised interest		6	**–**	1.2
	B		**42.6**	52.6
Interest cover	A/B		**3.91x**	3.24x

Gearing
Table 18
Proportionally consolidated

		Note/ Table	2023 £m	2022 £m
Net debt		Table13	**1,326.3**	1,732.1
Unamortised borrowing costs			**18.4**	15.9
Cash held within investments in associates: Italie Deux			**–**	6.8
Net debt for gearing	A		**1,344.7**	1,754.8
Equity shareholders' funds – Consolidated net tangible worth	B		**2,462.6**	2,586.4
Gearing	A/B		**54.6%**	67.8%

FINANCING METRICS continued

Loan to value
Table 19

Proportionally consolidated		Note/ Table	2023 £m	2022 £m
Net debt – 'Loan'	A	Table 13	**1,326.3**	1,732.1
Managed property portfolio	B	3B	**2,776.1**	3,220.1
Investment in Value Retail		13D	**1,115.0**	1,189.4
'Value'	C		**3,891.1**	4,409.5
Loan to value – Headline	A/C		**34.1%**	39.3%
Net debt – Value Retail	D		**729.6**	674.9
Property portfolio – Value Retail	E	3B	**1,885.7**	1,887.0
Loan to value – Full proportional consolidation of Value Retail	(A+D)/(B+E)		**44.1%**	47.1%
Net payables – Managed Portfolio			**110.9**	160.3
Net payables – Value Retail			**76.4**	14.2
Net payables – Group	F		**187.3**	174.5
Loan to value – EPRA	(A+D+F)/(B+E)	Table 21	**48.1%**	49.2%

Unencumbered asset ratio
Table 20

Proportionally consolidated		Note/ Table	2023 £m	2022 £m
Managed property portfolio		3B	**2,776.1**	3,220.1
Adjustments:				
– Properties held in associates: Italie Deux			**–**	(102.9)
– Encumbered assets	*		**(487.7)**	(651.0)
Total unencumbered assets	A		**2,288.4**	2,466.2
Net debt – proportionally consolidated		Table 13	**1,326.3**	1,732.1
Adjustments:				
– Cash held within investments in associates: Italie Deux			**–**	6.8
– Cash held within investments in encumbered joint ventures	*		**39.4**	50.8
– Unamortised borrowing costs – Group			**18.4**	15.9
– Encumbered debt	*		**(260.2)**	(392.3)
Total unsecured debt	B		**1,123.9**	1,413.3
Unencumbered asset ratio	A/B		**2.04x**	1.74x

* At 31 December 2023 encumbered assets and debt relate to Dundrum. At 31 December 2022 they also included Highcross and O'Parinor where the lenders took control of the secured properties in 2023 at which point we derecognised the assets and liabilities of these entities.

EPRA LONG TERM VALUE METRIC

Table 21

		Reported Group £m	Share of joint ventures £m	Share of associates £m	Non-controlling interests £m	2023 Total £m
			Proportionally consolidated			
Include:						
Loans		1,624.5	260.0	793.9	–	2,678.4
Foreign currency derivatives		11.4	–	–	–	11.4
Net payables[a]		87.0	23.9	76.4	–	187.3
Exclude:						
Cash and cash equivalents		(472.3)	(97.3)	(64.4)	–	(634.0)
Net debt	A	1,250.6	186.6	805.9	–	2,243.1
Include:						
Investment properties at fair value		1,396.2	1,379.9	1,885.7	–	4,661.8
Total property value	B	1,396.2	1,379.9	1,885.7	–	4,661.8
EPRA Long Term Value	A/B					48.1%

		Reported Group £m	Share of joint ventures £m	Share of associates £m	Non-controlling interests £m	2022 Total £m
			Proportionally consolidated			
Include:						
Loans		1,646.4	391.6	674.9	–	2,712.9
Foreign currency derivatives		30.6	–	–	–	30.6
Net payables[a]		101.0	14.7	82.8	–	198.5
Exclude:						
Cash and cash equivalents		(218.8)	(117.7)	(93.6)	–	(430.1)
Net debt	A	1,559.2	288.6	664.1	–	2,511.9
Include:						
Investment properties at fair value		1,461.0	1,722.9	1,887.0	–	5,070.8
Properties held for sale		–	36.2	–	–	36.2
Total property value	B	1,461.0	1,759.1	1,887.0	–	5,107.0
EPRA Long Term Value	A/B					49.2%

Rows with zero balances have intentionally been excluded from the EPRA specified format in the above tables.

a Net payables includes the following balance sheet accounts: interests in leasehold properties, right-of-use assets, trade and other receivables (current and non-current), restricted monetary assets (current and non-current), trade and other payables (current and non-current), obligations under head leases (current and non-current), tax and deferred tax (at 50%).

KEY PROPERTIES

Key property listing at 31 December 2023
Table 22

Managed portfolio	Location	Accounting classification where not wholly-owned		Ownership	Area, m²	No. of tenants	Passing rent £m
Flagship destinations							
UK							
Brent Cross	London	Joint venture		41%	94,000	114	12.8
Bullring	Birmingham	Joint venture	a	50%	117,000	152	23.9
Cabot Circus	Bristol	Joint venture	b	50%	106,300	109	10.8
The Oracle	Reading	Joint venture		50%	72,100	98	10.4
Union Square	Aberdeen			100%	51,800	72	15.9
Westquay	Southampton	Joint venture		50%	94,400	110	13.6
France							
Les 3 Fontaines	Cergy		c	100%	76,600	197	21.9
Les Terrasses du Port	Marseille			100%	62,800	166	30.3
Ireland							
Dundrum Town Centre	Dublin	Joint venture		50%	125,600	152	27.5
Ilac Centre	Dublin	Joint operation		50%	27,900	64	4.1
Pavilions	Swords	Joint operation		50%	44,400	94	7.2
Developments and other (key properties)							
Bristol Broadmead	Bristol	Joint venture	b	50%	34,800	62	2.9
Dublin Central	Dublin			100%	n/a	n/a	n/a
Dundrum Phase II	Dublin	Joint venture		50%	n/a	n/a	n/a
Grand Central	Birmingham	Joint venture	a	50%	39,000	53	3.7
Eastgate	Leeds			100%	n/a	n/a	n/a
Martineau Galleries	Birmingham		a	100%	35,200	41	2.0
Pavilions land	Swords			100%	n/a	n/a	n/a
The Goodsyard	London	Joint venture		50%	n/a	n/a	n/a

Value Retail		Associate	d	Ownership	Area, m²	No. of tenants	Income £m
Bicester Village	Bicester			50%	28,000	159	77.9
La Roca Village	Barcelona			41%	25,900	146	23.5
Las Rozas Village	Madrid			38%	15,600	99	14.8
La Vallée Village	Paris			26%	21,600	109	25.5
Maasmechelen Village	Brussels			27%	20,000	106	6.3
Fidenza Village	Milan			34%	21,100	117	7.3
Wertheim Village	Frankfurt			45%	20,900	116	11.0
Ingolstadt Village	Munich			15%	21,000	112	3.9
Kildare Village	Dublin			41%	21,600	117	11.7

a Collectively known as the Birmingham Estate.
b Collectively known as the Bristol Estate.
c Property includes areas held under co-ownership; figures above reflect the Group's ownership interests only.
d Passing rent for Value Retail represents annualised base and turnover rent at the Group's ownership share.

		2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Income statement – Proportionally consolidated	a					
Revenue		**266.7**	275.0	322.2	368.2	457.8
Gross rental income		**208.4**	215.2	250.4	288.2	361.0
Net rental income		**167.5**	177.2	182.5	148.5	308.5
Profit from operating activities		**117.4**	129.3	122.5	104.4	260.2
Other net losses including revaluation and impairments		**(140.1)**	(222.1)	(466.2)	(1,598.6)	(1,197.9)
Share of results of joint ventures		**–**	–	–	(20.7)	34.3
Share of results of associates		**14.8**	(5.3)	20.0	(135.8)	210.6
Net finance costs		**(42.7)**	(65.6)	(103.6)	(83.6)	(86.2)
Loss before tax		**(50.6)**	(163.7)	(427.3)	(1,734.3)	(779.0)
Tax charge		**(0.8)**	(0.5)	(1.8)	(0.6)	(2.2)
Loss after tax		**(51.4)**	(164.2)	(429.1)	(1,734.9)	(781.2)
Adjusted earnings		**116.3**	104.9	65.5	27.4	214.0
Balance sheet – Proportionally consolidated						
Investment and development properties		**2,776.1**	3,183.9	3,375.3	4,413.8	5,667.7
Investment in joint ventures		**–**	–	–	–	379.0
Investment in associates		**1,115.0**	1,189.4	1,140.8	1,154.1	1,355.3
Cash and cash equivalents		**569.6**	336.5	449.8	521.7	123.1
Borrowings	b	**(1,895.9)**	(2,068.6)	(2,253.2)	(2,743.0)	(2,939.9)
Other assets		**191.4**	299.0	404.5	320.0	250.1
Other liabilities		**(293.6)**	(353.8)	(371.2)	(457.7)	(458.3)
Net assets		**2,462.6**	2,586.4	2,746.0	3,208.9	4,377.0
Movement in net debt – Proportionally consolidated						
Opening net debt		**(1,732.1)**	(1,798.8)	(2,215.4)	(2,816.8)	(3,376.0)
Cash flows from operating activities		**130.5**	102.4	(17.7)	(40.9)	194.1
Cash flows from investing activities		**274.5**	115.6	328.1	232.3	391.5
Cash flows from financing activities		**(29.9)**	(20.3)	(30.8)	518.3	(202.0)
Foreign exchange		**30.7**	(131.0)	137.0	(108.3)	175.6
Closing net debt		**(1,326.3)**	(1,732.1)	(1,798.8)	(2,215.4)	(2,816.8)
Per share data	c					
Basic loss per share		**(1.0)p**	(3.3)p	(8.7)p	(62.4)p	(46.6)p
Adjusted earnings per share		**2.3p**	2.1p	1.3p	1.3p	12.8p
Dividend per share – cash basis		**1.5p**	0.2p	0.4p	0.4p	5.1p
Net tangible asset value (NTA) per share		**51p**	53p	64p	82p	116p

a Income statement for 2021 and 2020 includes discontinued operations.

b Borrowings comprise loans and currency swaps.

c Comparative per share data has been restated following the rights issue in September 2020. Earnings per share metrics for 2021 and 2020 have been restated in respect of the bonus element of scrip dividends.

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Dublin D16 A6P2

Advisers	
Valuers	CBRE Limited Cushman and Wakefield LLP Jones Lang LaSalle Limited
Auditor	PricewaterhouseCoopers LLP
Joint Brokers and Financial Advisers	Barclays Bank plc Morgan Stanley & Co. International plc
Financial Adviser	Lazard Ltd

Primary and secondary listings
The Company has its primary listing on the London Stock Exchange and secondary inward listings on the Johannesburg Stock Exchange and on Euronext Dublin. Our secondary listing equity sponsors are Investec Bank Limited in respect of the Johannesburg Stock Exchange and Goodbody Stockbrokers UC in respect of the Euronext Dublin listing.

Shareholder administration
For assistance with queries about the administration of shareholdings, such as lost share certificates, change of address, change of ownership or dividend payments, please contact the relevant Registrar or Transfer Secretaries.

UK Registrar
Link Group
10th Floor, Central Square
29 Wellington Street
Leeds LS1 4DL

shareholderenquiries@linkgroup.co.uk
www.signalshares.com
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Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9:00 am to 5:30 pm, Monday to Friday, excluding public holidays in England and Wales.

South African Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
South Africa
or
Private Bag X9000
Saxonwold 2132
South Africa

0861 100 933 (local in South Africa)
web.queries@computershare.co.za

Annual General Meeting
The Annual General Meeting will be held at 9:00 am (UK time) on 25 April 2024. Details of the Annual General Meeting and the resolutions to be voted upon can be found in the Notice of Meeting which is available on our website at www.hammerson.com.

Payment of dividends
UK shareholders who do not currently have their dividends paid direct to a bank or building society account and who wish to do so, should complete a mandate instruction available from the Registrar or register their mandate at www.signalshares.com. Shareholders outside the UK may be able to have dividends in excess of £10 paid into their bank account directly in their local currency via the Link Group international payments service. Details and terms and conditions may be viewed at ww2.linkgroup.eu/ips.

ShareGift
Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating them to charity through ShareGift, a registered charity (registered charity no: 1052686). Further information about ShareGift is available at www.sharegift.org, by email at help@sharegift.org, by calling on +44 (0)207 930 3737 or by writing to ShareGift, PO Box 72253, London, SW1P 9LQ. To donate shares, please contact ShareGift.

Strate Charity Shares
South African shareholders for whom the cost of selling their shares would exceed the market value of such shares may wish to consider donating them to charity. An independent non-profit organisation called Strate Charity Shares has been established to administer this process. For further details or donations contact the Strate Charity Shares' toll-free helpline on 0800 202 363 (if calling from South Africa) or +27 11 870 8207 (if calling from outside South Africa), email charityshares@computershare.co.za, or visit www.strate.co.za.

Shareholder security
Share fraud includes scams where fraudsters cold call investors offering them overpriced, worthless or non-existent shares, or offer to buy shares owned by investors at an inflated price. We advise shareholders to be vigilant of unsolicited mail or telephone calls regarding buying or selling shares. For more information visit www.fca.org.uk/scams or call the FCA Consumer Helpline on +44(0)800 111 6768. This is a freephone number from the UK. Lines are open Monday to Friday, 8:00 am to 6:00 pm, and Saturday, 9:00 am to 1:00 pm.

Unsolicited mail
Hammerson is obliged by law to make its share register available on request to other organisations. This may result in shareholders receiving unsolicited mail. To limit the receipt of unsolicited mail, UK shareholders may register with the Mailing Preference Service, an independent organisation whose services are free, by visiting www.mpsonline.org.uk. Once a shareholder's name and address details have been registered, the Mailing Preference Service will advise companies and other bodies that subscribe to the service not to send unsolicited mail to the address registered.

UK Real Estate Investment Trust (REIT) taxation
As a UK REIT, Hammerson plc is exempt from corporation tax on rental income and gains on UK investment properties but is required to pay Property Income Distributions (PIDs). UK shareholders will be taxed on PIDs received at their full marginal tax rates. A REIT may in addition pay normal dividends.

For most shareholders, PIDs will be paid after deducting withholding tax at the basic rate. However, certain categories of UK shareholder are entitled to receive PIDs without withholding tax, principally UK resident companies, UK public bodies, UK pension funds and managers of ISAs, PEPs and Child Trust Funds. Further information on UK REITs is available on the Company's website, including a form to be used by shareholders to certify if they qualify to receive PIDs without withholding tax.

PIDs paid to overseas shareholders are subject to withholding tax at 20%. South African shareholders may apply to His Majesty's Revenue and Customs after payment of a PID for a refund of the difference between the 20% withholding tax and the prevailing UK/South African double tax treaty rate. Other overseas shareholders may be eligible to apply for similar refunds of UK withholding tax under the terms of the relevant tax treaties.

Normal dividends paid to overseas shareholders are paid gross but may be subject to taxation in the shareholder's country of residence. For South African shareholders, dividends tax at 20% will be withheld and paid over to the South African Revenue Service on the shareholders' behalf. Certain shareholders, including South African tax resident companies, retirement funds and approved public benefit organisations, are exempt from dividends tax but it is the responsibility of each shareholder to seek their own advice. Dividends tax does not apply to scrip dividends, whether paid as a PID or a normal dividend.

Forward-looking statements
Certain statements made in this Annual Report 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 Annual Report. 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 Annual Report should be regarded as a profit estimate or forecast.

Adjusted earnings	Reported amounts excluding certain items in accordance with EPRA guidelines and also certain cash and non-cash items which the Directors believe are not reflective of the normal day-to-day operating activities of the Group.
Annual Incentive Plan (AIP)	Annual bonus plan for all employees, including Executive Directors.
Average cost of debt or weighted average interest rate (WAIR)	The cost of finance expressed as a percentage of the weighted average debt (can be calculated on both a net and gross debt basis) during the period.
Borrowings	The aggregate of loans and currency swaps but excluding the fair value of the interest rate swaps, as the fair value crystallises over the life of the instruments rather than at maturity.
BREEAM	An environmental rating assessed under the Building Research Establishment Environmental Assessment Method.
Capital return	The change in property value during the period after taking account of capital expenditure, calculated on a monthly time-weighted and constant currency basis.
Compulsory Voluntary Arrangement (CVA)	A legally binding agreement with creditors to restructure liabilities, including future lease liabilities.
Corporate Sustainability Reporting Directive (CSRD)	A new directive requiring large companies to disclose ESG information based on the European Sustainability Reporting Standards (ESRS). The Group is expecting to report under CSRD in 2025.
Dividend cover	Adjusted earnings per share divided by dividend per share.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body, of which the Company is a member. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability and relevance of the published results of listed real estate companies in Europe.
Equivalent yield (true and nominal)	The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect future rents resulting from lettings, lease renewals and rent reviews based on current ERVs. The true equivalent yield (TEY) assumes rents are received quarterly in advance, while the nominal equivalent yield (NEY) assumes rents are received annually in arrears. These yields are determined by the Group's external valuers.
ERV	The estimated market rental value of the total lettable space in a property calculated by the Group's external valuers on a net effective basis.
ESG	Using environmental, social and governance factors to evaluate companies and countries on how far advanced they are with sustainability.
F&B	Food and beverage.
Gearing	Net debt expressed as a percentage of equity shareholders' funds calculated as per the covenant definition in the Group's unsecured bank loans and facilities and private placements.
Gross property value or Gross asset value (GAV)	Property value before deduction of purchasers' costs, as provided by the Group's external valuers.
Gross rental income (GRI)	Income from leases, car parks and commercialisation, after amortising lease incentives.
Headline rent	The annual rental income derived from a lease, including base and turnover rent but after rent-free periods.
Inclusive lease	A lease, often for a short period, under which the rent includes costs such as service charge, rates and utilities. Instead, the landlord incurs these costs as part of the overall commercial arrangement.
Income return	Income derived from property taken as a percentage of the property value on a time-weighted and constant currency basis after taking account of capital expenditure.
Initial yield (or Net initial yield (NIY))	Annual cash rents receivable (net of head rents and the cost of vacancy, and, in the case of France, net of an allowance for costs of approximately 5%, primarily for management fees), as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV.
Interest cover	Adjusted net rental income excluding associates, divided by Adjusted net finance costs before capitalised interest and interest charges on lease obligations and pensions.
Interest rate or currency swap (or derivatives)	An agreement with another party to exchange an interest or currency rate obligation for a pre-determined period.
Joint venture and associate management fees	Fees charged to joint ventures and associates for accounting, secretarial, asset and development management services.

Leasing	Comprises new lettings and renewals.
Leasing vs Passing rent	A comparison of Headline rent from new leases and renewals to the Passing rent at the most recent balance sheet date.
Like-for-like (LFL) GRI/NRI	The percentage change in GRI/NRI for flagship properties owned throughout both current and prior periods, calculated on a constant currency basis. Properties undergoing a significant extension project are excluded from this calculation during the period of the works. For interim reporting periods properties sold between the balance sheet date and the date of the announcement are also excluded from this metric.
Loan to value (LTV)	Net debt expressed as a percentage of property portfolio value. The Group has three measures of LTV: Headline, which includes the Group's investment in Value Retail; Full proportional consolidation of Value Retail (FPC), which incorporates the Group's share of Value Retail's net debt and property values; and EPRA, which includes an adjustment for net payables.
Net effective rent (NER)	Annual rent from a unit calculated by taking the total rent payable over the term of the lease to the earliest termination date and deducting all tenant incentives.
Net rental income (NRI)	GRI less net service charge expenses and cost of sales. Additionally, the change in provision for amounts not yet recognised in the income statement is also excluded to calculate Adjusted NRI.
NTA (EPRA)	EPRA Net Tangible Assets: An EPRA net asset per share measure calculated as equity shareholders' funds with adjustments made for the fair values of certain financial derivatives, deferred tax and any goodwill balances.
Occupancy rate	The ERV of the area in a property or portfolio, excluding developments, which is let, expressed as a percentage of the total ERV, excluding the ERV for car parks, of that property or portfolio.
Occupational cost ratio (OCR)	The proportion of retailer's sales compared with the total cost of occupation, including rent, local taxes (i.e. business rates) and service charge. Calculated excluding department stores.
Over-rented	The amount, or percentage, by which the ERV falls short of rent passing for reversion.
Passing rents or rents passing	The annual rental income receivable from an investment property after rent-free periods, head rents, car park costs and commercialisation costs.
Pre-let	A lease signed with a tenant prior to the completion of a development or other major project.
Principal lease	A lease signed with a tenant with a secure term of greater than one year.
Property fee income	Amounts recharged to tenants or co-owners for property management services including, but not limited to service charge management and rent collection fees.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business and which is taxable for UK-resident shareholders at their marginal tax rate.
Property interests (Share of)	The Group's non-wholly owned properties which management proportionally consolidate when reviewing the performance of the business. These exclude Value Retail which is not proportionally consolidated.
Property outgoings	The direct operational costs and expenses incurred by the landlord relating to property ownership and management. This typically comprises void costs, net service charge expenses, letting related costs, marketing expenditure, repairs and maintenance, tenant incentive impairment, bad debt expense relating to items recognised in the income statement and other direct irrecoverable property expenses. These costs are included within the Group's calculation of like-for-like NRI and the cost ratio.
Proportional consolidation	The aggregation of the financial results of the Reported Group and the Group's Share of Property interests under management (i.e. excluding Value Retail) as set out in note 2 to the financial statements.
QIAIF	Qualifying Investor Alternative Investment Fund. A regulated tax regime in the Republic of Ireland which exempts participants from Irish tax on property income and chargeable gains subject to certain requirements.
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain requirements.
Rent collection	Rent collected as a percentage of rent due for a particular period after taking account of any rent concessions granted for the relevant period.
Rents passing for reversion	Passing rent adjusted for tenant incentives and inclusive costs to be on a net effective basis. This will increase or decrease due to changes to rents passing at rent review or the next lease event (i.e. expiry or break), or by leasing vacant space or space undergoing reconfiguration.
Reported Group	The financial results as presented under IFRS.
Reversionary or under-rented	The amount, or percentage, by which the ERV exceeds the rent passing for reversion.

RIDDOR	A health and safety reporting obligation to report deaths, injuries, diseases and 'dangerous occurrences' at work, including near misses, under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.
Scope 1 emissions	Direct emissions from owned or controlled sources.
Scope 2 emissions	Indirect emissions from the generation of purchased energy.
Scope 3 emissions	All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
SAICA	South African Institute of Chartered Accountants.
SIIC	Sociétés d'Investissements Immobiliers Côtées. A tax regime in France which exempts participants from the French tax on property income and gains subject to certain requirements.
SONIA	Sterling Overnight Index Average.
Task Force on Climate-related Financial Disclosures (TCFD)	An organisation established with the goal of developing a set of voluntary climate-related financial risk disclosures to be adopted by companies to inform investors and the public about the risks they face relating to climate change.
Temporary lease	A lease with a period of one year or less, measured to the earlier of lease expiry or tenant break.
Total accounting return (TAR)	The growth in EPRA NTA per share plus dividends paid, expressed as a percentage of EPRA NTA per share at the beginning of the period. The return excludes the dilution impact from scrip dividends.
Total development cost	All capital expenditure on a development or other major project, including capitalised interest.
Total property return (TPR) (or total return)	NRI, excluding the change in provision for amounts not yet recognised in the income statement, and capital growth expressed as a percentage of the opening book value of property adjusted for capital expenditure, calculated on a monthly time-weighted and constant currency basis.
Total shareholder return (TSR)	Dividends and capital growth in a Company's share price, expressed as a percentage of the share price at the beginning of the period.
Transitional risk	Business risk posed by regulatory and policy changes implemented to tackle climate change.
Turnover rent	Rental income which is linked to an occupier's revenues.
Vacancy rate	The ERV of the area in a property, or portfolio, excluding developments, which is currently available for letting, expressed as a percentage of the ERV of that property or portfolio.
WAULB/WAULT	Weighted Average Unexpired Lease to Break/Term.
Yield on cost	Passing rents expressed as a percentage of the total development cost of a property.

Designed and produced by Gather.
www.gather.london

Printed by Park Communications – A Carbon Neutral printing company.

The material used in this Report is from sustainable resources.
The paper mill and printer are both registered with the Forestry Stewardship Council (FSC) ® and additionally have the Environmental Management System ISO 14001.

It has been printed using 100% offshore wind electricity sourced from UK wind.

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