Hammerson

Annual Report 2022

Registered in England
No. 360632

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RM 09/12/2023 #79
COMPANIES HOUSE

Hammerson at a glance

Creating exceptional city centre destinations that realise value for our stakeholders, connects our communities and delivers a positive impact for generations to come.

HAMMERSON VALUE ESTATE, BIRMINGHAM 1

Managed portfolio	
Ownership:	50%/100%
Area, m²:	171,800
No. of tenants:	254

See story on page 6

LES 3 FONTAINES, CERGY 2

Managed portfolio	
Ownership:	100%
Area, m²:	85,100
No. of tenants:	206

See story on page 4

DUNDRUM ESTATE, DUBLIN 2

Managed portfolio	
Ownership:	50%
Area, m²:	128,700
No. of tenants:	152

See story on page 2

Pavilions, Swords

Union Square, Aberdeen

Dublin Central, Dublin

Managed portfolio

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

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

1. Italie Deux, Paris
2. Les 3 Fontaines, Cergy
3. Les Terrasses du Port, Marseille
4. O'Parinor, Paris

Value Retail

Bicester Village, Bicester
Fidenza Village, Milan
Ingolstadt Village, Munich
Kildare Village, Dublin
La Roca Village, Barcelona
Las Rozas Village, Madrid
La Vallée Village, Paris
Maasmechelen Village, Brussels
Wertheim Village, Frankfurt

Flagship destinations

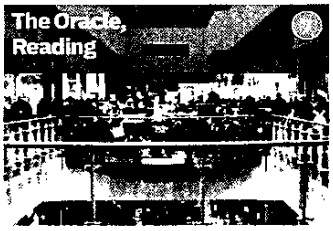
9
Premium outlets

16
Cities

1m
m² of lettable area

216m
Shopper visits per year

100+
Acres of development land


The Oracle, Reading

Les Terrasses du Port, Marseille

Bristol Estate, Bristol

Bicester Village, Bicester

Our results are evidence of significant strategic, operational and financial progress made against a volatile macroeconomic backdrop

HIGHLIGHTS

INCOME STATEMENT

IFRS loss for the year

£(164)m

2021: £(429)m loss

Adjusted earnings KA

£105m

2021: £66m

EARNINGS PER SHARE METRICS

Basic EPS

(6.3)p

2021: (8.7)p

Adjusted EPS A

2.4p

2021: 1.3p

BALANCE SHEET

Net debt

£2,[illegible]6m

2021: £2,746m

NAV KA

£[illegible]m

2021: £(1,799)m

CASH FLOW

Cash A

£2,684m

2021: £2,840m

Adjusted EPS KA

[illegible]p

2021: 64p

GEARING METRICS

LTV Headline A

39%

2021: 39%

Availability adjusted gearing A

46%

2021: 46%

Liquidity A

£996m

2021: £1,478m

K[illegible] A [illegible]

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Welcome from our Chief Executive

Over the last two years, the new management team and I have focused on two key objectives. First, focusing and simplifying the business to stabilise the core income stream and return it to underlying growth.

Second, starting to rebuild value within our existing portfolio and to create optionality on how we unlock the substantial value in our development portfolio.

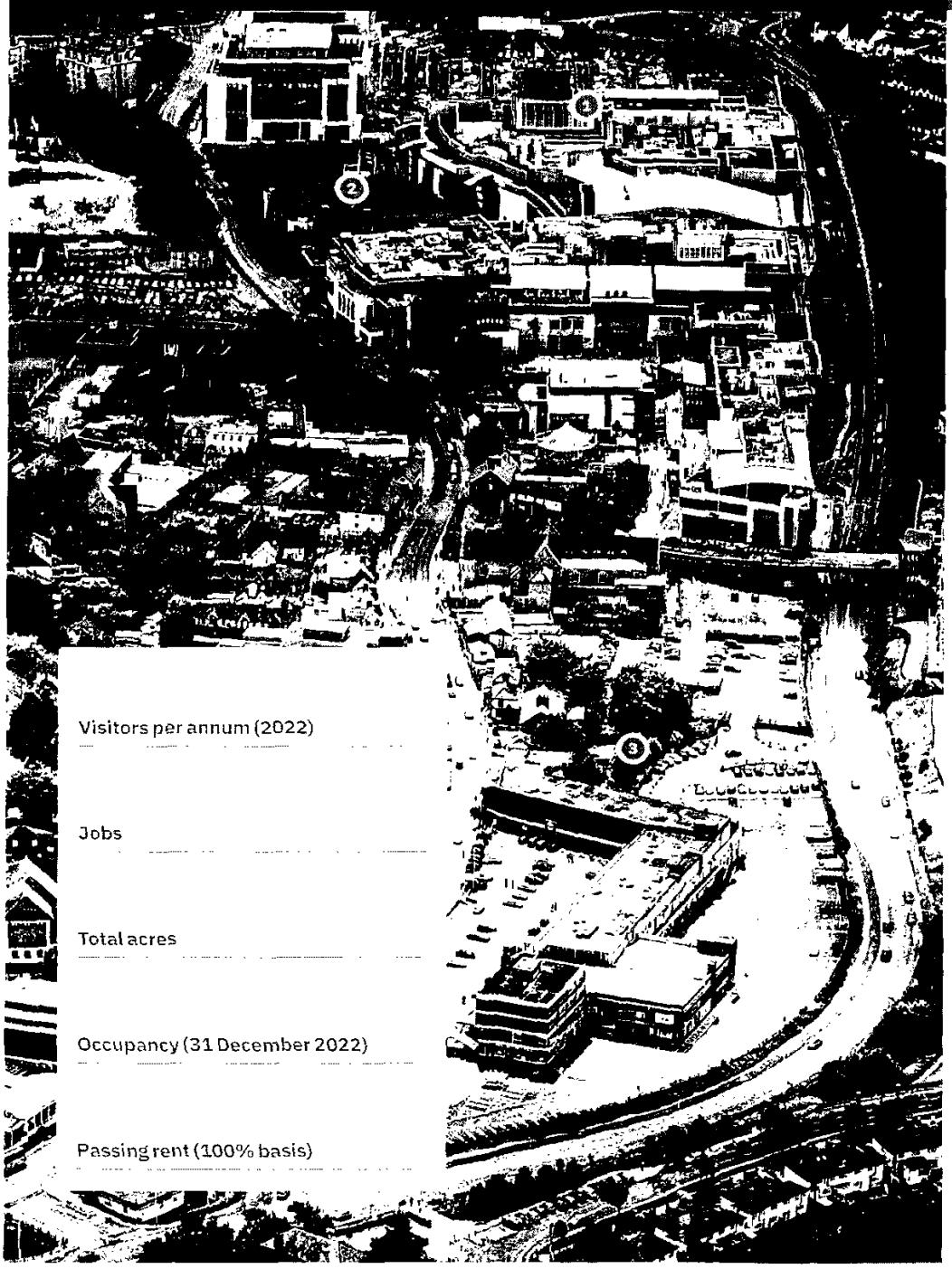
We are and will continue to be disciplined allocators of capital. We assess and select the best returns for shareholders, mindful of our own cost of capital and all options for capital deployment, including further debt retirement and distributions for shareholders.

Rita-Rose Gagné
Chief Executive

CASE STUDY

Unlocking our prime urban multi-use estate across 26 acres

Dundrum Estate, Dublin



Visitors per annum (2022)

Jobs

Total acres

Occupancy (31 December 2022)

Passing rent (100% basis)

A prime urban multi-use estate across 26 acres in principal south Dublin location.

Dundrum Town Centre is Ireland's pre-eminent retail destination and point of entry for new brands, international and homegrown, by some considerable margin. To capitalise and drive further value we are advancing at pace ambitious plans to unlock the complementary value of the adjacent development land.

MAXIMISING OPPORTUNITIES

Strength of core retail

- Re-anchored 18,600m² since 2020 to Brown Thomas, Penneys & Dunnes Stores
- This created momentum to leverage our international relationships and attract firsts to Ireland brands including Nike Live Concept and Watches of Switzerland, as well as Ireland's largest Lush store

Successful diversification

- Commencement of construction October 2022 of The Ironworks residential development comprising 122 apartments over existing car park
- Established thriving restaurant, social, leisure and cultural hub in the architecturally acclaimed Pembroke Square redevelopment anchored by premium bowling concept
- Converted former storage to 1,000m² penthouse office suite – occupier identified and contract in discussion

Unlocking Dundrum for generations to come

- Planning decision awaited for residential led application for c. 900 apartments across six acre site
- Design of residential scheme informed by key design principles and based on stakeholder feedback: inclusivity, sustainability and revitalisation of town main street
- Create contemporary and vibrant residential location to deliver a world class multi-use estate

> "We are pleased with the progress made in 2022 as we accelerate development to unlock further value of the Dundrum Estate and create Dublin's lifestyle destination of choice. Marrying a blend of uses, including residential, food, entertainment, healthcare and workspace anchored by Dundrum Town Centre, Ireland's premier retail and leisure destination."

Connor Owens
Managing Director Asset Management (Ireland & Scotland)

Located in Val d'Oise, Cergy, on the edge of Paris, Les 3 Fontaines is the region's leading urban retail and leisure destination.

Comprising of 25 acres Les 3 Fontaines sits at the heart of the 'New City', a major reinvestment and redevelopment area to introduce 5,000+ new residents, 20,000m² of office space and a main transport hub to the city by 2025.

Leveraging the redevelopment of the area, its 'New City' status, and public transport links, Hammerson has reinvented Les 3 Fontaines to become a city centre in its own right.

MAXIMISING OPPORTUNITIES

Three Key Themes

Strength of core retail

- Re-anchored since 2018 with 18 new brands and renewals including Zara, H&M and Footlocker
- Completion of the new 34,000m² extension in March 2022 adding 72 new high profile brands including Adidas, JD Sports and Rituals, alongside store firsts in this region for LEGO, Tommy Hilfiger and Miniso

Successful diversification

Diversified the occupier mix to reflect the emerging needs and expectations of our visitors, customers, occupiers and the wider community. This includes:

- Introduction of education, healthcare providers and city centre retailers
- Creation of a new dedicated food and social hub DISTRICT, offering 14+ restaurants and dining outlets including Vapiano and Big Fernand

Focus on sustainability and social value

Creating exceptional, sustainable destinations that deliver a positive impact for generations to come is our goal.

Les 3 Fontaines extension was developed with sustainability in mind. This included:

- Use of low carbon concrete alternative, 99% of the steel used from recycled materials and operationally 75% of the waste is also recycled
- Les Fontaines de l'emploi was created to support the community, in partnership with the Mayor and local associations. Offering 1,300 local job seekers employment workshops, recruitment companies and interview training

CASE STUDY

Maximising core retail opportunities and diversifying the occupier mix

Les 3 Fontaines, Cergy

"We are proud of the Les 3 Fontaines transformation and have created an exciting destination at the heart of the city. This sees us become the new reference for students, families, employees and the wider community."

Renaud Mollard
Managing Director France

11m
Visitors per annum (2022)

c.2,200
Jobs

25
Total acres

91%
Occupancy (31 December 2022)

€27m
Passing rent

Birmingham is one of the youngest and most diverse cities in Europe, which underpins its current and future growth, including major national infrastructure and cultural investment.

Birmingham showcases Hammerson's strategy in action as we bring together Bullring, Grand Central and Martineau Galleries into our Birmingham Estate.

With ownership extending to 35 acres, equating to 15% of the city core, Hammerson's Birmingham Estate is at the heart and provides social, cultural and commercial opportunities that engages tens of millions of people each year.

Bullring welcomes over 30m visitors each year and is one of the most successful retail destinations in the UK.

Grand Central is connected directly to Bullring which sits astride the most connected railway station in the UK.

Martineau Galleries completes our estate, with seven acres positioned directly opposite the new HS2 Curzon Station. This has outline consent for a further 93,000m² of commercial and residential uses.

Individually each asset has the potential to holistically enhance the Estate. By leveraging the halo effect we are able to capitalise and drive value for our stakeholders, the local economy and the city as a whole.

MAXIMISING OPPORTUNITIES

Three Key Themes

Repurposing and successful diversification

- Repositioning and repurposing of the former Debenhams to introduce a new M&S and TOCA Social, reflecting a combined investment from Hammerson, CPP Investments and M&S of £18m
- New social and entertainment investment of £8m creating 7,200m² of repurposed space to introduce TOCA Social, Lane 7 and Sandbox VR
- Brand engagement and investment – c.£15m inward flagship brand investment from Nike, TAG Heuer and JD Sports

Placemaking – engaging our visitors in new, smart and memorable ways

At the heart of the City, the Birmingham Estate hosts and supports events and activations across the year offering our visitors entertainment, immersive moments, food and social and retail.

Including:

- Official sponsor of the Commonwealth Games, attracting 1.8m visitors over the event
- 220,000 visitors to the Birmingham Carnival
- Birmingham Weekender, B-Side Hip-Hop festival and Birmingham Pride

Unlocking our estate for generations to come

Planning submitted for 'Drum' the repurposing of 18,500m² of former retail space to create a new paradigm of city centre workplace, incorporating the best levels of amenity and connectivity. All complementing the existing food and social hub in Grand Central and the retail and entertainment brands Bullring has to offer.

Martineau Galleries – with planning obtained, we continue to work with our partners to deliver a world class commercial and residential district. Supported by outstanding infrastructure connections and underpinned by open, multi-use amenity and cultural spaces, Martineau Galleries will see us further leverage the benefit of the wider Birmingham estate.

Further milestones achieved with land assembly, phasing, enabling and vacant possession, working towards initial demolition and site enabling.

"2022 has been an incredible year for our Birmingham Estate leasing and Bullring occupancy at 97%.

The rapid transformation of the former Debenhams has sent a market, establishing a platform uses into the scheme."

Toby Tait (pictured left)
Director, Asset Management

"This project is the next step in Hammerson's vision to transform our Birmingham estate, creating a truly multi-use asset that thrives due to its relevance and diversity. Drum will be an original and highly important evolution of workplaces, built on the principles of connectivity, amenities and sustainability."

Harry Badham (pictured right, commenting on Drum repurposing)
Chief Development and Asset Repositioning Officer

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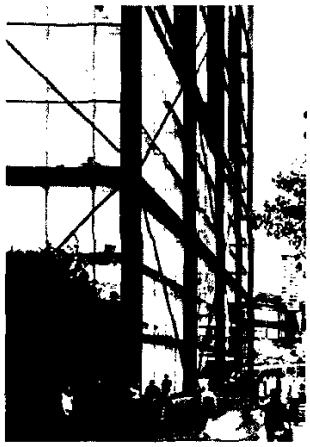

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CASE STUDY

Repositioning and diversifying our 35 acre prime Birmingham Estate

Birmingham Estate, Birmingham

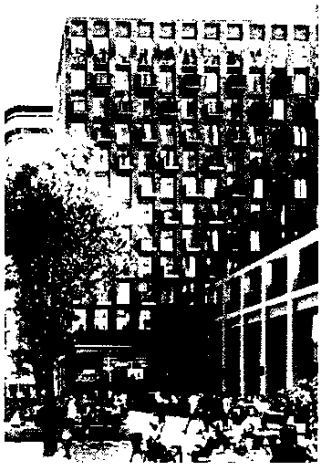
43m
Visitors per annum (2022) (Bullring and Grand Central)

c.4,400
Jobs

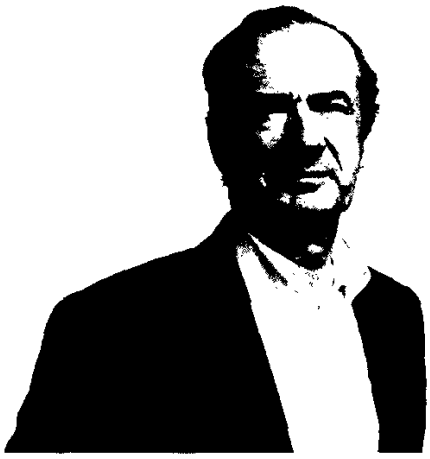
35
Total Acres

97%
Occupancy (Bullring)

£54m
Passing rent (100% basis)



Chair of the Board's Statement



Robert Noel
Chair of the Board

Business environment
Inflation was already embedded in the supply chain as the UK and Europe began to emerge from Covid-19 restrictions. Then Russia's invasion of Ukraine in February caused devastation to millions of Ukrainians and an energy crisis across Europe. As governments fought with these events, central banks grappled with accelerating inflation, lenders became more cautious, borrowers became increasingly concerned and consumers faced a cost of living crisis not seen in decades.

Although risk levels remained elevated, the new Hammerson team has a strong grip on the business and has built a two-year track record of consistent operational and financial delivery. Today, I am pleased that Hammerson is a better, more focused and resilient business with a strengthened balance sheet; a core portfolio of city centre estates that continue to attract the best occupiers; new ways of working; a significantly reduced cost base; and unexploited value in its unique development opportunities. The team is focused on executing a clear strategy to deliver a path to growth.

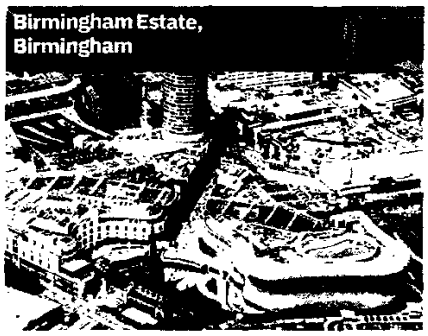
Board changes and evaluation
The retirement of Gwyn Burr and Andrew Formica at the conclusion of the 2022 AGM was covered in last year's annual report. Having joined the Board in June 2020, Des de Beer stepped down as a Non-Executive Director in October. Des helped guide the Company through some difficult challenges during his time on the Board and we benefitted from his deep experience in both retail and capital markets. He leaves with our thanks for his positive contribution, and we wish him well.

The Board now comprises six Non-Executive and two Executive Directors, with an average tenure of 2.5 years. No further changes are currently planned.

Our Board evaluation in 2022 was an external review carried out by Board Alchemy. The review of the effectiveness of the Board and its Committees included individual interviews with all Directors and various regular attendees, observing a Board meeting in June and discussing the results of the review with the Board in October.

The review concluded that the Board is effective. Board Alchemy made various recommendations including the emphasis given to certain topics. These have been incorporated into our Board plan for 2023 and progress against these recommendations will be monitored during the year. The effectiveness of Directors was also within the scope of the evaluation and I am pleased to report that considerable progress has been made since the last external review was undertaken in 2019. All Directors are fully engaged in offering a wide range of perspectives and relevant skills. More information on the review can be found on pages 70 and 71.

The Board values its diversity. I'm pleased to report that 37.5% of the Board are female and we exceed the target set out in the Parker Review to have at least one director from a minority ethnic group. Further details are contained in the Nomination and Governance Committee Report on pages 72 to 75.


Birmingham Estate, Birmingham

> Today, I am pleased that Hammerson is a better and a more focused and resilient business executing on a clear strategy to deliver a path to growth.

Robert Noel
Chair of the Board

ESG

Hammerson is committed to reaching Net Zero by 2030. The Board is also fully committed to the Group's continuing recognition as a sustainability leader in the round, ensuring the highest standards of operational performance and corporate governance. 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.

Last year we set out our response to the Task Force on Climate-related Financial Disclosures (TCFD). This year we have set out our path to be a net zero carbon business by 2030. Details of our plans and our sustainability performance are set out on pages 25 to 31, with more detail available in our ESG Report 2022, which is available on our website at www.hammerson. com.

During the year, the Group provided assistance to colleagues in response to the emerging cost of living crisis. A salary supplement was awarded to all colleagues on annual salaries of less than £/€60,000. This was paid in four equal instalments from November to February in the UK and Ireland, and as a one-off for French colleagues. The Group has also made differentiated pay awards in March 2023 benefitting those in lower salary bands.

Dividend

As explained in last year's annual report, the Board continued to satisfy our REIT and SIIC distribution requirements through offering an enhanced scrip dividend during the year. At the AGM on 28 April 2022 shareholders approved a final 2021 cash dividend of 0.2p per share with an enhanced scrip option of 2p per share, entirely paid as a PID, and then at a General Meeting on 25 October 2022 shareholders approved an interim 2022 cash dividend of 0.2p per share, also with an enhanced scrip option of 2p per share.

The payments made to date have satisfied our REIT and SIIC distribution requirements for 2022 and the Board will therefore not be recommending a further payment in respect of 2022.

As previously announced, the Board anticipates recommending the reinstatement of a cash dividend for 2023. It is expected this will be at least the minimum required to continue to meet our REIT/SIIC distribution obligations. Further information will be given at the Company's half year results announcement.

Looking ahead

Since the year end, Hammerson has moved its London head office to new, smaller offices. Not only does this save significant cost and give increased flexibility, it gives us closer proximity to key partners. It also coincides with a refresh of the Group's values and new ways of working, marking a new chapter for colleagues who have faced up to the challenges of the last three years with stoicism and significant effort. I would like to thank them again for their contribution and commitment.

The leadership team have achieved a great deal in 25 months. Hammerson is a better business today than it was in 2020. The Board is confident the strategy is the right one – focused on city centre estates with an attractive development portfolio. 2023 will be another important year in our transformation with the Board and executive leadership team remaining laser focused on delivering long term value creation for all stakeholders.

Robert Noel
Chair of the Board

Chief Executive's Statement

Rita-Rose Gagné
Chief Executive

We have delivered another strong year of strategic, operational, and financial progress against a challenging economic backdrop. At the beginning of 2022, we could not have foreseen the extent of the volatility of the economic and political environment that unfolded driven by geopolitical events in Ukraine, China's zero Covid policy, and political change in the UK.

We do not yet know the full impact of the cost of living crisis, a period of higher inflation and interest rates, and continued supply chain disruption. Moreover, this year highlighted the value of sustainable sources of energy. Our commitment to ESG and Net Zero remains absolute, and we finished the year with fully costed Net Zero Asset Plans for every flagship asset in the managed portfolio.

We set out a clear strategy in June 2021 and our performance in 2022 underscores our belief that we are strongly positioned to deliver attractive total returns over the medium term. Over the last two years, the new management team and I have focused on two key objectives:

- Simplifying the business to stabilise the core income stream and to return it to underlying growth reflected in like-for-like GRI growing in 2022 by 8%
- Starting to rebuild value in our existing portfolio whilst at the same time creating optionality on how we unlock the deep development value in our portfolio

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 debt retirement, and distributions for shareholders.

Despite this uncertain and volatile backdrop, we have been disciplined in the execution against these objectives focusing on what we can control. Our operational and financial performance is proof positive that our strategy is working:

- We are enlivening and reinvigorating our assets by introducing new occupiers, uses and concepts. In recognition of the importance of placemaking, we attracted a senior leader in a newly-created role who has already brought an increased emphasis on commercialisation, marketing, and advertising to create exceptional spaces for our customers and occupiers. We are actively repurposing our destinations and creating a sense of place that brings people and experiences together
- We signed 317 leases representing £45m of headline rent (£25m at our share) demonstrating the attractiveness of our destinations and the continued flight to quality by occupiers
- We have re-aligned the organisation to be asset-centric, more agile and focused on occupiers and customers. The rapid progress on the re-set of our operational model delivered a 17% reduction in gross administration costs. We have already taken steps that will deliver further efficiency gains in 2023 and 2024
- We have continued to strategically refocus the portfolio on city centre destinations and to simplify our portfolio, disposing of £628m of non-core assets since the start of 2021
- Our resulting financial position is stable, with net debt down 4% to £1,732m, headline LTV 39% and fully proportionally consolidated LTV 47%. Our net debt to EBITDA improved to 10.4x from 13.4x in 2021. We have ample liquidity in cash and undrawn committed facilities of c£1bn
- Underpinning all this progress, we are evolving to a sustainable high-performance culture, with increased focus on training and talent development

Like-For-Like GRI

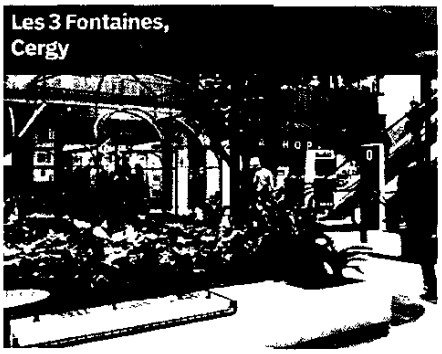
Gross Administration Cost

Best Leasing Performance Since 2018

Occupancy

Like-for-like scope 1 and 2 emissions

Bullring, Birmingham



Les 3 Fontaines, Cergy

FINANCIAL AND OPERATIONAL REVIEW

Adjusted earnings were up 60% to £105m reflecting a strong operating performance across the board.

Like-for-like GRI increased 8% following two strong years of leasing performance, and reduced vacancy resulting in some leasing tension returning in our destinations. Significant improvements in collections performance, and the growth in GRI resulted in like-for-like NRI improving 29% year-on-year.

In 2021 we committed to reduce our gross administration costs by 15–20% by 2023 which we have already delivered with a 17% reduction year-on year. There are more efficiencies to come from the digitalisation of our business.

Deleveraging remains an important priority and in 2022, we generated gross proceeds of £195m from the disposal of non-core assets, resulting in reduced finance costs. There was, however, a lack of liquidity in investment markets in the second half of the year. We have refinanced RCFs and redeemed the remaining 2023 eurobonds.

Our financial position is stable. Net debt was £67m lower, reflecting disposals completed during the year. Headline LTV was unchanged at 39%, while fully proportionally consolidated LTV, including the Group's proportionate share of Value Retail debt was 47% (2021: 46%). Net debt to EBITDA was 10.4x down from 13.4x in 2021, reflecting both lower debt and the improved earnings performance.

EPRA NTA was £2,634m at 31 December 2022 (2021: £2,840m), a decline of 7% year-on-year, predominantly due to the impact of market wide yield expansion and ERV decline on property valuations, reflecting higher base interest rates in the second half.

Overall, the Group recorded an IFRS loss of £164m (2021: £429m loss), largely due to a £282m revaluation deficit, of which 96% was in Q4.

Sales and footfall

The quality of our destinations and our stronger asset-centric focus means that footfall and sales in our destinations continue to exceed national averages.

During 2022 we saw a sustained recovery in footfall and sales performance. Footfall for the whole of 2022 was 39% up year-on-year (UK +41%, France +36% and Ireland +35%), and finished the year at around 90% of 2019 levels. Footfall recovered steadily throughout the year with the Group seeing an 11% point improvement between January and December. On the ground activity remains robust with strong footfall, sales and leasing trends continuing into the first few months of 2023.

Sales recovered strongly as consumers are shopping less frequently but visiting our destinations with more purpose, also avoiding increasingly expensive delivery and return costs charged by online retailers. The improvement in store like-for-like performance also illustrates fewer better performing retailers reflective of our shift away from reliance on legacy fashion to a broader mix of best-in-class retail, food and social, services and leisure. Overall, like-for-like turnover rents for 2022 were up 111% year-on-year, total like-for-like sales were up double digit year-on-year, and +3% vs. 2019.

Occupancy

Our core portfolio is well positioned to benefit from the increasing polarisation in the market and the flight to quality. Vacancy levels remain low across our assets with the UK and France at 4% and Ireland at only 2%. We are beginning to see leasing tension return in the core portfolio. Having some vacant space allows us to trial new concepts as well as initiate our longer term strategic plans to make our destinations more relevant to evolving customer behaviour and spend.

Collections

Rent collections, both in terms of overall proportion collected and pace after the due date have continued to improve as trading normalised post the pandemic. As at February 2023, 2022 Group collections were 95%, with the UK and Ireland largely back to pre-pandemic norms and France slightly behind. For Q1 2023, Group rent collections were 90%. This compares with 90% for 2021 and 83% for Q1 2022 at this time last year.

Value Retail

Value Retail saw the performance of the Villages recover close to pre-pandemic levels. Brand sales increased by 34% year-on-year and were only 5% lower than 2019 levels. Footfall across the Villages was resilient; down only 9% on 2019. Spend per visit increased by 5% on 2019 following improved digital marketing of domestic high net worth customers. Value Retail expects to benefit from the return of the international traveller in 2023. These trends continue into 2023.

We set out a clear strategy in June 2021 and our performance in 2022 underscores our belief that we are strongly positioned to deliver attractive total returns over the medium term.

Rita-Rose Gagné
Chief Executive

Overall, Value Retail signed 332 leases during the year, showcasing the attractiveness of the premium outlet sector. Occupancy for the year was at 94%. There have been 96 new openings in 2022; Dolce & Gabbana opened their fifth Value Retail store in Las Rozas, Christian Louboutin opened a new store at La Vallée and Cecconi's opened at Bicester.

The Group's share of adjusted earnings were £27.4m, up 72% on 2021. GRI has increased due to the recovery of turnover rents from 12 months of full trading. At 31 December 2022, the Group's interest in Value Retail's property portfolio was c£1.9bn and the net assets were £1.2bn; the difference is principally due to £0.7bn of net secured debt within the Villages which is non-recourse to the Group. Value Retail also successfully refinanced over £1bn of debt facilities principally in relation to La Vallée and Bicester. The average LTV across the Villages is 36%.

Outlook

Near term

Whilst we remain very mindful of the uncertain macroeconomic outlook, we have a strong operational grip on the business and are targeting a further 20% reduction in gross administration costs by the end of 2024, and to complete the £500m disposal programme by the end of the year. We have strong momentum and are well placed to deliver another year of robust underlying earnings and cashflow and anticipate a return to cash dividends during the year.

Medium term

Best-in-class occupiers recognise the importance of city centre locations and the symbiotic nature of their physical and online channels, and we are working in partnership to deliver our proposition to this new reality. This integrated experience is the Hammerson offering and will continue to attract the very best occupiers during the ongoing flight to quality. We are well placed to benefit from these trends. Rents and rates have been largely re-based, vacancy is tight, and we have long term certainty in our lease expiry, and attractive yields in our managed portfolio, that offer the potential to deliver attractive total returns.

Our unique development opportunities provide a distinctive opportunity to create further value by bringing a broader mix of uses to the existing estate through integral and complementary repurposing and development which will enhance the proposition of the whole estate. Meanwhile, we will also create option value on stand alone projects.

We have a strong platform and over the medium term we see multiple opportunities to continue to unlock deep value.

Bullring, Birmingham

The Oracle, Reading

STRATEGIC AND BUSINESS REVIEW

We own city centre flagship destinations and adjacent land around which we can reshape entire neighbourhoods. Our strategy recognises the unique position that we have in our urban locations and the opportunities to leverage our experience and capabilities to create and manage exceptional city centre destinations 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 total returns for shareholders through consistent execution against our strategic goals:

- Reinvigorate our assets
- Accelerate development
- Create an agile platform
- Deliver a sustainable and resilient capital structure

Underpinning our strategy is our commitment to ESG. We refreshed our strategy in the first half of 2022 to demonstrate our commitment to Net Zero by 2030 to deliver benefits to our stakeholders, including comprehensive asset by asset plans to achieve our commitments.

We have made significant progress towards all our goals as follows:

Reinvigorate our assets

The quality and location of our assets is a key source of competitive advantage for Hammerson. 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.

There are both near and medium term opportunities to grow income through the repositioning of our assets. For example we see opportunities to re-purpose department stores for both retail, experience and multi-use such as residential or office use which will in turn benefit the whole destination. Under-utilised space can also be re-purposed for alternative uses with new income streams such as creating new and engaging spaces, with a greater focus on placemaking and a fresh approach to marketing and reach into social media channels, and attracting new occupiers and services. Our city centre locations are also attractive focal points for click and collect and last mile logistics.

In 2022, it was important to build on the momentum from the strong performance in 2021 and it was gratifying to see the strategy in action with 317 leases signed in 2022, 2% more than 2021 excluding disposals. In value terms, we secured £45m by value (£25m at our share) up 10% on a like-for-like basis and our strongest leasing performance since 2018.

For principal deals, headline rent was 34% above previous passing rent, equating to additional passing rent of £5.5m. Net effective rent deals were 2% above ERV.

We continue to pursue a leasing policy to diversify our mix, with non-fashion and services accounting for 32%, and restaurant, food and social 21%. Best-in-class and exciting new concepts in fashion remains core to our offer and demanded by customers, accounting for the balance, a high proportion of which were renewals including new concepts and experiences.

Short term leasing of less than one year (2022: 74 deals) remains important to maintain vibrancy, trial new concepts, mitigate annual void costs of £2m and allow time to secure longer term deals with the best occupier for a given unit.

Placemaking not only continues to enliven space and enhance the experience for customers and occupiers, but also contributes meaningfully in its own right. Our resulting commercialisation income is up 13% on a like-for-like basis. Indeed, as we look forward to an occupational market with a greater technological and social media integration in our spaces, we are moving from a stage of stabilisation and initial reinvigoration of the assets to one where the focus switches to a greater emphasis on experience, more focused and sophisticated marketing and advertising, and completing our planned repurposing.

We have continued to engage with major occupiers at a portfolio level, resetting and growing key relationships with those we see as key for the future of our destinations. For example:

- We have re-geared four Apple stores across the portfolio, bringing in new concepts, with a further two under discussion
- We have secured new deals, renewals and expansions with Inditex and H&M, and key upsizes with JD Sports
- We have signed two new Nike concepts into Bullring (Rise) and Dundrum (Live)
- We have secured renewals with key footfall and income drivers such as Indigo and Monoprix in Les Terrasses du Port

We continue to bring other new occupiers and the newest concepts into the portfolio, such as Lane 7 bowling at Bullring, Reserved at Brent Cross, the first Watches of Switzerland in Ireland at Dundrum, and VR Sandbox on the Birmingham Estate, driving vibrancy, footfall and new revenue streams.

At the same time, we incubated digitally native brands into white-boxed and permanent units across the portfolio, including further openings for Gym & Coffee in Ireland, La Coque Française in our Colab project in France, and Kick Game taking permanent space at Bullring.

Commercialisation and placemaking often go hand in hand boosting footfall and revenues for occupiers, and enhancing the customer experience. It is worth highlighting in particular:

- Pop-ups across the portfolio with key brands from diverse sub-sectors including: Barclays, Costa, Polestar, Dyson and Armani
- The Commonwealth Games with events and pop-ups across the Birmingham Estate which attracted an estimated television audience in the hundreds of millions and footfall over the 11 weeks of the games of 1.8m
- Our supercar weekend in Dundrum attracting more than 30% additional footfall
- Les Cabanons des Terrasses during the summer in Marseille
- Our usual stellar roster of seasonal outdoor bars and restaurants

We shifted our approach to marketing, switching agencies and using our spend in a more focused and higher-returning manner, generating a significant improvement in impressions and engagement from our customers, specifically:

- A greater focus on digital marketing over traditional channels (75% of spend in Q4), including trials with TikTok and Snap Chat for the first time
- Shifting our marketing away from general brand awareness to leveraging our data to target more catchment specific marketing
- Bringing awareness of the local offer at our assets
- Working with local influencers and celebrities to build and enhance our brand equity

In terms of the repurposing of department stores, we successfully completed the repurposing of the former House of Fraser unit in Dundrum to Brown Thomas and Penneys, with the backfill of the latter affording the opportunity to bring Dunnes Stores into Dundrum for the first time. In the UK, we have completed the feasibility studies and submitted a planning application for a major repurposing of former retail space, predominantly department store, at New Street Station, Birmingham, to create an amenity rich workspace-led proposal, 'Drum', directly served by the UK's most connected rail station.

At Bullring, work continues on the repurposing of the former Debenhams unit and we are excited to hand over to our new occupiers – TOCA Social and Marks & Spencer – later this year. Moreover, this project kickstarted the regeneration of this end of the scheme and underpinned a flurry of leasing demand in 2022.

In Reading, we have worked with the local council to submit a planning application for the major regeneration of the eastern quarter of The Oracle; to demolish obsolete department store space, and develop around 450 rental apartments alongside renewed landscaping and commercial uses. At the same time, this will densify the core retail, restaurant, food and social pitch along the riverside into our existing scheme.

In France, we completed the 34,000m² extension in Les 3 Fontaines, with new units for a selection of major international brands including Lego, Lacoste, Rituals, Inditex and H&M. As part of the broader repositioning of the asset, we brought in a florist, bakery and improved restaurant and food options to the adjacent Rue des Galeries, elevating the tone of this important thoroughfare into our asset. We continue to investigate the potential to complete a final phase of the redevelopment and bring in a major new retail offer.

Finally in Dundrum, we have brought in alternative uses with the construction of The Ironworks, a 122 unit residential development, the first of its kind on the Dundrum Estate and a major proof of concept for the future of the wider Dundrum Estate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

To acknowledge the breadth of the sustainability agenda, we have realigned our strategy to Environmental, Social and Governance. In terms of the Environmental, our commitment to Net Zero by 2030 is absolute, and we achieved a 12% reduction in like-for-like emissions in 2022. During the year we invested in an independent assessment of our assets to align to the Paris agreement. We developed detailed asset-level plans with a clearly defined pathway to Net Zero, with an interim stage at 2025, aligned with the targets for our sustainability-linked bond issued in 2021. These plans are fully costed as part of the Group's annual business planning process, with total expenditure over the period to 2028 of under £40m on the current asset base. During 2022 we also delivered a range of projects from EV charging, upgraded lighting and property management systems to PV arrays on our assets.

To match our asset-centric operating model, we revised our approach to Social with a new Board-approved strategy that determined that all social value activities would deliver for our local communities, acknowledging that each community in which we operate and support has diverse and specific needs. During the year, the Group provided assistance to colleagues in response to the emerging cost of living crisis. A salary supplement was awarded to all colleagues on annual salaries of less than £/€60,000. The Group has also made differentiated pay awards in March 2023 benefitting those in lower salary bands. As well as realising savings, the move of the head office to Marble Arch House aligned with a refresh of the Group's values and approach to ways of working, which was well received by colleagues.

> Diversity, Equality and Inclusion is more than a box ticking exercise.

Rita-Rose Gagné
Chief Executive

In terms of Governance, we revised our structures with the ambition to operate in a more diligent way, with all elements of ESG embedded across the business. A central part of this is recognition that Diversity, Equality and Inclusion is more than a box ticking exercise, but rather encourages ways of working that foster better decision-making processes through inclusion and open dialogue. Valuing this, it is pleasing to report that our senior-management sponsored Affinity Groups continue to attract broad engagement across the Group. We recognise that evolving and improving our Governance structures will remain a focus for Hammerson.

ACCELERATE DEVELOPMENT

Our strategy is to accelerate the development of the land and opportunities we own in the centre of some of Europe's highest growth and most exciting cities, particularly in and around London, Birmingham, Bristol and Dublin.

Over the last 12 months, we have further segmented our development opportunities between those that are integral to our existing assets such as department store repurposing; those that are complementary to our existing destinations and the development of which will benefit the whole estate; and those that stand-alone.

Our immediate focus has been on progressing our integral opportunities such as The Ironworks in Dundrum and Grand Central repurposing in Birmingham. In addition, we have a broad pipeline of complementary opportunities; which are projects adjacent or in close proximity to our existing assets and which have potential to increase our scale and critical mass and unlock development returns, as well as further halo and diversification effect on the retained estate.

Finally, we own valuable development opportunities in key cities that are stand-alone from our current estates, but which have the strength of location and potential scale to create critical mass and returns of their own. In the near term we remain focused on capital light initiatives to unlock value and generate optionality to take developments forward, to potentially bring in relevant partners with sectoral expertise or aligned capital, or to seek liquidity and focus on those projects with the highest returns and impact on our retained estate.

At Dublin Central, we have received further planning consents, which endorse our proposals to regenerate this important site and have begun discussions with potential operators and occupiers as part of plans to commence the first phases of development. We have also continued to work with Transport for Ireland to integrate a new metro station within the site.

At Martineau Galleries, part of the wider Birmingham Estate, we have continued to work with Birmingham City Council and the West Midlands Combined Authority to finalise details for the scheme and prepare for the first phases of demolition and development adjacent to the new Curzon Street HS2 station and the new tram connections.

At Brent Cross, we are working with the London Borough of Barnet to develop a holistic brief for long term regeneration, which includes in the short term reactivating the surrounding land for complementary uses that support the asset and local customer and will integrate with local infrastructure and the development of Brent Cross Town.

In Dundrum Phase II, we have submitted a planning application for nearly 900 residential apartments alongside other new town centre uses and transport connections.

In Bristol, we have been engaged with the City Council as they develop their post Covid city centre development strategy and we have started to explore the potential uses and phasing of development on our land holdings, potentially to include residential, student, office and life science uses alongside additional customer facing city centre uses.

Turning to our stand alone projects, in the UK we signed the s106 agreement for Bishopsgate Goodsyard, which has allowed us to commence the next stages of design, enabling and marketing for this development working with our partner Ballymore to set up the project management and delivery. In Leeds we are progressing the master planning process for our remaining c.10 acres of land and considering our next steps.

CREATE AN AGILE PLATFORM

Improving and right sizing our platform, and creating more agile, responsive and efficient ways of working remains a priority. We took early action in 2021 and in the first half of 2022, shifting from a top-heavy, geographically oriented and siloed organisation to a simplified, asset-centric operating model.

As a result, we achieved a 17% year-on-year reduction in gross administration costs in 2022, achieving our initial target of a 15–20% reduction by 2023.

We have taken further steps including more efficient ways of working, increasing speed of leasing, collections and prompt payments to our suppliers, and the consolidation of our property management suppliers in the UK, which formally started in February 2023. At the same time, we continue to implement more integrated, connected, and automated systems to drive further efficiency.

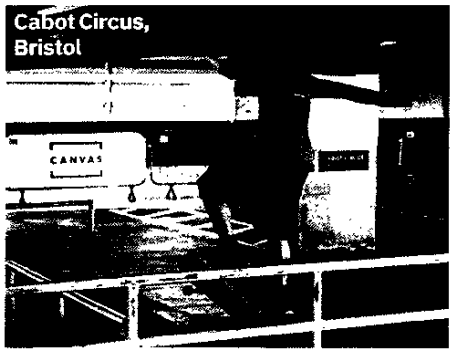
Necessarily, the actions we have taken over the last two years have resulted in a reduction of headcount, down 42% since 2019, and 25% year-on-year. We have not been immune to the challenges of navigating hybrid working, the 'Great Resign' and pressures from an increase in cost of living, and indeed we saw higher voluntary colleague turnover during the year. We continue to invest in and promote key talent for the future, however, most notably this year in leasing, asset management, ESG and placemaking and marketing. Overall, we are targeting a further 20% reduction in gross administration costs by the end of 2024.

We have also made some progress in simplifying our asset structures. For example, we were delighted to expand our partnership in Birmingham with CPPIB, forming a new 50/50 joint venture at Bullring in the second half of the year, following their acquisition of Nuveen's one third stake. There is more to do.

DELIVER A SUSTAINABLE AND RESILIENT CAPITAL STRUCTURE

We have continued to re-align our portfolio through a disciplined programme of disposals of non-core assets, re-focusing the Group on a core portfolio of prime city centre estates, reducing indebtedness and generating capital for redeployment into core assets and developments.

Generating total gross proceeds of £195m, we completed the sale of Victoria for £120m and our 50% share of Silverburn for £70m, plus other non-core land. Net debt reduced by 4% to £1.7bn. The Group remains committed to total disposal proceeds of c.£500m over 2022 and 2023. Our track record of executing £628m of sales in the last two years in challenging conditions and the attractiveness of our assets gives us confidence we will deliver this target.



Cabot Circus, Bristol

We refinanced £820m of expiring RCFs in late April into a new £463m facility on a 3+1+1 maturity with a smaller group of banks reducing cost. In December, we redeemed the remaining €236m of the 2023 eurobond at par.

In addition, we completed the triennial review of the defined benefit pension plan and moved to a full buy-in basis completed on 9 December 2022 with £nil contribution from the Company, a £2m surplus, and the reduction of the £120m Hammerson plc guarantee, to £10m.

We remain committed to an IG credit rating. I am pleased to report that Fitch reaffirmed our rating and revised our outlook to stable in May, as did Moody's also with a stable outlook in December.

At 31 December 2022, the Group had liquidity of £1.0bn in the form of cash balances (£0.3bn) and undrawn committed RCFs of £0.7bn, and had no significant unsecured refinancing requirements until 2025 not covered by existing cash.

CONCLUSION

As evidenced above, a significant amount of change has taken place over the last two years, but there is more to do. Delivering that change whilst progressing our strategic, operational and financial KPIs against a challenging backdrop is a testament to the strength of the management team, the Board and the support of all our stakeholders. I am sincerely grateful.

In early January, we moved to a new head office in Marble Arch, marking a reset. It is a more efficient and collaborative space, and more reflective of who we are today. We are well positioned to continue to deliver another year of progress, and more agile to tackle challenges and capture opportunities that times like these offer.

Rita-Rose Gagné
Chief Executive

Market Overview

Hammerson is well placed in affluent cities with young, fast-growing populations. These cities are all major national and international transport hubs with leading universities.

Fast growing cities

All Hammerson development locations are expected to see their GDP grow by c.15% in the next decade, with London, Dublin and Reading set to grow their GDP by c.20%.

London, Dublin, Bristol, Birmingham and Southampton are expected to see large population growth by 2032: London 8%, Dublin 7% and 5% for Bristol, Birmingham and Southampton.

Bristol, Birmingham and Southampton all have more than 50% of their population under 34 years old, with all our other cities over 40%.

London, Paris and Dublin are the top 3 major cities for inward investment in Europe, with Bristol and Reading featuring as leading small towns and cities for attracting inward investment.

We continue to benefit from major infrastructure and inward investment projects into cities:

- Birmingham: HS2
- Marseille: Medusa Project (superfast data interconnection)
- Bristol: Brabazon Park Neighbourhood
- Dublin: City Edge urban expansion

All our assets are graded B+ and above by the investment market. The Bullring, Dundrum and Les Terrasses du Port being notable as A+ centres.

Our flagship destinations are easily accessible to 25m people.

Sources:
Oxford Economics, GreenStreet Properties Mall rankings 2022

People are visiting city centres for a multitude of reasons including business, leisure, shopping and socialising. We are well positioned to capitalise on the following trends:

Flexibility

Consumers are increasingly looking for a convenient and frictionless experience as the lines between work, life and leisure become blurred:

- 72% of office workers anticipate their future being hybrid. Workers are now visiting the office less frequently but use the space for collaboration and will combine a visit with social activities. When workers do come to the office, spend is up by 15% vs. pre Covid-19 [1]
- 64% of shoppers say they enjoy hybrid shopping, where they can buy products online as well as instore[2]
- F&B and leisure is becoming a larger part of discretionary spend as people prioritise socialising and experiences over owning things – accounting for 15% of monthly spend in late 2022[3]
- Flexible renting is increasingly popular as young professionals follow a digitally nomadic career path, with the number of completed BTR units tripling over the last five years and 50% of GenZ planning to move in the next two years[4]

Connectivity and Hybrid

Office, retail, hospitality and residential formats are all evolving in line with changing consumer demands and technological innovations:

- Offices are blending with social spaces (WeWork, Greenspace), Retail is blending with leisure (Southside), Hospitality is blending with meeting spaces (Brewdog), and Residential is blending with lifestyle & wellness (Quintain)
- City centres bring together people and the latest technology to create smart, seamless and more sustainable environments e.g. 5G and HS2

ESG

Energy generation and sustainable building practices will become more important as we strive towards net zero. Occupiers will want to be in locations that reflect their ethics and help them meet their ESG targets:

- 65% of occupiers say that demand for sustainable buildings has risen since 2021[5]
- Globally, 34% of occupiers have green leases, with a further 40% planning to sign by 2025[6]
- 64% of consumers are more likely post-pandemic to choose a brand based on their ethics and sustainability[1]
- 61% of people consider travel, sustainability and environmental factors when shopping, and two thirds of people are likely to seek local brands[1]
- 60% of GenZ say using independent shops and restaurants makes them feel part of their community[7]

Convenience and Logistics

By 2020, up to 50% of clothing bought online was being returned, costing businesses around £7bn every year[8]. As a result, brands like Zara, Uniqlo and Next now all charge for online returns, unless a customer returns to a store.

Robots and drones are set to improve logistics and operations. The European delivery robot market is estimated to grow more than 20% CAGR from 2023 to 2032[9].

Leisure and Wellness

Leisure spend continues to grow as we move to prioritising physical and mental wellbeing. 59% of people in Britain agree that a leisure activity helps them escape from their daily routine[10].

- Retail environments have an important role to play in the discovery and advice around wellness products (health, fitness, sleep, appearance, nutrition, mindfulness)
- The wellness industry is currently growing at c.5–10% p.a. 79% of people believe that wellness is important, and 42% consider it a top priority[11]
- When purchasing a product or a service 66% of consumers are influenced by how a product or service impacts their health and wellbeing, more so than ease and affordability[12]
- Over 40% of consumers feel they become more loyal to brands after attending their events and experiences[13]
- Over 450,000m² has been lost from department stores since 2017 in the UK[3], creating opportunities for repurposing towards leisure and wellness

Sources:
[1] CACI, [2] BazaarVoice, [3] Savills, [4] Knight Frank, [5] RICS, [6] JLL, [7] The Property Marketing Strategists
[8] KPMG, [9] Yahoo Finance, [10] Mintel, [11] McKinsey, [12] Global Data, [13] Event Track

General
Asset prices are expected to stabilise in 2023, inflation and interest rates are forecast to ease helping to drive investment into the market. Economically, low unemployment with corporate lending remaining disciplined should also support investment.

Assets in prime locations, with strong ESG credentials will continue to be the most attractive with the best retail locations also benefiting from this flight to quality. Increased investor demand combined with easier lending against prime assets mean that the spread between prime and secondary yields is likely to increase, with secondary assets potentially repricing to levels which become economical to be upgraded or converted.

Clear long term megatrends around ESG, demographics and technology should mean investors stay focused

UK
In the short term emerging sectors with strong demand such as student accommodation, residential build to rent, life sciences, healthcare and data centres are expected to perform strongly. The UK real estate outlook is underpinned by currency benefits, relatively attractive yields and its safe haven reputation.

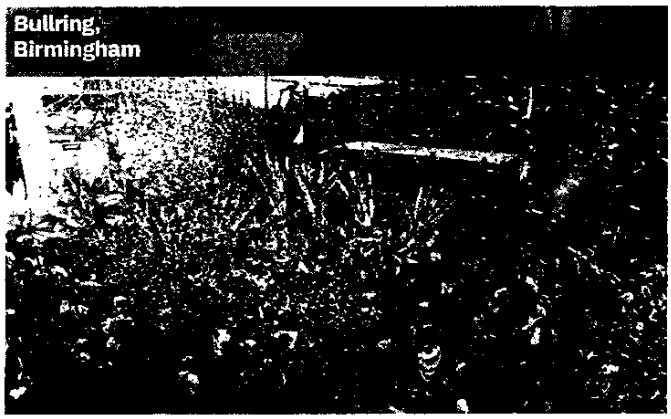
France
The French market is expected to remain resilient especially in the Paris region. A combination of relative economic stability and a strong domestic investor base who understand the market well means that France enjoys a stable real-estate market.

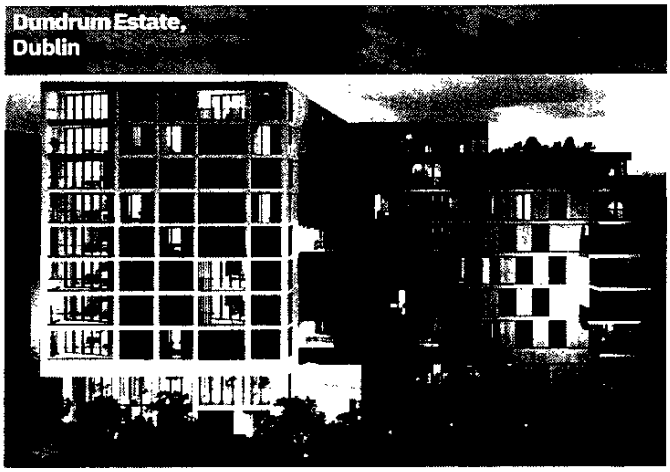
Ireland
Ireland's position as a global corporate headquarters means that strong demand remains for prime office, industrial and residential.

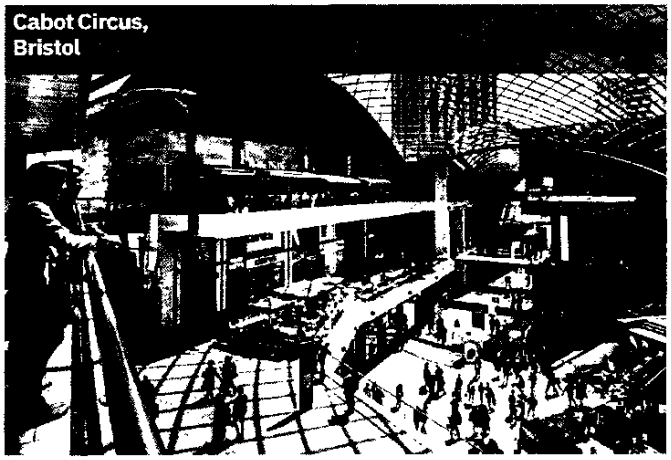
Digital transformation of the property industry – top proptech trends for the next year:

- Real-time, granular data easily accessed by owners and occupiers through Internet of Things
- ESG practices: sensors to monitor air quality, auto-dim lights, energy-usage monitoring
- Predictive maintenance: intelligent buildings that can use data to improve energy efficiency, detect water leaks and improve security

Sources:
JLL, Knight Frank, CBRE

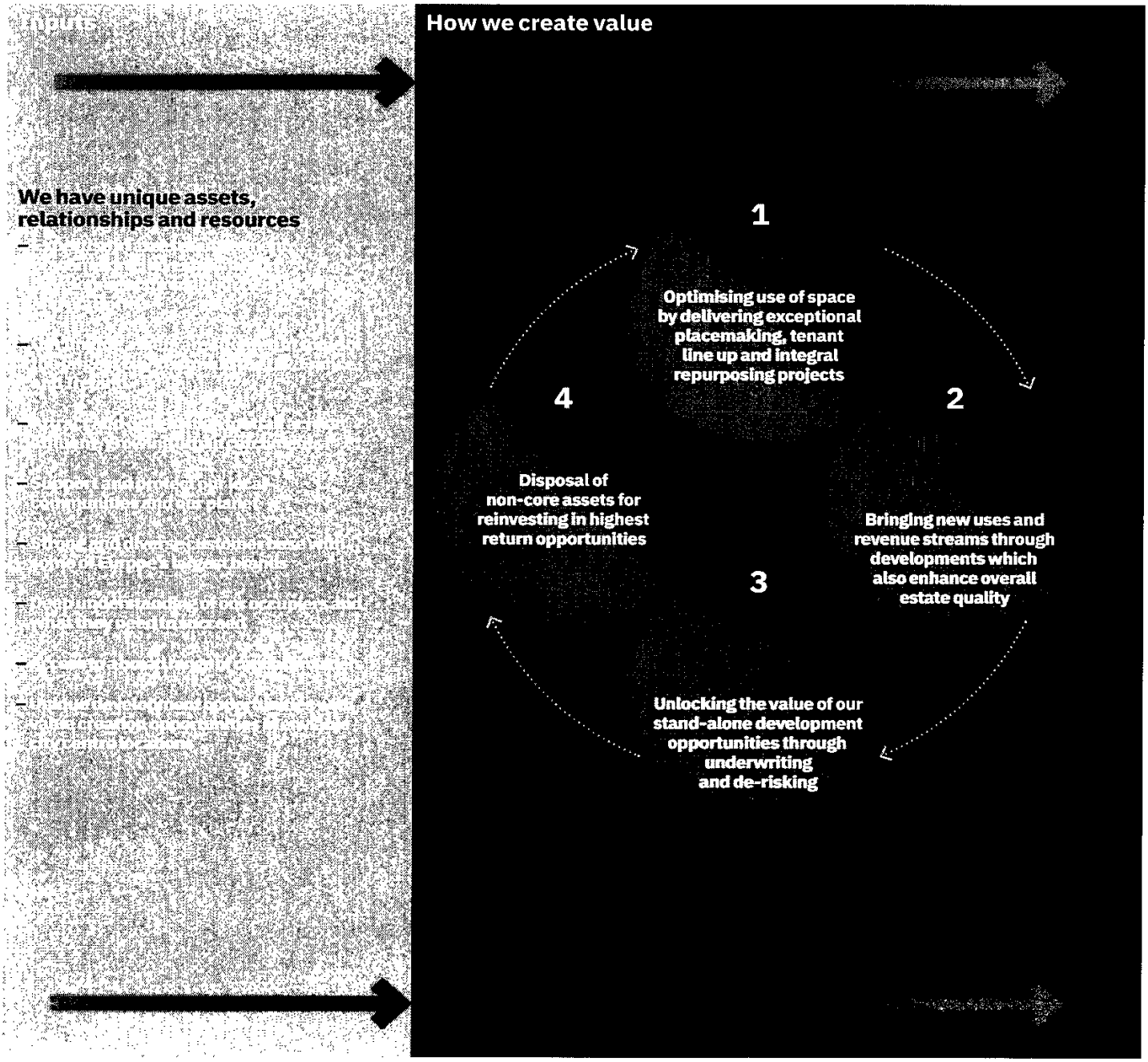

Bullring, Birmingham

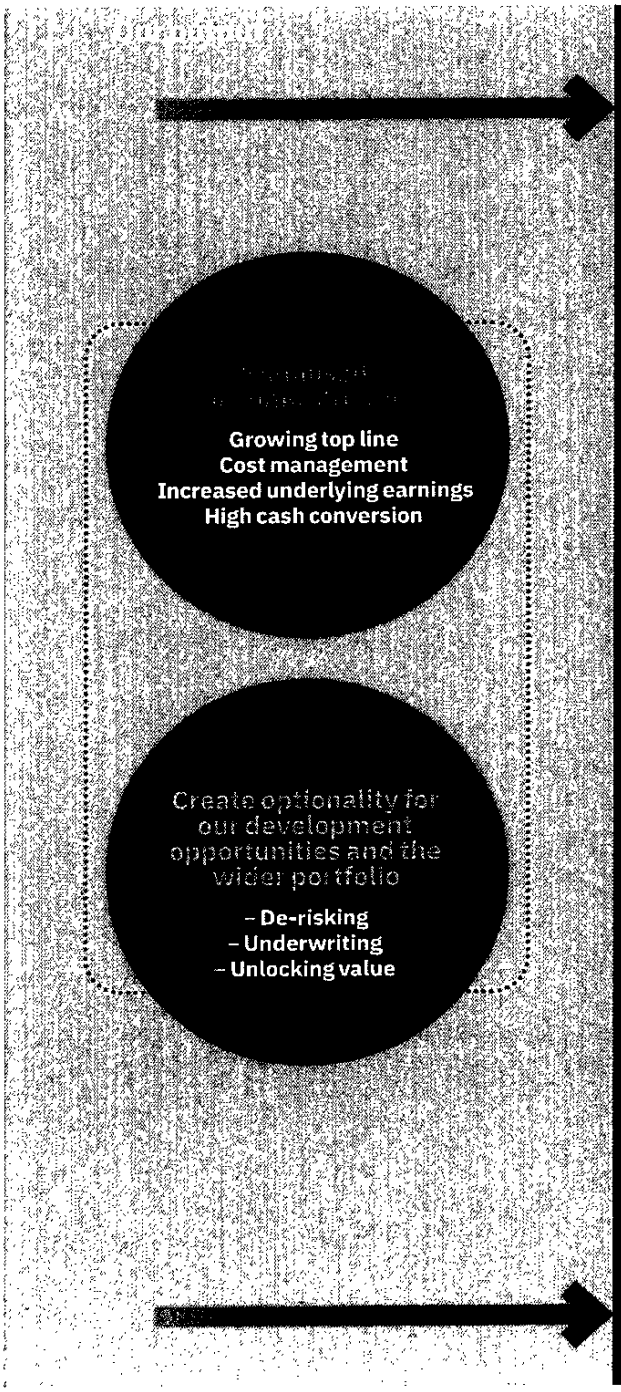

Dundrum Estate, Dublin


Cabot Circus, Bristol

Our Business Model

Our purpose
We create outstanding experiences in unique city locations.





The value we create for our stakeholders

Occupiers

We deliver best-in-class destinations through vibrant and exciting placemaking and industry leading data and analytics that attract high footfall and allows our occupiers to be successful

Customers

We create outstanding experiences in unique city locations that exceed the changing needs of our customers

Colleagues

We promote an environment where colleagues can realise their full potential

Communities

We create better places for our communities in which we operate through improved infrastructure, sustainable buildings, exemplary placemaking, local employment and events

Partners

We create partnerships with our debt investors, suppliers, local authorities and communities based on collaboration where each partner benefits from the relationship

Investors

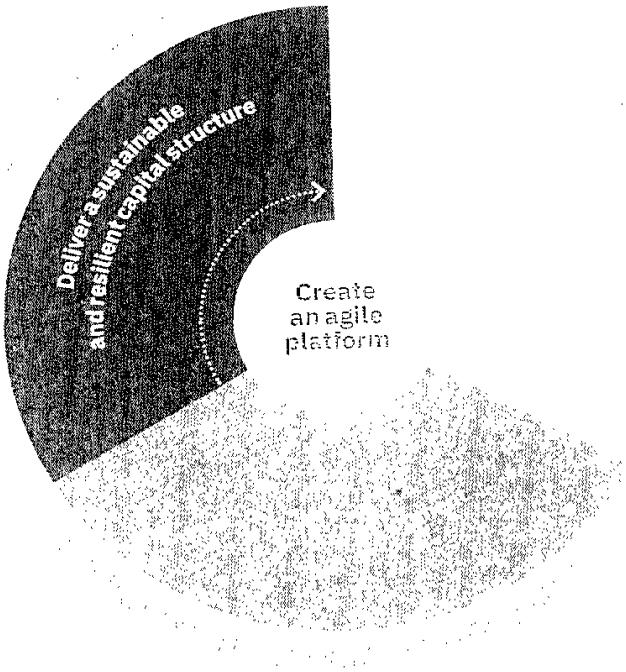
We aim to generate attractive returns for our investors over the long term. We ensure a sustainable capital structure, maintaining our investment grade credit rating

Our Strategy and KPIs

Our clearly defined strategy is focused on delivering a path to growth, from repositioning our assets, delivering exceptional placemaking and unlocking value by accelerating development.

Our strategy is executed through a strong set of values, clear KPIs and accountability, an optimised asset-centric operating model and talented people, with a clear commitment to grow in the right way for our communities and our planet. We will continue to invest in our digital capabilities to leverage technology to predict and meet the business needs for now and the future.

Over the long term, with disciplined execution, we can unlock value by accelerating development opportunities within our portfolio. This will drive sustained growth in cash flows and total returns, which can be crystallised and reinvested in our business, starting the cycle again. This can only be delivered through an agile, collaborative, high performance culture that retains and attracts the best people and embraces opportunities to positively impact the communities in which we operate.



1

Reinvigorate our assets

- *Adjusted earnings increased by 60% to £105m*
- Improved occupancy across portfolio (UK 96%, France 96%, Ireland 98%)
- Sustained footfall recovery to around 90% of 2019 levels
- Collection rates back to 95%
- Leasing highlights:
  - Strong leasing volumes with 317 deals signed
  - *£25.4m leasing by value (at our share)*
  - Improved mix through leasing with 53% of 2022 leases non-fashion
  - Revised leasing policy and delegation of authority and simplified leasing process
  - Secured key occupiers with portfolio deals e.g. Watches of Switzerland, H&M and Apple
  - Introduced new brands e.g. signed leisure operators Lane 7 at Birmingham Estate, signed new Rise Nike concept into Bullring, Reserved at Brent Cross and EL&N at Bullring
  - Secured key tenants e.g. Zara at Westquay, H&M at Cabot Circus
  - Launched partnership with SOOK in Westquay and Bullring providing a turnkey flexible pop-up space to bring in new brands
- Redevelopment and repurposing:
  - Department store repurposing e.g. Penneys, Brown Thomas and Dunnes in Dundrum
  - Progressed big box repurposing e.g. final stages of works to bring M&S and TOCA into former Debenhams in Bullring
  - Completed recladding works of external fascia of Selfridges at Bullring, and Eclipse at Cabot Circus
  - Major extension of Les 3 Fontaines opened in March, creating a multi-use destination in the heart of Cergy
  - Engaged with architects to develop Quakers Friars in Bristol into an exciting F&B led quarter
- Sustainability:
  - *Progressed projects in line with our corporate ESG agenda* e.g. LED light installation at Brent Cross car park, EV charging in Bullring
  - Net Zero Plans developed for all destinations and integrated into the 2023 business plans to transition to Net Zero by 2030
  - Trialled ESG innovations to improve operational and energy efficiency through building management software
  - Retained EPRA Gold Standard
  - Community engagement activity at all assets engaging 8,641 individuals through a range of projects and initiatives
  - Cross portfolio partnerships with charities and organisations such as LandAid, Crisis, Mind and Movember
- Placemaking:
  - Curated new content, working with influencers and celebrities to build brand equity. Launched channels on TikTok and Snapchat for the first time.
  - Elevated events programme e.g. Official provider for Birmingham 2022 Commonwealth games, Skate Park and Jobs Fair at Cabot Circus, Supercar event at Dundrum, Ice Rink at Westquay

- *Shift focus from stabilisation and reinvigoration to* placemaking and repurposing
- High leasing momentum to further reduce low vacancy levels, renew key occupiers and bring in new and relevant brands
- Continue to attract and develop new occupiers through long term deals and pop-ups
- Complete repurposing of former Debenhams unit in Bullring with M&S and opening of new leisure offer TOCA
- Further leverage SOOK partnership to bring in new brands
- Monetising previously non-income generating space e.g. Garden Centre and Tesla customer collection hub in Brent Cross
- Further improvements to Brent Cross placemaking via landscaping projects
- Deliver calendar of super events to delight visitors and leverage partnerships
- Deliver Net Zero Asset Plans to contribute to energy reduction and continue our transition to Net Zero by 2030
- New revenue streams from use of data and innovation
- *Build on social value programme to deliver initiatives* which support the local communities in which we operate

2

Accelerate development

- Repurposing:
  - Completed feasibility studies and developed plans for major repurposing at Grand Central
  - Submitted planning application for the major regeneration of The Oracle in Reading including 449 rental apartments and 8,700 m² of reconfigured retail, entertainment and workspace
  - Construction started on The Ironworks, Dundrum, with 122 homes, co-working space and on site gym
  - Successful opening of Les 3 Fontaines (Phase II) extension in March 2022
- Land promotion:
  - Planning applications approved and further planning applications submitted as part of 5.5 acre regeneration of landmark O'Connell Street site in Dublin Central
  - Planning application submitted for c.900 homes, public square, retail, F&B and crèche at Dundrum Village across 6 acre site
  - Market engagement process for 1,100 + homes for Leeds Eastgate launched in September
  - Bishopsgate Goodsyard section 106 agreement, which enabled next stages of design, enabling and marketing

- Planning permission to transform Grand Central into 'Drum', an amenity rich, workplace led proposal, directly served by the UK's most connected rail station submitted January 2023
- Progress integral opportunities through residential developments in Reading and The Ironworks in Dundrum
- Bishopsgate Goodsyard progressing design, enabling works and marketing, working with our partner Ballymore
- Discuss with potential operators and occupiers as part of plans to commence the first phases of development at Dublin Central
- With planning consent obtained will continue working closely with all partners to deliver a world class commercial and residential district to enhance the city centre at Martineau Galleries
- Continue to assess the potential for the final phase of redevelopment at Les 3 Fontaines
- Working with the local council to develop a long term holistic regeneration at Brent Cross which will integrate with the development of Brent Cross village
- Progress master planning process for c.10 acres of land in Leeds city centre

3

Create an agile platform

- Investment in people management, development and talent attraction
- Simplified property management supply chain into consolidation of suppliers
- Increased colleague engagement with GEC sponsored affinity groups established to support diversity and inclusion
- New asset-centric team structures and authorities, combined with better use of data and analytics
- Delivered 17% cost reduction year-on-year since 2019 and have taken further steps that will provide further efficiency gains in 2023
- Brought in new talent, teams, ways of working, with focus on placemaking and marketing, asset management and leasing
- New Chief People Officer appointed in February
- New General Counsel and Company Secretary appointed in May
- IT Transformation programme provided foundational support to business transformation delivery
- Delivered 'Cloud First' initiatives to support future enterprise integrations with speed and agility

- Targeting a further 20% reduction in gross admin costs by 2024
- Drive further efficiencies through supplier consolidation with more integrated, connected and automated systems
- Deliver evolutionary IT projects to help achieve agile, efficient and more sustainable platforms, which enables further simplification of processes and increased leverage of technology to predict and meet the business needs for now and the future
- Focus on further investment in retaining and bringing in new skills and talent
- Encourage innovative, fail fast mindset
- New Diversity, Inclusion and Engagement manger role to support the ongoing focus on colleagues e.g. through affinity groups activities and partnerships

4

Deliver a sustainable and resilient capital structure

- Net debt reduced by £67m
- IG Credit Rating reaffirmed – Moody's outlook improved from negative to stable in February 2022 and review updated in December 2022, Fitch outlook improved from negative to stable in May 2022
- £628m disposals of non- core assets and French minority interests exchanged or contracted since start of 2021, strengthening the balance sheet with £195m completed in 2022
- Balance of disposals (£300m targeted by the end of 2023) for debt reduction and new investment
- A total of £820m maturing RCFs, maturing in 2023 and 2024, refinanced with a new £463m RCF maturing 2025 (3+1+1 year), resulting in interest cost savings of £0.8m p.a.
- A total equivalent of £149m RCFs extended by one year to a new maturity date in 2025
- Redeemed remaining €236m bond maturing 2023 and repaid £42m of private placement notes
- No significant unsecured maturities until 2025 not covered by existing cash
- Deployed capital into the existing portfolio – repositioning, consolidating, accelerating development – to balance earnings and NTA dilution from disposals

- Progress disposals plan targeting c.£300m by the end of 2023 to reduce debt and reinvest
- Start to deploy capital into the existing portfolio – repositioning, consolidating, accelerating development – to balance earnings and NTA dilution from disposals
- Extend RCFs to a new maturity in 2026
- Retain IG Credit Rating
- Following clearance of SIIC obligations, Board anticipates returning to cash dividend in 2023
- Prioritised capital investment into key high return development projects

- Ⓡ Linked to Remuneration
- ① Refinvigorate our assets
- ② Accelerate development
- ③ Create an agile platform
- ④ Deliver a sustainable and resilient capital structure

Adjusted earnings † £m Ⓡ①③④

† 2021 and 2020 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

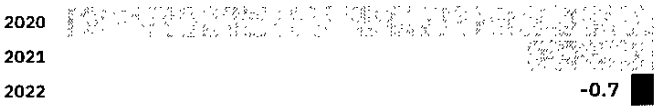
Calculation as set out in note 10A to the financial statements.

Net debt † £m ③④

† 2021 and 2020 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in note 16 to the financial statements and Tables 13 and 14 of the Additional information.

Defined as the Group's borrowings less cash and cash equivalents.

Total property return † % ①②



† 2021 and 2020 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

Calculated on a monthly time-weighted basis consistent with MSCI methodology.

EPRA NTA per share pence Ⓡ①②④

Calculation as set out in note 10B to the financial statements.

Passing rent £m ①

† 2021 and 2020 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements. Further detail can be found in Table 2 of the Additional information.

Leasing activity £m ①

Income secured across the flagship portfolio, including new lettings and lease renewals.

Global emissions $kgCO_2e$/Common Parts Area Ⓡ①

Figures for common parts area of the flagship portfolio (which generates the majority of the Group's emissions).

Voluntary colleague turnover % ③

Number of colleagues who have left the business voluntarily, taken as a percentage of the number of employees at the beginning of the year.

Like-for-like footfall % Ⓡ①②

New KPI introduced in 2022 reflecting continued focus as the Group emerges from the Covid-19 pandemic

Adjusted for new and closed stores. All three years use 2019 as base data to exclude Covid-19 effects.

Our Colleagues

At 31 December 2022, we employed 320 colleagues across the Group. 196 were based in the UK, 28 in Ireland, and 96 in France. This is a 25% reduction in colleague numbers from 2021.

Creating an agile platform

Following the holistic organisational review which took place in 2021, the Group's structure continued to evolve over the course of 2022, embedding the asset-centric operating model. The priority has been to simplify the business, enabling colleagues to focus on two key objectives:

- Stabilising the core income stream and returning it to underlying growth
- Starting to rebuild value in our existing portfolio while also creating optionality on how we unlock the substantial value in our development pipeline

As part of the changes, overall headcount reduced by 106 roles (25%) in 2022, contributing to a 17% year on year reduction in gross administration costs.

Talent acquisition and management

The effects of Covid-19 continued to impact the employment landscape as companies navigated hybrid working, the 'Great Resign', and pressures resulting from an increase in the cost of living. While we were not immune to these challenges, and indeed saw an increase in voluntary turnover, the Group was able to successfully recruit, retain and promote top talent in key value creation areas, e.g. asset management, leasing, placemaking and ESG.

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.

Performance management

The operational and financial progress made in 2022 is underpinned by the increased priority and focus given to effective people management. The stretching targets set by the Board for 2022 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. This is reinforced through an improved and expanded internal communications rhythm and routine which engages colleagues in the business strategy and the role they play in delivering this.

Diversity, Equality & Inclusion (DE&I)

The most successful businesses from both a colleague and value creation perspective are those that champion diversity. It can deliver great 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 DE&I strategy.

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 2022 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 Resilience, Mental Health and Wellbeing, Men's Mental Health, Pride and the LGBTQ+ community, Black History Month, and Diwali.

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.

Colleague support

In response to the emerging cost of living crisis, in late 2022 the Group provided assistance to colleagues across the Group on annual salaries less than £/€60,000 through the award of a salary supplement. The Group has also made differentiated pay awards in March 2023 benefitting those in lower salary bands.

Gender representation

The gender representation across the Group as at 31 December 2022 was 160 (50.0%) female (2021: 52.3%) and 160 (50.0%) male (2021: 47.7%).

As at 31 December 2022, gender representation at senior manager level as defined in the Companies Act 2006 (being, for this purpose, the GEC excluding Executive Directors) was 1 (16.7%) female (2021: 20.0%) to 5 (83.3%) male (2021: 80.0%). 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 75.

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 2022 audit continued to demonstrate the fair reward practices in place, with a reduction in our gender pay gap for the fourth year in a row. With regard to our UK Gender Pay Gap, the table below shows the latest data. The mean hourly pay has reduced, demonstrating progress has been made. Whilst the downward trend is encouraging, the gap remains high and we continue to take positive steps to ensure that we further improve female representation in our more highly paid, senior management roles over time.

	2020	2021	2022
Difference in mean hourly rate of pay	35.7%	34.9%	31.8%
Difference in median hourly rate of pay	31.4%	34.7%	29.9%
Difference in mean bonus pay	60.0%	38.6%	44.2%
Difference in median bonus pay	47.7%	50.1%	46.1%
Proportion of male colleagues who received bonus pay	90.1%	87.1%	92.5%
Proportion of female colleagues who received bonus pay	87.3%	91.3%	95.9%

Environmental, Social and Governance (ESG)

Carbon emissions (LFL YoY change)
(Scope 1 and 2 proportional/wholly owned)

-12%

2021: +11%

Flagship destinations with NZAPs

100%

2021: 0%

Social value investment

£2.7m

2021: £2.0m

Benchmarks

GRESB	3 stars/Score 75
MSCI	AA
ISS ESG	C+
Sustainalytics	Low risk

ESG underpins the Group's strategy and we are pleased with the progress made in this important area during 2022 as we continue on our pathway to being Net Zero by 2030.

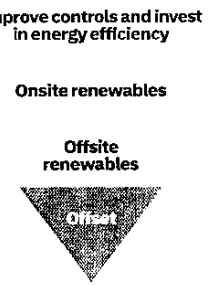
Becoming Net Zero

In 2022 we reviewed and reaffirmed our target to be Net Zero by 2030, revising our strategy to focus on how we will achieve this goal, and more closely linking our strategic goals to our approach for managing climate risk.

We continue to focus on energy reduction, trying not to decouple energy and carbon. Energy use is the greatest operational impact we have, and by ensuring we keep our sights on this we can better engage our onsite teams and suppliers to operate as efficiently as possible. This focus is demonstrated on our Net Zero Pathway Hierarchy shown below which ensures we are targeting true reductions in impacts, including the use of both onsite and offsite renewables with true additionality. This *demonstrates our intention of taking steps to* avoid just reflecting improvements made from grid decarbonisation and also to use offset as a solution to the climate crisis.

Our key achievement in 2022 was to produce Net Zero Asset Plans (NZAPs) for all our flagship assets. By targeting Scope 1 and 2 emissions, these plans provide a clear pathway to achieving the Group targets of being Net Zero by 2030 and also those embedded in our Sustainability Linked Bond (SLB) in 2025. The NZAPs contain multiple projects at each asset over the period to 2028. Each project has a specific forecast emissions reduction and the total implementation cost is c.£40m, a proportion of which will be funded from service charges. Also with a view to the future we revised our leasing policy, development standards and tenant fit out guides. These governance changes ensure both us and our tenants are continuously challenged to do better than before to drive down emissions.

Net Zero Pathway Hierarchy



Understanding material impacts

In 2022 we undertook our three-yearly materiality review, engaging with debt and equity investors, and also key brand and joint venture partners. Our SLB target of a 50% reduction in Scope 3 GHG emissions has been welcomed by stakeholders who have increasing expectations on this topic. We have identified opportunities with a number of key brand partners to collaborate to reduce these emissions and hope to drive positive change across the sector through our initiatives.

We participate in all benchmarks identified by our stakeholders as key to their decision making and continue to evolve our approach to reporting, with a drive for transparency when providing information to all stakeholders. We rank as one of the top property companies in ISS ESG with a score of C+. In 2022, we maintained our AA rating from MSCI and low risk rating by Sustainalytics. After maintaining GRESB 4 stars for a number of years, we were *disappointed to see our score drop to 3 stars.* On review, this was in the most part driven by shortcomings in our submission. We have made a number of changes to address this issue and are therefore targeting a return to a 4 star ranking this year.

Managing climate risk

We continue to stay focused on identifying and responding to both the risks and opportunities that climate change presents. In response to our climate risk work, ESG responsibilities have been taken further into all areas of the business, with reporting now linked into our asset management, leasing, insights, placemaking and marketing teams. We are also exploring internal carbon pricing as a way to both drive down the carbon attached to our developments and to direct funding into carbon and energy reduction activities.

Delivering social value

Alongside carbon reduction, delivering social value is our second key ESG strategic goal. Our approach here is also asset, and therefore, community centric. We aim to respond to local needs and build relationships at both a national and local level to achieve our material social objectives of:

- Building skills and employment
- Supporting health and wellbeing
- Developing young people
- Encouraging and supporting local investment and enterprise

ENVIRONMENT

Carbon emissions (Scope 1 and 2)

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

37.9
2021: 40.0

Operational waste recycled
(Proportionally consolidated)

70%
2021: 63%

Water consumption (LFL YoY change)
(Proportionally consolidated)

+30%
2021: +8%

% of UK portfolio with F and G EPC ratings

2%
2021: 12%

Reducing carbon emissions

In 2022 we continued to reduce our carbon emissions, which for Scope 1 and 2 emissions on a proportionally consolidated basis, were 8,070tCO_2e, a 12% reduction on a like-for-like portfolio basis. Our GHG emissions, shown on the next page and calculated on a 100% basis, including Scope 3 emissions, were 15,642tCO_2e (2021: 18,195tCO_2e). These reductions are consistent with our pathway to being Net Zero by 2030. We are also actively pursuing opportunities for onsite and offsite renewables which are another key step towards achieving this target.

Renewing focus on energy reduction

Recognising that energy use is our greatest operational impact, we have renewed our focus on energy reduction. This allows us to better engage those operating our assets to be as efficient as possible and support the delivery of energy saving initiatives. This approach also ensures we are seeing a true reduction in impacts, and not just reflecting reductions made from grid decarbonisation.

In 2022, we undertook a number of projects to reduce our operational footprint. These included a new AI system for our Brent Cross car park lighting which addresses safety needs alongside an expected 40% energy saving. We also extended our Grid Edge AI partnership. This will increase the data we receive and the learning capability of the existing system at Bullring and Grand Central and introduce the technology at Dundrum Town Centre. We also continue to target improved EPC ratings and only 2% of units at our UK assets have F or G ratings compared with 12% in 2021.

Net Zero Asset Plans (NZAPs)

In 2022 we undertook a deep dive into how our Net Zero ambitions could be delivered on an asset by asset basis. We have developed NZAPs for all our flagship assets. These factor in the lifecycle and needs of both the property and the community, and use climate change risks and opportunities as the foundation for addressing wider carbon scopes.

We have used the creation of these plans to grow our knowledge of how the regulatory landscape is changing and how we can best respond. For example, our Dundrum Town Centre plan identifies and addresses needs as per the incoming EU taxonomy regulations, and in France we are able to ensure our assets can meet more demanding energy legislation.

Tackling Scope 3 emissions

Our materiality review demonstrated a significant increase in expectations around Scope 3 emissions and the need for solid plans to reduce these. Our stakeholders have also highlighted the need for industry leaders to build solid examples of how to tackle these emissions. Through our stretching Scope 3 SLB 50% reduction target we have already shown our commitment to driving down our emissions. In 2022 we launched an engagement campaign to reach out to our key brand partners to collaborate to tackle Scope 3 emissions such as travel to our destinations and tenant sourced/managed goods.

Reducing water and waste impacts

We remain committed to reducing our water use and diverting waste from landfill. For 2022 we increased our recycling to 70% of operational waste while our water consumption rose by 30%, largely due to increased footfall across the portfolio. We continue to improve our ability to monitor water use and implement projects to reduce usage, and during 2022 we installed smart flow metering at Dundrum Town Centre. We established a new waste contract with Mitie, with a view to revising our national waste strategy in 2023, particularly concerning the management of food waste at our assets.

Progressive development standards

As part of our revised ESG strategy we updated our development standards to ensure they cover all three ESG pillars. We have also begun to explore internal carbon pricing as a mechanism for driving down emissions at our developments and as a way to ring-fence funding for carbon reduction projects.

CASE STUDY

Biodiversity

Together with Reading Abbey Quarter Business Improvement District and the Canal and River Trust, The Oracle team planted a series of floating beds along the Kennet Canal. The 94m² of bedding were quickly established with 1,300 reeds, sedges and other flowering plants, planted into 'Biomatrix', a 100% recyclable, non-toxic material. The newly installed beds lay a short distance from the Delphi Bridge, outside the restaurants and bars at The Oracle Riverside. The onsite team enlisted the help of 31 students from Redlands Primary School to assist with planting, and the project linked extremely well into their national curriculum learning on photosynthesis. The floating beds will soon be attracting birds and insects, provide wonderful shelter for fish and other species in the canal, and will greatly enhance the wider Reading River network.

OUR REPORTING

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 2022 ESG Report and Databook available on the Group's website www.hammerson.com. Section 1 of the Databook contains our basis of reporting. The 2022 ESG report also discusses 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 2022, 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.

Basis of reporting – Mandatory Greenhouse Gas data

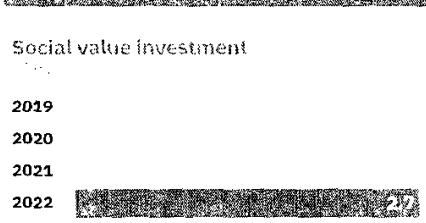
Standards	Calculated and recorded in accordance with the Greenhouse Gas (GHG) Protocol and ISO 14064; this guidance codifies using both market and location-based methods for Scope 2 accounting
Baseline year	2019
Boundary summary	All assets and facilities under Hammerson's direct operational control are 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
Consistency with financial statements	Consistency and reporting period are as set out above
Emissions factor data source	2022 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)
Materiality threshold	Selected activities generating emissions of <5% relative to total Group emissions have been excluded. This principally relates to Scope 3 categories where emissions are deemed immaterial
Intensity ratio	Denominator is common parts area of 412,579m² (2021: 455,097m²)

Emissions disaggregated by country (tCO_2e)

	2022					2021				
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)	3,909	2,352	935	7,196	17.4	5,029	3,458	348	8,835	19.4
Total GHG emissions tonnes	10,487	2,353	2,802	15,642	37.9	11,862	3,367	2,966	18,195	40.0
a. Stationary operations	2,442	502	188	3,132	7.6	2,317	872	247	3,436	7.6
b. Mobile combustion	5	25	–	30	0.1	–	3	–	3	–
c. Fugitive sources	73	–	–	73	0.2	854	–	–	854	1.9
Total	2,520	527	188	3,235	7.9	3,171	875	247	4,293	9.5
a. Electricity (market based)	295	1,133	623	2,051	4.9	1,076	1,132	13	2,221	4.9
a. Electricity	6,873	1,134	2,490	10,497	25.4	7,909	1,041	2,631	11,581	25.5
b. Steam	–	–	–	–	–	–	–	–	–	–
c. Heating	227	277	–	504	1.2	257	1,274	–	1,531	3.3
d. Cooling	38	241	–	279	0.7	49	49	–	98	0.2
Total (market based)	560	1,651	623	2,834	6.8	1,382	2,455	13	3,850	8.4
Total	7,138	1,652	2,490	11,280	27.3	8,215	2,364	2,631	13,210	29.0
Business travel	174	33	10	217	0.5	43	21	2	66	0.1
Waste	588	102	86	776	1.9	369	78	64	511	1.1
Water	68	38	28	134	0.3	64	29	22	115	0.3
Total	830	173	124	1,127	2.7	476	128	88	692	1.5
SECR Energy consumption (MWh)	49,282	30,838	9,357	89,477		52,406	32,701	10,257	95,364	

DELIVERING SOCIAL VALUE

Social value investment



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

152

2021: 194

Number of individuals engaged in Group organised or supported activities

8,641

2021: 22,283

Charitable cash donations (£000's)

107

2021: 129

Material social impacts
We focus our social value work on four key areas:

- Employment and skills
- Health and wellbeing
- Developing young people
- Local investment and enterprise

These provide the Group with the greatest potential to support positive change through partnerships and collaboration, and those that have been identified as most relevant to the communities in which our assets are located. During 2022 we partnered with 152 charities, organisations and groups and positively engaged with 8,641 individuals.

Our social value investment in 2022 was £2.7m, 35% higher than in 2021. Some examples of our work in 2022 are shown later in this section.

Charity partnerships and donations
We remain committed to charitable activity, supporting our corporate and employee charity partners across the Group. During 2022, we provided a charity bursary to support relevant charity partners, that engage and inspire our people, and respond to needs at a local level. In total, during the year we donated £107,000 (2021: £129,000).

In the UK, we have a continuous corporate charity partnership with LandAid, the property industry charity working to end youth homelessness. Throughout the year, colleagues have supported a number of fundraising events for the charity including the LandAid 10k run, Tour de LandAid and a Sleep Out raising over £6,000. Our employee charity partnership with The Outward Bound Trust has continued with five colleagues volunteering a week to support the Ambassador Programme. This programme is for young people from deprived urban environments across the UK to increase their skills, confidence and aspirations. Over one week, our colleagues acted as positive role models for young people, helping the group bond as a team, identifying strengths and weaknesses in order to overcome a series of mental and physical challenges in the remote Scottish Highlands.

Across the UK, Ireland and France, our asset charity bursaries continue to provide valuable financial support to charities operating in the communities adjacent to our destinations. In addition to receiving a cash donation, our asset teams collaborate with the selected charities to maximise the partnership through colleague volunteering, fundraising, providing unit, mall and advertising space.

Helping our colleagues support the local community
We continue to deliver a range of innovative volunteering opportunities that positively engage and benefit local communities, whilst providing supplementary benefits to both colleagues and the Group. During 2022, 128 colleagues across the Group volunteered with a range of charities, groups and organisations throughout the year to support some of the most disadvantaged members and groups of society.

Through collaboration with Opening Doors London, a LGBTQ+ charity, colleagues organised and hosted at our London head office a lunch event for socially isolated older members of the LGBTQ+ community. In Ireland, our colleagues volunteered with Sonas, a domestic violence support charity to transform external areas at a women's refuge into a welcoming environment.

Following the implementation of a revised internal volunteering policy, there will be a push to encourage all colleagues to donate their time for volunteering in 2023. Also, our Community Day event which has in recent years been affected by Covid-19 and associated restrictions will be revived, with all colleagues across the Group participating in a series of high impact volunteering activities.

Further information on colleagues is in the Our Colleagues section on page 24.

MATERIAL SOCIAL IMPACTS

We focus our social value work on four key areas where we have the greatest potential to support positive change through partnerships and collaboration, and those that have been identified as most relevant to the communities in which our assets are located.

Our key areas and some examples of our work in 2022 are provided below:

Employment and skills

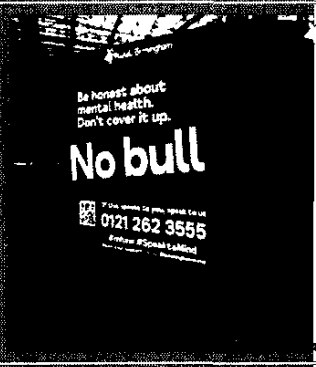
Throughout 2022, we continued to collaborate with our occupiers and local authorities to support individuals furthest from the jobs market into employment.

We have partnerships with Job Centre Plus in Barnet, Croydon and Bristol to help local people to access employment opportunities presented by our assets. In Croydon we ran a 'speed dating service' to link disadvantaged young people with work positions available. While in Bristol we ran a joint Jobs Fair with the council and engaged over 700 people seeking employment. Our 'Let's Talk Shop' project at Brent Cross has successfully run for a number of years and in 2022 placed 70 local residents into work. Our 'Fountains of Employment' initiative in France was repeated to support local people into roles created by the major extension works at Les 3 Fontaines.

Health and wellbeing

In May, we collaborated with mental health charity Birmingham Mind during Mental Health Awareness Week to deliver a large scale 'No Bull' campaign encouraging meaningful conversations in relation to mental health and highlight support available.

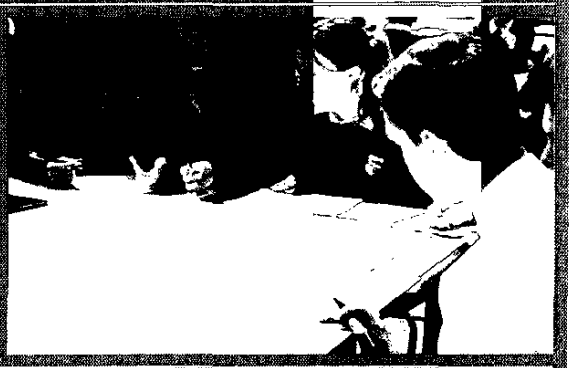
The campaign resulted in a significant amount of media coverage with 18 pieces of press coverage, a 24.8m PR reach and 385 local residents engaged to discuss their mental health or that of a friend or family member.



Developing young people

We continued the delivery of the Lion/Brave/CuchulainnHeart business and enterprise challenge across our UK and Irish assets. This included engaging six secondary schools and benefitting 462 pupils and received positive feedback from all involved including:

"As a father I was keen to learn more about the specialist programmes shaping the minds of our future generation. The Challenge not only took the pupils out of their comfort zones, but it also presented real life working issues such as working to tight deadlines and working with new people to overcome potential animosity."
– Hammerson volunteer



Local investment and enterprise

In 2022, we collaborated with Middlesex University and partnered with Barnet Council to support a business start-up competition for local residents and university students to apply for £6,000 seed funding to start or develop their business idea. Following the competition's application process, 30 entrepreneurs attended a series of workshops, masterclasses, tailored one-to-one mentoring sessions and pitching challenges before finalists were selected to present their business ideas. Shortlisted finalists were invited to deliver a five minute Dragons' Den style presentation pitch explaining the concept of their business idea, the problem it sets out to solve, marketing strategy and financial modelling to a panel of renowned entrepreneurs and business leaders including the Group's Chief Financial Officer.

GOVERNANCE INCLUDING TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Managing climate risk

Our climate risk 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 our business. We also invested in bespoke training for our Executive and Non-Executive Directors, ensuring those leading our business both understand the risks and opportunities presented by climate change and are able to respond to climate-related disclosure requirements.

In the first half of 2022 we reassessed the key climate-related risks and opportunities identified in 2021, using our revised impact/likelihood matrix. We focused on climate scenarios 1 and 2 of the three modelled climate scenarios and identified existing mitigations or planned actions for those risks. Four new actions have been planned because of our recent risk review, and these have been added into our Transition Plan. These include:

- Update operational and induction training modules
- Mobilisation of a strategic partnership across our UK portfolio to ensure best in class ESG operations
- Review and update public disclosure within the Annual Report, ESG Report and Databook to enhance transparency
- Review and enhance scope of ESG activities to ensure alignment to social value, governance and wider sustainability components (e.g. CSR)

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

Asset specific planning

Our historic work towards reducing our energy use and carbon footprint, with investments in onsite renewables and energy-efficient technologies, has positioned our assets well in terms of responding to net zero transition risks identified. We have delivered a 31% reduction in the energy intensity for our portfolio on a like-for-like asset basis in 2022 compared to 2019.

In 2022 we focused further on the application of our approach at an asset level, undertaking an audit of each asset to identify historic and current performance, opportunities for energy reductions and onsite renewables. The findings of our earlier physical climate risk assessments were also taken into account, although these confirmed our portfolio to have a low exposure, a view supported by our low risk Sustainalytics rating. We identified three different scenarios for each asset, aligned with CRREM pathways, and selected the most impactful interventions to determine a decarbonisation pathway for each. These findings informed our new flagship destination NZAPs and the transition actions identified above will help embed the outputs of these across our operations.

The design teams working on our development opportunities are targeting net zero carbon, looking closely at embodied carbon and adopting Passivhaus principles in all their work. Our design standards were reviewed in 2022, and we continue to strive for BREEAM Excellent. We will continue to increase the challenges we set ourselves as our knowledge and material options broaden. A live example in this area is at The Ironworks project at Dundrum Town Centre which is one of the first Irish residential schemes to have been designed to achieve BREEAM Excellent. The scheme incorporates a number of environmental features including PV, greenroofs, rainwater harvesting, heat pumps and EV charging.

Our response to Task Force on Climate-Related Financial Disclosures

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 2022 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 2022.

The table below provides an overview of headline points in response to the TCFD recommendations and provides links to further information in the Annual Report 2022 and also in our separate 2022 ESG Report and Databook which is available on the Group's website www.hammerson.com.

	Requirement	Progress	Further information
1	Describe the Board's oversight of climate-related risks and opportunities.	The Board collectively has overall accountability for climate risk and wider ESG matters which are also addressed by the Group Executive Committee (GEC). The GEC responsibility for climate-related risk resides with the Chief Financial Officer (CFO) who is responsible for delivering the strategy.	Risks and Uncertainties (page 50) Corporate Governance Report (page 71) Audit Committee Report (page 76) Section 1 of our 2022 ESG Report
2	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 the Group Management Committee and the Group Investment Committee to ensure that ESG is embedded across the Group's activities. In line with our Group 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.	ESG Review (page 30) Risks and Uncertainties (page 52) Section 1 of our 2022 ESG Report

	Requirement	Progress	Further information
3	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 10 key opportunities. These were across three key areas: the identification of specific physical and transition risks; a physical risk deep dive; and a stranding risk assessment. These were reassessed in 2022.	ESG Report (page 30) Section 1 of our 2022 ESG Report
4	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	A commitment to mitigate or manage climate risks which threaten strategic objectives underpins the Group's strategy. Following our work in 2021 to identify risks and opportunities, in 2022 we enhanced our focus on climate risks and the application of the energy hierarchy across our assets to ensure we minimise energy use, our greatest carbon impact. Our half-yearly review of climate risks and opportunities will inform continuous review of our Group level and asset level transition plans.	ESG Report (page 30) Risks and Uncertainties (page 54) Non-financial Information Statement (page 62) Section 1 of our 2022 ESG Report
5	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The Group has reviewed its climate risk for three separate scenarios: 1.5°C, 2°C and 4°C increase, the first two of which are relevant to TCFD. For the first scenario (Steady Path to Sustainability), risks are assessed as materialising steadily through the 2020s with a generally slow onset, such that the Group can adapt its strategy accordingly. For the second scenario (Late Policy Action), risks are assessed as crystallising in quick succession in the early to mid-2030s. Almost all the risks have a higher impact and likelihood under this scenario.	Section 1 of our 2022 ESG Report Full climate change scenario report available on request
6	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 risks. Short, medium and long term risks are also identified using our ESG risk framework, taking into account economic, regulatory and scientific changes. Regular reviews are undertaken throughout the year of all risks, including climate-related risks.	Risks and Uncertainties (page 50) Audit Committee Report (page 77) Section 1 of our 2022 ESG Report
7	Describe the organisation's process for managing climate-related risks.	The GEC and Board, supported by the Audit Committee, have oversight of the Group's risks including climate-related risks. The ESG team provide regular ESG updates to these committees including twice yearly reviews of climate risks and opportunities, including transition risks.	Risks and Uncertainties (page 50) Audit Committee Report (page 77) Section 1 of our 2022 ESG Report
8	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Our climate-related risks are fed into the Group's Risk Framework, reviewed half yearly, and our response is managed by our senior-level governance structure for climate-related risks.	Risks and Uncertainties (page 50) Audit Committee Report (page 77) Section 1 of our 2022 ESG Report
9	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 short term climate-related risks and opportunities including energy consumption and Scope 1, 2 and 3 carbon emissions in line with market practice. We regularly assess and seek feedback on our disclosures and strive to enhance transparency for all our stakeholders.	ESG Review (pages 25–27) Sections 1 and 2 of our 2022 ESG Report
10	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We report extensively on our Scope 1, 2 and 3 emissions and to provide greater prominence we have incorporated the GHG emissions table within the ESG section of this Annual Report 2022.	ESG Review (pages 25–27) Section 2 of our 2022 ESG Report and supporting Databook
11	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We are targeting to be Net Zero by 2030 and have emissions targets in our 2021 sustainability-linked bond. At a Group level we also set annual targets which are underpinned by individual asset level targets. The Group level target is included in the Group's annual incentive plan.	Directors' Remuneration Report (page 83) Note 18 to the financial statements (page 167) Section 1 of our 2022 ESG Report

Our Stakeholders

Occupiers	We create a platform that fosters success for a diverse and evolving mix of occupiers to deliver unrivalled customer experiences and thrive.	— Shared commercial objectives; attracting consumers — Vibrant and well-operated destinations — ESG — Occupancy cost
Customers	We create vibrant destinations through continually evolving the mix of brands and experiences through placemaking and events that appeal to a broad range of consumers.	— Vibrant destinations with engaging occupier mix — Future winning brands — Continuous improvement to enhance consumer engagement and experience — ESG
Colleagues	Our colleagues are fundamental to achieve our strategic goals. We support our people and empower our operations teams to deliver best-in-class customer service, championing a diverse culture where everyone can thrive.	— Strategy — Colleague engagement — Reward — Diversity, equality and inclusion — Training and development — Health and wellbeing — ESG — High performance

Communities	We continually strive to make a positive difference to the communities in which we operate.	— 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 strive to be a responsible partner with a wide range of partners that enable us to deliver our strategy.	— Current and future financial performance — Operational excellence — Corporate governance — Innovation — Consumer trends and insight — ESG
Investors	We have a broad range of institutional investors and private shareholders. We actively engage with them throughout the year and undertake regular communication to ensure they understand the performance of the business.	— Current and future financial performance — Strategy — Corporate governance — ESG — Regular and transparent communication and reporting

- 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
- The Board receives reports from the senior management team on the performance of our occupiers, which are discussed at its meetings
- 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 undertake both quantitative and qualitative insight 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 receive regular reports on consumer behaviours and associated needs which provides useful insights into emerging trends at a local and national level and will inform investment decisions and identify future revenue drivers

- We held regular briefings of colleagues by the Chief Executive and other members of the senior management team
- Updates on current business is delivered via town hall 'squad' meetings
- The Colleague Forum was established in May 2019 and we have a designated Non-Executive Director for colleague engagement
- Affinity Groups, which champion diversity, equality and inclusion, cover Race and Ethnicity, LGBTQ+, Women's and Wellbeing. These groups drive our diversity, equality and inclusion calendar of colleague engagement activations.
- Our comprehensive programme for new joiners includes an online training programme
- Established a new Diversity, Inclusion and Engagement Manager role to embed best practices across the business

- Our local community impacts are positive, and our business activities attract significant additional investment into local economies
- We establish a clear placemaking strategy for each asset, that reflects the needs of our local communities, delivered through our asset management programme
- 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
- The Directors received a report of the progress against socio-economic targets as part of the Group's sustainability strategy
- Our ESG group considers donations to suitable charities in line with our four focus areas, including charities local to our assets, complementing our sustainability goals

- We hold quarterly joint venture board meetings to approve asset business plans annually, setting parameters for the next year and over the longer term
- Ad hoc meetings with partners are organised to highlight key areas of focus, including ESG, customer experience and innovation
- We are signatories to the Prompt Payment Code, to support our partners, suppliers, local authorities and debt investors

- We take a proactive approach to investor relations and hold numerous meetings with shareholders and analysts. Meetings were held throughout the year with institutional shareholders to discuss progress on our strategy, rent collections and operational updates, as well as questions of governance. The Chair of the Remuneration Committee took part in consultations with major institutional shareholders as part of the Committee's review of the Directors' Remuneration Policy.
- Key shareholder publications including the annual report, the full year and half year results announcements, operational updates, sustainability report and press releases and the information for investors are available on the Company's website
- The AGM provides the opportunity to engage with shareholders and allows all shareholders to attend and vote on resolutions. Shareholders were able to ask questions at the meeting and were ask given the opportunity to submit questions to the Board in advance of the meeting. In October 2022 a general meeting was held to approve special resolutions for the Enhanced Scrip Dividend Alternative and to cancel the Company's capital redemption reserve.

Stakeholder engagement

We seek to deliver value for all our stakeholders. The Board is also 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 each stakeholder group by ensuring that the Group builds and nurtures strong working relationships with our shareholders, 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 of a proposal or project on stakeholders, and if required, the Directors receive appropriate input from the senior management team.

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). Board papers for all key decisions are required to 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 section 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.

Financial Review

Himanshu Raja
Chief Financial Officer

OVERVIEW

Over the last two years, the Group has made significant financial progress in re-basing its gross rental income, reducing costs and in strengthening the balance sheet.

IFRS reported losses decreased to £164m compared with a loss of £429m in 2021, predominantly due to the impact of market-wide yield and ERV expansion on property valuations, reflecting higher base interest rates in the second half.

Adjusted earnings for the year ended 31 December 2022 increased by 60% to £105m as a result of improved performance across the business. On a like-for-like basis, gross rental income increased by 8% and like-for-like net rental income improved by 29%. Our gross administration costs reduced 17% year-on-year with more efficiencies to come from continuing to refine our operating model and from automation and digitalisation. We also reduced finance costs as a result of the continued deleveraging of the balance sheet, and we saw an improved recovery from Value Retail.

EPRA NTA was £2,634m at 31 December 2022, a decline of 7% year-on-year (2021: £2,840m), and EPRA NTA per share was 53p (2021:64p).

Net debt reduced by 4% to £1,732m at 31 December 2022 (2021: £1,799m) benefitting from £166m of cash generated from operations and gross disposal proceeds of £195m bringing total disposals since the beginning of 2021 to £628m. These were partially offset by capital expenditure of £76m and adverse foreign exchange movements of £131m.

Headline LTV was 39% and LTV on a fully proportional consolidation basis was 47%. Our net debt: EBITDA improved to 10.4x from 13.4x in 2021. The Group has ample liquidity in cash and undrawn committed facilities of c. £1bn.

During the year, Moody's and Fitch's senior unsecured investment grade credit ratings were re-affirmed as Baa3 and BBB+, respectively and outlooks from both rating agencies were changed from negative to stable reflecting the significant improvements in the business, debt reduction and the recovery from the Covid-19 pandemic.

IFRS loss for the year
£(164)m
2021: £(429)m loss

Adjusted earnings K A
£105m
2021: £66m
Calculation in note 2 to the financial statements

Net debt K A
£(1,732)m
2021: £(1,799)m
Calculation in Table 13 of the Additional information

LTV: Headline A
39%
2021: 39%
Calculation in Table 18 of the Additional information

LTV: Fully proportionally consolidated A
47%
2021: 46%

Net assets
£2,586m
2021: £2,746m

EPRA NTA per share K A
53p
2021: 64p
Calculation in Note 11C to the financial statements
K A

PRESENTATION OF FINANCIAL INFORMATION

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

Whilst 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, including, where applicable, discontinued operations (in total described as the Group's 'Managed portfolio').

Both the IFRS and Management reporting bases are presented in the financial statements.

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 metrics combining both the managed portfolio and Value Retail. These include property valuations and returns and certain credit metrics.

Following the full impairment of our share in the Highcross joint venture as at 31 December 2021, the Group has ceased to recognise the results of this joint venture in the income statement, however, the Group's share of its assets and liabilities continue to be incorporated in note 13 to the financial statements. Since the year end, it was agreed that it was in the best interests of the lenders in the longer term to appoint a receiver to administer the asset for the benefit of the creditors. Accordingly, owing to control being in the hands of the receiver, going forward, Highcross will cease to be incorporated into the Group's financial statements.

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	Consolidation of Group's share
— Share of Property interests	— Held in joint ventures	Single line – results/investment in joint ventures
	— Held in associates	Single line – results/investment in associates
— Discontinued operations*	— UK retail parks portfolio	Single line – discontinued operations
Value Retail	— Held as an associate	Single line – results/investment in associates

* Only applicable for 2021, whereby proportionally consolidated figures include results up to the date of disposal.

New accounting pronouncements resulting in restatements of 2021

During the year, the following agenda decisions were issued which have been considered as follows:

- In April 2022, the IFRIC issued an agenda decision in respect of the presentation of 'Demand deposits with restrictions on use arising from a contract with a third party' ('the IFRIC Decision on Deposits') with further information provided in note 1B to the financial statements. The impact *is to change the classification of certain* amounts held by third party managing agents in respect of tenant deposits and service charges such that they have been reclassified from restricted monetary assets to cash and cash equivalents. The effects of the restatement are set out in note 16 to the financial statements.
- In October 2022, the IFRIC issued an agenda decision in respect of 'Lessor forgiveness of lease payments (IFRS 9 and IFRS 16)' ('the IFRIC Decision on Concessions'). This concluded that losses incurred on granting retrospective rent concessions should be charged to the income statement on the date that the legal rights to income are conceded (i.e. immediate recognition in full). Historically, the Group's treatment of such concessions, which arose as a result of the Covid-19 pandemic, was to recognise these as lease modifications such that the impact was initially held on the balance sheet and then spread forward into the income statement over the lease term or period to first break. The impact is that 2021 figures have been restated whereby Reported Group revenue, gross rental income, net rental income and revaluation losses are affected although operating profit and income statement figures below are unaffected The equivalent Adjusted figures are also affected including those down to Adjusted earnings. A more detailed analysis of the effects is set out in note 6 to the financial statements.

Where figures in this Financial Review have been restated, these are marked †.

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 1B 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 believe are not 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 10A to the financial statements.

For 2022, adjusting items additional to EPRA adjusting items comprised:

- Exclusion of a charge of £5.1m (2021: £8.6m) in respect of business transformation as the Group continues its implementation of strategic change and comprises mainly non-capitalisable costs associated with digital transformation as well as severance costs following the reorganisation which occurred mainly in the second half of 2021.
- A credit of £2.4m (2021: credit of £8.1m) 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.
- Income of £1.6m from assets held for sale which relates to the Group's 50% joint venture investment in Silverburn sold in March 2022. The IFRS and EPRA accounting treatment is to offset the operating income until disposal against the loss on sale, therefore it is excluded from Adjusted earnings. As a result we have added the income back in order to reflect the fact that the property remained under the Group's joint ownership and management up until completion of the disposal and is considered to still be part of underlying earnings.

INCOME STATEMENT

Summary income statement

Reported Group

The Group's IFRS reported loss was £164.2m (2021: £429.1m loss). The most significant elements of the reduction were reduced valuation losses of £82.7m (2021: £169.6m), where the key factors influencing this were the market driven yield shift in the second half of the year of £68m, a reduction in the share of losses in joint ventures to £41.5m (2021: losses of £171.3m) where again a reduced valuation deficit of £138.3m (2021: £274.5m) was a key contributor and an adverse swing in the Group's share of Value Retail of £25.3m again driven by valuation losses.

Proportionally consolidated

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, including, where applicable, discontinued operations. A detailed reconciliation from Reported Group to the proportionally consolidated basis is set out in note 2 to the financial statements and a summary reconciling to Adjusted earnings is set out below:

			2022					2021
		a	Proportionally consolidated				Proportionally consolidated	
Summary income statement			***Before adjustments £m***	**Adjustments £m**	**Adjusted £m**	*Before adjustments £m*	*Adjustments £m*	*Adjusted £m*
Net rental income	†		**177.2**	**(2.4)**	**174.8**	182.5	(8.1)	174.4
Net administration expenses			**(47.9)**	**5.1**	**(42.8)**	(60.0)	8.6	(51.4)
Profit from operating activities	†		**129.3**	**2.7**	**132.0**	122.5	0.5	123.0
Revaluation losses – Managed portfolio	†		**(221.0)**	**221.0**	**–**	(444.1)	444.1	–
Disposals and assets held for sale			**(1.0)**	**1.0**	**–**	(10.3)	10.3	–
Fair value changes and other impairments			**(0.1)**	**0.1**	**–**	(0.3)	0.3	–
Other net (losses)/gains			**(1.1)**	**1.1**	**–**	(10.6)	10.6	–
Joint venture impairment			**–**	**–**	**–**	(11.5)	11.5	–
Share of results of associates (Value Retail)			**(5.3)**	**32.7**	**27.4**	20.0	(4.1)	15.9
Operating (loss)/profit	†		**(98.1)**	**257.5**	**159.4**	(323.7)	462.6	138.9
Net finance costs			**(65.6)**	**11.6**	**(54.0)**	(103.6)	31.8	(71.8)
Tax charge			**(0.5)**	**–**	**(0.5)**	(1.8)	0.2	(1.6)
(Loss)/profit for the period	†		**(164.2)**	**269.1**	**104.9**	(429.1)	494.6	65.5
(Loss)/earnings per share			**Reported pence**		**Adjusted pence**	Reported pence		Adjusted pence
Basic		b	**(3.3)p**			(8.7)p		
Adjusted	†	b			**2.1p**			1.3p

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

a Proportionally consolidated figures are set out in more detail in note 2 and adjustments are described in more detail in note 10A to the financial statements.

b In addition to the IFRIC Decision on Concessions, comparative figures for 2021 have also been restated to take account of the bonus element of scrip dividends as explained further in note 11B to the financial statements. Previously reported figures were: Reported Group: (9.8)p; Adjusted: 1.8p.

The table below bridges Adjusted earnings between the two periods.

Reconciliation of movements in Adjusted earnings

	*	Adjusted earnings £m
31 December 2021	†	**65.5**
Increase in net rental income excluding disposals		**20.7**
Decrease in net finance costs		**17.8**
Decrease in gross administration costs		**11.9**
Decrease in tax charge		**1.1**
Increase in Value Retail earnings		**11.5**
Decrease in net rental income arising from disposals		**(20.3)**
Decrease in property fee income and management fees receivable		**(3.3)**
31 December 2022		**104.9**

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

* Decreases and increases are all on an Adjusted basis and therefore exclude adjusting items as set out in note 10A to the financial statements.

Rental income

Analysis of rental income

			Share of Property interests				2022
Proportionally consolidated		**Reported Group £m**	**Joint ventures £m**	**Associates £m**	**Subtotal £m**	**Discontinued operations £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							**(2.4)**
Adjusted net rental income							**174.8**

			Share of Property interests				2021
Proportionally consolidated		Reported Group £m	Joint ventures £m	Associates £m	Subtotal £m	Discontinued operations £m	Total £m
Gross rental income	†	90.3	143.1	6.0	149.1	11.0	250.4
Net service charge expenses and cost of sales		(23.1)	(42.3)	(1.3)	(43.6)	(1.2)	(67.9)
Net rental income	†	67.2	100.8	4.7	105.5	9.8	182.5
Change in provision for amounts not yet recognised in the income statement							(8.1)
Adjusted net rental income	†						174.4

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information is provided in notes 1B and 6 to the financial statements.

Gross Rental Income (GRI)

GRI decreased to £215.2m from £250.4m, reflecting the impact of disposals and lower surrender premiums than in 2021. These were partly offset by increased turnover and car park income, lower concessions and income from completion of the extension at Les 3 Fontaines.

Proportionally consolidated			**2022 £m**	2021 £m	Change in like-for-like
Like-for-like managed portfolio:		*			
— UK		†	**86.8**	78.4	10.8%
— France		†	**41.2**	38.8	6.1%
— Ireland		†	**37.1**	35.3	5.1%
			165.1	152.5	8.3%

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

* Like-for-like GRI for the managed portfolio is calculated based on properties owned throughout both current and prior periods, calculated on a constant currency basis such that the comparatives have been restated accordingly.

Net Rental Income (NRI)

NRI decreased to £177.2m from £182.5m. Adjusted NRI was broadly unchanged at £174.8m (2021: £174.4m). In addition to the GRI movements highlighted above, NRI benefited from a significant improvement in collections enabling release of provisions for bad debts and tenant incentive impairments together with growth in variable income streams. This resulted in an improvement of the Adjusted NRI:GRI (after ground rents payable) ratio to 81.2% (2021: 69.6%).

Proportionally consolidated		2022 £m	2021 £m	Change in like-for-like
Like-for-like managed portfolio:	a			
– UK	†	**70.8**	54.0	31.3%
– France	†	**36.3**	26.8	35.4%
– Ireland	†	**33.6**	28.2	19.3%
		140.7	109.0	29.2%
Disposals		**3.5**	23.8	
Developments and other	†	**30.6**	41.8	
Foreign exchange		**–**	(0.2)	
Adjusted net rental income	†	**174.8**	174.4	
Change in provision for amounts not yet recognised in the income statement	b	**2.4**	8.1	
Net rental income	†	**177.2**	182.5	

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

a Like-for-like NRI for the managed portfolio is calculated based on properties owned throughout both current and prior periods, calculated on a constant currency basis such that the comparatives have been restated accordingly.

b *Relates to the change in provision for amounts not yet recognised in the income statement for expected credit losses whereby the related income is deferred on* the balance sheet. The amount has been excluded from Adjusted net rental income to eradicate the distortion of cost being recognised in one accounting period and the related revenue being recognised in a different accounting period as further described in note 10A to the financial statements.

Like-for-like NRI increased by £31.7m (29%) against 2021 reflecting strong leasing performance, improved collections, increased variable *turnover rent and net income from car parks and commercialisation.*

The drivers of the like-for-like increase were consistent across all of the Group's geographies, offset by the loss of NRI from disposals in the UK in 2021 and 2022 being £20.3m, of which £10.5m came from the sale of Victoria and Silverburn in the first half of 2022 and £8.4m from the 2021 sale of UK retail parks.

Further analysis of net rental income by segment is provided in Table 6 of the Additional information.

Administration expenses

Proportionally consolidated	2022 £m	2021 £m
Employee costs – excluding variable costs	**29.2**	37.5
Variable employee costs	**9.6**	9.6
Other corporate costs	**21.0**	24.6
Gross administration costs	**59.8**	71.7
Property fee income	**(11.5)**	(13.2)
Joint venture and associate management fee income	**(5.5)**	(7.1)
Other income	**(17.0)**	(20.3)
Adjusted net administration expenses	**42.8**	51.4
Business transformation costs	**5.1**	8.6
Net administration expenses	**47.9**	60.0

During 2022, Adjusted net administration expenses decreased by £8.6m against 2021. The decrease, reflecting the Group's focus on cost reduction, principally relates to:

- Employee costs following the reset of the organisation to an asset-centric structure which occurred in the second half of 2021. Average headcount during the year reduced from 494 to 370 with headcount at 31 December 2022 being 320.
- Other corporate costs (comprising mainly professional fees, office rent and software licenses), where the most significant element was a decrease of £2.7m in Directors and Officers insurance premiums reflecting the strengthening of the Group's financial position. The remainder of the decrease was predominantly in professional fees.

Business transformation costs comprised mainly fees for contractors and consultants from the Group's digitalisation programme, which were not eligible for capitalisation, and severance costs relating to the ongoing strategic re-organisation initiated in the second half of 2021 (2021: comprised mainly consultancy fees and severance costs).

Disposals and assets held for sale
During 2022, we raised gross proceeds of £195m, relating mainly to the disposals of Silverburn and Victoria. Taken together with other smaller disposals and adjustments to historical disposals, an overall profit from disposals of £0.7m was generated.

Share of results of joint ventures and associates, including Value Retail
Reported Group
A full listing of our interests in joint ventures and associates is set out in Table 22 of the Additional information. Our Reported share of results under IFRS was a combined loss of £48.6m (2021: loss of £155.7m). This year-on-year change was due to lower revaluation losses in 2022 compared with 2021.

Proportionally consolidated
On an Adjusted basis, because the Group's managed portfolio of joint ventures and associates is proportionally consolidated, the Group's share of results of joint ventures and associates comprises solely the Group's investment in Value Retail which generated Adjusted earnings of £27.4m (2021: £15.9m). The year-on-year improvement principally reflects higher GRI from increased sales resulting from the easing of Covid-19 restrictions where lockdowns in 2021 meant that Villages were closed for part of the year.

[illegible]
Reported Group
Reported Group net finance costs were £63.0m, a decrease of £34.9m compared with 2021 attributable to higher interest income and lower debt and loan facility cancellation costs.

Proportionally consolidated	2022 £m	2021 £m
Adjusted finance income	**26.1**	15.1
Finance costs		
Gross interest costs	**(81.3)**	(92.2)
Interest capitalised	**1.2**	5.3
Adjusted finance costs	**(80.1)**	(86.9)
Adjusted net finance costs	**(54.0)**	(71.8)
Debt and loan facility cancellation costs	**(1.3)**	(22.0)
Change in fair value of derivatives	**(10.3)**	(9.8)
Net finance costs	**(65.6)**	(103.6)

Adjusted net finance costs were £54.0m, a decrease of £17.8m compared with 2021. The decrease was driven by the benefits of deleveraging since the start of 2021, early repayment of debt utilising proceeds from disposals, the related restructuring of hedging derivatives and higher interest income from cash deposits. Key components comprised:

- a £6.8m reduction in finance costs driven by a reduction in interest on cross currency swaps and a reduction as a result of repayment of private placement notes and eurobonds
- £11.0m higher interest income resulting from both increased cash balances in the year following disposals and a sharp rise in prevailing interest rates in the second half of the year

Proportionally consolidated net finance costs decreased by £38.0m to £65.6m compared to 2021, with £20.7m of the decrease relating to lower debt and loan facility cancellation costs partly offset by changes in the fair value of derivatives, both of which are treated as adjusting items and are described further in note 10A to the financial statements. The debt and loan facility cancellations costs relate to unamortised facility fees in respect of revolving credit facilities which were extinguished and replaced with a new £463m facility as set out in the cash flow and net debt section below.

Tax
The Group's tax charge on a proportionally consolidated basis was £0.5m which compares to £1.8m for 2021, with the reduction being due to certain changes in the Irish capital structure. The tax charge remains low as 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 8 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 has met all requirements for maintaining its REIT status for the year ended 31 December 2022.

Dividends

The payments of cash and enhanced scrip dividends approved by shareholders and made in 2022 have satisfied our REIT and SIIC distribution requirements. The Board is not recommending a further payment in respect of 2022 but continues to anticipate re-instating a cash dividend for 2023, expected to be at least the minimum required to continue to meet our REIT/SIIC distribution obligations.

The interim cash and enhanced scrip dividend alternative were paid as a non-Property Income Distribution (Non-PID) and treated as an ordinary UK company dividend. As set out in note 22 to the financial statements, the interim dividend of £77.1m was settled during the year, of which £1.4m was settled in cash.

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:

			2022							2021
Summary net assets			**Reported Group £m**	**Share of Property interests £m**	**EPRA adjustments £m**	**EPRA NTA £m**	Reported Group £m	Share of Property interests £m	EPRA adjustments £m	EPRA NTA £m
Investment and trading properties			**1,497**	**1,723**	**–**	**3,220**	1,595	1,883	–	3,478
Investment in joint ventures			**1,342**	**(1,342)**	**–**	**–**	1,452	(1,452)	–	–
Investment in associates – Value Retail			**1,189**	**–**	**52**	**1,241**	1,141	–	95	1,236
– Italie Deux			**108**	**(108)**	**–**	**–**	106	(106)	–	–
Assets held for sale			**–**	**–**	**–**	**–**	71	(71)	–	–
Net trade receivables			**24**	**20**	**–**	**44**	27	19	–	46
Net debt	†	a	**(1,458)**	**(274)**	**(1)**	**(1,733)**	(1,559)	(240)	8	(1,791)
Other net liabilities	†		**(116)**	**(19)**	**(3)**	**(138)**	(87)	(33)	(9)	(129)
Net assets			**2,586**	**–**	**48**	**2,634**	2,746	–	94	2,840
EPRA NTA per share		b				**53p**				64p

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in note 16 to the financial statements and Tables 13 and 14 of the Additional information.

a Comprises cash and cash equivalents, loans, fair value of currency swaps and cash and cash equivalent held within assets held for sale.

b EPRA adjustments in accordance with EPRA best practice, principally in relation to deferred tax, as shown in note 10B to the financial statements.

During 2022, net assets decreased 6% to £2,586m (2021: £2,746m). Net assets, calculated on an EPRA Net Tangible Assets (NTA) basis, were £2,634m, or 53 pence per share, a reduction of 11 pence compared to 31 December 2021 principally due to revaluation losses of £282m, partly offset by Adjusted earnings of £105m, together with dilution from the scrip dividends of 7.5p. This is equivalent to a total accounting return of –6.8%. The key components of the movement in Reported Group net assets and EPRA NTA are as follows:

Movement in net assets

Proportionally consolidated including Value Retail	**Reported Group £m**	**EPRA adjustments £m**	**EPRA NTA £m**
1 January 2022	**2,746**	**94**	**2,840**
Property revaluation – Managed portfolio	**(221)**	**–**	**(221)**
– Value Retail	**(61)**	**–**	**(61)**
Adjusted earnings	**105**	**–**	**105**
Change in deferred tax	**(9)**	**5**	**(4)**
Dividends	**(13)**	**–**	**(13)**
Foreign exchange and other movements	**39**	**(51)**	**(12)**
31 December 2022	**2,586**	**48**	**2,634**

PROPERTY PORTFOLIO ANALYSIS

Investment markets

The improvement in the investment market seen in the first half of 2022 stalled in the second half due to rising interest rates, continuing high inflation, soaring energy prices and the ongoing war in Ukraine.

In the UK, there were 58 shopping centre transactions totalling £1.9bn, the majority of which were agreed in the first half of the year including transactions involving non-managed stakes in prime shopping centres and larger lot sizes, for example, CPP Investments' acquisition of Nuveen's one third stake in Bullring. Investment volumes slowed in the second half of the year with a number of larger schemes failing to transact due to lack of debt finance. Second half investment activity was primarily at the discount/convenience end with lot sizes between £10–£30m (Source: JLL). Prime shopping centre yields moved out by 50 basis points in the last quarter of 2022.

In France, retail investment activity reached €4.5bn with over 207 transactions and strong volume growth in large transactions with 13 deals above €100m (Source: JLL). Prime shopping centre yields increased slightly towards the end of the year.

In Ireland, there was limited retail investment activity with retail representing just 8% (€0.4m) of total transactions and no transactions of significance (Source: C&W).

Portfolio valuation

The Group's external valuations continue to be conducted by CBRE Limited (CBRE), Cushman & Wakefield (C&W) and Jones Lang LaSalle Limited (JLL), providing diversification of valuation expertise across the Group. At 31 December 2022 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 2021.

At 31 December 2022, the Group's portfolio was valued at £5,107m, a decline of £265m (4.9%) since 31 December 2021. This movement was primarily due to revaluation losses of £282m and net disposals totalling £194m comprising mainly Silverburn and Victoria, being partly offset by capital expenditure of £79m and favourable foreign exchange gains of £157m. Movements in the portfolio valuation are shown in the table below.

Movements in property valuation

Proportionally consolidated including Value Retail		Flagships £m	Developments and other £m	Managed portfolio £m	Value Retail £m	Group portfolio £m
At 1 January 2022		2,784	694	3,478	1,894	5,372
Revaluation losses	a	(168)	(53)	(221)	(61)	(282)
Revaluation losses of impaired joint venture	b	–	(26)	(26)	–	(26)
Capital expenditure		51	22	73	6	79
Reclassifications		206	(206)	–	–	–
Capitalised interest		–	1	1	–	1
Disposals		(187)	(7)	(194)	–	(194)
Foreign exchange		102	7	109	48	157
At 31 December 2022	a	**2,788**	**432**	**3,220**	**1,887**	**5,107**

a Valuations and revaluation losses are further analysed in Table 9 of the Additional information.

b The Highcross joint venture is excluded owing to the Group's share of net losses after revaluation being restricted to £nil as described in note 13 to the financial statements.

During the year, capital expenditure on the managed portfolio was £73m and related mainly to the Les 3 Fontaines extension at Cergy, which opened in March 2022, cladding works at Bullring and works to repurpose the former House of Fraser anchor unit at Dundrum, in addition to £15m spent at Whitgift on acquiring the long leasehold and freehold interests. Table 11 of the Additional information analyses the spend between the creation of additional area and that relating to the enhancement of existing space.

The Les 3 Fontaines extension expenditure was recorded in the Developments and other portfolio prior to the extension being reclassified to the Flagship portfolio upon opening.

Revaluation losses

Excluding Highcross, we recognised a total net revaluation loss of £282m across the Group portfolio, comprising £221m in respect of the managed portfolio and £61m in Value Retail. £272m of the revaluation loss occurred in the second half of the year, the majority of which came from a market driven yield shift of £154m in the second half of the year as a result of higher interest rates which mostly occurred in the last quarter of 2022. The balance was principally due to the valuers reducing selective ERVs across the portfolio.

UK flagship destinations reported a revaluation deficit of £90m where half was due to an outward yield shift averaging 50 basis points with the remainder due to selected ERV reductions. In France, yields were more stable with a 10 basis point outward movement, equivalent to a revaluation deficit of £12m with the balance of £45m mainly due to ERV reductions. Ireland saw a positive movement in ERV most notably at Dundrum, however this was more than offset by a 20 basis point outward yield shift which resulted in a net revaluation deficit of £20m.

A deficit of £53m was recognised on the Developments and other portfolio of which £11m related to Croydon associated with lower income and £13m related to the future development schemes in Dublin due to inflationary concerns over development costs.

Despite a continued strong post pandemic recovery in trading at Value Retail in the year, the portfolio recorded an overall revaluation loss of £61m, of which £53m related to Bicester Village, driven by outward yield shifts.

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

Like-for-like ERV*

Flagship destinations	**2022 %**	2021 %
UK	**(3.8)**	(10.6)
France	**(1.6)**	(1.5)
Ireland	**0.3**	(3.0)
	(2.2)	(6.7)

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

Like-for-like ERVs fell 2.2% during 2022 with most of the decrease occurring in the second half of the year following a broadly flat performance in H1 where the decrease was only 0.3%.

UK ERVs were 3.8% lower, reflecting the investment to attract 'best in class' occupiers in certain of our managed portfolio, while ERVs in France were marked down less at 1.6%.

In Ireland, ERVs were up 0.3%, with Dundrum Town Centre reporting a 0.4% increase driven by the opening of Brown Thomas in the former House of Fraser unit in February, with Penneys relocating into the remaining space in the first half of 2023, offset by small decreases at the other destinations.

Property returns analysis

The Group's managed property portfolio generated a total property return of –2.3%, comprising an income return of +5.4% offset by a capital return of –7.3%. Incorporating the income and capital returns from the Value Retail portfolio, this brought the Group's income return to +5.3% and the capital return to –5.8%, to generate a total return of –0.7% (2021: –3.9%).

								2022
Proportionally consolidated	**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)**

									2021
Proportionally consolidated		UK %	France %	Ireland %	Flagship destinations %	Develop-ments and other %	Managed portfolio %	Value Retail %	Group portfolio %
Income return	†	6.5	3.6	4.2	5.0	2.9	4.7	2.7	4.0
Capital return	†	(16.3)	(6.4)	(7.8)	(11.2)	(9.1)	(10.9)	(0.6)	(7.7)
Total return	†	(10.8)	(3.1)	(3.9)	(6.8)	(6.6)	(6.7)	2.1	(3.9)

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in note 16 to the financial statements and Tables 13 and 14 of the Additional information.

Shareholder returns analysis

Return per annum over	**Total shareholder return Cash basis a %**	**Total shareholder return Scrip basis a %**	**Benchmark b %**
One year	**(26.2)**	**(15.1)**	**(34.3)**
Three years	**(44.0)**	**(37.7)**	**(12.4)**
Five years	**(35.2)**	**(30.8)**	**(6.7)**

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.

Hammerson's total shareholder return over one year for 2022 was -15.1% on a scrip basis (-26.2% on a cash basis), outperforming the FTSE EPRA/NAREIT UK index of -34.3%. Over five years however the Group underperformed compared to the benchmark of -6.7% with shareholder returns of -35.2% and -30.8% 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 13 and 14, respectively to the financial statements.

Reported Group

Joint ventures

During the year, our investment in joint ventures decreased to £1,342m (2021: £1,452m) where the most significant movements were the Group's share of net rental income of £96m offset by revaluation losses of £132m and cash distributions to the Group of £63m.

Associates

Our investment in associates increased to £1,297m (2021: £1,247m) of which the Group's investment in Value Retail was £1,189m. Key movements were in Value Retail where the Group's share of earnings were offset by revaluation losses of £61m together with foreign exchange gains of £35m.

TRADE RECEIVABLES

During 2020 and 2021, the intermittent closures of the majority of non-essential retail across all regions as a result of the Covid-19 pandemic, coupled with the UK government's restrictions on landlords' ability to enforce collections, impacted collection rates and consequently, the level of trade receivables was high. To address these challenges, the Group put in place more rigorous procedures and clearer tracking of our trade receivables combining involvement of our asset management, leasing and finance teams to maintain clear focus on collections.

Over the course of the year, the underlying environment improved. This included the lifting of UK government restrictions on collections (in two phases in March and September 2022) and although restrictions differed in France and Ireland, similar improvements were also seen. The combination of these changes together with management's focus has meant that we have been able to reduce the provisioning rates for some ageing categories of receivable. However, with the backdrop of macroeconomic uncertainties, we consider it premature to be extrapolating this as a trend across all categories and accordingly our approach to provisioning remains cautious and prudent.

Gross trade (tenant) receivables on a proportionally consolidated basis totalled £74.1m (2021: £99.5m) against which a provision of £32.3m (2021: £53.3m) has been applied. This provision represents 60% (2021: 76%) of trade receivables of £53.9m (2021: £70.5m) after excluding tenant deposits, guarantees and VAT, although this also includes a provision of £1.6m (2021: £4.0m) in respect of income not yet recognised in the income statement owing to a technical interpretation of IFRS 9 as explained in note 10A to the financial statements. Further analysis is set out below and in note 15 to the financial statements.

	2022				2021			
	Gross trade receivables £m	**Trade receivables net of deposits, guarantees and VAT £m**	**Provision £m**	**Net trade receivables £m**	Gross trade receivables £m	Trade receivables net of deposits, guarantees and VAT £m	Provision £m	Net trade receivables £m
UK	**29.1**	**25.0**	**(12.5)**	**16.6**	46.3	38.4	(27.2)	19.1
France	**40.0**	**24.6**	**(17.2)**	**22.8**	45.2	25.6	(21.7)	23.5
Ireland	**5.0**	**4.3**	**(2.6)**	**2.4**	8.0	6.5	(4.4)	3.6
Managed portfolio	**74.1**	**53.9**	**(32.3)**	**41.8**	99.5	70.5	(53.3)	46.2
Share of Property interests	**(33.1)**	**(27.3)**	**14.7**	**(18.4)**	(44.6)	(36.8)	25.9	(18.7)
Reported Group	**41.0**	**26.6**	**(17.6)**	**23.4**	54.9	33.7	(27.4)	27.5

PENSIONS

On 8 December 2022, the Company and the Trustees of the Group's principal defined benefit pension scheme ('the Scheme') entered into a bulk purchase annuity policy ('buy-in') contract with Just Retirement Limited for a premium of £87.3m in respect of insuring all future payments to existing pensioners of the Scheme at 9 December 2022. The pension buy-in transaction was funded through the existing investment assets held by the Trustees on behalf of the pension scheme and the impact of this transaction is reflected in the IAS 19 valuation.

This material balance sheet de-risking exercise is in line with the Group's long term strategy to reduce future volatility 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 borrowings 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 borrowings are arranged to maintain access to short term liquidity and long term financing. Short term funding 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 2022, the Group also had secured borrowings in Value Retail and three of the Group's joint ventures, although following the placing of Highcross into receivership in February 2023, this has since reduced to two. 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 reviews regularly 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 always strives to maintain an investment grade credit rating. The key financing metrics are set out below.

Proportionally consolidated unless otherwise stated				Calculation (*References* to Additional information)	2022	2021
Net debt	†			Table 13	**£1,732m**	£1,799m
Liquidity	†				**£996m**	£1,478m
Weighted average interest rate					**2.4%**	3.0%
Weighted average maturity of debt					**3.4 years**	4.1 years
FX hedging					**91%**	89%
Net debt : EBITDA	†			Table 16	**10.4x**	13.4x
Loan to value – Headline		a		Table 18	**39%**	39%
Loan to value – Full proportional consolidation of Value Retail	†	b		Table 18	**47%**	46%
Metrics with associated financial covenants			**Covenant**			
Interest cover	†		≥ 1.25x	Table 17	**3.24x**	2.30x
Gearing – Selected bonds	†	c	≤ 175%	Table 19	**68%**	66%
– Other borrowings and facilities	†		≤ 150%	Table 19	**68%**	66%
Unencumbered asset ratio	†		≥ 1.5x	Table 20	**1.74x**	1.84x
Secured borrowings/equity shareholders' funds			≤ 50%		**15%**	14%
Fixed rate debt as a proportion of total debt			*n/a*		**84%**	85%

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in notes 1B and 16 to the financial statements and Tables 13 and 14 of the Additional information.

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 2023, 2025 and 2027 (as set out in note 18 to the financial statements).

Credit ratings

In recognition of the Group's strengthened financial position, Moody's and Fitch's senior unsecured investment grade credit ratings were re-affirmed during the year as Baa3 and BBB+ respectively and outlooks from both rating agencies were changed from negative to stable.

Leverage

At 31 December 2022, the Group's gearing was 68% (2021: 66%) and Headline loan to value ratio was 39% (2021: 39%).

The Group's share of net debt in Value Retail totalled £675m (2021: £680m). Fully proportionally consolidating Value Retail's net debt, the Group's loan to value ratio was 47% (2021: 46%).

Calculations for loan to value and gearing 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 2022, the Group had significant headroom against these metrics.

In addition, some joint ventures and associates 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. At 31 December 2021, certain covenants on the secured loan at the Highcross joint venture were in breach and an impairment of the full equity value was recognised at that time with the position remaining at 31 December 2022, but as described in the overview above, going forward, Highcross will cease to be incorporated into the financial statements following the appointment of a receiver on 9 February 2023.

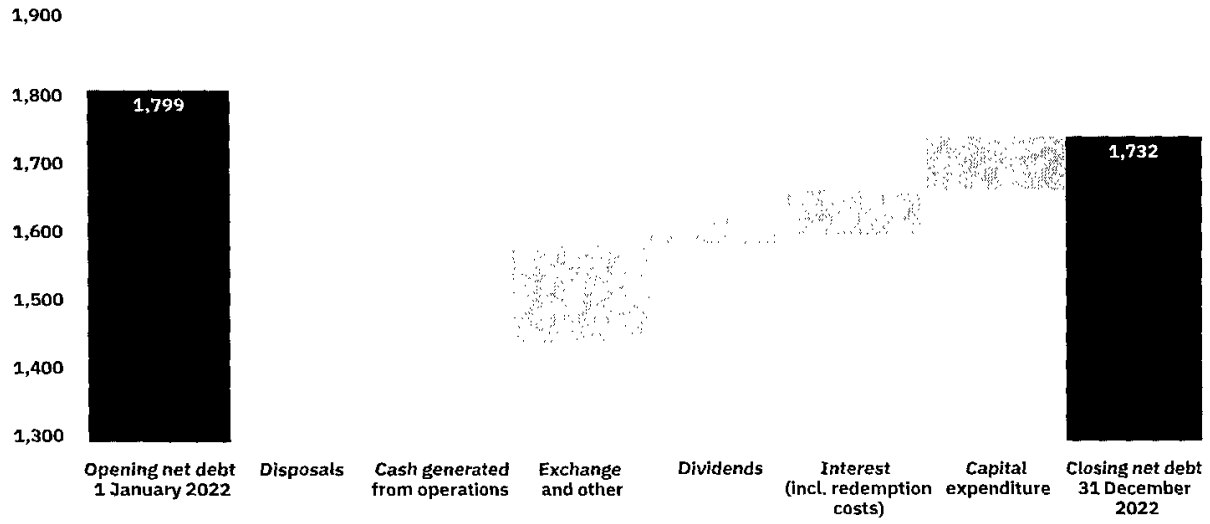
Managing foreign exchange exposure

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 2022, the value of euro-denominated liabilities as a proportion of the value of euro-denominated assets was 91% compared with 89% 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 weakened against the euro during the year by 5%.

CASH FLOW AND NET DEBT

Proportionally consolidated net debt

Movement in proportionally consolidated net debt £m



† Net debt at 1 January 2022 has been restated to reflect the IFRIC Decision on Deposits with further information provided in notes 1B and 16 to the financial statements as well as in Tables 13 and 14 of the Additional information.

On a proportionally consolidated basis, net debt decreased by 4% to £1,732m (2021: £1,799m). This comprised loans of £2,038m and the fair value of currency swaps of £31m, less cash and cash equivalents of £336m, of which £219m is held by the Reported Group. Disposals during the year generated net cash proceeds of £192m. Cash generated from operations of £166m comprised profit from operating activities of £129m and £37m of movements in working capital and other non-cash items.

The Group completed significant refinancing during 2021, reinforcing the Group's capital structure, including the refinancing of €1bn near term bond maturities with a new €700m sustainability-linked bond and proceeds from disposals. As at 31 December 2021, the Group had a number of Revolving Credit Facilities (RCFs) in place with a total of £1,030m commitments expiring between April 2022 and April 2024. During 2022, the following activities were undertaken to refinance and extend these facilities:

- £820m of facilities, comprising a £420m RCF with commitments expiring in 2023 and a £400m RCF with commitments expiring between 2023 to 2024 were refinanced with a new £463m RCF expiring in April 2025, which may be extended to April 2027 at the latest, subject to both lender and borrower consent. A further £10m of commitments expired in April 2022
- £100m and JPY7.7bn (£49m) of RCF commitments expiring in June 2024 were extended to a new expiry in June 2025. The remaining £50m of commitments with an expiry of June 2024 remain unchanged
- €235.5m eurobonds due 2023 were repaid on 16 December 2022 using available cash

Following these changes, committed facilities were reduced by £368m from £1,030m at 31 December 2021 to £662m at 31 December 2022 with £2m utilised to support ancillary facilities. This will result in an interest cost saving of £0.8m per annum in undrawn commitment fees whilst maintaining a strong balance sheet and extending the maturities of remaining commitments.

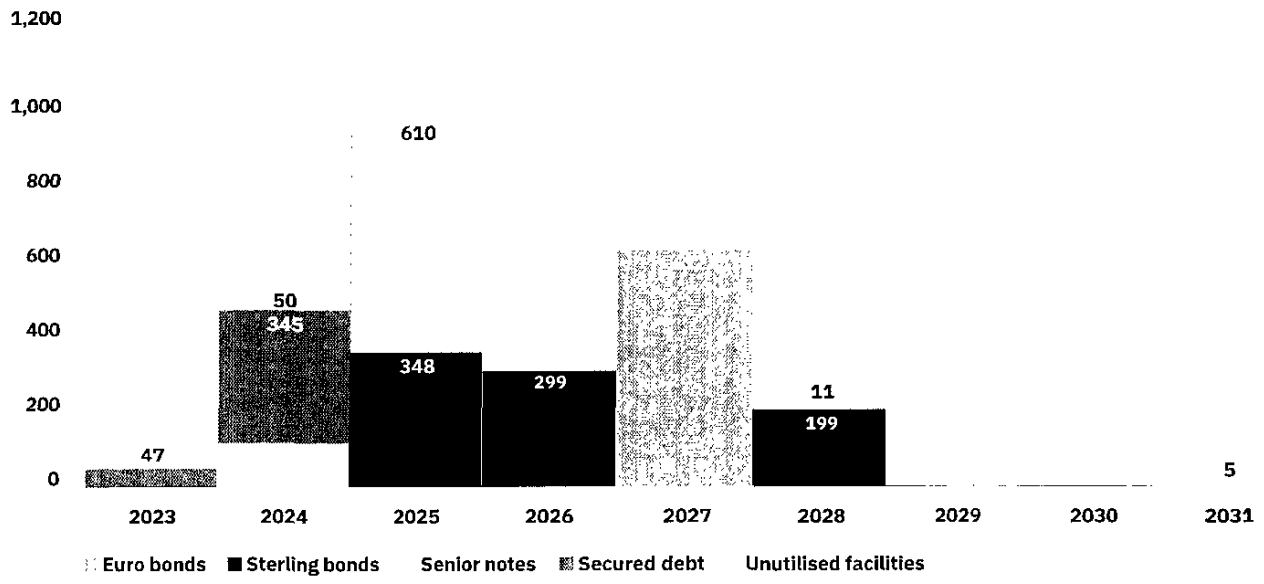
In addition, further to the £297m of private placement notes repaid in 2021, notes totalling £42m were repaid early at par in April 2022, saving £0.9m of interest on an annualised basis.

Liquidity

The Group's liquidity at 31 December 2022, calculated on a proportionally consolidated basis comprising cash of £336m and unutilised committed facilities of £660m, was £996m, £482m lower than at the beginning of the year. This was primarily due to the £368m reduction in RCF committed facilities, the €236m early repayment of the Group's 2023 eurobond being partially offset by the retention of cash proceeds from disposals.

Maturity profile of loans and facilities

Proportionally consolidated £m



The Group's weighted average maturity is 3.4 years (2021: 4.1 years). The maturity of 2024 private placements are covered by existing cash with the Group having no further unsecured debt maturities until 2025.

Maturity analysis of loans and reconciliation to net debt

Loan	Maturity		2022 £m	2021 £m
Sterling bonds	2025–2028		**846.4**	845.4
Sustainability linked eurobond	2027		**612.3**	578.3
Eurobonds	2023	a	**–**	197.4
Bank loans and overdrafts	2023	b	**(3.1)**	(2.7)
Senior notes (US Private Placements)	2024–2031		**190.8**	216.4
Total loans – Reported Group			**1,646.4**	1,834.8
Share of Property interests	2023–2024		**391.6**	374.3
Total loans – proportionally consolidated			**2,038.0**	2,209.1
Cash and cash equivalents			**(336.5)**	(454.4)
Fair value of currency swaps			**30.6**	44.1
Net debt			**1,732.1**	1,798.8

a Redeemed in December 2022 using available cash resources, following the exercise of an early redemption option.

b Debit balance comprises unamortised fees for RCFs against which no funds had been drawn at the year ends.

Risks and Uncertainties

Risk overview
2022 was a mixed year from a risk perspective. The post pandemic period resulted in a steady recovery in footfall and collections, and the Group's strong leasing performance has reduced vacancy levels. These positive trends contrast with the heightened level of macroeconomic and geopolitical uncertainty, primarily related to the ongoing war in Ukraine, and the associated economic challenges on both consumers and businesses from high inflation, rising 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. This resulted in a number of changes to the Group's principal risks to better reflect how the Group's strategy and markets are evolving. It also involved splitting some existing principal risks into separately identifiable new risks where it was deemed that each risk was significantly material to the Group on a stand-alone basis. The outcome of the exercise was subsequently reviewed and approved by the Board.

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 and a reduction for three risks. Work was also undertaken to develop a stronger assurance programme aligned to the principal risks. The programme will be expanded in 2023 along with greater efforts to promote risk awareness across the Group.

The Board confirms that during 2022 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.

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 efficient use 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 and escalated as appropriate, such that required mitigating actions can be 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, the Risk Management team 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.

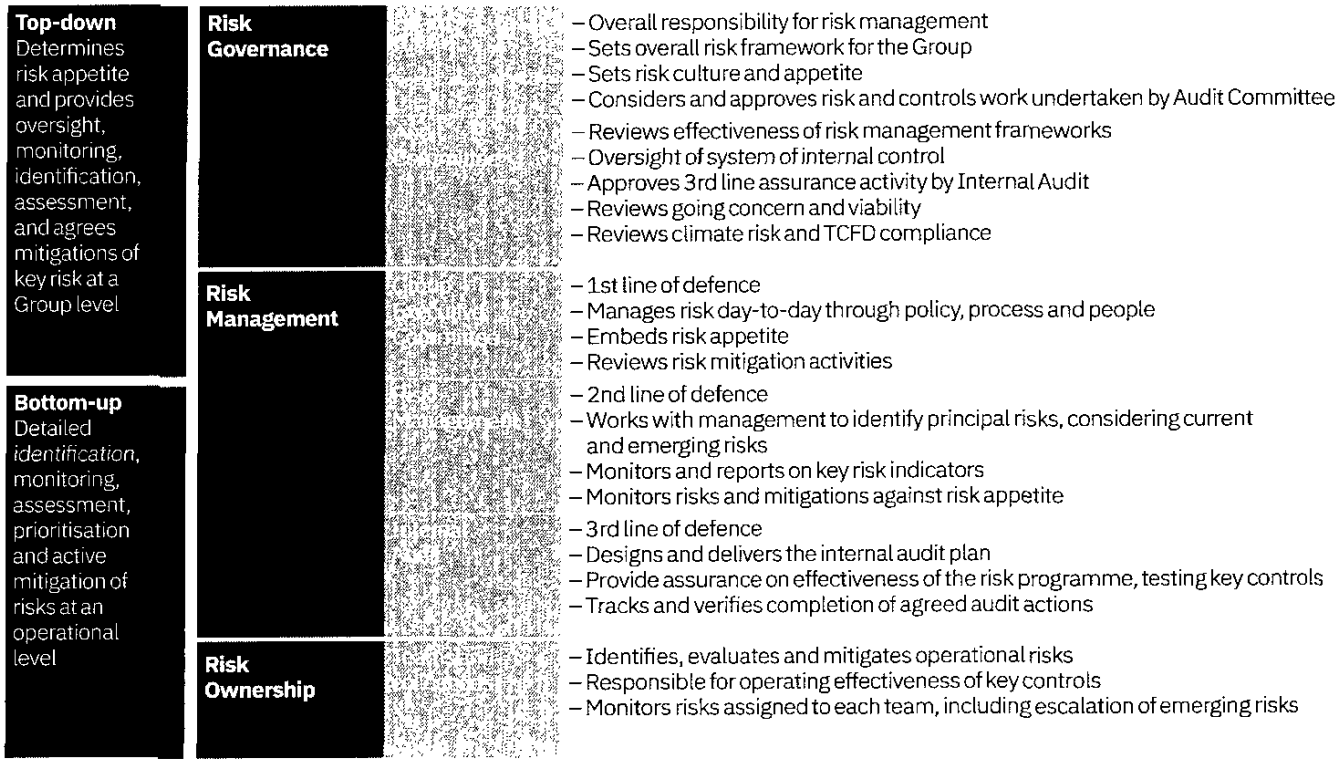
The Group's principal risks are defined as those likely to significantly affect the Group's strategic objectives, operations, or financial performance if not effectively managed. The risks are classed as either 'external' risks, where market factors are the main influence on change, or 'operational' 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 historic 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.

In 2022, the annual exercise to formalise the Board's risk appetite found that the Board and senior management were 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, although there are clear mitigating actions to complete which will reduce the current 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 by the Risk team by reviewing internal activities and external insights, covering both the real estate and wider commercial sectors. During the year a number of potential emerging risks were highlighted including catastrophic events, the development planning process, political risk, the ongoing war in Ukraine and financial crime compliance.

Risk governance structure



On review, it was determined that these were appropriately captured by the Group's existing principal risks, or were 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 2022.

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 controls.

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

Changes to principal risks during the year
As explained above, following a detailed review it was decided that three of the existing principal risks should be separated out into six individual risks. This was because each new risk was deemed to be significantly material to the Group on a stand-alone basis to warrant being separately identified. The changes were as follows:

- The 'Retail market and valuations' risk was split into: 'Retail market' and 'Investment market and valuations'
- The 'Catastrophic event' risk was split into: 'Health and safety' and 'Cyber security'
- The 'Tax and regulatory' risk was split into: 'Tax' and 'Legal and regulatory compliance'

Other changes in the residual risk assessment for the Group's principal risks during 2022 were:

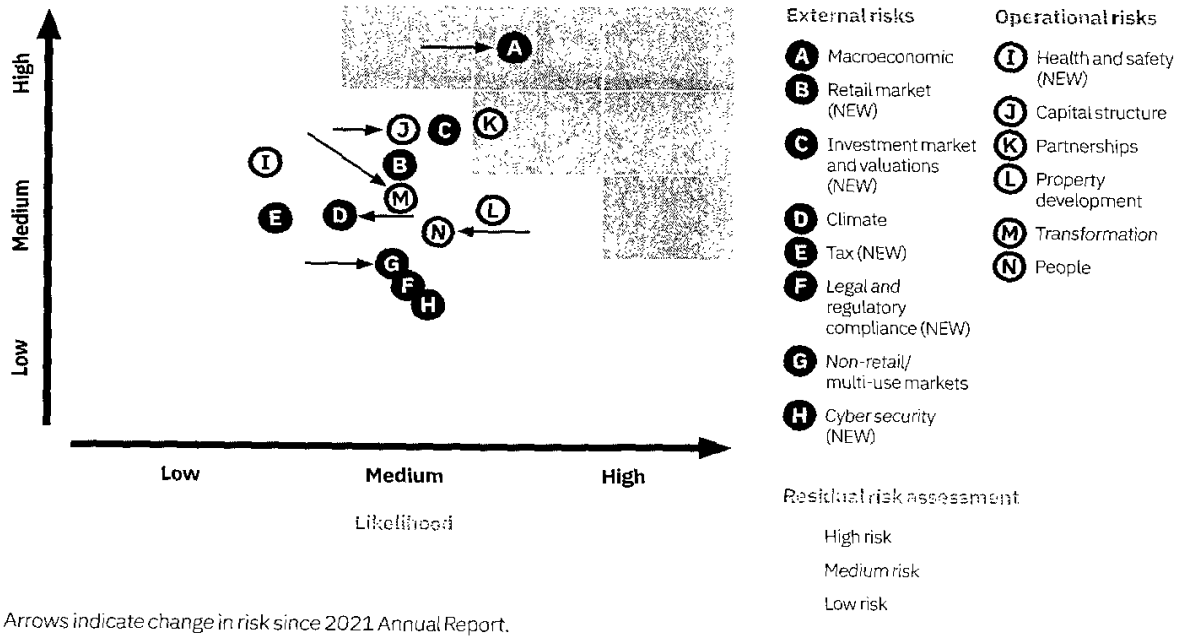
Increase in risk
Macroeconomic (risk A): The near term macroeconomic outlook worsened during 2022 due to geopolitical issues, primarily related to the ongoing war in Ukraine. This resulted in rising inflation and interest rates and supply chain pressures, which had an adverse impact on both consumers and businesses.

Non-retail/multi-use markets (risk G): Higher costs, interest rates and softer valuation yields have adversely impacted non-retail sectors, which are targeted as key components of a number of the Group's future developments/ asset repurposing plans.

Capital structure (risk J): The macroeconomic challenges explained above and UK political issues resulted in financial market instability, particularly in the second half of 2022. This saw increased bond spreads and restrictions on the availability of borrowing, particularly for retail property. These adverse changes have been partly mitigated through refinancing activity and disposals, and the Group has no unsecured refinancing required until 2025 which are not covered by available cash balances.

Decrease in risk
Climate (risk D): ESG remains a high area of focus for the Group's stakeholders. During 2022 we made significant progress to address this risk with the key achievement being the completion of Net Zero Asset Plans (NZAPs) for each of the Group's flagship assets. These contain a clear pathway for the Group to achieve its commitment to be Net Zero by 2030.

Residual Risk Heat Map



Note: Arrows indicate change in risk since 2021 Annual Report.

Transformation (risk M): Substantial progress was made in 2022 on the Group's transformation programme. This progress has reduced the impact of this risk. However, the likelihood of issues has increased as these initiatives go-live in 2023 and will require significant effort to transition to new ways of working.

People (risk N): 2021 saw an elevated People risk as a result of the Covid-19 pandemic and significant organisational restructuring towards the end of the year. These issues were actively managed during 2022 with new team structures embedded and strong progress made towards the Group's strategic objective of creating an agile platform.

These changes are shown on the Residual Risk Heat Map above.

Climate risk
Further details on this important risk area are in the detailed risk section below, in the ESG section on page 25 and the Group's separate 2022 ESG Report and Databook available on the Group's website www.hammerson.com.

Future outlook
The impact of external factors continues to be the main concern for the Group, particularly given the heightened levels of macroeconomic uncertainty towards the end of 2022.

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 Reinvigorate our assets
2 Accelerate investment
3 Create an agile platform
4 Deliver a sustainable and resilient capital structure

Risk movement

Increased
Decreased
No change
New

A MACROECONOMIC

Adverse changes to the macroeconomic environment in which we operate have the potential to hinder our financial performance and our ability to deliver our strategy.

Risk Mitigations

- Diversified portfolio (sectors, geography and occupiers)
- Flagship destinations in the heart of major European cities
- 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
- 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

Change in year

Despite initial positive signs of recovery post pandemic in 2022, a deterioration in the macroeconomic environment during the year caused primarily by rising inflation, higher interest rates, supply chain constraints, and geopolitical uncertainty significantly slowed economic growth, with the UK forecast to potentially enter a recession in 2023.

This backdrop has resulted in weaker consumer confidence and falling disposal incomes associated with the cost of living crisis and these challenges are forecast to continue into 2023.

B RETAIL MARKET (NEW)

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

Risk Mitigations

- Diversified portfolio 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 4.3 years
- Disposal programme to focus core portfolio on key city centre destinations and provide capital for repurposing space away from challenged retail categories
- 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 food and social, 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

The physical retail market has recovered strongly from the Covid-19 pandemic over the course of 2022. A number of high profile online retailers have struggled during the year, with true omni-channel retailers increasing their market share.

2022 has seen a very strong leasing performance, with £25m of rent secured and over half of leases signed with non-fashion brands. While the macroeconomic backdrop is adversely impacting consumers, the UK business rates revaluation has been favourable for the vast majority of our tenants who continue to seek the optimal trading locations. Overall, our strong leasing pipeline and prime flagship portfolio gives us confidence in the future of physical retail.

C INVESTMENT MARKET AND VALUATIONS (NEW)

Investor appetite for retail assets is reduced due to macroeconomic or retail market factors including increased borrowing costs, economic downturn, and consumer and occupier confidence. This will adversely impact property valuations and also risk hindering the Group's in flight disposal plans. This in turn would reduce the availability of funds for reinvestment in our core assets and/or refinancing 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 operate best-in-class premium outlets across Western Europe with high tourist appeal
- In-flight disposals programme of non-core assets
- 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

Change in year

The value of the Group's property portfolio was broadly unchanged in the first half of the year. However, in the second half of the year the heightened level of macroeconomic uncertainty and the associated increase in interest rates and rising costs for consumer and business adversely impacted the Group's valuations. This adverse macroeconomic backdrop is forecast to hamper investor sentiment and hence near term property valuation performance. Therefore, the level of residual risk for this newly created stand-alone risk remains elevated.

D CLIMATE

Climate risks, particularly the reduction in carbon emissions and compliance with ESG regulations, are not appropriately managed and communicated. This is likely to 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

- Clear action plan and quarterly updates provided to Group Executive Committee and regular updates provided to Audit Committee and Board
- Net Zero Asset Plans in place for all flagship assets
- 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

Change in year

ESG remains a high area of focus for the Group's stakeholders and significant progress was made during 2022 to enhance the execution of the Group's ESG strategy. The key improvement was the completion of Net Zero Asset Plans (NZAPs) for each of the Group's flagship destinations which contain a clear pathway to net zero for each asset and have been included in the 2023 Business Plans.

Our 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 2022, 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 1.5°C and 2°C scenarios with updated mitigations including four new risks added to the Group's transition plans.

Link to strategy

1. Reimagine our assets
2. Accelerate our development
3. Create an agile platform
4. Deliver a sustainable and resilient capital structure

Risk movement

- Increased
- Decreased
- No change
- New

E TAX (NEW)

The Group suffers financial loss and reputational damage from a new or increased tax levy 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, EPRA

Change in year

This risk was previously included with 'Tax and regulation' and judged to be a Medium risk and the new 'Tax' risk has also been judged at this risk level.

Tax laws that apply to the Group's businesses continue to be subject to amendment or change by the relevant authorities and in 2022 the UK Government introduced business rates changes which benefits the majority of the Group's UK tenants.

F LEGAL AND REGULATORY COMPLIANCE (NEW)

The failure to comply with existing laws and regulations relevant to the Group, or to adapt to changes in these requirements in a timely fashion, could result in the Group suffering reputational damage and/or financial penalties. 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.

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
- Maintaining constructive and positive relationships and dialogue with regulatory bodies and authorities
- Advanced warning of regulatory changes likely to impact the Group together with ongoing engagement with external advisers on the relevant regulatory horizon
- 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, 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

This risk was previously included within 'Tax and regulation' and judged to be a Medium risk and the new 'Legal and regulatory compliance' risk has also been judged at this risk level.

The legal and regulatory landscape has remained broadly stable throughout the year. We continue to closely monitor the regulatory environment and respond to new requirements to ensure compliance.

G NON-RETAIL/MULTI-USE MARKETS

The Group fails to target the optimal (non-retail) property sectors for future developments or repurposing, 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 development and repurposing plans are sub-optimal.

Risk Mitigations

- 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
- Asset-centric visions developed for key urban estates to ensure new development complements existing flagship assets and enhances local communities
- The Board approves all major commitments and performs formal development reviews twice-yearly
- Development plans 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
- Hiring of experienced leaders and managers with multi-use and city centre development experience and backgrounds

Change in year

The residual risk profile is judged to have increased to a Medium level of risk during 2022 due to the adverse macroeconomic environment, particularly the increased cost of borrowing. This has seen an increase in valuation yields and to a lesser extent a decrease in occupier demand in the office, logistics and residential sectors.

Nonetheless, we remain confident that we have clear steps to realise value from the Group's development pipeline and existing properties through both development and repurposing activity and in the longer term through integration across the broader urban estates.

H CYBER SECURITY (NEW)

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 demands or reputational damage due to assets being brought down and/or loss of commercially sensitive data.

Risk Mitigations

- Cyber controls framework and cyber strategy implemented and validated by EY
- ISO 27001 aligned cyber policies setting out standards for penetration testing, vulnerability testing, patch management, access control and data loss prevention
- 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

Change in year

Cyber security is a new stand-alone risk in the year, having previously been captured in 'Catastrophic event' risk. The residual risk has been determined to be Medium.

This assessment recognises the multiple mitigations the Group has in place to detect and prevent cyber attacks. Nonetheless it is reflective of the high level of cyber attacks occurring globally as a result of the rapidly evolving technological landscape and uncertainty in the geopolitical sphere.

Link to strategy

1 Reinvigorate our assets
2 Accelerate development
3 Create an agile platform
4 Deliver a sustainable and resilient capital structure

Risk movement

Increased
Decreased
No change
New

I HEALTH AND SAFETY (NEW)

There is a serious work related injury, death and/or ill health to our colleagues, customers or contractors, and anyone else who visits our 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. Also, there is insufficient insight into health and safety risks and mitigations with a failure to embed a strong safety culture which increases the Group's exposure to reputational damage, fines and sanctions.

Risk Mitigations

- Health and safety ISO 45001 management system with annual external compliance audits
- 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
- 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 all onsite and corporate new 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

Health and safety is a new risk in the year having previously been captured in 'Catastrophic event' risk. The Group has a continued focus on operational safety and in 2022 we retained our strong safety record with only three RIDDOR incidents (2021: two) and had no 'intolerable' risks at year end.

Whilst we remain confident that we have appropriate mitigation actions in place to effectively manage this risk, the residual risk has been determined to be Medium. This reflects the potential seriousness that a major health and safety incident occurring at one of our properties could have for the Group.

J CAPITAL STRUCTURE

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
- Ability to access green/sustainability financing markets, as evidenced by 2021 €700m sustainability-linked bond
- 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

Change in year

The residual risk assessment has increased during 2022, although remains at a Medium level. This movement reflects the heightened volatility in financial markets with higher bond spreads and interest rates, particularly in the second half of the year.

These adverse external factors have been partly offset by actions taken during the year including the renewal of the Group's revolving credit facilities and £195m of disposals. This has resulted in a £67m, or 4% reduction in net debt over the course of 2022 and the Group has no unsecured refinancing required until 2025 which is not covered by existing cash balances.

K PARTNERSHIPS

A significant proportion of the Group's properties are held in conjunction with third parties which has the potential to limit our ability to implement the Group's strategy and reduces our 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 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 provide prescribed reporting to the Group on a monthly and quarterly basis

Change in year

While the Group sold its 50% interest in Silverburn during the year, the proportion of the Group's jointly held assets by value remained unchanged at 74%.

This position is contrary to the Group's strategy of simplification and creating an agile operating platform focused on a select number of core urban estates and development opportunities. The overall residual risk assessment remains as High given the high concentration of jointly held assets, and the size of the Group's holding in Value Retail.

L PROPERTY DEVELOPMENT

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, we remain confident over the Group's ability to realise future value from our numerous development opportunities.

In 2022, we commenced works on The Ironworks, a 122-unit residential scheme directly adjacent to Dundrum. We also achieved key milestones at schemes in Dublin, Reading and Birmingham.

Link to strategy

1. Reinvigorate our assets
2. Accelerate development
3. Create an agile platform
4. Deliver a sustainable and resilient capital structure

Risk movement

- Increased
- Decreased
- No change
- New

M TRANSFORMATION

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 has been made in 2022. Key achievements included the consolidation of UK property management services to a single supplier and the planning and selection of a number of IT projects which will go-live in 2023. This progress has reduced the impact of this risk.

However, as key projects commence or go-live, change management becomes a critical element of the transformation programme to ensure success and the likelihood of transition issues increases.

N PEOPLE

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 established to promote diversity, equality and inclusion
- Regular tailored colleague surveys to gain feedback

Change in year

2021 saw an elevated People risk as a result of the impact of the Covid-19 pandemic and significant organisational restructuring towards the end of the year. The effects of the restructuring have been actively managed during 2022 with enhanced activity on colleague engagement and communications.

This has led to a decrease in the level of residual risk, although the risk remains as Medium reflecting the elevated level of voluntary colleague turnover and risks associated with the Group's transformation agenda with the continuing focus on cost reduction.

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

The assessment factors in the latest economic, trading and market outlook, including geopolitical uncertainty, primarily related to the ongoing war in Ukraine, and the associated economic challenges facing both consumers and businesses from high inflation, rising interest rates and supply chain pressures.

The Group has a clear strategy, announced in August 2021, with four strategic pillars:

- Reinvigorate our assets
- Accelerate development
- Create an agile platform
- Deliver a sustainable and resilient capital structure

These pillars are underpinned by the Group's commitment to ESG and the Group has made progress in all these areas during 2022. Details of this progress, including details of 2023 strategic priorities and outlook, are explained in the Chief Executive's Statement and in the Our strategy and KPIs section.

Assessment of prospects
To assess the Group's viability the Directors have considered the strong operational and financial performance in 2022, the Group's current capital structure, strategy and future prospects, and principal risks.

2022 financial and operational performance
The Group increased its year-on-year adjusted earnings by 60%, through improved revenue, lower property costs boosted by the reversal of credit losses from stronger collections. Footfall also steadily improved over the course of the year, and tenant sales were back at pre-pandemic levels.

Administration and net financing costs were also lower by 17% and 25% respectively. Reducing administration costs continues to be a key area of focus with costs reduced due to lower headcount, IT, insurance and professional fees. Finance costs were lower due to recent refinancing activity, reduced net debt and higher interest income from cash deposits and derivatives.

Value Retail has achieved a strong operational recovery in 2022, with the Group's share of adjusted earnings being £27m, 72% higher than 2021.

Capital structure
From a balance sheet perspective the Group completed £195m of disposals, £463m of new revolving credit facilities and Value Retail refinanced over £1bn of loans, including those secured against La Vallée and Bicester Villages.

At 31 December 2022, the Group's net debt, excluding Value Retail, was £1,732m, £67m or 4% lower than at the start of the year, with an average debt maturity profile of 3.4 years. The Group has liquidity of £996m, reflecting cash of £336m and unutilised committed revolving credit facilities (RCFs) of £660m meaning that the Group has no unsecured debt maturities not covered by available cash balances until 2025. The RCFs currently mature over the period to June 2025 and contain options, subject to lender consent, which could extend them into 2026 and 2027.

In addition, the Group's share of net debt held by Value Retail was £675m. This comprised secured borrowings of £762m less cash of £87m. The borrowings have an average maturity of 3.2 years, with £291m of secured loans maturing by the end of 2025.

Strategy and prospects
The Board annually reviews the strategy and also in December of each year considers and approves a rolling 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 portfolio plans, including disposals, asset management 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 2022, only 17% of passing rent is derived from the top ten tenants. Also, 40% of the Group's passing rent is subject to a tenant break or expiry over the next three years and the corresponding average unexpired lease term was 4.3 years.

Principal risks and Viability period conclusion
The Group's performance and financial position continues to significantly improve compared with 2020 and 2021. However, levels of uncertainty remain high, particularly those associated with the macroeconomy, and two of the Group's principal risks are currently judged as having high levels of residual risk.

Having considered all of the above factors, 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 2022, the Group's 'Viability period' covers the period to 31 December 2025.

Assessment of viability
To enable the Board to understand the Group's projected resilience to adverse changes to the Group's principal risks, a downside 'Viability' scenario has been derived from the Plan based on weaker consumer, occupier and investment market conditions.

Adverse assumptions have been adopted for areas which mostly impact the Group's capital structure and debt covenants and hence viability. These include changes to rental income and property values with mitigating actions to preserve liquidity, although no non-contracted disposals have been assumed. These adverse assumptions, which are outlined in the table on the following page, are consistent with those adopted in the Severe but plausible scenario in the Group's going concern assessment explained in note 1D to the financial statements.

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 2022 the Group has developed asset level project plans which provide a clear pathway to the Group achieving Net Zero by 2030. The total expenditure to deliver these asset level plans over the three year Viability period is c.£30m, and there remains optionality over the phasing of this expenditure if market and operating conditions are worse than expected.

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.

Key adverse 'Viability' assumptions

Income: NRI and Value Retail earnings
Weaker occupier and consumer demand resulting in lower sales and footfall, weaker leasing demand, reduced collections and increased tenant failure.

This backdrop also impacts Value Retail sales, which are further hindered by a slower than expected recovery of foreign tourists.

Link to principal risks: A B K

NRI more than 25% lower than 2022 over Viability period due to higher vacancy; lower variable rent (turnover rent, car park and commercialisation income); and increased credit loss provisions.

The Group's share of Adjusted earnings from Value Retail are an average of 25% lower than 2022 over the Viability period. Value Retail management decide to retain cash to support future refinancing requirements and therefore no distributions have been assumed.

Property valuations
Lack of investor demand associated with the adverse macroeconomic outlook and weaker operational performance results in lower ERVs and higher yields reducing property values across the Group.

Link to principal risks: A B C D J L

The Group's property portfolio, including Value Retail, is assumed to suffer a capital return of -16% over the three year Viability period.

Liquidity and refinancing
Limited lender appetite for retail properties results in maturing loans being refinanced on less attractive terms (higher borrowing costs, lower LTVs for secured loans).

Link to principal risks: A C J K

Refinancing is undertaken in the ordinary course of business, with the options to extend the Group's RCFs assumed to be exercised moving the maturities beyond the Viability period. It is also assumed that the £350m 3.5% bond due in October 2025 is refinanced with a new £350m bond issue at 5.5% in mid-2025.

Maturing secured loans on O'Parinor, Dundrum and those held by Value Retail are assumed to be refinanced at 40% LTV and a 5% all-in interest cost. The lenders on the secured loan on Highcross enforced their security on the property in February 2023.

To avoid the risk of a breach of the Group's unsecured unencumbered asset covenant caused by the forecast lower property values, it is assumed that the outstanding £191m of private placement notes are redeemed in 2023.

To preserve Group liquidity, capital expenditure is reduced to c.£140m over the three year Viability period and dividends are limited to the minimum REIT requirements.

Scenario outcome
Based on the above Viability assumptions, the Group is forecast to retain significant liquidity and is able to meet its obligations as they fall due over the three year Viability period. It is also forecast to remain compliant with the two remaining key unsecured debt covenants, gearing and interest cover.

The strength of the Group's forecast viability is shown in the adjacent table which sets out the current and minimum forecast unsecured borrowing covenant stress tests over the Viability period:

Level of reduction in key variable until covenant breach

Covenant	Variable	31 Dec 2022	Viability period
Gearing	Group property value	28%	17%
Interest cover	Net rental income	61%	38%

Other mitigating actions
While the Viability scenario does not assume any future disposals, the Group remains focused on its disciplined disposal programme of non-core assets.

Even in challenging markets, the Group has completed disposals with gross proceeds of £628m since the beginning of 2021, and the diversity of the Group's portfolio, in terms of location and sector, provides access to a range of investment markets. Disposals would be expected to improve the financial forecasts, however their precise impact on the financial projections and Group's debt covenants is dependent on the timing of a sale; the level of proceeds relative to book value; the ownership structure; and whether any debt is secured against the properties sold. In addition, disposal proceeds would provide additional liquidity to support the refinancing requirements over the Viability period.

Conclusion
Based on their detailed assessment of the Viability scenario, 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 2025.

Non-financial Information Statement

The Companies Act 2006 requires the Company to disclose certain non-financial information within this Annual Report. This information can be found in the following locations within the Strategic Report (or are incorporated into the Strategic Report by reference for these purposes):

disclosures

Non-financial information	Pages
Business model	18–19
Principal risks	50–59
Non-financial key performance indicators	23

The Group also applies a range of policies and procedures relating to colleagues, environmental and social matters, human rights and anti-bribery and corruption. A description of these 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
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	In the UK and Ireland, the Group procured 100% renewable electricity in 2022, as well as undertaking 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 destination. These plans address each asset's significant energy users by identifying projects to address building controls, energy efficiency and onsite renewable through the application of the energy hierarchy. Also see the Environmental section of the Group's ESG Report 2022.	— Environmental matters
Environmental policy	Includes the Group's overarching commitment to design and build properties using sustainable materials and practices, and to manage assets under the Group's control efficiently to ensure compliance and continually improve environmentally	In 2022, we maintained our ISO 14001 and ISO 50001 accreditation across the UK and Ireland. To ensure we continue to improve and embed proactive environmental management we have also implemented an ISO 14001 compliant management system in Chateaudun (our principal office in France), O'Parinor and Les Terrasses du Port in France. Also see the Environmental section of the Group's ESG Report 2022.	— Environmental matters
Climate change policy	Sets out the Group's commitment to develop and implement climate change management and mitigation strategies at business and asset level. Recognising three climatic scenarios and the risks and opportunities that arise from these scenarios	The Group identified colleagues in core roles within the business to participate in a Climate Scenarios workshop in 2021. To build on this throughout 2022, we reviewed risks and opportunities and mapped these across the assets to confirm deliverables to positively manage the areas identified. To support this we have revised our development standards with a view to ensuring that they address climate risks and opportunities by addressing climate change within the design process. Also see the Environmental and Governance sections of the Group's ESG Report 2022.	— Environmental matters
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 2022, we acknowledged that in order to address our operational impacts we need to not only focus on climate change but more robustly work on biodiversity net gain to ensure we minimise our contribution to the global biodiversity crisis. We continue to install bee hives, pollinator planting regimes and deliver education programmes to position our assets as supporters of local biodiversity in the areas in which we operate. In addition to this, Italie Deux was awarded the BiodiversCity Life label and in The Oracle we planted 1,300 aquatic plants on floating river banks on the River Kennet and Avon Canal in partnership with the Canal & River Trust and the Reading Abbey Quarter BID. Also see the Environmental section of the Group's ESG Report 2022.	— Environmental matters
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 2022. 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 2022. The ethos of the policy is supported by four colleague led affinity groups (LGBTQ+, Race and 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

Policy	Description	Policy application and outcomes	Associated reporting requirement
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 October 2022. 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 2022, 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 57 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 2022. 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 2022. The Company's 2022 Modern Slavery and Human Trafficking Statement was approved by the Board in June 2022.	— 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 2022. 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 2022.	— Human rights — Social matters — Anti-bribery and corruption — Environmental matters
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 2022.	— Human rights — Social matters — Anti-bribery and corruption — 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 2022.	— 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 2022.	— 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. No breaches were alleged or identified during 2022.	— 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.

2022 Strategic Report
Pages 1 to 63 of this Annual Report constitute the Strategic Report which was approved and signed on behalf of the Board on 8 March 2023.

Rita-Rose Gagné
Director

Himanshu Raja
Director

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

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

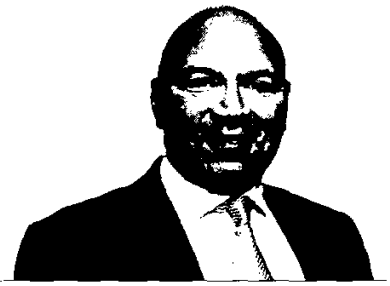
Himanshu brings to the Board strong financial, strategic and leadership qualities as well as extensive experience of debt and equity markets and in business transformation. Himanshu has served as CFO of listed companies in the FTSE 100 and FTSE 250 for over 12 years as CFO of Logica plc, G4S plc, Countrywide plc, and served as 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 Ⓐ Ⓝ ●Ⓡ

Appointed to the Board
5 May 2021

Habib brings to the Board 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 Ⓝ ●Ⓡ

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 is Chair of the European Public Real Estate Association and a member of the supervisory board at CDC Habitat. She also chairs University of the City of Tomorrow (UVD) a chapter of Palladio Foundation, a non-profit organisation.

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

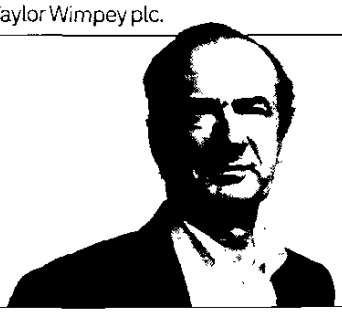
NON-EXECUTIVE DIRECTORS

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 Chief Executive 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 will become Chair of Taylor Wimpey plc at the conclusion of its AGM in April 2023.

External Listed Directorships
Senior Independent Director at Taylor Wimpey plc.



Mike Butterworth
Senior Independent Director (A)(N)

Appointed to the Board
1 January 2021

Mike brings to the Board 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, as well as Non-Executive Director at Johnston Press plc, Kin and Carta Group plc, Stock Spirits Group plc and Cambian Group plc.

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. Adam sits on the boards of a number of Morgan Stanley fund entities.

External Listed Directorships
Chair of Seritage Growth Properties and Non-Executive Director of Galata Acquisition Corp.

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 operations and tenant experience from the leisure, retail and hospitality sectors gained through her previous roles as Chief Marketing Officer at Costa Coffee and Managing Director UK & Ireland and European Commercial Officer at ODEON. From 17 April 2023, Carol will become CEO of A.F. Blakemore & Son Ltd. Carol is our Designated Non-Executive Director for Colleague Engagement.

DEAR SHAREHOLDERS

I am pleased to present the Corporate Governance Report for 2022. 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 the Company has applied all of the principles and complied with all of the provisions of the Code during 2022 with the exception that Habib Annous had served on the Remuneration Committee for a week short of 12 months when he became Chair of the Committee on 28 April 2022 (having been appointed as a member of the Committee on 5 May 2021) rather than the 12 months required by the Code. However, the Board was satisfied that Habib had appropriate skills and experience to serve as Chair given his time as a member of the Committee and other relevant experience. 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:

Code section	Page
Board leadership and Company purpose	
The role of the Board	66
Purpose and strategy	66
Culture and values	66
Stakeholder and workforce engagement	67
Division of responsibilities	
The roles of the Directors	68
Director commitment	69
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Audit, risk and internal control	
Risk management and internal controls	71
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Remuneration	
Directors' Remuneration Report	82

BOARD LEADERSHIP AND COMPANY PURPOSE

The role of the Board

The primary duty of the Board is to promote the long term success of the Company through setting a clear purpose and strategy which creates long term value for its shareholders 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 ensuring that sufficient resources are available to enable management to meet the strategic objectives set.

The Company has a Schedule of Matters Reserved for the Board (Matters Reserved), which was reviewed and updated in December 2022, 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 financing. The Board also oversees the 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 64 to 65 and further information on each Director can 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 68 and details of Board and Committee changes during the year can be found in the Nomination and Governance Committee Report on pages 72 to 75.

Key activities of the Board in 2022

During 2022, among other things, the Board spent time on:

- Strategic aims and the financial and operating performance of the Company
- External economic developments 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 and planning
- The Company's annual and half year reporting, including considerations relating to dividends
- Strategic projects and initiatives affecting the Company
- The review and approval of the Company's business plan
- The Company's purpose, vision and values
- Sustainability and the wider ESG agenda
- Matters relating to risk and the internal control framework together with IT and cyber matters
- The external 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 session held in October 2022, which covered a wide range of strategic issues with input from senior management from across the business. In addition, the Board 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.

During 2022, the Company has evolved its purpose and strategic objectives. The Group has a clear purpose: we create outstanding experiences in unique city locations. The Board spent time discussing and approving the purpose statement, including consideration of feedback provided by colleagues.

Throughout 2022, 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 challenging macroeconomic conditions. This includes the refresh of the Company's sustainability strategy which was launched during the first half of the year. 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 10 to 15 and Our business model on pages 18 to 19.

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 2022, the contribution of culture and values has been an important focus for the Board.

Following the strategic review and the organisational changes during 2021, the senior leadership team worked with colleagues in 2022 to review and refine Hammerson's values to reflect our new strategy, with appropriate oversight and input from the Board. The new values are Ambitious, Connected and Respect.

The Group is committed to fully complying 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, sustainability, 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 reviewed and refreshed in 2022 in advance of a planned relaunch with colleagues during 2023.

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. The Board reviewed and, on the Committee's recommendation, approved updates to the Company's Anti-Bribery and Corruption Policy, Anti-Fraud Policy and Response Plan and Whistleblowing Policy. There were no allegations of fraud detected or reported during the year.

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 priority 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 2022 by the Board to comply with its obligations to the Group's stakeholders is detailed on pages 32 to 33 and the statement of compliance with Section 172 of the Act is set out on page 34. 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.

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 informs 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 October 2022, Carol and Habib Annous, Chair of the Remuneration Committee, carried out an engagement session with the Forum specifically to explain the proposed changes to the Company's Remuneration Policy and how the proposals aligned with colleague pay. The Forum was supportive of the proposed changes and comments raised were shared with the Remuneration Committee. During the year, Carol also held engagement sessions with colleagues based at asset locations. Carol's annual report on colleague engagement in 2022 included an assessment of progress made against 2022 objectives and her recommendations for engagement priorities for 2023, which were reviewed by the Nomination and Governance Committee and discussed by the Board in December 2022.

In 2022, the Forum's focus has been to listen to and support colleagues throughout the organisational review process, increasing communications and engagement, and to facilitate positive change aligned to the Company's strategy. The Company also has four colleague 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. To further support a culture of diversity and inclusion throughout the business, the Company established a new Diversity, Inclusion and Engagement Manager role in February 2023. Finally, the Forum provided colleague feedback on workplace culture and other developments during the year to the GEC.

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 24 and 62 to 63.

Engagement with shareholders
The Company undertakes investor relations (IR) activity to ensure that current and potential shareholders, 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 shareholders. The Board believes it is important to maintain open and constructive relationships with shareholders 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 shareholders on a regular basis. As Chair of the Board, I meet with shareholders to discuss matters such as corporate governance and succession planning. Separately the Senior Independent Director is available to shareholders. The Chair of the Remuneration Committee takes part in consultations with major institutional shareholders on remuneration issues from time to time, including an extensive consultation in recent months 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 shareholders to engage directly with Directors.

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 governance report is reviewed, containing details of 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, set out in writing and 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 2022 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 2022 are summarised on pages 70 to 71.

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.

Board and Committee meetings attendance – 2022

	Note	Scheduled Board meetings	Additional, unscheduled Board meetings	Audit Committee meetings	Nomination Committee meetings (note f)	Remuneration Committee meetings	Investment and Disposal Committee meetings (note g)
Robert Noel		7/7	1/1	N/A	2/2	N/A	7/7
Rita-Rose Gagné		7/7	1/1	N/A	N/A	N/A	N/A
Himanshu Raja	h	6/7	1/1	N/A	N/A	N/A	N/A
Habib Annous	e	7/7	1/1	5/5	2/2	5/5	1/1
Méka Brunel	h	6/7	0/1	N/A	2/2	4/5	5/7
Gwyn Burr	c	2/2	N/A	N/A	N/A	2/2	N/A
Mike Butterworth		7/7	1/1	5/5	2/2	N/A	N/A
Des de Beer	a, b, d	4/4	N/A	N/A	1/1	N/A	4/4
Alan Olivier	a, b, d	1/1	N/A	N/A	N/A	N/A	1/1
Andrew Formica	c	2/2	N/A	2/2	N/A	N/A	N/A
Adam Metz		7/7	1/1	5/5	1/2	N/A	7/7
Carol Welch		7/7	1/1	N/A	2/2	5/5	N/A

a Alan Olivier was appointed as an alternate to Des de Beer on 22 February 2022.
b For March Board and Committee meetings, Alan Olivier attended in place of Des de Beer.
c Gwyn Burr and Andrew Formica resigned from the Board on 28 April 2022.
d Des de Beer (and his alternate Alan Olivier) resigned from the Board on 11 October 2022.
e Habib Annous became a member of the Investment and Disposal Committee starting on 19 October 2022.
f The Nomination Committee was reconstituted as the Nomination and Governance Committee on 8 December 2022.
g The Investment and Disposal Committee was disbanded on 8 December 2022.
h Where Directors are indicated as not having attended Board or Committee meetings, this is attributable to pre existing and unavoidable commitments or due to illness. In each case, the Director was provided with all Board papers and the opportunity to provide comments to the Chair of the Board or Committee, as appropriate.

For further detail of the division of responsibilities amongst Board Committees see page 68.

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

The Non-Executive Directors are identified in their biographies on pages 64 to 65 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.

All 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.

Mike Butterworth succeeded Gwyn Burr as Senior Independent Director in April 2022 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 and 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 Board Committee meetings during the year, which is disclosed *in the Board and Committee meetings* attendance table, set out on page 68. In addition to Board and Board Committee meeting attendance, a number of the 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. In 2020, the Board 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 and updated in December 2022 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:

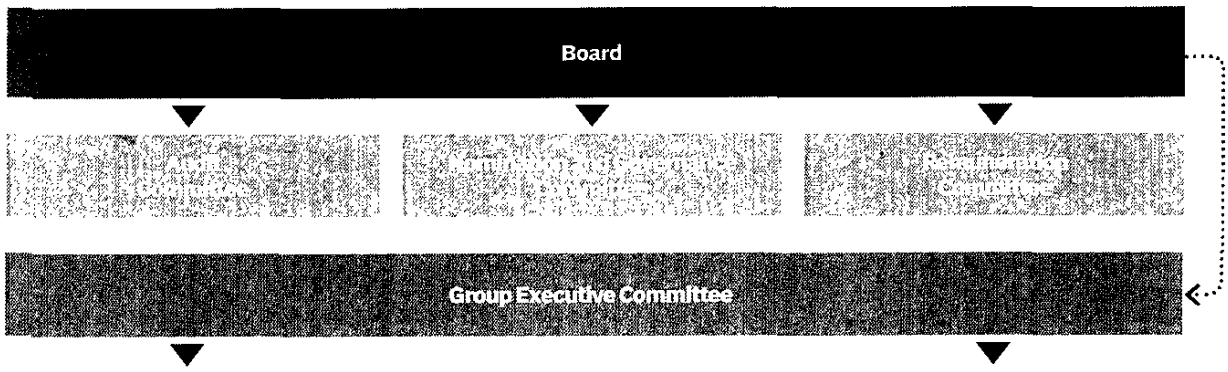
- A non-executive directorship counts as one mandate
- A non-executive chair counts as two mandates

  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) Adam Metz's appointment as a non-executive director, and subsequently as chair, of Seritage Growth Properties and (ii) my proposed appointment as chair of Taylor Wimpey plc with effect from its AGM to be held in April 2023. For each appointment, the Board considered (among other things) the time commitment and whether it presented a conflict of interest. In each case, the Board *approved the proposed appointments and* was satisfied that none 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.

Board and Committee Governance Structure as at 31 December 2022



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. During the year, the Board undertook a review of its Committee structure following feedback received during the Board effectiveness review process. In December 2022 it resolved to disband the Investment and Disposal Committee and to transfer its responsibilities to the Board. Prior to the disbanding of the Investment and Disposal Committee, the Committee was responsible for overseeing the Group's acquisitions, capital expenditure and disposals, and assisted the Board in fulfilling its oversight responsibilities to deliver the strategy. The Committee met seven times during the year and the agenda for each meeting reflected the status of investment and disposal projects under consideration by management. The Committee also reviewed progress by receiving update reports and received regular updates on market conditions. Both of these responsibilities now reside with the Board, which will be responsible for scrutinising proposals and recommendations to proceed with transactions valued over £30m.

In December 2022, the existing Nomination Committee was reconstituted as the Nomination and Governance Committee with a broadened remit including certain additional governance related responsibilities, previously the responsibility of the full Board. This change will enable enhanced focus on corporate governance matters whilst ensuring that relevant items are escalated to the full Board where appropriate.

Further detail on the work of each of the Audit, Nomination and Governance, and Remuneration Committees can be found on pages 76, 72 and 82, respectively.

The Board is also supported by three further committees, the principal of which is the 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
On 9 May 2022, Alex Dunn was appointed as General Counsel and Company Secretary. The General Counsel and 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 the composition of the Board and its Committees, 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 73. The Nomination and Governance Committee also promotes diversity on the Board and throughout the Group.

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 2023 AGM.

Further information on composition, succession and the work of the Nomination and Governance Committee can be found in the Nomination and Governance Committee Report on pages 72 to 75.

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 2022 can be found in the Nomination and Governance Committee Report.

Board and Committee effectiveness review
The process
The Board undertakes a formal and rigorous evaluation of its effectiveness and the performance of the whole Board, its individual Directors and its Committees annually. The Board's policy, in line with the Code, is to carry out an externally facilitated Board effectiveness review every three years and this year, the Board appointed an external evaluator to carry out an independent review of its effectiveness and performance.

The Board considered a shortlist of potential external evaluators following a selection process led by the Chair. It appointed Hanif Barma of Board Alchemy to undertake the effectiveness review. Board Alchemy has no other connection with the Company. The Board discussed the scope and timing of the review, and the Chair and the General Counsel and Company Secretary then agreed the process to be followed with Board Alchemy.

Each of the Directors, the General Counsel and Company Secretary, and the Chief Operating Officer held confidential one-to-one interviews with Board Alchemy. In advance of these sessions, Board Alchemy was provided with a wide range of documentation and information in response to an information request they submitted. Mr Barma also observed a Board meeting in June 2022.

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
- Board responsibilities and independence
- Board meetings and information
- The operation and contribution of Committees
- Stakeholder engagement

Board Alchemy presented a detailed report setting out the results of their review for discussion at the Board's meeting in October 2022. Following that initial discussion, the Chair and the General Counsel and Company Secretary subsequently presented, for discussion and approval by the Board, a follow-up report at the Board's meeting in December 2022 setting out proposed actions and timelines in response to the recommendations in Board Alchemy's report.

The overall conclusion of the evaluation was that the Board and its Committees are effective. The report identified many strengths, including clear remits for the Board and its Committees with Directors possessing a good understanding of the distinction between the role of the Board and that of management. Board Alchemy found that a good range of relevant skills and experiences are represented on the Board, and that the composition demonstrates good diversity in terms of gender and ethnicity.

In terms of the operation of the Board, the evaluation concluded that the Chair leads the Board well with an inclusive style, and that non-executive members have constructive relationships with the executives whilst maintaining an appropriate level of challenge. Board Alchemy found that independence and management of conflicts of interest are taken seriously by the Board. The evaluation also found that the Board shows positive dynamics, operating in an open and transparent manner with contributions to discussion from around the board table.

Board Alchemy concluded that Board meetings operate well with high-quality discussion facilitated by thorough planning, good papers and comprehensive management presentations.

The Board welcomes the positive conclusions of the evaluation and will focus during 2023 on the recommendations made by Board Alchemy with the aim of further improving the effectiveness of the Board and its Committees. The recommendations made in this year's evaluation include: following the pandemic, continuing to create opportunities for informal interaction between Board members; creating additional opportunities for Directors to meet a wider range of management and staff in a structured way; holding private sessions of the Non-Executive Directors before a board meeting rather than at its conclusion; continuing to focus on the Company's long term strategy including in relation to ESG matters; and enabling ongoing Board oversight of technology and systems changes in the years ahead.

The Board considers that improvements have been made in the areas identified for improvement in the internal evaluations undertaken in the previous two years, including in relation to Board and senior management succession planning, the Board's involvement in culture and values, and the Board's ongoing consideration of the evolving retail environment.

Director performance
During the year, as Chair, I hold 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.

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 external Board Effectiveness Evaluation. 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 76 to 81.

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 116. Additionally, the Group's Viability Statement can be found on pages 60 to 61 and the going concern statement can be found on page 133.

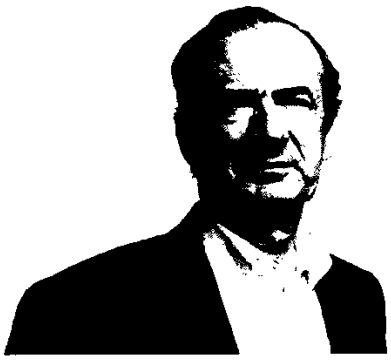
Risk management and internal controls
The Board recognises that it has overall responsibility for monitoring risk management and internal control systems so as to protect the assets of the Group and ensure risks are appropriately managed. Further information on the Group's approach to risk can be found on pages 50 to 59 and in the Audit Committee Report on pages 76 to 81.

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. A key focus of the Committee in 2022 was the triennial review of the Company's Remuneration Policy, which will be presented to shareholders for approval at the 2023 AGM. This included extensive consideration of feedback received during the Committee Chair's consultation with major shareholders and institutional shareholder bodies. Further information can be found in the Remuneration Committee Report on pages 82 to 113.

Robert Noel
Chair of the Board
8 March 2023

Nomination and Governance Committee Report



Robert Noel
Chair of the Nomination and Governance Committee

Committee members

Robert Noel (Chair)

Habib Annous

Méka Brunel

Mike Butterworth

Adam Metz

Carol Welch

Overseeing matters related to corporate governance and ensuring the Board and its Committees have the right combination of skills, experience and knowledge – with engaged Directors and suitable succession planning.

DEAR SHAREHOLDERS

I am pleased to present the Report of the Nomination and Governance Committee (the Committee) covering the work of the Committee during 2022.

In December 2022, the existing Nomination Committee was reconstituted as the Nomination and Governance Committee with a broadened remit, which now includes certain additional corporate governance related responsibilities, previously the responsibility of the full Board. This change will enable enhanced focus on corporate governance matters whilst ensuring that relevant items are escalated to the full Board where appropriate.

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 have been put 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 also taking into account diversity and inclusion. The Committee is now 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 2022

During the year the Committee met twice and its activities included:

- Considering Board composition and succession
- Assessing the composition 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

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			
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
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

- 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

Board balance, composition and skills
The Board 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 64 and 65, 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 externally facilitated Board effectiveness review conducted in 2022 – see pages 70 and 71).

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.

On 28 April 2022, Gwyn Burr and Andrew Formica stepped down following the conclusion of the 2022 AGM. Habib Annous, Non-Executive Director, succeeded Gwyn as Chair of the Remuneration Committee and Mike Butterworth, Non-Executive Director, succeeded Gwyn as Senior Independent Director. On 11 October 2022, Des de Beer, Non-Executive Director, stepped down from the Board. The appointment of Alan Olivier as alternate director to Des de Beer also ceased with effect from that date. Once again, I would like to thank Gwyn, Andrew, Des and Alan for their positive contributions to the Board over a number of years.

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 2023 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 64 and 65, 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 2022 is shown in the Board and Committee Meetings Attendance on page 68. 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 69. 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 & Inclusion Policy and objectives
Diversity and inclusion remain a key focus of the Committee. In December 2022, the Board Diversity and Inclusion Policy was reviewed by the Committee and subsequently approved by the Board. It 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 Board continues to make progress in achieving the objectives of its Diversity and Inclusion Policy as set out in the table below. 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. At the end of 2022, 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.

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 externally facilitated Board effectiveness review during the year, which concluded that there is 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 is in line with the requirements of the policy.
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 BEIS "Parker Review – FTSE 350 Ethnic Diversity Survey" in December 2022 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.	This continued to be a key focus for the Committee and Board in 2022 with detailed updates on the Company's plans presented for discussion. Colleagues below management level attend and present at Board and Committee meetings and meet the Directors during visits to assets. Internal successors for GEC members have been identified.
Oversee succession plans to ensure that they meet current and future needs of the business having due regard to diversity and inclusion.	The Committee will continue to review Board and management succession plans in 2023, ensuring consideration of relevant matters relating to diversity and inclusion.
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).	With additional input from the Designated Non-Executive Director for Colleague Engagement, the Committee has reviewed plans to further improve diversity and inclusion in 2023. This has included updates on initiatives across the Company in this area, including the work of the Company's Affinity Groups.
For Board appointments, only engage executive search firms who have signed up to the Voluntary Code of Conduct on gender diversity and best practice.	The Board only uses accredited executive search firms and will continue to do so for future appointments.
Ensure that candidate lists for Board positions are compiled by drawing from a broad and diverse range of candidates (including for Non-Executive Director positions, candidates who may not have previous listed company board experience but who possess suitable skills, experience or qualities).	The Committee will continue to ensure candidate lists for future Board positions meet the criteria, as it did so when compiling the candidate list for the most recent appointments of Mike Butterworth, Habib Annous and Himanshu Raja.
In their 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.	The Committee has received updates on developing market practice and regulatory requirements in this area from the General Counsel and Company Secretary, and the Chief People Officer. These will continue in 2023.

Board: Gender diversity
%

Male	62.5	(5)
Female	37.5	(3)

Senior management and direct reports*: Gender diversity %

Male	69.8	(30)
Female	30.2	(13)

All data as at 31 December 2022

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

Other Committee work: Workforce diversity, colleague engagement, and succession planning

In its December 2022 meeting, the Committee considered the Company's Annual HR Report, including a report on progress with diversity and inclusion objectives across the Group, the UK gender pay gap and wider HR initiatives for 2023. 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 2022 was 30.2% (13) female (2021: 32.4% (12)) and 69.8% (30) male (2021: 67.6% (25)). 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 24. The above charts illustrate the gender diversity at Board level and with respect to senior management and their direct reports level (as defined in the Code) as at 31 December 2022.

The Committee continues to be involved in overseeing colleague engagement activities. In June 2022, the Company gathered feedback from colleagues, which was shared with the Committee for discussion. In July and December 2022, Carol Welch, as Designated Non-Executive Director for Colleague Engagement, also reported to the Committee on her activities during 2022 and on her engagement with colleagues and in particular with the Colleague Forum (the Forum). In July 2022, the Chair of the Forum presented an update on the work of the Forum, including its focus areas for 2022 and priorities for the period ahead. You can read further details on this on page 67.

During the year, the Committee considered the impact of, and the Company's response to, the cost of living crisis for employees. It received input from Carol Welch, as Designated Non-Executive Director for Colleague Engagement, and management, informed (amongst other things) by engagement with members of the Forum.

Governance

With effect from December 2022, the Committee's remit was broadened to include certain governance related responsibilities (which were previously the responsibility of the full Board). Additional responsibilities of the Committee now include:

- 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 2023, the Committee will monitor external governance developments, including relevant aspects of the UK Government's audit and corporate governance reforms, and new diversity reporting requirements under the Listing Rules which will first apply to the Company in its 2023 Annual Report.

Committee effectiveness

As described in more detail on pages 70 and 71, an external 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 2022, the Committee reviewed its terms of reference to ensure that they remain appropriate.

Robert Noel
Chair of the Nomination and Governance Committee
8 March 2023

Audit Committee Report

Mike Butterworth
Chair of the Audit Committee

Committee members

Mike Butterworth (Chair)

Habib Annous

Adam Metz

Supporting the Board and acting in the long-term interests of stakeholders by thoroughly reviewing and monitoring the integrity and accuracy 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

DEAR SHAREHOLDERS

As Chair of the Audit Committee (the Committee), I am pleased to present my report for the year ended 31 December 2022.

This report sets out the activities undertaken by the Committee during the year and offers insight into how the Committee has discharged the responsibilities delegated to it by the Board and the key areas of focus it has considered in doing so.

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 FRC Guidance on Audit Committees. 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. There were no changes in the membership of the Committee during the year, other than the retirement from the Board and the Committee of Andrew Formica on 28 April 2022.

The Committee met five times during the year. 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 independent 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 member of management responsible for internal audit, enterprise risk and ESG.

The valuers (CBRE, Cushman & Wakefield and JLL) 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 and ensured each is satisfied that there has 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 are set out in the Board of Directors and Nomination and Governance Committee Report sections of this Annual Report.

Annual review of effectiveness
For 2022, the review of the Audit Committee's effectiveness was carried out by an external organisation, Board Alchemy. I can confirm that this review concluded that the Committee continues to perform its role effectively with no significant concerns. The private sessions of the Committee 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 2022

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. These items are supplemented throughout the year as key matters arise. The principal duties of the Committee are to:

Accounting and financial reporting matters
- Monitor the integrity of the Annual Report and Accounts, the Interim Statement and any formal announcements relating to financial performance, to ensure clarity and completeness of disclosures, including those relating to alternative performance measures
- Review matters of accounting significance including financial reporting issues, restatements, judgements and estimates
- Review the Group's valuation process and valuations of the Group's property portfolio
- Advise the Board on whether, as a whole, the Annual Report and Accounts are fair, balanced and understandable
- Consider and review the basis for the going concern and longer term viability statements in light of financial plans and reasonably possible scenarios

Risk management and internal control
- Review the Group's financial controls and internal control effectiveness and maturity
- Review and monitor 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 laws and regulations
- Ensure that management has systems and procedures in place to ensure the integrity and accuracy of financial information
- Debate and agree any change to principal risks
- Reviewed the impact of climate risk on the financial statements and the Group's TCFD disclosures

Internal audit
- Monitor and review the effectiveness and independence of the Internal Audit and Risk functions
- Consider whistleblowing arrangements by which employees may raise concerns about possible improprieties in financial reporting or other matters
- Consider the major findings of internal audit investigations

External audit
- *Consider recommendations of the External* Auditor's appointment and approving their remuneration
- Review and monitoring the relationship with the External Auditor, including their independence, objectivity, effectiveness, terms of engagement and level of fees
- Review the results and conclusions of work performed by the External Auditor

General matters
- Refer matters to the Board which, in its opinion, should be addressed at a meeting of the Board

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management
The Audit Committee continued to review the heightened risks and challenges to the Group arising from market conditions and the macro economy. The Committee 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 the senior management team 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.

Internal control
The Committee assists the Board in fulfilling its responsibilities relating to the adequacy and effectiveness of the control environment and compliance systems in the Group.

Throughout the year, the Committee received regular updates on the Group's internal control systems, including material 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.

In addition, the Committee reviewed the Group's approach to compliance with legislation and the prevention of fraud, anti-bribery and corruption. During 2021, one allegation of fraud was raised, which following further detailed investigation during the current year, included a review by an independent firm of accountants, was not substantiated. There were no allegations of fraud raised in 2022.

The Committee confirms that its review 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 and these include those relating to capitalisation yields, market rental income (ERV) and 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 2023. These were scrutinised, challenged and debated with a focus on the key judgements adopted, recognising that while lower than long term averages, the leasing evidence on which to base the valuation compared with 2020 and 2021 was greater, although offset in part by reduced reliance on transactional evidence given macroeconomic volatility experienced in the second half of the year. The Committee also discussed the RICS Guidance Note, Sustainability and ESG in Commercial Property Valuation, which took effect from 31 January 2022, and the recommendations in the RICS Independent Review of Real Estate Investment Valuations. The latter recommendations have been accepted in full by RICS and an Implementation Roadmap was published in August 2022 which indicated that the recommendations would be adopted by the second quarter of 2024. 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 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.
Impairment of trade receivables In 2021, the intermittent closures of the majority of non-essential retail as a result of the Covid-19 pandemic, coupled with the UK government's restrictions on landlords' ability to enforce collection, adversely impacted collection rates. Over the course of 2022, conditions improved across all regions and in the UK were further aided by government restrictions on collections being lifted. The resulting improved collection rates have led to a reappraisal of provisioning rates. The estimation of provisions against arrears and capitalised tenant incentives requires estimation about future events and is therefore inherently subjective, particularly against the current backdrop of macroeconomic uncertainties.	The Committee reviewed management's approach to the impairment of trade receivables based on the expected credit loss method to assess the appropriate level of provisioning. Management's approach is to use a provisioning matrix which groups receivables dependent on risk level, taking into account a number of factors consistent with prior periods and which are explained further in note 19D to the financial statements. The most recent collections experience was a key factor in reassessing the provisioning rates, in particular the rates applied to more recently aged receivables. Applying the assessment criteria set out above, the Group has reduced its provisioning rates to reflect the improvements in recent collections experience but has maintained a degree of prudence to reflect ongoing macroeconomic uncertainties. The Committee was satisfied with the approach and concluded that the resulting provision is appropriate.

MATTER CONSIDERED	THE COMMITTEE'S REVIEW AND CONCLUSION
Accounting for property transactions 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 are held for sale and subsequently when a sale should be recognised.	The Committee reviewed management's accounting treatment and disclosures for the two property disposals completed during 2022 as well as ongoing property transactions. The principal areas of discussion included the sales which completed during the year and an assessment as to whether there were any further potential transactions requiring disclosure, for instance, 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 the treatment and disclosures adopted in the financial statements were appropriate.
Going concern and longer term viability Assumptions underlying going concern and the longer term viability statements are based on the Group's budget and five year plan. These include appropriate scenario analysis and take account of the Groups' principal risks. The work undertaken then affects the Group's related disclosures.	The Committee, in conjunction with the Board, reviewed the plans, scenarios and other key assessment factors and was satisfied that in respect of the longer term viability statement, a period of three years was suitable. The Committee reviewed and challenged the financial forecasts and their underlying assumptions, considering the Group's current position, strategy, future prospects and risk assessment including a separate paper on climate risks. This included the Group's liquidity position and projected financial covenants within the Group's borrowing facilities. The Committee was satisfied that management had conducted a robust assessment and concurred with management's conclusions that the viability statement as set out in the Annual Report was appropriate. The Committee further concluded that the evaluation and related disclosures in the Annual Report in respect of going concern were appropriate.
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.	During the year, management undertook an exercise to redesign and simplify its Annual Report and financial statements with the objective of enhancing clarity and users' understanding. The Committee reviewed the revised presentation and considered whether the report remained fair, balanced and understandable, but also remained focused on the relevant disclosures and reconciliations in the accounts, including ensuring 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 The Committee noted that the material adjustments are not cash items, and that, as a REIT, there were no material tax impacts. Following its review, the Committee was satisfied that the Annual Report and financial statements was fair, balanced and understandable and recommended the same to the Board.

INTERNAL AUDIT

The 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 Deputy CFO, but has an independent reporting line directly into the Committee.

For a number of years, the internal audit function and its activities have been carried out internally, but with assorted co-source providers for specialist assurance activities. During the year, a new co-sourcing arrangement with BDO was entered into to ensure 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 internal audit plan. A further review occurs during the year to take account of any need to refocus. 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 a risk based audits. Other key factors for consideration are key areas of change for the Group which have not been subject to recent audit. Internal audits completed during the year included, but were not limited to:

Cyclical

	Territory
Accounts receivable	UK
Capital expenditure controls	France
Controls on supplier selection and ongoing management	UK
Monitoring of controls for work undertaken by outsourcers	Ireland

Risk based

	Territory
Suicide deterrence	UK
Business continuity planning	France
Cyber security	UK
Lease management	Ireland

Recommendations for improvement 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 each Committee meeting. The Committee is satisfied that the internal audit programme remains risk focused, is functioning satisfactorily across the Group, 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. The Committee continues to review how the internal audit function will 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 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 2022 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 2022 effectively and efficiently.

The FRC's review of audit quality

The FRC's Audit Quality Review Team (AQRT) routinely monitors the quality of the audit work of certain UK audit firms through inspections of sample audits and related quality processes. The AQRT carried out a review of the audit of the Group for the financial year ended 31 December 2021.

As Chair of the Committee, I held discussions with the FRC prior to the review commencing. The report issued on the quality of the audit by the AQRT was circulated to the Committee and an update on the process and review of the outcome was communicated to the Committee by PwC.

I am pleased to report that there were no significant recommendations made by the FRC but certain limited improvements were suggested to the audit process and these have already been implemented.

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, has served for three years. The external audit contract will be put out to tender at least every 10 years and the Committee considers that it would be appropriate to conduct an external audit tender by no later than 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 2023 financial year, subject to approval at the AGM to be held on 4 May 2023.

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's (FRC) 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 insignificant amounts in relation to non-audit services (2021: £0.1m), representing 1% of the Group's audit fee for the year (2021: 7%) 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 2023 financial year as the Group develops in line with its strategy.

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. While at the time of writing, the degree and structure of these changes is becoming somewhat clearer, it is still not yet certain what exact form the regulations will ultimately take nor the precise timing of their mandatory implementation compliance (although certain elements could potentially become effective in 2024 with others no earlier than 2025). 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
8 March 2023

Directors' Remuneration Report

Habib Annous
Chair of the Remuneration Committee

Committee members
Habib Annous (Chair)
Méka Brunel
Carol Welch

Aligning remuneration with our strategy and stakeholder interests

Ensuring our remuneration reflects market conditions and supports the ongoing focus on transforming and strengthening our business

DEAR SHAREHOLDERS

This is my first report as the Chair of the Remuneration Committee (the Committee) *and I am pleased to present our Directors'* Remuneration Report (the Report) for the year ended 31 December 2022.

Context for the Committee's decisions
At the end of 2021 as we planned for 2022, the macroeconomic debate focused on the impacts of transitory inflation and how we would emerge from the Omicron variant increase in Covid-19 cases. In early 2022, the war in Ukraine increased macroeconomic headwinds, with the accompanying rise in energy and food costs contributing to inflationary pressures and a subsequent cost of living crisis. The second half of the year saw UK political instability add to the volatile economic landscape and the Central Banks have raised interest rates much higher than previously expected in response to the entrenched inflationary pressures.

Notwithstanding extreme volatility and uncertainty, management continued to make significant operational and financial progress towards achieving the strategic goals outlined in 2021, focused on our four key pillars:

- Reinvigorate our assets
- Accelerate development
- Create an agile platform
- Deliver a sustainable and resilient capital structure

These goals are underpinned by our commitment to sustainability which continued to be a priority for the management team.

Remuneration Policy and stakeholder engagement
The current Remuneration Policy was approved at the AGM on 28 April 2020 with 91.3% of shares voted in favour. The last Report, which explained how we applied that policy in 2021 and intended to do so in 2022, was also approved with 92.7% of shares voted in favour.

As required under the regulations, the policy is subject to renewal at the 2023 AGM. The Committee reviewed the operation and impact of the policy, actively engaging with approximately 60% of the share register and the principal proxy advisory firms. We appreciate the time shareholders took to consider and provide feedback on the proposals. As is often the case, shareholder perspective on the policy and its implementation was varied. In addition to the written responses we received, we also had the opportunity to meet with our largest shareholders. All the feedback received was reviewed and discussed extensively at our Remuneration Committee meetings.

The Committee took account of the current economic uncertainty and the need to continue to transform the business alongside shareholder feedback. Given all the factors, the Committee has concluded that the current AIP performance measures continue to provide the right framework for the business at this stage. However, these will stay under active review to ensure they remain appropriate to Hammerson's evolution.

Having listened to shareholders and considered all the feedback received, we have decided to make some changes to how we propose to implement the policy in the future. There was a consensus to focus on 'per share' metrics and therefore we have moved to Adjusted Earnings Per Share for 2023 targets. There was also a strong demand for an increased emphasis in ESG related measures and as a result, we have increased the proportion of environmental factors in the annual bonus calculation and added social and stakeholder related measures to the personal/ strategic objectives. Additionally, we committed to an increased level of transparency and enhanced disclosures associated to these objectives.

Shareholders approved the introduction of a Restricted Share Scheme (RSS) in 2020. Although the current trend across UK listed companies is towards restricted share schemes, versus LTIPs, some of our shareholders expressed a preference for more traditional LTIPs. These views were not in the majority, with differing perspectives among shareholders. On balance, the Committee resolved to retain the existing RSS at this stage. As a result, the proposed new Policy is largely unchanged, with minor updating of the share ownership guidelines to ensure they operate as intended along with slightly updated malus and clawback provisions. However, rather than necessarily waiting a further three years before reviewing the Policy again, the Committee will continue to engage with our shareholders on the development of the Policy. We are committed to ensuring the Policy reflects the evolution of the new Hammerson to ensure it supports the development of the strategy agreed by the Board and remains aligned to stakeholder interests.

Further information on the application of the policy during 2022 is detailed on pages 109 to 113. The Policy is shaped by the following underlying principles that aim to achieve:

- Alignment of remuneration with strategy and stakeholder interests
- The long-term, sustainable success of the Company
- Consistency and transparency
- The reward of performance with competitive remuneration
- Support for the Company's values
- A mixture of fixed remuneration, short-term and long-term performance-related incentives

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 67. Carol Welch, a member of the Committee and Designated Non-Executive Director for Colleague Engagement, and I met the Forum in October 2022 to discuss executive remuneration and explain how it aligns with the wider Company pay policy. Colleagues, in particular, supported the more explicit inclusion of Sustainability and Social ESG based measures in the Executive Directors' Personal/Strategic Objectives.

Long term incentive arrangements

Consistent with the policy, Rita-Rose Gagné and Himanshu Raja received annual RSS awards equivalent to 100% and 75% of base salary respectively on 22 March 2022.

Short term incentive arrangement

The Strategy and Business Plan for 2022 was approved by the Board in late 2021. The Annual Incentive Plan (AIP) is made up of a combination of financial and non-financial performance measures based on the Strategy and Business Plan. The financial performance measures in 2022 remained focused on Adjusted Earnings, Group net debt and Gross administration costs (22.3% of AIP each).

Adjusted Earnings performance was fully achieved with performance significantly ahead of the target range. This was a result of improvements across many elements of the group's operations. Net rental income was up £21m, supported by a successful year for our leasing and an improvement in occupancy. Net interest costs were lower, benefitting from the proactive management of our debt and higher interest rates on the Group's cash balances. Additionally, we saw an improved contribution from Value Retail. These factors combined, culminated in a 60% growth in adjusted earnings and a 100% pay-out.

In terms of the net debt target, the Group committed to complete £500m of disposals in 2022 and 2023. The disposal of Silverburn, and Victoria Gate were achieved in Q1 2022 with proceeds of £195m but liquidity in investment markets dried up for the rest of the year. Whilst net debt reduced by 4% to £1.7bn, the management team were not able to fully achieve the ambitious targets set by the Remuneration Committee and the resulting pay-out was 29.1% against this measure.

Finally, for financial measures, the Committee set targets for management to address the cost base whilst maintaining operational excellence. The Group committed to a reduction in gross administration costs of 15–20% compared with the 2019 base by 2023. The 2022 element of this was for a cost reduction of 11%. Management delivered the two year target a year early with gross administration costs reduced to £59.8m, a 17% year-on-year reduction and 18% against 2019. The target was, therefore, achieved in full, after absorbing inflation on pay, and an additional cost of living allowance granted to lower-paid colleagues.

The reduction in CO_2 emissions of 12% resulted in a 100% outturn under the Environmental performance measure. The strong performance is due to the delivery of energy efficiency works at several assets and an increased focus on energy saving actions and controls in the light of the volatile energy market.

Personal/Strategic Objectives were based on the Business Plan and Strategy with substantial progress made across the four strategic pillars as detailed on Page 99.

Particular achievements included updating and resetting of a clear value add strategy, filling key skill and capability gaps at the GEC and across the value creation teams, organisational restructure and consolidation of our property management services whilst maintaining operational excellence, digital transformation and improved automation, demonstrable progress on net zero asset plans, renewal and extension of the Group's RCF facilities, credit collections and debt management, and de-risking of the Defined Benefit Pension Scheme.

Performance against the Personal/Strategic Objectives was assessed at 90% for the Chief Executive and 85% for the Chief Financial Officer, reflecting the significant progress achieved in 2022 against the Strategy and Business Plan, approved by the Board. As detailed above, this progress was focused on the four key strategic pillars which support the building of a long-term sustainable, high performing business.

No LTIP or RSS award was due to vest or to have its underpin assessed for any Executive Director in 2022. The first such RSS assessment is due in November 2023 and will be reported in the next Annual Report.

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 continued focus on transforming and strengthening the business, the Committee has determined that the 2023 AIP financial performance measures continue to be based on an equal weighting of Adjusted Earnings Per Share, reduction of net debt, and reduction in the cost base. The non-financial component will include an increased 10% weighting on carbon reduction alongside the 25% for Personal/Strategic objectives.

Adjusted earnings per share	21.67%
Net debt	21.67%
Gross administration costs	21.67%
Carbon reduction	10%
Personal/Strategic (inclusive of sustainability)	25%

As discussed elsewhere, the Committee has sought to explain the achievement of the Personal/Strategic objectives for 2022 more fully. The Committee also plans to include more focus on all stakeholders alongside our strategic business priorities and greater objectivity to the assessment for 2023. In line with shareholder feedback, for 2023, the personal/ strategic objectives will include distinct and measurable objectives for the CEO and CFO that are aligned to the new Board-approved Business Plan, delivering long term shareholder and social value. Further information on the 2023 AIP performance measures and targets is on page 84.

2023 pay approach
The Committee approved a 4% salary increase for each of the Executive Directors, noting that this is below the average (5.5%) to be awarded to colleagues generally.

Exercise of discretion and judgement
The Remuneration Committee considered the AIP outturn 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
Hammerson is a materially stronger business than this time last year and this is reflected in the remuneration outcomes. In summary:

- The AIP delivered between 80.4% and 81.7% of the maximum for the executive directors, with 40% of this deferred in shares for two years
- The CEO and CFO received RSS awards 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.

At the 2023 AGM, both the Remuneration Policy and the Remuneration Report will be submitted to shareholders. I am grateful for the engagement and support 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 2022
Salary and benefits	– 2022 review of Executive Directors' pay and the fee for the Chair of the Board – 2022 review of GEC members' salaries
Annual Incentive Plan and Long Term Incentive Schemes	– Consideration of AIP 2021 outturn – Review and approval of 2022 AIP structure, performance targets and personal objectives – Consideration of 2019 LTIP performance outturn and approval of vesting outcomes – Review of likely 2022 AIP outturn and potential targets for 2023 – Review and approval of the RSS award levels – 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
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
Other	– Review of Directors' Remuneration Report – Employee share plan award activity – Review of remuneration consultant costs and re-appointment – Review of emerging remuneration practice – Consideration of the treatment of share awards to reflect the Enhanced Scrip Dividend in line with the previously established 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 Policy as set out below (Policy) will take effect from the conclusion of the AGM to be held on 4 May 2023, subject to approval by the shareholders at that meeting. This Policy would remain applicable for the following three years. However, the Committee will keep a watching brief to ensure that it remains appropriate for the best interests of the business at each stage in its evolution and in the broader remuneration landscape and may revisit the Policy earlier. The Committee consulted extensively with shareholders and took into account their varying views when making adjustments to the Policy. Further details of the consultation process are set out in the Chair's letter on pages 82 and 83.

The Committee has received clear advice that formal limits are required in the Policy and has retained sufficient flexibility to enable it to continue to act in the interests of the Company and its shareholders. The limits will not lead to pressure on reward levels and the Committee is satisfied that it has adopted a suitably conservative approach to date and will continue to do so.

No significant changes to the Policy are proposed and, other than minor updating to remove legacy items, the only changes are to the malus and clawback provisions to add insolvency and to limit reputational damage to malus (and not clawback) consistent with developments in practice over the last three years, and to ensure that the share ownership guidelines refer to the RSS in addition to legacy LTIP grants.

Remuneration Policy for Executive Directors

SALARY	
Purpose and link to strategy	— To continue to retain and attract quality leaders. — To recognise accountabilities, skills, experience and value.
Operation	— Paid monthly in cash. — Reviewed but not necessarily increased annually by the Committee. — In undertaking reviews, the Committee will take into account a variety of factors, including Company and individual performance, market conditions, the level of salary increases awarded to other employees of the Group, and a comparison against both a relevant property peer group and a group of entities of comparable size selected by the Committee (currently the larger REITs and an appropriate pan-sector group of companies with a comparable market capitalisation and/or portfolio size). — The Committee is aware of the limitations of benchmarking and of the need to avoid inflationary upward trends. However, benchmarking is considered at both base salary and total remuneration level, and the Committee generally considers that pay will be within a range of +/- 10% of a median benchmark but also takes into account such other factors as it considers appropriate and is not constrained by this default.
Maximum potential value	— The base salary for any existing Executive Director shall 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.
Performance measures	— Not applicable.

BENEFITS	
Purpose and link to strategy	— Provide a range of benefits in line with market practice. — To continue to retain and attract quality leaders.
Operation	— Executive Directors may receive such contractual and non-contractual benefits as the Committee considers to be appropriate and consistent with market practice in the relevant market in which the Executive Director is based. — These benefits currently include a car allowance, enhanced sick pay, private medical insurance (for the Executive Director and their spouse/life partner), permanent health insurance and life assurance. — Whilst the Committee does not consider it to form part of benefits in the normal sense, Executive Directors can participate in corporate hospitality (including travel and, where appropriate, with a family member), whether paid for by the Company or another, within its agreed policies with any tax liability met on the Executive Directors' behalf. — In addition, Executive Directors will be paid any statutory entitlements.
Maximum potential value	— The aggregate value of such benefits received by each Executive Director (based on the value included in the individual's annual P11D tax calculation or a broadly equivalent basis for a non-UK based Executive Director) shall not exceed £100,000 or the equivalent if denominated in a different currency (with this maximum increasing annually at the rate of UK CPI from the date of the 2017 AGM). — In addition to the benefits outlined, where Executive Directors are relocated to work in a different country, the Company may pay global relocation support (up to a maximum of £400,000) or the equivalent if denominated in a different currency; and/or provide tax equalisation arrangements in relation to all elements of remuneration.
Performance measures	— Not applicable.

PENSION	
Purpose and link to strategy	— Provide market competitive retirement benefits. — To continue to retain and attract quality leaders.
Operation	— In line with all UK employees, where either annual or lifetime pension allowances are exceeded Executive Directors may receive a cash allowance (Pension Choice) to be paid as, or as a combination of: (i) an employer contribution to the Company's defined contribution pension plan; (ii) a payment to a personal pension plan; or (iii) a salary supplement. — The level of contribution will not exceed the average level paid to staff in the relevant country (currently 10% in the UK).
Maximum potential value	— See above, currently 10% but this may change if the all-employee level changes.
Performance measures	— Not applicable.

ANNUAL BONUS (ANNUAL INCENTIVE PLAN OR AIP)	
Purpose and link to strategy	— Align Executive Director remuneration with annual financial and Company strategic targets as determined by the Company's Business Plan for the relevant financial year. — To differentiate appropriately, in the view of the Committee, on the basis of performance. — Partial award in shares aligns interests with shareholders and supports retention.
Operation	— Awards are subject to continued employment, save in the leaver circumstances described in the Payment for loss of office section of this Policy. — 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 Committee reserves discretion to reduce any formulaic outcome if it is not considered appropriate in all the circumstances. — Subject to clawback and malus provisions in situations of personal misconduct and/or where accounts or information relevant to performance are shown to be materially wrong and the bonus paid was higher than should have been the case and/or, in the case of malus, where the individual's actions contributed to a significant adverse impact on the reputation of the Company or Group or a group insolvency. — The recovery and withholding provisions also apply to the deferred element of the AIP delivered under the Deferred Bonus Share Scheme (DBSS).
Maximum potential value	— The maximum bonus opportunity is 200% of base salary (CEO) and 150% (CFO).

Performance measures	— The annual bonus operates by reference to financial and personal performance measures set and assessed over one year. The weighting of the financial measures will be at least 60% of the total opportunity. It is expected that the financial performance measures may include some or all of the following:
	  — Absolute net debt
	  — Administrative expenses
	  — Adjusted Earnings Per Share
	— These measures are aligned to the Company's financial KPIs, as explained in the Company's Strategic Report, and reflect effective delivery of the business model. The Committee reserves the right to change, remove or include these or such other measures as it considers to be an appropriate means of assessing the performance of the Executive Directors.
	— The level of vesting at entry/threshold performance for each performance measure is set annually, but will be between 0% and 25% of maximum (with vesting normally then being on a straight-line or stepped basis from the threshold to the stretch level set for full vesting). On-target and maximum performance levels will also be set. See page 96 of the implementation report.
	— The Committee retains discretion to amend the vesting level (up or down) where it considers it to be appropriate, but not so as to exceed the maximum bonus potential and will fully disclose the exercise of any discretion in the Annual Remuneration Report that follows such exercise of discretion.
	— Once set, performance measures and targets will generally remain unchanged for the year, except targets may be adjusted by the Committee to take account of significant transactions such as acquisitions and/or disposals, changes in accounting standards, or in other exceptional circumstances such as timing of transactions that have a material impact on the Business Plan.

ANNUAL BONUS (DEFERRED SHARE ELEMENT)	
Purpose and link to strategy	— The AIP award is split between cash and a substantial deferred award of shares which aligns interests with shareholders and supports retention.
Operation	— The deferred shares element is currently awarded under the Deferred Bonus Share Scheme (DBSS) (but may be delivered under a different plan with equivalent terms). — The deferral period is currently two years, and may not be shorter. — The deferred shares are subject to the leaver conditions as set out in the Payment for loss of office section of this Policy. — The awards are typically structured as nil-cost share options, but can take other forms such as a conditional award of shares. — Participants are entitled to a dividend equivalent for the period from grant until the vesting date, delivered as additional shares when the shares are transferred to the participant. — Subject to clawback and malus provisions in situations of personal misconduct and/or where performance in the year to which the bonus relates is shown to be materially different from that assumed and, in the case of malus, where there has would otherwise be material reputational damage and/ or a group insolvency.
Maximum potential value	— Awards under the DBSS are granted to deliver the deferred element of the annual bonus, and so no separate maximum applies.
Performance measures	— No further performance targets apply to the deferred shares element of the AIP as these represent previously earned bonuses.

RESTRICTED SHARE SCHEME (RSS)	
Purpose and link to Strategy	— Incentivise the creation of long term returns for shareholders. — Align interests of Executive Directors with shareholders and support retention. — To create alignment with the workforce.
Operation	— Executive Directors are eligible to participate in an annual award under the RSS. — Awards are subject to a three-year underpin period. — Awards are subject to continued employment for three to five years from grant (with one-third of awards contingent on employment to each such anniversary) and only released on the fifth anniversary of grant), save as set out in the Payment for loss of office section of this Policy. — Participants are entitled to a dividend equivalent for the period from grant until the date of release of the shares or, where a holding period applies, to the end of the holding period, delivered as additional shares when the shares are transferred to the participant. — The Committee has discretion to settle awards as a cash payment in place of the transfer of shares. — The Committee reserves discretion to reduce any formulaic outcome if it is not considered appropriate in all the circumstances. — Subject to clawback and malus provisions in situations of personal misconduct and/or where performance in the year prior to grant is shown to be materially different from that assumed and/or, in the case of malus, where there has would otherwise be material reputational damage and/ or a group insolvency.
Maximum potential value	— 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.

Performance measures	— Awards will normally vest in full, subject to the following underpin: — that the Group's underlying performance and delivery against its strategy and plans (which *may change in response to structural and cyclical changes over time) is sufficient to justify* the level of vesting having regard to such factors as the Committee considers to be appropriate in the round. — in normal circumstances, such factors will include consideration of absolute and relative TSR, net debt and Total Property Return (TPR). — when considering these factors, the Committee will assess overall performance in the round, with a default to full vesting unless there has been material underperformance. — The Committee retains the discretion prior to making the award to amend the underpin. — Once set, the Committee may only amend the underpin in respect of outstanding awards in the event that exceptional circumstances occur which make it appropriate to do so, provided that the amended underpin is not, in the view of the Committee, materially less difficult to satisfy.

COLLEAGUE ARRANGEMENTS	
Purpose and link to strategy	— In order to be able to offer participation in these plans to employees generally, the Company is required by the relevant UK legislation to allow Executive Directors to participate on the same terms, or chooses so to do.
Operation	— Executive Directors are eligible to participate in all-employee incentive arrangements on the same terms as other employees. This currently comprises the following arrangements: — Eligible UK employees may participate in the Sharesave and Share Incentive Plan (SIP). — All employees of Hammerson France are eligible to participate in a profit share plan, which rewards performance against such measures as the Committee considers to be appropriate.
Maximum potential value	— Maximum participation levels for Executive Directors are the same as apply to all employees.
Performance measures	— Not generally applicable. An award of free shares under the SIP can be made to all participants and may be subject to a Company performance target.

For details regarding remuneration of other Company employees, please refer to the Employee pay and conditions elsewhere in the Group section of this Policy.

The Payment for loss of office section of this Policy contains details of the impact of a change of control on awards made under AIP, the DBSS and the RSS.

The Committee will determine components of remuneration for new Executive Directors, as outlined in the Recruitment section of this Policy.

Performance measures for the AIP and RSS are set by the Committee taking into consideration a number of factors, including alignment to strategy, the Business Plan, need for consistency between years, changes to the Group's portfolio, market conditions, and need to ensure that targets are sufficiently challenging but also provide motivation to succeed.

It is a provision of this Policy that all pre-existing obligations and commitments that were entered into prior to this Policy taking effect and/or prior to an individual joining the Board will continue and can be honoured on their existing terms. In particular, these may include continued participation in legacy defined benefit pension arrangements together with other obligations and commitments under service contracts, incentive schemes, pension and benefit plans. This includes payments from any outstanding awards other incentive plans provided they were consistent with the Policy at the time they were awarded.

A summary of key changes to the Policy is included in the Committee Chair's letter.

Share ownership guidelines
All 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.

Executive Directors are normally required to achieve the minimum shareholding requirement within seven years of the date of appointment.

Shares to be included in the calculation are:

- Shares held beneficially by the Executive Director and the Executive Director's spouse/life partner.
- Shares held under the DBSS (on a net of tax/ NI basis),
- Shares held under the RSS to the extent that they have satisfied the performance underpin but are subject to a holding period (on a net of tax/NI basis).
- Shares held by the Executive Director under the Share Incentive Plan.

An annual calculation as a percentage of salary is made against the guidelines for each Executive Director as at 31 December each year based on the closing middle market quotation of a share price on the last business day in December. The closing exchange rate as at 31 December is used for Executive Directors whose salary is denominated in a currency other than sterling. No formal sanctions exist for non-compliance.

Post-cessation share ownership
On cessation of employment, Executive Directors are expected to maintain a shareholding equivalent to 250% of base salary for a period of two years. The Committee has discretion to reduce this guideline if it is no longer appropriate. Shares will be valued at the higher of the value on cessation and subsequently. Vesting of RSS grants and DBSS awards will be lodged in escrow to provide an enforcement mechanism.

Recruitment
Statement of Principles
The Company will pay total remuneration for new Executive Directors that enables the Company to attract appropriately skilled and experienced individuals, but is not, in the opinion of the Committee, excessive.

The Company will not pay new Executive Directors any inducements to join the Company over and above buy-outs of existing forfeited awards, as outlined in this section of the Policy.

The Company will disclose to the market on its website in a timely manner the basis of a package agreed with a new Executive Director.

Approach and limits
Annual salary, pension, contractual and non-contractual benefits, annual bonus and long term incentive arrangements (including performance measures and/or conditions and maximum award levels), as described in the Remuneration Policy Table, will be the starting point for the structure of any package. The level of variable remuneration that may be awarded to a new Executive Director will not exceed the maximum AIP and RSS limits that can be awarded in line with the principles set out in the Remuneration Policy Table, with the exception of any compensation for variable remuneration forfeited. Consistent with the regulations; the limits contained within the Remuneration Policy Table for base salary or any other element of fixed pay do apply to a new Executive Director either on joining or for any subsequent salary review within the period of this Policy unless the Committee considers there are exceptional circumstances. However, the Committee would seek to avoid exceeding those limits in practice.

The Company may provide a new Executive Director with global relocation support and/or tax equalisation arrangements as set out in the Remuneration Policy Table.

For a new Executive Director who is an internal appointment, the Company may also continue to honour commitments made prior to the appointment as Executive Director even if those commitments are otherwise inconsistent with the Policy in force when the commitments are honoured. Any relevant existing incentive plan participation may either continue on its original terms or the performance conditions and/or measures may be amended to reflect the individual's new role, as the Committee considers appropriate.

Compensation for variable remuneration forfeited by a new Executive Director
The Company may, where appropriate, compensate a new Executive Director for variable remuneration that has been forfeited as a result of accepting the appointment with the Company. Where the Company compensates a new Executive Director in this way, it will seek to do so under the terms of the Company's existing variable remuneration arrangements as set out in the Remuneration Policy Table.

The Company may compensate on terms that are more bespoke than the existing arrangements where the Committee considers that to be appropriate.

The Committee may also make awards under a long term incentive scheme that does not require shareholder approval if it falls within Listing Rule 9.4.2 (an arrangement established for a director specifically to facilitate, in unusual circumstances, the recruitment of an individual). In such instances, the Company will disclose a full explanation of the detail and rationale for such recruitment-related compensation.

In making such awards, the Committee will seek to take into account the nature (including whether awards are cash or share-based), vesting period and performance measures and/or conditions for any remuneration forfeited by the individual when leaving a previous employer. Where such awards had outstanding performance or service conditions (which are not substantially completed), the Company will generally impose equivalent conditions.

In exceptional cases, the Committee may relax those requirements where it considers this to be in the interests of shareholders, for example through a significant discount to the face value of the replacement awards.

Service agreements for a new Executive Director
The Committee's approach is for the service agreements of new Executive Directors to have due regard to market practice at the date of appointment, the Company's current Policy and the service agreements in place for existing Executive Directors.

The key termination provisions for service agreements for newly appointed Executive Directors will be:

Notice period	No greater than 12 months' notice (either notice to or from the Executive Director) for UK-based Directors. For non UK-based Directors, contracts are designed to meet local laws and have a similar overall effect in terms of the potential cost to the Group. A longer period of notice from the Company may apply to new appointments for a limited time if the Committee considers this is appropriate, but would then reduce to no more than 12 months.
Post-termination restrictions	Compensation in respect of restrictive covenants will be paid as required for enforceability reasons under applicable local statutory (or collective bargaining) requirements. Appropriate post-termination restrictions to protect the Group's confidential information, its customer and supplier connections and/or to prevent poaching of its senior workforce will be included.
Payment in lieu of notice (PILON)	Employment can be terminated by the Company with immediate effect (for any reason) by making a payment in lieu of the outstanding period of notice (PILON). The PILON comprises base pay, and the value of employer's pension contributions, private medical insurance and car allowance. The Company will have discretion to make any PILON on a phased basis, subject to mitigation. No PILON will be made in the event of gross misconduct.
Expiry date	There will be no fixed expiry date. The appointment of new Executive Directors will be terminable in accordance with the notice period.
Change of control and liquidated damages	The Executive Director will not have a right to liquidated damages, whether triggered by a change of control of the Company or otherwise.

The terms summarised above will be subject to any local statutory (or collective bargaining) requirements where applicable. For treatment of incentive awards in connection with termination please see the Payment for loss of office section of this Policy.

Payment for loss of office
Committee considerations on leaving office
The Committee considers the circumstances under which an Executive Director is leaving the Company's employment. In circumstances where a Director is terminated for cause, the Committee typically has limited discretion in connection with remuneration payments. In other circumstances, a range of discretions is available to the Committee.

The following tables set out a summary of obligations contained in the Executive Directors' service agreements which could give rise to, or impact on, remuneration payments for loss of office.

Service agreements and notice periods for current Executive Directors

	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.	

Rita-Rose Gagné and Himanshu Raja will be eligible to be considered at the Committee's discretion for payment of an award under the AIP even if the Company or Director has served notice of termination provided that the Director is employed as at the bonus award date. The treatment of leavers under the AIP, DBSS and RSS arrangements is in accordance with the relevant plan's rules. The Company will pay any additional statutory entitlements where applicable.

Annual bonus and long term incentives

The following table describes the provisions which apply to leavers who are Executive Directors and the discretions available under the AIP, DBSS and RSS. Further detail as to the potential exercise of discretion by the Committee is set out in the Use of discretion section of this Policy.

		Leaving reason					
		Ill-health, injury, disability	Death	Redundancy, sale of Company or business resignation	Retirement	Voluntary resignation	Termination for cause	Change of control b
AIP In all cases, any bonus payable is subject to the normal deferral arrangements, unless the Committee determines otherwise	a	Remains eligible for bonus. Any bonus payable will be time pro-rated unless the Committee decides otherwise.		Remains eligible for full payment of the bonus for a completed performance period. In addition, the Committee has discretion to make pro-rated payments for any performance period not completed.		No right to receive any bonus. Committee has discretion to pay a bonus provided the Executive Director is in employment at the bonus payment date.	No bonus payable.	Bonuses may be awarded under the AIP at the time of the change of control. Unless the Committee determines otherwise, a bonus will be time pro-rated.
DBSS (Deferred share element of AIP)		Full vesting on normal vesting date. Committee may accelerate vesting.				Awards lapse, save that the Committee has discretion to allow up to full vesting on the normal vesting date or the Committee may accelerate vesting.	Awards lapse.	Awards vest in full.
RSS		Awards remain capable of vesting, subject to the underpin. Awards will vest on the normal vesting date subject to the underpin, save that the Committee may accelerate vesting. Unless the Committee determines otherwise, vesting will be time pro-rated.				Awards lapse, save that the Committee has discretion for awards to remain capable of vesting (subject to the underpin) on a time pro-rated basis and may accelerate vesting.	Awards lapse.	Awards vest, subject to the underpin and, unless the Committee determines otherwise, will be time pro-rated.

a Where the date of notice and the date of cessation fall in different performance periods, the provisions relating to AIP as stated above apply in respect of the AIP award for each performance period separately.

b On a corporate event affecting the Company, bonuses and awards under the AIP, DBSS and RSS will be governed by the rules of these plans. The information given here is for summary purposes.

In respect of all-employee plans, including the Company's HMRC-approved, all-employee share plans, the Sharesave and the SIP, and the profit share plan for employees of Hammerson France, the Executive Directors are subject to the same leaver provisions as all other participants.

Use of discretion
The Committee can exercise discretion in various areas of the Policy as set out in this Report. In addition, the Committee has discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval. The Committee retains the discretion to override the formulaic outcomes of incentive schemes. In exercising discretion in respect of the AIP or RSS, the Committee will take into account all factors it determines to be appropriate at the relevant time, including but not limited to the duration of the Executive Director's service and its assessment of the contribution towards the success of the Company during that period; whether the Executive Director has worked any notice period or whether (and if so, the extent that) a PILON is being made; the need to ensure an orderly handover of duties and continuity in the business operations of the Company; and the need to settle any claims which the Executive Director may have. In exercising any discretion, the members of the Committee will take account of their duties as Directors.

Other
If the Company terminates an Executive Director's employment by reason of redundancy, the Company will make a redundancy payment to the Executive Director in line with any applicable Company redundancy policy (which includes any entitlement to statutory redundancy pay) and any applicable collective bargaining agreement. Payment to a departing Executive Director may be made in respect of accrued benefits and accrued untaken holiday.

In connection with an Executive Director ceasing employment, the Company may, if the Committee determines it is in the best interests of the Company, enter into new contractual arrangements with the departing Executive Director including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements on such terms as it considers appropriate. In such case, the Company will make appropriate disclosures of such terms. If a settlement agreement is entered into with the Executive Director, the Company may make payments that it considers reasonable in settlement of potential legal claims, for example unfair dismissal, or where agreed under the settlement agreement. This may include any entitlement to compensation in respect of statutory rights under employment protection legislation in the UK or in other jurisdictions.

A departing gift may be provided (and any tax liability met on the Executive Director's behalf) up to a value of £5,000 (plus the related taxes) per Executive Director on termination of office. The Company may agree to provide other ancillary or non-material benefits in connection with (including in a defined period following) termination, not exceeding a value of £5,000 in aggregate.

Legal fees
Consistent with market practice, the Company may pay reasonable legal fees (and any associated tax costs) on behalf of the Executive Director for entering into a statutory settlement agreement and may pay a contribution of up to £50,000, plus VAT, towards fees for outplacement services as part of a negotiated settlement.

In the case of a corporate transaction, the Company may agree to pay reasonable legal fees (and any associated tax costs) on behalf of the Executive Director for advice on the effect of the corporate transaction on the Executive Director's personal position as a director (including, where appropriate, as to the terms of their employment).

The Company may agree to pay reasonable legal fees (and any associated tax costs) on behalf of the Executive Director for advice related to any proposed changes to their terms and conditions of employment during their period of employment.

On recruitment of an Executive Director, the Company may make a contribution towards legal fees in connection with agreeing employment terms and drawing up a service contract.

Other appointments: new and existing Executive Directors
Executive Directors are able to accept, with the consent of the Company's Board of Directors, non-executive appointments outside the Company (provided that such appointments do not lead to a conflict of interests) on the basis that such external appointments can enhance their experience and skills and add value to the Company.

Any fees received by an Executive Director for such external appointments can be retained by the individual (except where the Executive Director is appointed as the Company's representative).

Chair and Non-Executive Directors' remuneration
Remuneration Policy for Non-Executive Directors

Purpose and link to strategy

Ensure the Company continues to attract and retain high-quality Chair and Non-Executive Directors by offering market-competitive fees.

Current fees (per annum) as at April 2023 are:

	£
Chair	300,000
Non-Executive Director	61,500
Senior Independent Director	10,000
Chair of Audit Committee	15,000
Audit Committee member	5,000
Chair of Remuneration Committee	15,000
Remuneration Committee member	5,000
Designated Non-Executive Director for Colleague Engagement	8,000

Operation

The Chair's fee is determined by the Committee. Other Non-Executive Directors' fees are determined by the Board on the recommendation of the Executive Directors.

Fee levels are reviewed periodically taking into account independent advice and the time commitment required of Non-Executive Directors.

Fees paid aim to be competitive with other listed companies which the Committee (in the case of the Chair) and the Board (in respect of Non-Executive Directors) consider to be of equivalent size and complexity but are not set by reference to a prescribed benchmark. Fees are paid monthly in arrears.

The Chair does not receive any additional fee in respect of membership of any of the Committees.

Other Non-Executive Directors may receive additional fees for membership and/or chairmanship of the Remuneration and Audit Committees. No additional fee is currently paid to the Chair or members of the Nomination and Governance Committee. There is also an additional fee for the Senior Independent Director and the Designated Non-Executive Director for Colleague Engagement. The level of additional fees is set to reflect the responsibilities of the role.

Maximum limit

Aggregate total fees payable annually to all Non-Executive Directors are subject to the limit as stated in the Company's Articles of Association (currently £1,000,000). The Committee reserves the right to provide additional fees within the stated limit, including for membership of any additional Committee the Board may establish.

Other benefits

There are no other benefits currently available to any of the Non- Executive Directors. Whilst the Company does not consider that reimbursing travel and accommodation expense (including to the Company's London office) is a benefit in the normal sense, should any assessment to tax be made on such reimbursement, the Company reserves the ability to settle such liability on behalf of the Non- Executive Director.

Non-Executive Directors are not eligible for performance-related bonuses or participation in the Company's share plans, nor do Non-Executive Directors receive any pension benefits.

Whilst the Company does not consider it to form part of benefits in the normal sense, Non-Executive Directors can participate in corporate hospitality (including travel and, where appropriate, with a family member), whether paid for by the Company or another, within its agreed policies.

A departing gift may be provided (and any tax liability met on the Non-Executive Director's behalf) up to a value of £5,000 (plus the related taxes) per Non-Executive Director on termination of office.

The Chair and the Non-Executive Directors do not have service agreements with the Company. Their appointments are governed by letters of appointment, which are available for inspection on request. The letters of appointment of Non-Executive Directors are reviewed by the Chair and the Executive Directors every three years.

Appointments of Non-Executive Directors are for a term of three years, subject to the right of either party to terminate the appointment on not less than three months' notice or immediately should a conflict of interest arise. If any Non-Executive Director is not re-elected at the Company's Annual General Meeting, the appointment will cease automatically.

On termination of an appointment, a Non-Executive Director is only entitled to such fees as may have accrued to the date of termination, together with the reimbursement in the normal way of any expenses properly incurred prior to that date.

The dates of the appointments of the Non-Executive Directors in office as at 31 December 2022 are set out below.

	Date of original appointment to Board	Commencement date of current term	Unexpired term as at April 2023
Robert Noel	1 September 2020	1 September 2020	5 months
Habib Annous	5 May 2021	5 May 2021	1 year, 1 months
Méka Brunel	1 December 2019	1 December 2022	2 years, 8 months
Mike Butterworth	1 January 2021	1 January 2021	9 months
Adam Metz	22 July 2019	22 July 2022	2 years, 3 months
Carol Welch	1 March 2019	1 March 2022	1 year, 11 months

Employee pay and conditions elsewhere in the Group

Consideration of the remuneration of the wider workforce forms an important part of the policy review. Set out below is a summary of employee pay and conditions. 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 across the Group, including the salary increases and employee benefits of the wider employee population.

The Committee has regard to market data and to internal relativities when considering the appropriateness of pay levels for its Executive Directors and members of the Committee bring their own experience and knowledge in considering any proposals.

In 2022, Habib Annous (as Chair of the Committee) and Carol Welch (as Designated Non-Executive Director for Colleague Engagement) met with the employee forum to discuss executive remuneration and explain how it aligns with the wider Company pay policy. The consultation was *supportive, in particular, of the increased weighting on sustainability from 8% to 10%. The forum requested that the Committee consider including* an element on Social within the 25% attributable to personal performance for the AIP. The Committee has welcomed the feedback and intends to incorporate this for the 2023 AIP targets.

Summary of 2023 remuneration structure for employees below Board level

Element	Approach/Policy
Base salary	An assessment is made each year on pay increases across the Group. The assessment may include benchmarking exercises for different roles. Other factors taken into consideration are the Group's performance, competition in the marketplace and general economic climate, specifically rates of inflation and wage growth. Pay increases are expected to be in line with market rate and any increase awarded to an individual will reflect competence and experience. Exceptional pay increases are sometimes awarded to bring pay in line with market practice or recognition of an individual's development within a role or on promotion. More usually exceptional personal performance is recognised through variable pay.
Annual bonus	An annual cash bonus scheme is operated throughout the Group. Although there are some minor differences in application of the scheme according to jurisdiction of employment, the same principle applies to all employees in that there is an opportunity to receive a bonus based on personal, team or Group performance or a mixture of both. Generally, the more senior the employee the more the weighting is towards Company performance. The maximum cash bonus opportunity varies according to seniority. In addition to Executive Directors, Group Executive Committee members have a proportion of their award deferred into shares.
Pension	The pension offering forms an important part of the reward package across the Group. All employees may participate in one of a number of defined contribution pension arrangements across the UK and Ireland. Employee and employer contribution structures vary depending on the scheme.
Share schemes	A variety of all-employee and discretionary share schemes are in operation across the Group. Generally, where local legislation allows, eligible employees, including Executive Directors, may participate in an all-employee share scheme such as the Sharesave scheme operated in the UK and Ireland. In addition, a number of UK employees have the opportunity to join the UK Share Incentive Plan (SIP), with the potential for an annual SIP Free Share Award based on Group stretch performance. Employees of Hammerson France are eligible to participate in a profit share plan which rewards performance against certain performance measures. Senior employees in the UK may participate in restricted share awards on a similar basis to the Executive Directors and in France in the Free Shares Award Scheme.
Employee benefits	Benefits offered by the Group include life assurance, private medical care, car allowances, permanent health insurance and health checks. The offer of a particular benefit to an employee will depend on location within the business, their role and seniority.

Shareholder engagement

During 2022, the Company consulted with its major shareholders together with the principal proxy advisory firms and again received feedback on the proposals. Following that consultation, the Committee concluded that there was no significant majority view to change the current arrangements and believes the current approach and the proposed 2023 Policy is the most appropriate at this stage in the Company's evolution. Positive feedback was received on the inclusion of social metrics within the personal objectives. Despite the current trend away from more traditional LTIPs to Restricted Share Schemes (RSS) as adopted by the Company in 2020, some shareholders retain an inherent preference across their portfolios for more traditional LTIPs. While seeking to renew the current policy at the 2023 AGM including the use of the RSS, the Committee agrees that each form of long-term incentive has merits and plans to keep this under review for the future. Further details are set out in the Chair's letter at the start of this report.

Illustration of application of the Policy

Set out below is an illustration of the reward mix for the Executive Directors at minimum, on-target and maximum performance under the Policy.

Illustration of application of the Policy (£000s)

Rita-Rose Gagné

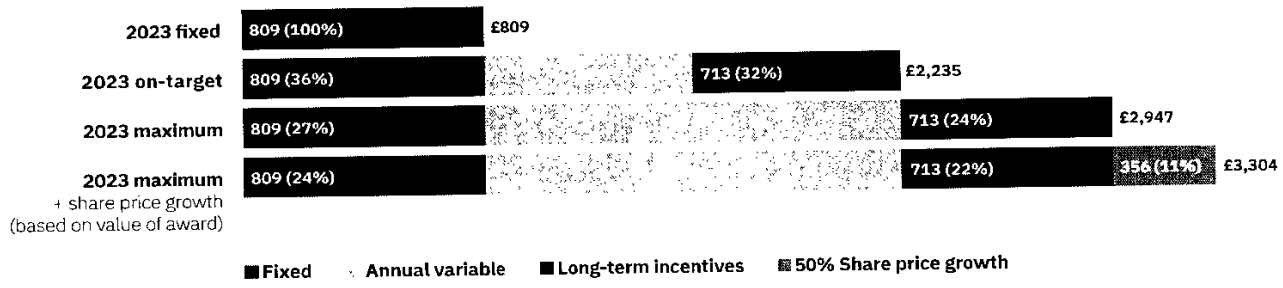
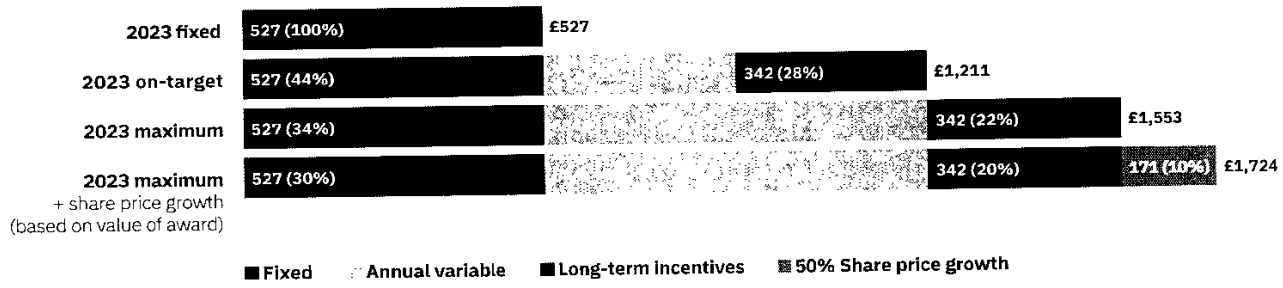


Illustration of application of the Policy (£000s)

Himanshu Raja



Assumptions: Executive Director remuneration scenarios 2023

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 take effect on 1 April 2023. Benefits are as shown in the Single Figure Table for 2022 in the Annual Remuneration Report. Pension contributions are based on salary after salary increases take effect on 1 April 2023.

	Base Salary £000	Benefits £000	Pension £000	Total Fixed £000
Rita-Rose Gagné	713	25	71	809
Himanshu Raja	456	25	46	527

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 (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 in 2023 (200% of base salary for CEO, 150% of base salary for the CFO). RSS: assumes maximum vesting of awards (100% of salary for the CEO and 75% for the CFO).
Impact of share price appreciation	50% of maximum RSS award value.

The Annual Remuneration Report (Report) sets out how the Directors' Remuneration Policy (Policy) was put into practice in 2022 and how we intend to implement it in 2023. It is divided into three sections:

- Section 1: Single figure tables
- Section 2: Further information on 2022 remuneration
- Section 3: Implementation of Remuneration Policy in 2023

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 28 April 2020 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 Remuneration Policy is set out in this Report.

SECTION 1: SINGLE FIGURE TABLES

This section contains the single figure tables showing 2022 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) £000	Variable Total £000	Total £000
Rita-Rose Gagné	a	**2022**	682	25	68	775	1,120	–	1,120	1,895
		2021	672	421	67	1,160	946	–	946	2,106
Himanshu Raja	b	**2022**	436	25	44	505	529	–	529	1,034
		2021	295	16	30	341	311	–	311	652
Total		**2022**	1,118	50	112	1,280	1,649	–	1,649	2,929
		2021	967	437	97	1,501	1,257	–	1,257	2,758

a Rita-Rose Gagné received a relocation allowance of £400,000 in 2021 which was a one-off benefit.

b Himanshu Raja was appointed as a Director of Hammerson plc with effect from 26 April 2021.

Commentary on the Single Figure Table (audited)

Fixed Remuneration

Salary

This represents salary earned in respect of the year. From 1 April 2022, salaries increased by 2%.

Benefits

The taxable benefits shown in the Single Figure Table include a car allowance (£16,000), private health insurance and permanent health insurance. In addition, the Company paid for tax advice for Rita-Rose Gagné.

Himanshu Raja's benefits amount received in respect of his participation in the Company's all-employee share plan arrangements (SIP and Sharesave) in which he participated in 2022.

UK Executive Directors are eligible to participate in the Company's all-employee share plan arrangements (SIP and Sharesave). Himanshu Raja participated in both the SIP and Sharesave scheme in 2022.

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.

Variable Remuneration (audited)

Annual bonus for 2022

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 2022, the AIP bonus was split 67% for performance against financial measures, 8% for sustainability 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 67%)	ESG measures (% of bonus achieved, max 8%)	Personal 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	51.2%	8.0%	22.5%	81.7%	163.3%	**1,120**
Himanshu Raja	51.2%	8.0%	21.3%	80.4%	120.6%	**529**

AIP outturn

			Performance against targets a					Bonus achieved	
			Entry threshold (% vesting at threshold)	On-target (50% vesting)	Full vesting target (100% vesting)	Result achieved	Vesting percentage against target	Weighting (% of max bonus available)	% of max bonus achieved
Adjusted earnings		b	£58.6m (0%)	65.1m	£71.6m	£104.9m	100.0%	22.33%	22.33%
Net debt		c	£1.875bn (0%)	£1.629bn	£1.383bn	£1.732bn	29.10%	22.33%	6.50%
Gross administration costs			£66.1m (0%)	£63.7m	£61.2m	£59.8m	100.0%	22.33%	22.33%
Reduction in CO_2 Emissions			3% (%)	5%	7%	12%	100%	8%	8%
Personal objectives	Rita-Rose Gagné	d		See below			90%	25%	22.50%
Personal objectives	Himashu Raja	d		See below			85%	25%	21.3%
Total CEO	Rita-Rose Gagné							25%	81.7%
Total CFO	Himashu Raja							25%	80.4%

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 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 and the impact of a change in IFRS as explained in note 1B of the financial statements.

d Personal/Strategic Objectives for the CEO and CFO were based on the Business Plan and Strategy with substantial progress made across the four strategic pillars.

Reinvigorating our assets	– Continued to strategically refocus the portfolio on city centre destinations and to simplify the portfolio, disposing of £195m of non-core assets in 2022 – The success of the reinvigoration of our assets and placemaking activities, resulted in the signing of 317 leases, with £45m of headline rent (£25m at our share) at 2% above ERV and an improvement in occupancy – Reduced flagship vacancy rates to 3.7%
Accelerating development	– Created value and optionality at each stage of the early development cycle at key assets, e.g. Dundrum, Bullring, Grand Central, Reading and Dublin Central – S106 signed for Bishopsgate Goodsyard – Ironworks onsite at Dundrum – Majority of initial planning permissions obtained for Dublin Central – Planning submitted for Reading, Riverside and Drum, Birmingham New Street
Create an agile platform	– Realignment to a simplified, asset-centric operating model, removing inefficiencies and leveraging the strength of the Group's portfolio through a consolidation of property management suppliers in the UK to best support occupiers and customers – Simplification of the business to stabilize the core income stream and to return it to underlying growth reflected in like-for-like GRI growing at 8% – Significant progress made in reducing the cost base with headcount reducing by 25% in 2022 – Gross administration costs reduced by 17% year-on-year
Deliver a sustainable and resilient capital structure	– Refinanced c£80m of RCF with a new £463m facility on a 3+1+1 basis with a smaller group of lenders anchored by Tier 1 lenders – €236m eurobonds due in 2023 were repaid in December 2022 using available cash – Buy-in of the Group's Defined Benefit Pension Plan resulting in the removal of significant balance sheet risk and liability, and a reduction of the plc guarantee from £120m to £10m – Retained Group's Investment Grade (IG) rating as Baa3 and BBB+ respectively with both Moody's and Fitch outlooks changed from negative to stable

Against this backdrop, a scorecard out-turn of 81.7% of maximum for the CEO and 80.4% of maximum for the CFO was proposed to the Committee which, following due consideration, was approved without adjustment. 40% of the out-turn is deferred into shares for two years, generally contingent on continued employment.

Long Term Incentive Plan
The LTIP was replaced by the Restricted Share Scheme (RSS) in April 2020 for future awards. In 2022, no RSS award was due to vest to any Executive Director. In addition, no LTIP awards vested in respect of any former directors and all prior LTIP awards have now lapsed.

Non-Executive Directors: Single Figure Table (audited)
The table below shows the remuneration of Non-Executive Directors for the year ended 31 December 2022 and the comparative figures for the year ended 31 December 2021. The figures for 2021 only include directors who served for part of 2022 and, therefore, do not equate to the totals for 2021 as reported in last year's report.

Non-Executive Directors' remuneration for the year ended 31 December 2022

		Committee membership and other responsibilities			Fees		Benefits		Total	
		Audit Committee	Remuneration Committee	Other	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Robert Noel	a			Chair of the Board	300	300	3	4	303	304
Gwyn Burr	b				29	88	–		29	88
Habib Annous	c	✓	✓		78	47	–	–	78	47
Méka Brunel	d		✓		67	67	2	–	69	67
Mike Butterworth	e	✓		Senior Independent Director	83	73	–	–	83	73
Desmond de Beer	f				48	62	2	1	50	63
Andrew Formica	g				22	67	–	–	22	67
Adam Metz	h	✓			67	67	70	2	137	69
Carol Welch			✓	Designated Non-Executive Director for Colleague Engagement	75	75		–	75	75
Total	i				769	846	77	7	846	853

a Robert Noel ceased to be a member of the Remuneration Committee on 31 December 2021.

b Gwyn Burr stepped down as a member of the Audit Committee with effect from 5 May 2021 and retired as a Director on 28 April 2022. She served as Chair of the Remuneration Committee until 28 April 2022.

c Habib Annous was appointed as a Director and a member of the Remuneration, Audit and Nomination and Governance Committees on 5 May 2021 and was appointed Chair of the Remuneration Committee on 28 April 2022.

d Méka Brunel is based in France. This is reflected in her benefits figure – see Benefits note below.

e Mike Butterworth was appointed as Audit Committee Chair with effect from 4 May 2021. On 29 April 2022, Mike Butterworth was appointed as Senior Independent Director.

f Desmond de Beer resigned as a Director on 11 October 2022.

g Andrew Formica retired as a Director on 28 April 2022. He served as a member of the Audit Committee until 28 April 2022.

h Adam Metz is based in the USA. This is reflected in his benefits figure – see Benefits note below.

i All Non-Executive Directors are members of the Nomination & 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 of the UK, this includes the cost of international travel and accommodation. The grossed-up value has been disclosed. 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.

Fees payable to Non-Executive Directors (audited)

The Chair of the Board's fee was reviewed by the Committee in January 2023 and the Non-Executive Directors' fees were reviewed by the Board in March 2022. Although fees are subject to periodic review, the NED fees (other than the Chair of the Board on appointment and the introduction of a fee payable to the Designated Non-Executive Director for Colleague Engagement in 2021) have not increased since 2018. No increase was made to Non-Executive Director fees or to the Chair's fee in 2022. The annual fees payable to Non-Executive Directors are set out in the table below. There is no fee for the Chair, or membership, of the Nomination and Governance Committee.

Chair of the Board and Non-Executive Directors' 2022 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 2022 REMUNERATION

Directors' shareholdings and share plan interests (audited)
Summary of all Directors' shareholdings and share plan interests as at 31 December 2022 (including Persons Closely Associated)

	Outstanding scheme interests at 31 December 2022				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 2022 d e	At 31 December 2022 e	Total of all scheme interests and share-holdings at 31 December 2022 e
Executive Directors							
Rita-Rose Gagné	12,843,189	1,380,568	–	14,223,757	306,748	322,201	14,545,958
Himanshu Raja (appointed as a Director on 26 April 2021)	2,291,310	551,364	–	2,842,674	211,060	263,357	3,106,031
Non-Executive Directors							
Robert Noel	–	–	–	–	911,189	1,206,177	1,206,177
Gwyn Burr	–	–	–	–	30,646	30,646	30,646
Habib Annous	–	–	–	–	281,697	842,002	842,002
Méka Brunel	–	–	–	–	27,266	31,514	31,514
Mike Butterworth	–	–	–	–	86,422	211,317	211,317
Desmond de Beer	–	–	–	–	44,821,071	47,155,794	47,155,794
Andrew Formica	–	–	–	–	267,281	267,281	267,281
Adam Metz	–	–	–	–	975,010	1,126,950	1,126,950
Carol Welch	–	–	–	–	45,497	52,587	52,587

a RSS awards.

b DBSS and Sharesave awards.

c DBSS awards that have vested but remain unexercised plus any notional dividend shares.

d Or joining date if earlier.

e Or leaving date if earlier.

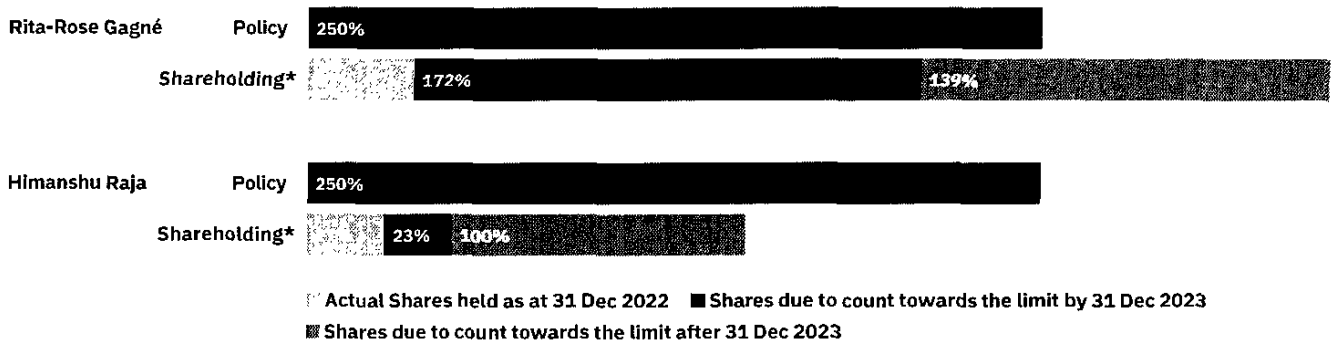
f Gwyn Burr and Andrew Formica retired as Directors on 28 April 2022. Desmond de Beer resigned as a Director on 11 October 2022. Their interests are accordingly shown as at the relevant leaving date.

g 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 on the fifth anniversary of grant and ceases to be exercisable on the seventh anniversary of grant.

Between 1 January 2023 and 6 March 2023 (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 23.8p on 31 December 2022. Share awards are AWARDED on a gross basis but only credited to the ownership requirement on a net of tax basis, as shown above.

Rita-Rose Gagné was appointed on 2 November 2020 and is required to achieve the share ownership guideline by November 2027. Himanshu Raja was appointed on 26 April 2021 and is required to achieve the share ownership guideline by April 2028. In practice, it is currently anticipated that the guideline should be met earlier than this. For example, assuming no change in share price from the price as at 31 December 2022 and with no credit for further dividends, Rita-Rose Gagné's holding by the end of 2023 would be worth 209% of salary, reflecting the 2023 DBSS award in respect of the 2022 bonus out-turn and the vesting of the 2020 RSS grant in November 2023 (in each case on a net of tax basis). This suggests that the guideline should be fully met in 2024. Himanshu Raja's holding by the end of 2023 would be worth 50% of salary, reflecting the 2023 DBSS award in respect of the 2022 bonus out-turn on a net of tax basis.

Rita-Rose Gagné and Himanshu Raja are both currently on track to meet the share ownership guidelines ahead of the policy timeframe, as set out above.

Executive Directors' share plan interests (including share options) (audited)
The table below set 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 22 March 2022 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 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.

Awards to UK based 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 2022 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 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 2023 RSS and DBSS awards will be satisfied in a similar way. SAYE grants are typically satisfied using new issue shares. 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 2022 (audited)

		Date of award	Vesting date	Number of awards held at 1 January 2022	Awarded/ purchased	Notional dividend shares accrued	Exercised/ vested	Lapsed	Number of awards held at 31 December 2022	Grant price pence d	Face value of awards granted/ purchased during 2022 £000
Rita-Rose Gagné											
RSS	a	02 Nov 2020	02 Nov 2023	**6,733,598**	–	**1,049,346**	–	–	**7,782,944**	17.710	–
RSS	a	31 Mar 2021	31 Mar 2024	**2,213,263**	–	**344,908**	–	–	**2,558,171**	33.590	–
RSS	a	22 Mar 2022	22 Mar 2025	–	**2,164,729**	**337,345**	–	–	**2,502,074**	31.660	685
DBSS	b	22 Mar 2022	22 Mar 2024	–	**1,194,432**	**186,136**	–	–	**1,380,568**	31.660	378
Himanshu Raja											
RSS	a	27 Apr 2021	27 Apr 2024	**943,506**		**147,033**	–	–	**1,090,539**	37.810	–
RSS	a	22 Mar 2022	22 Mar 2025	–	**1,038,876**	**161,895**	–	–	**1,200,771**	31.660	329
DBSS	b	22 Mar 2022	22 Mar 2024	–	**392,354**	**61,142**	–	–	**453,496**	31.660	124
Sharesave	c	07 Jul 2022	01 Aug 2025	–	**97,868**	–	–	–	**97,868**	21.894	21

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 same as the vesting period. RSS awards were made on 22 March 2022 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 22 March 2022 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. The grant price refers to the average share price in the final quarter of the year ending 31 December 2022.

d The grant price refers to the average closing price over the 5 days prior to grant consistent with the general approach to determining the awards.

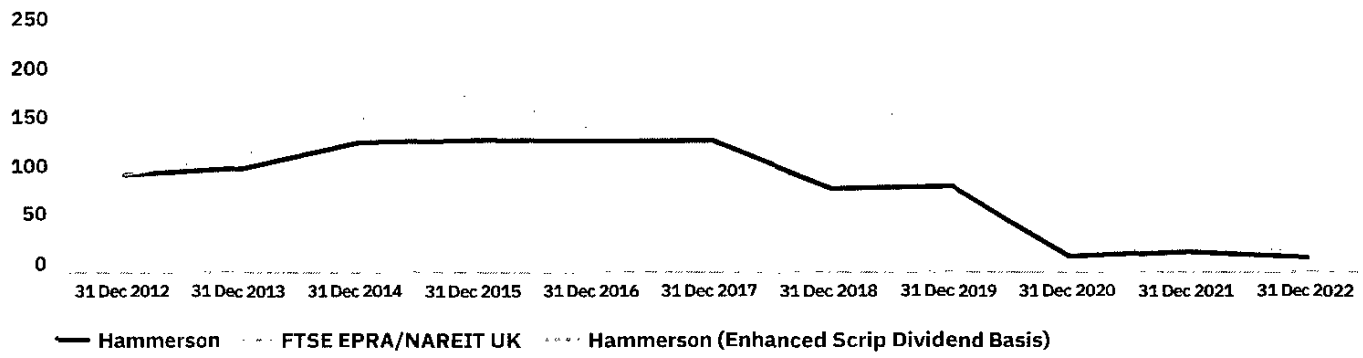
Executive Directors' SIP interests (audited)

The Executive Directors' interests in ordinary shares of the Company under the Share Incentive Plan (SIP) as at 31 December 2022 (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 2022	Partnership shares purchased	Matching shares awarded	Free shares awarded	Dividend shares awarded	Total SIP shares 31 December 2022
Himanshu Raja	–	**13,856**	**13,856**	–	–	**27,712**

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 2022 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 2012. 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

		As a % of maximum	
	Total remuneration £000	Annual bonus	LTIP vesting
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%
2013 David Atkins	2,216	56.2%	51.6%

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*	2022 £m	2021 £m	Change
Employee costs	5B	**42.8**	53.0	–19.2%
Dividends	22	**140.3**	135.7	3.4%

* 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 2021 to 31 December 2022 in base salary, taxable benefits and bonus for the Executive and Non-Executive Directors compared with all 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.

Percentage change in the Executive Directors' base salary, taxable benefits and bonus

	Change % (2021 to 2022)			Change % (2020 to 2021)			Change % (2019 to 2020)		
	Salary	**Benefits**	**Annual bonus**	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus
Rita-Rose Gagné (CEO)	**1.5%**	**–94.1%**	**18.4%**	–	180.5%	n/a	n/a	n/a	n/a
Himanshu Raja (CFO)	**1.4%**	**5.4%**	**13.4%**	n/a	n/a	n/a	n/a	n/a	n/a
Total UK employees	**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 % (2021 to 2022)			Change % (2020 to 2021)			Change % (2019 to 2020)		
	Salary	**Benefits**	**Annual bonus**	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus
Robert Noel	**–**	**–20.2%**	**N/A**	3.8%	19.0%	n/a	n/a	n/a	n/a
Gwyn Burr (until 28 April 2022)*	**–1.1%**	**N/A**	**N/A**	1.5%	n/a	n/a	–5.2%	–50.0%	n/a
Habib Annous	**11.1%**	**N/A**	**N/A**	n/a	n/a	n/a	n/a	n/a	n/a
Méka Brunel	**0.0%**	**N/A**	**N/A**	7.4%	–100.0%	N/A	–1.9%	–87.7%	n/a
Mike Butterworth	**13.9%**	**N/A**	**N/A**	n/a	n/a	n/a	n/a	n/a	n/a
Desmond de Beer (until 11 October 2022)*	**0.15%**	**470.2%**	**N/A**	1.3%	n/a	n/a	n/a	n/a	n/a
Andrew Formica (until28 April 2022)*	**–3.1%**	**N/A**	**N/A**	5.3%	n/a	n/a	–6.0%	–	n/a
Adam Metz	**–**	**3271.5%**	**N/A**	7.4%	–93.7%	n/a	–1.7%	–77.8%	n/a
Carol Welch	–	**N/A**	**N/A**	17.9%	n/a	n/a	–4.3%	–	n/a
Total UK employees	**12.3%**	**15.5%**	**32.1%**	9.5%	18.6%	324.7%	3.7%	–5.3%	–73.8%

* Date at which ceased to be a director.

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
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 2022 Chief Executive Pay Ratio

Year	25th percentile pay £000	Median pay £000	75th percentile pay £000
Salary	40	55	92
Total UK employee pay and benefits	46	73	124

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 financial year.

Employee pay data is based on full-time equivalent (FTE) pay for UK employees as at 31 December 2022. 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 decrease in the Chief Executive pay ratio from 2021 to 2022 was that Rita-Rose Gagné received a relocation allowance of £400,000 in 2021 which was a one-off benefit.

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 three individuals identified this year all are not participants in either the RSS or RSP but did receive an annual bonus for 2022. 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 2022 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.

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. Gwyn Burr stepped down as Non-Executive Director and Chair of the Committee following the conclusion of the AGM on 28 April 2022 and Habib Annous, Non-Executive Director, succeeded Gwyn as Chair of the Committee. 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 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 external evaluation of the effectiveness of the Board and its Committees was undertaken in 2022. The Committee considers that it continues to function effectively and in accordance with its terms of reference. In 2022, the Committee reviewed its terms of reference to ensure that they remain appropriate.

Advisors
The Committee appointed FIT Remuneration Consultants (FIT) August in 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 2022 totalled £87,283 (2021: £67,040). 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.

Herbert Smith Freehills LLP 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. In addition, the Chief Executive, CFO and Chief People Officer attend Committee meetings by invitation.

Statement of voting at Annual General Meeting
The table below shows votes cast by proxy at the AGM held on 28 April 2022 in respect of the Directors' Remuneration Report.

Statement of voting on remuneration

	Votes for		Votes against		Votes withheld
	Number		Number		number
2021 Remuneration Report (at the 2022 AGM)	3,206,979,255	92.73%	251,383,588	7.27%	2,934,478
2020 Remuneration Policy (at the 2020 AGM)	562,599,919	91.34%	53,325,844	8.66%	4,438,298

SECTION 3: IMPLEMENTATION OF REMUNERATION POLICY IN 2023

This section sets out information on how the Remuneration Policy will be implemented in 2023 if approved by shareholders at the 2023 Annual General Meeting.

Shareholder approval for the Remuneration Policy was last received at the 2020 Annual General Meeting. Following consultation with shareholders (described in the Remuneration Committee Chair's letter on page 82), the Company has proposed changes to the Remuneration Policy, and will present the revised Policy (set out on pages 85 to 97) to shareholders for approval at the 2023 Annual General Meeting. If the new Remuneration Policy is approved by shareholders, the Company intends to implement the new Policy in 2023 as shown below. If the new Policy is not approved by shareholders, then the existing Remuneration Policy would instead remain in place and continue to operate.

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 2023

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 2023.

2023 Executive Directors' salaries	£000
Rita-Rose Gagné	713
Himanshu Raja	456

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 2023, 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 2023 will be subject to slightly different weightings to reflect the increased focus on ESG metrics.

Adjusted Earnings Per Share	21.67%
Net Debt	21.67%
Gross Administration Costs	21.67%
Carbon Reduction	10%
Personal/Strategic (including Sustainability)	25%

The personal/strategic objectives will be focussed on five key areas, all of which will have demonstrably measurable targets.

- Value Creation: Delivery of non-core asset disposals and development projects in line with the Strategy and Business Plan
- Cost Management: Continued reduction of costs whilst maintaining operational excellence
- Sustainability: Increasing the focus on the full breadth of sustainability inclusive of environment and social across the business
- Organisation: Agile, high performing organisation underpinned by the Group's Purpose, Vision & Values
- Digitisation: Technology transformation to support more effective and streamlined ways of working

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 2023 Annual Report.

40% of the 2023 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 2023.

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 2023.

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.

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' 2023 annual fees	£000
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

These remain unchanged from 2022 levels and are expected to next be reviewed for 2024.

Remuneration for employees below Board level in 2023

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 held a number of employee forums 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.

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 (see description of consultation on proposed Policy above), 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 96.
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
8 March 2023

The Directors of the Company present their report together with the audited consolidated financial statements for the year ended 31 December 2022. 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	20–22
Information about dividends	9
Employment of disabled persons	24
Engagement with colleagues	24
Engagement with customers, suppliers and other external stakeholders	32–34
Going concern and viability statements	60–61

The Strategic Report is set out on pages 1 to 63 and 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	64–116
Financial instruments and risk management	168–173
Statement of Directors' responsibilities, including confirmation of disclosure of information to the Auditors	116
Subsidiaries and other related undertakings outside the UK	184–189
Disclosures concerning greenhouse gas emissions and energy consumption	27
Shareholder information	204–205

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.

2023 Annual General Meeting
The Company's 2023 Annual General Meeting (AGM) will be held at 9:00 am (UK time) on 4 May 2023. 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 2022 AGM, the Company was granted authority by shareholders to allot shares up to an aggregate nominal value of £73,529,431. This authority will expire on the earlier of 28 July 2023 or the conclusion of the 2023 AGM, at which a resolution will be proposed for its renewal. Under this authority, the Company allotted a total of 194,637,920 ordinary shares on 10 May 2022 as part of the Company's enhanced scrip dividend alternative in relation to the final dividend for the financial year ended 31 December 2021, and a total of 388,170,526 ordinary shares on 3 November 2022 as part of the Company's enhanced scrip dividend alternative in relation to the interim dividend for the financial year ended 31 December 2022.

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 24, 32 and 67.

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 2022 and continue to serve at the date of approval of the Directors' Report are set out on pages 64 to 65. Gwyn Burr and Andrew Formica stepped down as Directors on 28 April 2022. Des de Beer and his alternate, Alan Olivier, stepped down as Director and alternate Director, respectively, on 11 October 2022.

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 on page 102 of the Directors' Remuneration Report.

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 indemnified under the Articles and through a Deed Poll of Indemnity.

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 2022.

Post balance sheet events
Details of post balance sheet events can be found in note 28 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, 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.

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 2022 AGM, the Company was granted authority by shareholders to purchase up to 441,176,591 ordinary shares of 5 pence each (representing approximately 10% of the Company's issued ordinary share capital as at 14 March 2022). This authority will expire at the conclusion of the 2023 AGM, at which a resolution will be proposed for its renewal, or, if earlier, on 28 July 2023. Further details on share purchases can be found in note 21A to the financial statements. The Company made no purchases of its own shares into treasury during the year pursuant to the above authority. As at 31 December 2022, the Company held 7,691,247 ordinary shares in treasury.

Interests disclosed under DTR 5

As at 31 December 2022, 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 *
Lighthouse Capital Limited	927,628,656	22.07%
APG Asset Management N.V.	1,046,181,300	20.94%
BlackRock, Inc.	289,466,153	6.55%
Resilient 2 Proprietary Limited	143,000,000	3.10%
Richmond Group	139,449,066	3.02%

* Percentage based on ordinary shares in issue, excluding treasury shares, as at the date the notification was received by the Company.

On 6 March 2023 (the latest practicable date before the publication of this Report), the Company received an additional notification of interests in accordance with Chapter 5 of the DTRs from APG Asset Management N.V. of a decrease in voting rights from 1,046,181,300 to 997,468,698 (representing 19.97% of the Company's issued share capital carrying voting rights as at the date of that notification). The Company received no other notifications in the period between 1 January 2023 and 6 March 2023.

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 21A 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. 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 are known to the Company and 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 2022, 25,512,208 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	148
Details of long term incentive schemes	145
Shareholder waivers of dividends	115
Shareholder waivers of future dividends	115

By order of the Board

Alex Dunn
General Counsel and Company Secretary
8 March 2023

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
8 March 2023

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 2022 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)
- 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 2022; 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. Together these components account for 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: £34.0m (2021: £36.8m) based on 0.75% of Group's total assets
- Specific Group materiality: £5.3m (2021: £5.7m) based on 5% of the Group's average adjusted earnings
- Overall Company materiality: £44.5m (2021: £47.7m) based on 0.75% of the Company's total assets
- Overall performance materiality: £25.5m (2021: £27.6m) (Group); Specific performance materiality: £3.9m (2021: £4.3m) (Group) and Company performance materiality: £33.4m (2021: £35.8m) (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.

Expected Credit Losses on accounts receivable and unamortised tenant incentives, which was a key audit matter last year, is no longer *included because collection levels have* improved and the judgement in estimating the level of provisioning, and therefore the risk of material misstatement, has reduced. Otherwise, the key audit matters below are consistent with last year.

KEY AUDIT MATTER

Valuation of investment property, either held directly or within joint ventures (Group)
Refer to page 78 (Audit Committee Report), page 136 (Principal accounting policies), pages 138 and 139 (Significant estimates – Property valuations) and pages 156 to 162 (Notes to the consolidated financial statements – note 12 and 13).

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 2022 was £5,107.1m (2021: £5,372.2m) and has been impacted by the uncertainty in the macroeconomic environment.

Of this portfolio £1,461.0m (2021: £1,561.4m) is held by subsidiaries within 'Investment properties', and £1,620.0m (2021: £1,712.2m) is held by joint ventures within 'Investment in joint ventures'. Additionally the portfolio includes £nil (2021: £69.1m) held within 'Assets held for sale', and £36.2m (2021: £34.3m) held within 'Trading properties'. Properties held within 'Assets held for sale' and 'Trading properties' do not form part of this key audit matter. Together these properties are spread across the UK, French and Irish components.

The remainder of the portfolio is held within associates, £1,989.9m (2021: £1,995.2m), primarily in respect of Value Retail with the balance held in Italie Deux. The Group's share of Value Retail's investment property is £1,887.0m (2021: £1,893.5m). 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 2022.

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 2022, the valuers continue to include wording suggested by the 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.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

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

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.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

- **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, in particular ERV where, for a sample of units, we challenged the valuers to support how they had determined their ERV. 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 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

Accounting for the investment in Value Retail and valuation of investment property held by Value Retail (Group)
Refer to page 136 (Principal accounting policies), pages 138 and 139 (Significant estimates – Property valuations) and pages 162 and 163 (Notes to the consolidated financial statements – note 14).

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 2022 was £1,189.4m (2021: £1,140.8m).

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 £5,151.0m as at 31 December 2022 (2021: £5,055.6m). The Group's share of the Value Retail property, which is included within the wider Group portfolio of £5,107.1m (2021: £5,372.2m), was £1,887.0m (2021: £1,893.5m) and has also been impacted by the macroeconomic environment.

The closing 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.

HOW OUR AUDIT ADDRESSED THE 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 comfort 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 2022. 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 183 (Principal accounting policies) and pages 183 and 184 (Notes to the Company financial statements – note C3 and C4). The Company has investments in subsidiary companies of £1,322.4m (2021: £1,279.3m) and amounts owed by subsidiaries and other related undertakings of £4,395.0m (2021: £4,727.5m) as at 31 December 2022. This is following the recognition of a £42.5m (2021: £1,136.1m loss) revaluation gain on investments in subsidiary companies and an Expected Credit Loss provision of £595.9m (2021: £471.6m) recognised on amounts owed by subsidiaries and other related undertakings as at year end. 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 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 2022. We assessed the accounting policy 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 four components being: UK, France, Ireland and Value Retail.

All four components were subject to a full scope audit given their financial significance to the Group.

The UK, French, Irish and Value Retail components account for 100% (2021: UK, French, Irish and Value Retail components accounted for 100%) of the Group's total assets.

The UK and Irish 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 have developed Net Zero Asset Plans 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
- 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
- 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 and the viability statement

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 2022.

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	£34.0m (2021: £36.8m).	£44.5m (2021: £47.7m).
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	£5.3m (2021: £5.7m).	Not applicable.
How we determined it	Based on 5% of the Group's FY22 adjusted earnings (2021: 5% of the Group's weighted average adjusted earnings from 2018 to 2021).	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 10A 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 £18.0m to £32.0m. The range of overall materiality allocated across components for operating activities was £2.4m to £4.3m.

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% (2021: 75%) of overall materiality, amounting to £25.5m (2021: £27.6m) for the Group financial statements and £33.4m (2021: £35.8m) for the Company financial statements. Our performance materiality for operating activities was 75% (2021: 75%) of Specific materiality, amounting to £3.9m (2021: £4.3m) 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 £1.7m (Group audit) (2021: £1.8m) for investing and financing activities, £0.5m (Group audit) (2021: £0.6m) for operating activities, and £2.2m (Company audit) (2021: £2.4m) 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 both a base scenario and severe but plausible 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. We considered whether the severe but plausible scenario included appropriate sensitivities to factor in severe but plausible variances from the base scenario in respect of both forecast property valuations and net rental income. We also considered how the Group's Net Zero by 2030 climate commitment had been factored into the cash flow projections
- We examined the minimum committed facility headroom under the base and severe but plausible scenarios, and evaluated whether the Directors' conclusion, that sufficient liquidity headroom existed to continue trading operationally throughout the period to 30 June 2024, 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 and severe but plausible scenarios to assess the Directors' conclusions on covenant compliance. We reperformed the covenant compliance modelling both excluding the impact of refinancing challenges in the associates, and then including the impact of these secured debt challenges
- 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
- 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 2022 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
- 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
- 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
- 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 six years, covering the years ended 31 December 2017 to 31 December 2022.

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
8 March 2023

			Notes	2022 £m	2021 (Restated) £m
Revenue	†		2,4	**131.4**	137.2
Profit from operating activities	†	a	2	**29.7**	8.0
Revaluation loss on properties	†		2	**(82.7)**	(169.6)
Other net gains			2	**0.6**	18.7
Share of results of joint ventures			13B	**(41.5)**	(171.3)
Impairment of joint ventures			10A	**–**	(11.5)
Share of results of associates			14B	**(7.1)**	15.6
Operating loss				**(101.0)**	(310.1)
Finance income			7	**26.1**	15.1
Finance costs			7	**(89.1)**	(113.0)
Loss before tax				**(164.0)**	(408.0)
Tax charge			8	**(0.2)**	(1.3)
Loss from continuing operations				**(164.2)**	(409.3)
Loss from discontinued operations			9B	**–**	(19.8)
Loss for the year attributable to equity shareholders				**(164.2)**	(429.1)
Basic and diluted loss per share		b			
Continuing operations			11B	**(3.3)p**	(8.3)p
Discontinued operations			11B	**–**	(0.4)p
Total				**(3.3)p**	(8.7)p

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.

a Includes a charge of £4.0m (2021: £13.5m) and an equivalent credit of £10.7m (2021: credit of £16.6m) relating to provisions for impairment of trade (tenant) receivables as set out in note 15D.

b 2021 loss per share figures have been restated to incorporate the bonus element of scrip dividends.

		2022 £m	2021 £m
Loss for the year from continuing operations		**(164.2)**	(409.3)
Loss for the year from discontinued operations		**–**	(19.8)
Loss for the year		**(164.2)**	(429.1)
Recycled through the profit or loss on disposal of overseas property interests			
Exchange gain previously recognised in the translation reserve		**–**	(55.2)
Exchange loss previously recognised in the net investment hedge reserve		**–**	44.2
Net exchange loss relating to equity shareholders	a	**–**	(11.0)
Items that may subsequently be recycled through profit or loss			
Foreign exchange translation differences		**130.6**	(139.7)
(Loss)/gain on net investment hedge		**(103.4)**	112.2
Net loss on cash flow hedge		**(1.9)**	(1.7)
Share of other comprehensive gain of associates		**23.3**	1.3
		48.6	(27.9)
Items that will not subsequently be recycled through profit or loss			
Net actuarial (losses)/gains on pension schemes		**(26.7)**	18.9
Total other comprehensive income/(loss)	b	**21.9**	(20.0)
Total comprehensive loss for the year		**(142.3)**	(449.1)

a 2021: Relates to the sale of the Group's 25% interest in Espace Saint-Quentin and 10% interest in Nicetoile.

b All items within total other comprehensive income/(loss) relate to continuing operations.

FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET
As at 31 December 2022

		Note	2022 £m	2021 (Restated and re-presented) £m
Non-current assets				
Investment properties		12	**1,461.0**	1,561.4
Interests in leasehold properties			**34.0**	32.9
Right-of-use assets			**9.5**	3.8
Plant and equipment			**1.4**	1.4
Investment in joint ventures		13C	**1,342.4**	1,451.8
Investment in associates		14C	**1,297.1**	1,247.0
Other investments			**9.8**	9.5
Trade and other receivables		15A	**3.2**	19.5
Derivative financial instruments		19A	**7.0**	18.6
Restricted monetary assets		16A	**21.4**	21.4
			4,186.8	4,367.3
Current assets				
Trading properties		12	**36.2**	34.3
Trade and other receivables		15B	**85.9**	84.8
Derivative financial instruments		19A	**0.1**	7.3
Restricted monetary assets	†	16A	**8.6**	33.7
Cash and cash equivalents	†	16B	**218.8**	315.1
			349.6	475.2
Assets held for sale		9A	**–**	71.4
			349.6	546.6
Total assets			**4,536.4**	4,913.9
Current liabilities				
Trade and other payables		17	**(168.3)**	(179.4)
Obligations under head leases		20	**(0.2)**	–
Tax			**(0.5)**	(0.6)
Derivative financial instruments		19A	**(16.1)**	–
			(185.1)	(180.0)
Non-current liabilities				
Trade and other payables		17	**(56.3)**	(56.6)
Obligations under head leases		20	**(38.1)**	(36.4)
Loans		18A	**(1,646.4)**	(1,834.8)
Deferred tax			**(0.4)**	(0.4)
Derivative financial instruments		19A	**(23.7)**	(59.7)
			(1,764.9)	(1,987.9)
Total liabilities			**(1,950.0)**	(2,167.9)
Net assets			**2,586.4**	2,746.0
Equity				
Share capital		21A	**250.1**	221.0
Share premium			**1,563.7**	1,593.2
Merger reserve			**–**	374.1
Capital redemption reserve	*		**–**	207.6
Other reserves	*	21B	**135.4**	110.0
Retained earnings	*		**646.0**	243.5
Investment in own shares			**(8.8)**	(3.5)
Equity shareholders' funds			**2,586.4**	2,745.9
Non-controlling interests			**–**	0.1
Total equity			**2,586.4**	2,746.0
EPRA net tangible assets value per share		11C	**53p**	64p

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in notes 1B and 16.

* Certain reserves for 2021 marked * have been re-presented as set out in the consolidated statement of changes in equity.

These financial statements were approved by the Board on 8 March 2023 and signed on its behalf by:

Rita-Rose Gagné
Chief Executive

Himanshu Raja
Chief Financial Officer

	Note	Share capital a £m	Share premium £m	Merger reserve e £m	Capital redemption reserve b £m	Other reserves c £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	207.6	110.0	243.5	(3.5)	2,745.9	0.1	2,746.0
Reclassification	d	–	–	–	(9.4)	–	9.4	–	–	–	–
At 1 January 2022 – re-presented		*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	23C	–	–	–	–	–	(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	b,e	–	–	(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	22	–	–	–	–	–	(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

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 21A.

b 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 has been reclassified as available for distribution to shareholders in accordance with ICAEW Technical Release 02/17BL section 2.8A and as a result has been transferred to retained earnings.

c From 1 January 2022, 'Other reserves' now comprises Translation, Net investment hedge and Cash flow hedge reserves as set out in note 21B.

d The share-based employee remuneration reserve was previously segregated separately within 'Other reserves' and for the purposes of presentation in this report, for the year ended 31 December 2021 has been renamed 'Capital and share-based reserves'. This share-based employee remuneration reserve has now been reclassified into retained earnings to reflect that it forms part of this reserve. The remaining component of the previously named 'Other reserves' was the capital redemption reserve and has accordingly been renamed as such.

e 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 has been transferred to retained earnings.

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

	Note	Share capital £m	Share premium £m	Merger reserve £m	Capital and share-based reserves d £m	Other reserves c £m	Retained earnings £m	Investment in own shares a £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
At 1 January 2021		202.9	1,611.9	374.1	207.1	150.2	663.0	(0.4)	3,208.8	0.1	3,208.9
Recycled exchange gain on disposal of overseas property interests		–	–	–	–	(11.0)	–	–	(11.0)	–	(11.0)
Foreign exchange translation differences		–	–	–	–	(139.7)	–	–	(139.7)	–	(139.7)
Gain on net investment hedge		–	–	–	–	112.2	–	–	112.2	–	112.2
Loss on cash flow hedge		–	–	–	–	(1.9)	–	–	(1.9)	–	(1.9)
Loss on cash flow hedge recycled to net finance costs		–	–	–	–	0.2	–	–	0.2	–	0.2
Share of other comprehensive gain of associates		–	–	–	–	–	1.3	–	1.3	–	1.3
Net actuarial gains on pension schemes	23C	–	–	–	–	–	18.9	–	18.9	–	18.9
Loss for the year		–	–	–	–	–	(429.1)	–	(429.1)	–	(429.1)
Total comprehensive loss		–	–	–	–	(40.2)	(408.9)	–	(449.1)	–	(449.1)
Share-based employee remuneration		–	–	–	3.3	–	–	–	3.3	–	3.3
Cost of shares awarded to employees		–	–	–	(0.4)	–	–	0.4	–	–	–
Transfer on award of own shares to employees		–	–	–	(2.4)	–	2.4	–	–	–	–
Purchase of own shares		–	–	–	–	–	–	(3.5)	(3.5)	–	(3.5)
Dividends	22	–	–	–	–	–	(135.7)	–	(135.7)	–	(135.7)
Scrip dividend related share issue		18.1	(18.1)	–	–	–	122.7	–	122.7	–	122.7
Scrip dividend related share issue costs		–	(0.6)	–	–	–	–	–	(0.6)	–	(0.6)
At 31 December 2021		221.0	1,593.2	374.1	207.6	110.0	243.5	(3.5)	2,745.9	0.1	2,746.0

		Note	2022 £m	2021 (Restated and re-presented) £m
Profit from operating activities	†		**29.7**	8.0
Net movements in working capital and restricted monetary assets	†	24A	**2.6**	4.3
Non-cash items	†	24A	**(0.8)**	(9.3)
Cash generated from operations	†		**31.5**	3.0
Interest received			**18.1**	20.5
Interest paid			**(69.1)**	(101.4)
Redemption premiums and fees from early repayment of debt			**–**	(19.8)
Debt and loan facility issuance and extension fees			**(2.8)**	(5.2)
Premiums on hedging derivatives			**(3.9)**	(20.8)
Tax repaid/(paid)			**0.3**	(2.0)
Distributions and other receivables from joint ventures			**89.5**	45.7
Distributions from joint ventures reclassified as assets held for sale			**6.0**	–
Cash flows from operating activities	†		**69.6**	(80.0)
Investing activities				
Capital expenditure			**(36.4)**	(76.2)
Sale of properties			**124.0**	7.0
Sale of investments in joint ventures			**67.9**	48.5
Sale of investments in associates			**–**	21.2
Advances to joint ventures			**(4.0)**	(14.0)
Distributions and capital returns received from associates			**2.6**	2.1
Cash flows from investing activities			**154.1**	(11.4)
Financing activities				
Share issue expenses			**(0.5)**	(2.5)
Proceeds from award of own shares			**0.1**	0.1
Purchase of own shares			**(6.7)**	(3.5)
Proceeds from new Borrowings			**–**	596.5
Repayment of Borrowings			**(302.4)**	(929.4)
Equity dividends paid		22	**(13.2)**	(24.9)
Cash flows from financing activities			**(322.7)**	(363.7)
Decrease/(increase) in cash and cash equivalents				
– continuing operations	†		**(99.0)**	(455.1)
– discontinued operations	*	9C	**–**	354.8
	†		**(99.0)**	(100.3)
Opening cash and cash equivalents	†	24B	**315.1**	417.5
Exchange translation movement		24B	**2.7**	(2.1)
Closing cash and cash equivalents	†	24B	**218.8**	315.1

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 and the IFRIC Decision on Deposits with further information provided in notes 1B and 16.

* Cash flows for the year ended 31 December 2021 were previously presented to include discontinued operations allocated into each individual line item. The figures above have been re-presented to show only cash flows arising from continuing operations (consistent with the presentation used in the consolidated income statement). Further detail on cash flows from discontinued operations brought in as a single line item are set out in note 9C.

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 whereby the Group owns and invests in flagship destinations, developments, and premium outlets across the United Kingdom (UK) and Europe.

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 European Union, (IFRS adopted by the European Union 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 no material impact on the Group's results or net assets, except for the following IFRIC agenda decisions that were issued during the year which have resulted in accounting policy changes as follows:

- In April 2022, the IFRIC issued an agenda decision in respect of the presentation of 'Demand deposits with restrictions on use arising from a contract with a third party' (the 'IFRIC Decision on Deposits'). The conclusions were that restrictions on use which arise from a contract with a third party do not alone change the nature of amounts being classified as cash and cash equivalents. In light of this, a review has been undertaken of amounts disclosed as 'restricted monetary assets'. It has been determined that the use of certain tenant deposit and service charge amounts are restricted only by a contract with a third party. As a result, in applying the agenda decision, such amounts for 2021 have been restated to reflect this change with analysis set out in note 16.
- In October 2022, the IFRIC finalised an agenda decision in respect of 'Lessor forgiveness of lease payments (IFRS 9 and IFRS 16)' (the 'IFRIC Decision on Concessions'). This concluded that where forgiven amounts are already past due and recognised as operating lease receivables, these should be accounted for by charging to the income statement on the date that the legal rights are conceded. Historically, the Group's treatment of such concessions, which arose as a result of the Covid-19 pandemic, has been to recognise these as lease modifications such that the impact was initially held on the balance sheet and then spread forward into the income statement over the lease term or period to first break. Incentives classified within investment properties resulted in movements in tenant incentives which were recognised with an equal and opposite offset in revaluation losses. As a result of implementing the change, 2021 figures have been restated whereby Reported Group revenue, gross rental income, net rental income and revaluation losses are affected although operating profit and income statement figures below are unaffected. The equivalent Adjusted figures are also affected including those down to Adjusted earnings. More detailed analysis of the financial statement effects are set out in note 6.

Where figures have been restated, these are marked †.

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. Other than the effects of the agenda decisions, accounting policies have been applied consistently, however, in order to enhance and aid the users' understanding, certain figures have been re-presented as described in the applicable parts of the financial statements, together with certain other presentational changes made with the objective of simplification.

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.

1. BASIS OF PREPARATION, CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES continued

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 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 including, where applicable, discontinued operations. 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.
- 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 10.

D. GOING CONCERN

Introduction

The Directors have undertaken a detailed going concern assessment, considering the Group's principal risks and current and projected financial position over the period to 30 June 2024 ('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 borrowing facilities falling due after the minimum 12 months going concern period. The assessment process involved the preparation of two scenarios: a 'Base' scenario and a 'Severe but plausible' scenario. In addition the Directors reviewed covenant reverse stress tests over the going concern period.

The two scenarios take account of the latest economic and trading outlook, including geopolitical uncertainty, primarily related to the ongoing war in Ukraine, and the associated economic challenges on both consumers and businesses from high inflation, rising interest rates and supply chain pressures.

Financing position

At 31 December 2022, all borrowings in the Reported Group were unsecured and subject to covenants relating to the Group's gearing, interest cover, secured borrowings as a proportion of equity shareholders' funds, and unencumbered asset ratio, the latter covenant only being applicable to the private placement notes. As explained in the Financial Review, there was significant headroom under each of these covenants and the Group also had liquidity of £996m. This position results in the Group having no unsecured refinancing required until 2025 which is not covered by available cash.

The Group also has exposure to secured borrowings in three of its joint ventures (Dundrum, Highcross and O'Parinor) and its associate, Value Retail. These secured facilities are subject to covenants, principally relating to loan to value and interest cover and are non-recourse to the Group. This means that the lenders only have security over the property assets held by the joint venture or Value Retail and the Group is not liable for any repayment shortfall. Also, a covenant breach or acceleration of any of these facilities would not cause a cross-default under any of the Group's unsecured borrowings or any of the other secured loans.

At 31 December 2022 the Group's share of secured borrowings in its joint ventures was £392m and in Value Retail, accounted for as an associate, £762m. The loans secured against Highcross and O'Parinor and three loans held by Value Retail mature over the going concern period. The Group's share of these loans was £234m at 31 December 2022. The loan secured against Dundrum, Group's share £266m, matures in September 2024, just outside of the going concern period. During 2022, Value Retail successfully raised over £1.0bn by refinancing three secured loans, the largest being a £693m five year loan secured against Bicester Village which was completed in December 2022.

Scenario assumptions

Base scenario

The going concern scenarios, which exclude disposals and refinancing assumptions, were constructed from the Group's Business Plan ('the Plan'), which was approved by the Board in December 2022 and took into account the challenges in the market outlook referred to above and risk of recession. Nonetheless, the Plan assumed a stable near term operational performance supported by the Group's strong leasing pipeline and the recovery in collections and footfall seen over the course of 2022. Recognising the heightened macroeconomic uncertainty and pressures, investment markets were forecast to remain challenging with property values forecast to fall in 2023, before growing in 2024. The assumptions and projections in the Plan have been incorporated into the Base scenario.

Severe but plausible scenario

In developing the Group's Severe but plausible scenario the Board has assumed a number of connected adverse impacts to the Group's operating metrics and valuations which directly effect the Group's unsecured borrowing covenants. The assumptions in the Severe but plausible scenario, have been determined using available benchmarks and external forecasts, and are based on a more severe economic downturn than anticipated in the Base scenario and include over the going concern period:

- A 5 percentage points increase in forecast vacancy above the Base scenario due to tenant failure and a weaker leasing performance
- A 10% reduction in variable income from turnover rent, car parks and commercialisation relative to the Base scenario associated with lower forecast footfall
- An allowance for increased credit loss provisions from lower collections and tenant failure
- No cash distributions from Value Retail
- Dividends limited to match minimum REIT requirements based on the revised earnings projections in the Severe but plausible scenario

1. BASIS OF PREPARATION, CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES continued

D. GOING CONCERN continued

Scenario assumptions continued

- Reduction in capital expenditure to a total of £100m over the going concern period
- Weaker investment markets with lower valuations

These adverse assumptions, result in forecast net rental income (NRI) over the going concern period being c.70% of 2022 NRI and the Group's property portfolio reporting a capital return of -13% equivalent to a revaluation loss of almost £700m.

Treatment of private placement notes
Due to the forecast valuation reductions in both scenarios, the headroom under the Group's unencumbered asset ratio covenant is fully eroded by the end of the going concern period in the Base scenario. This covenant is only applicable to the private placement notes which totalled £191m at 31 December 2022, and for going concern modelling purposes to avoid the risk of breach, both scenarios assume that the notes are fully redeemed in 2023 using existing liquidity.

Secured borrowing refinancing risks
In relation to the £234m of secured loans held by two joint ventures and Value Retail which mature over the going concern period, since the year end a receiver was appointed by the lenders on Highcross and refinancing planning or lender discussions are ongoing on the other loans. However, as at the date of this report, no contractual refinancing agreements have been reached. Therefore, for going concern modelling purposes, it has been assumed that the lenders enforce security over these assets with the Group recognising an impairment of its net investment in these assets.

Scenario outcomes and reverse stress tests
Having prepared the two scenarios on the basis of the assumptions explained above, under both scenarios, the Group is forecast to retain significant liquidity and is able to meet its obligations as they fall due over the course of the going concern period. It is also forecast to remain compliant with all the remaining unsecured debt covenants over the going concern period, with gearing and interest cover being the most critical for the going concern assessment.

The key variables impacting these two covenants are valuation movements for the gearing covenant, and changes in net rental income for the interest cover covenant. Net interest cost also impacts the interest cover ratio, however as at 31 December 2022, 84% of the Group's debt (included in this covenant) is at fixed interest rates, which limits the near term volatility of this element of the covenant. The percentage of fixed debt is forecast to remain broadly unchanged over the going concern period.

As at 31 December 2022, the gearing ratio could withstand a reduction in the value of the Group's property portfolio of 28%, and for the interest cover covenant, a reduction in NRI (relative to 2022 net rental income) of 61%. Given the adverse assumptions adopted in the Severe but plausible scenario, the level of covenant headroom is forecast to diminish over the going concern period such that, at its lowest point, in June 2024, the covenant headroom to further valuation falls is forecast as c. 15% for the gearing covenant and c. 45% for lower net rental income under the interest cover covenant.

The Board considers that these levels of valuation and net rental income reductions over the going concern period, which are significantly in excess of those assumed in the Group's Severe but plausible scenario, are remote.

Mitigating actions
The successful delivery of the Group's strategy will continue to strengthen the Group's financial position. From a going concern perspective, a key element of this is to deliver a resilient and sustainable capital structure, and additional actions which have not been factored into the going concern assessment are:

- The completion of the Group's disciplined disposals programme of c.£500m over 2022 and 2023
- Refinancing of maturing loans in the ordinary course of business, particularly by Value Retail, where following the successful refinancing activities in 2022, their management remain confident of refinancing future maturing loans

Conclusion
Having undertaken the assessment described above, over the going concern period, under both scenarios the Group is forecast to retain significant liquidity and is able to meet its obligations as they fall due.

The Group is also forecast to retain significant headroom under the gearing and interest cover covenants in its unsecured borrowings. This includes the impact of a full impairment of the net investment in relation to secured loans maturing over the going concern period. This outcome demonstrates the Group's ability to withstand such an adverse outcome, even in the Severe but plausible scenario.

The Directors are therefore able to conclude that they have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for at least the next 12 months and have accordingly prepared the financial statements on the going concern basis.

E. PRINCIPAL ACCOUNTING POLICIES

Revenue
Revenue comprises gross rental income (consisting of base and turnover rents, income from car parks, 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, for example increases arising on rent reviews and turnover rent, are variable consideration and are recorded as income using the most reliable estimates of such consideration in the periods in which they are earned and based on the most reliable estimates of the value of such consideration.

1. BASIS OF PREPARATION, CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES continued

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 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 external actuaries.

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. In accordance with IFRIC 14, the Group recognises a pension surplus on a defined benefit pension plan if it has a legal right to receive that surplus on winding up.

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 8A. 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 that affect neither accounting nor taxable profit
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

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.

1. BASIS OF PREPARATION, CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES continued

E. PRINCIPAL ACCOUNTING POLICIES continued

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 2022	Year ended 31 December 2021
Quarter 1	**€1.195**	€1.145
Quarter 2	**€1.179**	€1.160
Quarter 3	**€1.168**	€1.169
Quarter 4	**€1.150**	€1.179

Consolidated balance sheet

	31 December 2022	31 December 2021
Year end rate	**€1.128**	€1.191

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 transferred 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 operating 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 offices. 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.

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.

1. BASIS OF PREPARATION, CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES continued

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.

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.

Other investments
Other investments are initially recognised at fair value and subsequently remeasured, with changes recognised in the consolidated income statement.

Disposals, discontinued operations and assets held for sale
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.

Discontinued operations and assets held for sale
A discontinued operation is a component of the Group which represents a significant separate line of business, either through its activity or geographical area of operation, which has been sold, is held for sale or has been closed.

Where at the balance sheet date the sale of a component of the Group, which can include a property, is considered highly probable and is available for immediate sale in its present condition as well as taking into account other required accounting criteria, it is classified as held for sale. Such classification assumes the expectation that the sale will complete within one year from the date of classification. Assets and liabilities held for sale are measured at the lower of carrying amount and fair value less costs to sell.

If an investment in a joint venture or associate is reclassified to assets held for sale, equity accounting ceases on the date of reclassification and any subsequent movements in the fair value are recognised as impairment gains or losses, however, the Group includes earnings generated after reclassification to assets held for sale as part of its Adjusted earnings as described in note 10A.

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, 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 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.

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 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. Hedge accounting is applied in respect of net investments in foreign operations and of debt raised in non-functional currencies. Derivative financial 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.

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.

1. BASIS OF PREPARATION, CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES continued

E. PRINCIPAL ACCOUNTING POLICIES continued

***Derivative financial instruments** continued*
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.

In line with the Group's definition of Borrowings which includes currency swaps, disclosures in the cash flow statement are consistent with this definition.

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
Assets held for sale and discontinued operations
2022
There were no assets qualifying as held for sale nor discontinued operations.

2021
On 14 December 2021, the Group exchanged contracts for the sale of all of its 50% investment in Silverburn whereby completion occurred in March 2022. At the date of exchange, it was concluded that all of the accounting criteria were met to classify this investment as an asset held for sale. Following this reclassification, equity accounting ceased and the asset was subsequently re-measured to £71.4m at 31 December 2021, being the lower of the carrying amount and fair value less costs of disposal.

In February and May 2021, the Group sold several UK retail parks forming substantially all of an identifiable segment of the business. As a result of this, the UK retail parks were disclosed as discontinued operations. Residual retained UK retail parks, reclassified as 'Developments and other', formed only a very small proportion of the segment and consequently their retention did not impact the conclusion on the treatment as discontinued.

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 where the principal asset, the investment property, is already carried at fair value being the higher of value in use and fair value less cost of disposal and as such, NAV is a reasonable approximation for the recoverable amount of the investment. There are no indicators falling outside of NAV which are considered to be grounds for further impairment review.

Significant estimates
Property valuations
Backdrop
The valuation of the Group's portfolio of properties is the most material area of estimation due to its inherent subjectivity, reliance on assumptions and sensitivity to market fluctuations. The property portfolio is valued by external valuers in accordance with RICS Valuation – Global Standards and during the year all Covid-19 related assumptions from the valuations were removed.

The 31 December 2022 reports include a general commentary on wider issues including uncertainty caused by the war in Ukraine and associated cost, supply chain, rising interest rates and inflationary pressures. Key areas of estimate highlighted included:

- Estimation of market rents based on an increased level of activity
- Consideration of appropriate levels of void costs and rent-free period
- The impact of shortening lease lengths
- The basis of yield assumptions recognising the selective return of investor appetite towards the retail sector

Methodology
Investment properties, excluding 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 ERV with appropriate adjustments for income voids arising from vacancies, lease expiries or rent-free periods. These capitalisation yields 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 currently 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 and valuers comply with the RICS Guidance Note Sustainability and ESG in Commercial Property Valuation, which took effect from 31 January 2022.

A tailored approach is taken to the valuation of the Group's 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 a further allowance for remaining 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.

1. BASIS OF PREPARATION, CONSOLIDATION AND PRINCIPAL ACCOUNTING POLICIES continued

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 (nominal equivalent yield) and market rental income (ERV). These are dependent on individual market characteristics. With other factors remaining constant, an increase in rental income would increase valuations, whilst increases in capitalisation yields and discount rates would result in a fall in 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 the valuation. A sensitivity analysis, showing the impact on valuations of changes in yields and market rental income is set out in note 12A.

Impairment of trade receivables

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)
- Guarantees held
- The probability that tenants will serve out the remainder of the contractual terms of their leases

In assessing the current year provision, consideration has been given to the outturn of the prior year provision. 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.

Over the course of 2022, conditions affecting collections improved, especially as most of the government restrictions on collections in the UK were lifted in March 2022 and final restrictions were lifted in September 2022. Although restrictions differed in France and Ireland, similar improvements have also been seen. Improved collection rates have resulted in a reduction in gross trade receivables and a reappraisal of provisioning rates. Applying the assessment criteria set out above, the Group has reduced its provisioning rates to reflect the improving trend and the reduction in the loss allowance provision in 2022 relates partly to utilisations of the provision for amounts now written off as well as the reversal of loss allowances brought forward no longer required, reflecting collections and concessions agreed.

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. Sensitivities to provisioning rates on trade (tenant) receivables are set out in note 15E.

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 and associates which are under the Group's management ('Share of Property interests') on a proportionally consolidated basis and including, where applicable, discontinued operations. Discontinued operations for 2021 comprised UK retail parks.

Adjusted earnings, which is 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.

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		12	(82.7)	(138.3)	(221.0)	221.0	–
Disposals and assets held for sale							
– Profit/(loss) on sale of properties		9A	0.7	(0.1)	0.6	(0.6)	–
– Recycled exchange gains on disposal of overseas interests			–	–	–	–	–
– Impairment on reclassification to assets held for sale			–	–	–	–	–
– Income from assets held for sale		9A,10A	–	(1.6)	(1.6)	1.6	–
Joint venture related							
– Impairment of receivables due to the Group			–	–	–	–	–
Change in fair value of other investments			(0.1)	–	(0.1)	0.1	–
Loss on sale of joint ventures and associates			–	–	–	–	–
Other net gains/(losses)			0.6	(1.7)	(1.1)	1.1	–
Share of results of joint ventures		13B	(41.5)	41.5	–	–	–
Impairment of joint venture			–	–	–	–	–
Share of results of associates		14B	(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		7	(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		8A	(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

a Adjusting items, described above as 'Capital and other', are set out in note 10A.

b Proportionally consolidated figure includes £13.7m (2021: £8.2m) of contingent rents calculated by reference to tenants' turnover.

2. PROFIT/(LOSS) FOR THE YEAR continued

							2021 Proportionally consolidated	
		Note	Reported Group £m	Share of Property interests £m	Discontinued operations 9B £m	Sub-total before adjustments £m	Capital and other a £m	Adjusted £m
Revenue	†	4	137.2	172.8	12.3	322.3	–	322.3
Gross rental income	†,b	3A,4	90.3	149.1	11.0	250.4	–	250.4
Service charge income		4	26.6	23.6	1.3	51.5	–	51.5
	†		116.9	172.7	12.3	301.9	–	301.9
Service charge expenses			(29.5)	(28.3)	(2.1)	(59.9)	–	(59.9)
Cost of sales	†	5A	(20.2)	(38.9)	(0.4)	(59.5)	(8.1)	(67.6)
Net rental income	†		67.2	105.5	9.8	182.5	(8.1)	174.4
Gross administration costs		5A	(79.5)	(0.7)	(0.1)	(80.3)	8.6	(71.7)
Other income		4	20.3	–	–	20.3	–	20.3
Net administration expenses			(59.2)	(0.7)	(0.1)	(60.0)	8.6	(51.4)
Profit from operating activities	†		8.0	104.8	9.7	122.5	0.5	123.0
Revaluation losses on properties	†	12	(169.6)	(274.5)	–	(444.1)	444.1	–
Disposals and assets held for sale								
– Profit/(loss) on sale of properties	†	9A	9.8	(0.9)	(29.3)	(20.4)	20.4	–
– Recycled exchange gains on disposal of overseas interests		10A	11.0	–	–	11.0	(11.0)	–
– Impairment on reclassification to assets held for sale			(0.9)	–	–	(0.9)	0.9	–
– Income from assets held for sale			–	–	–	–	–	–
Joint venture related								
– Impairment of receivables due to the Group			(0.7)	–	–	(0.7)	0.7	–
Change in fair value of other investments			0.4	–	–	0.4	(0.4)	–
Loss on sale of joint ventures and associates			(0.9)	0.9	–	–	–	–
Other net gains/(losses)			18.7	–	(29.3)	(10.6)	10.6	–
Share of results of joint ventures		13B	(171.3)	171.3	–	–	–	–
Impairment of joint ventures			(11.5)	–	–	(11.5)	11.5	–
Share of results of associates		14B	15.6	4.4	–	20.0	(4.1)	15.9
Operating (loss)/profit	†		(310.1)	6.0	(19.6)	(323.7)	462.6	138.9
Net finance costs		7	(97.9)	(5.7)	–	(103.6)	31.8	(71.8)
(Loss)/profit before tax	†		(408.0)	0.3	(19.6)	(427.3)	494.4	67.1
Tax charge		8A	(1.3)	(0.3)	(0.2)	(1.8)	0.2	(1.6)
(Loss)/profit after tax	†		(409.3)	–	(19.8)	(429.1)	494.6	65.5
Loss for the year from discontinued operations			(19.8)	–	19.8	–	–	–
(Loss)/profit for the year attributable to equity *shareholders*	†		(429.1)	–	–	(429.1)	494.6	65.5
Attributable to:								
Continuing operations	†		(409.3)	–	–	(409.3)	466.5	57.2
Discontinued operations	†		(19.8)	–	–	(19.8)	28.1	8.3
	†		(429.1)	–	–	(429.1)	494.6	65.5

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.

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 (together, the Chief Operating Decision Makers). 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 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 including, where applicable, discontinued operations. 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
- UK retail parks (to date of disposal in 2021)

One of the Group's primary income measures was amended in the second half of 2021 from Net rental income to Adjusted net rental income which excludes the 'change in provision for amounts not yet recognised in the income statement' as explained in note 10A. Comparative data is for this new measure where the Group's primary income statement measures are therefore now:

- Gross rental income
- Adjusted net rental income

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	
		2022 £m	2021 £m	**2022 £m**	2021 £m
Flagship destinations					
UK	†	**90.5**	119.3	**74.3**	83.6
France	†	**61.8**	54.4	**53.8**	37.0
Ireland	†	**37.3**	35.6	**33.6**	28.2
	†	**189.6**	209.3	**161.7**	148.8
Developments and other	†	**25.6**	30.1	**13.1**	17.2
Discontinued operations (UK retail parks)	†	**–**	11.0	**–**	8.4
Managed portfolio – proportionally consolidated	†	**215.2**	250.4	**174.8**	174.4
Less Share of Property interests – continuing operations	†	**(125.0)**	(149.1)		
Less discontinued operations (UK retail parks)	†	**–**	(11.0)		
Reported Group	†	**90.2**	90.3		

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.

3. SEGMENTAL ANALYSIS continued

B. INVESTMENT AND DEVELOPMENT PROPERTY ASSETS BY SEGMENT

				2022				2021
		Note	Property valuation £m	Capital expenditure £m	Revaluation losses £m	Property valuation £m	Capital expenditure £m	Revaluation losses £m
Flagship destinations								
UK	†		**871.0**	**12.8**	**(90.2)**	1,135.3	8.5	(247.5)
France	†		**1,241.0**	**33.3**	**(57.2)**	989.7	22.7	(61.0)
Ireland	†		**676.4**	**4.9**	**(20.1)**	659.3	4.4	(56.9)
	†		**2,788.4**	**51.0**	**(167.5)**	2,784.3	35.6	(365.4)
Developments and other	†		**431.7**	**21.9**	**(53.5)**	694.4	50.8	(78.7)
Discontinued operations (UK retail parks)	†		**–**	**–**	**–**	–	0.3	–
Managed portfolio	†		**3,220.1**	**72.9**	**(221.0)**	3,478.7	86.7	(444.1)
Value Retail			**1,887.0**	**6.6**	**(60.7)**	1,893.5	41.2	(12.0)
Group portfolio	†		**5,107.1**	**79.5**	**(281.7)**	5,372.2	127.9	(456.1)
Less Value Retail			**(1,887.0)**	**(6.6)**	**60.7**	(1,893.5)	(41.2)	12.0
Less Share of Property interests	†	a	**(1,722.9)**	**(35.2)**	**138.3**	(1,813.9)	(13.1)	274.5
Less discontinued operations (UK retail parks)	†		**–**	**–**	**–**	–	(0.3)	–
Less trading properties		b	**(36.2)**	**–**	**–**	(34.3)	(6.2)	–
Less assets held for sale		9A	**–**	**–**	**–**	(69.1)	–	–
Reported Group	†		**1,461.0**	**37.7**	**(82.7)**	1,561.4	67.1	(169.6)

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.

a Property valuation comprises UK: £1,011.6m (2021: £1,121.0m); France: £166.8m (2021: £165.9m) and Ireland: £544.5m (2021: £527.0m).

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 has 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.

C. ANALYSIS OF NON-CURRENT ASSETS

		2022 £m	2021 £m
UK		**1,135.4**	1,428.8
Continental Europe	*	**2,518.0**	2,418.2
Ireland		**533.4**	520.3
		4,186.8	4,367.3

* Includes the Group's associate stake in Value Retail which has interests across Europe, including UK and Ireland.

4. REVENUE

			Note	2022 £m	2021 £m
Base rent				**68.2**	62.1
Turnover rent				**5.5**	2.7
Car park income		*		**10.8**	9.6
Lease incentive recognition	†			**2.7**	11.3
Other rental income				**3.0**	4.6
Gross rental income	†		2	**90.2**	90.3
Service charge income		*		**24.2**	26.6
Other income					
– Property fee income		*		**11.5**	13.2
– Joint venture and associate management fees		*		**5.5**	7.1
				17.0	20.3
Revenue – continuing operations	†			**131.4**	137.2
Revenue – discontinued operations	†		9B	**–**	12.2
	†			**131.4**	149.4

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.

* *Revenue for those categories marked * amounted to £52.0m (2021: £56.5m) 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			Note	2022 £m	2021 £m
Ground and equity rents payable				**0.7**	1.1
Inclusive lease costs recovered through rent				**3.1**	2.7
Other property outgoings	†	a		**6.4**	18.0
Change in provision for amounts not yet recognised in the income statement				**(0.9)**	(1.6)
	†			**9.3**	20.2

Gross administration costs		Note	2022 £m	2021 £m
Employee costs		5B	**42.0**	51.4
Depreciation of plant and equipment			**1.0**	1.1
Depreciation of right-of-use assets			**3.1**	3.3
Business transformation costs		10A	**5.1**	8.6
Other corporate costs	b		**13.4**	15.1
			64.6	79.5

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.

a Includes charges and credits in respect of expected credit losses as set out in note 15D.

b Comprises predominantly professional fees (mainly valuation, legal and audit), office rent and software licence fees.

5. COSTS continued

B. EMPLOYEE COSTS

	Note	2022 £m	2021 £m
Wages and salaries (including bonuses)		**31.3**	39.5
Social security		**5.5**	7.1
Other pension costs		**3.0**	3.0
Share-based remuneration	5D	**3.0**	3.3
	*	**42.8**	52.9
Capitalised into properties under development		**(0.8)**	(1.5)
Total		**42.0**	51.4

* 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

	2022 number	2021 number
Average number of employees	**370**	494
Number of employees whose costs are recharged to tenants, included above	**145**	195

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 2022, there were no shares exercisable under any of these schemes (2021: none). Details of each scheme are as follows:

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.

	2022 number	2021 number
1 January	**714,478**	767,558
Granted	**2,761,940**	117,508
Exercised	**(714,478)**	(62,483)
Forfeited	**–**	(108,105)
31 December	**2,761,940**	714,478

Weighted average	2022	2021
Fair value of awards granted	**32p**	34p
Share price at date of exercise	**31p**	32p
Remaining contractual life	**1.3 years**	0.1 years

5. COSTS continued

D. SHARE-BASED PAYMENTS continued

Restricted Share Schemes (RSS) 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. 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.

	2022 number	2021 number
1 January	**11,100,742**	10,941,218
Granted	**5,244,132**	4,698,892
Lapsed	**(768,801)**	(1,218,572)
Forfeited	**–**	(3,320,796)
31 December	**15,576,073**	11,100,742

Weighted average	2022	2021
Fair value of awards granted	**32p**	34p
Share price at date of exercise	**n/a**	n/a
Remaining contractual life	**2.3 years**	3.0 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.

	2022 number	2021 number
1 January	**16,570,535**	13,772,868
Granted	**7,273,007**	8,762,770
Exercised	**(1,210,999)**	(764,288)
Forfeited	**(4,221,790)**	(5,200,815)
31 December	**18,410,753**	16,570,535

Weighted average	2022	2021
Fair value of awards granted	**32p**	34p
Share price at date of exercise	**32p**	33p
Remaining contractual life	**1.3 years**	1.8 years

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.

5. COSTS continued

E. AUDITOR REMUNERATION

		2022 £m	2021 £m
Audit of the Group and Company financial statements		**0.9**	0.6
Audit of subsidiaries		**0.5**	0.5
Audit related assurance services, including interim review		**0.3**	0.2
		1.7	1.3
Non-audit services	a	**–**	0.1
Total auditor remuneration	b	**1.7**	1.4

a 2021: Related to reporting accountant work in respect of the €700m bond issue.

b Excludes the additional amounts of £0.2m (2021: £0.2m) incurred in respect of the Group's share of audit services undertaken on behalf of its joint ventures.

6. RESTATEMENT OF 2021 IN RESPECT OF THE IFRIC DECISION ON CONCESSIONS

As described in note 1B, the IFRIC Decision on Concessions has resulted in a restatement of 2021 results. IAS 8 'Accounting policies, changes in accounting estimates and errors' requires that for current and prior periods, to the extent practicable, the amount of adjustment relating to a restatement should be disclosed for each financial line item affected. Whilst those financial line items which have been restated are marked †, owing to the very significant number of line items affected, it has not been considered practicable to disclose the effects for each one because such presentation would become misleading and thus conflict with the objective of financial statements as set out in IAS 1 'Presentation of financial statements'. Accordingly, only the adjustments which affect key financial line items are presented below:

A. KEY INCOME STATEMENT ITEMS

		Reported Group				Adjusted
	As originally reported £m	Adjustment £m	As restated £m	As originally reported £m	Adjustment £m	As restated £m
Revenue	134.8	2.4	137.2	313.4	8.8	322.2
Gross rental income	87.9	2.4	90.3	241.6	8.8	250.4
Cost of sales	(13.7)	(6.5)	(20.2)	(43.4)	(24.2)	(67.6)
Net rental income	71.3	(4.1)	67.2	189.8	(15.4)	174.4
Profit from operating activities	12.1	(4.1)	8.0	138.4	(15.4)	123.0
Revaluation losses on properties	(173.7)	4.1	(169.6)	–	–	–
Operating (loss)/profit	(310.1)	–	(310.1)	154.3	(15.4)	138.9
(Loss)/profit for the year attributable to equity shareholders *	(429.1)	–	(429.1)	80.9	(15.4)	65.5

* EPRA earnings and Headline earnings have been restated by the same amount.

B. INCOME ANALYSIS BY SEGMENT

	Gross rental income			Adjusted net rental income		
	As originally reported £m	Adjustment £m	As restated £m	As originally reported £m	Adjustment £m	As restated £m
Flagship destinations						
UK	114.3	5.0	119.3	90.1	(6.5)	83.6
France	52.5	1.9	54.4	39.4	(2.4)	37.0
Ireland	34.5	1.1	35.6	32.4	(4.2)	28.2
	201.3	8.0	209.3	161.9	(13.1)	148.8
Developments and other	29.6	0.5	30.1	17.5	(0.3)	17.2
Discontinued operations (UK retail parks)	10.7	0.3	11.0	10.4	(2.0)	8.4
Managed portfolio	241.6	8.8	250.4	189.8	(15.4)	174.4
Less Share of Property interests – continuing operations	(143.0)	(6.1)	(149.1)	(109.7)	9.3	(100.4)
Less discontinued operations (UK retail parks)	(10.7)	(0.3)	(11.0)	(10.4)	2.0	(8.4)
	87.9	2.4	90.3	69.7	(4.1)	65.6

6. RESTATEMENT OF 2021 IN RESPECT OF THE IFRIC DECISION ON CONCESSIONS *continued*

C: INCOME ANALYSIS OF JOINT VENTURES AND ASSOCIATES

	Gross rental income			Net rental income		
	As originally reported £m	Adjustment £m	As restated £m	As originally reported £m	Adjustment £m	As restated £m
Joint ventures	137.2	5.9	143.1	110.0	(9.2)	100.8
Associates	102.5	0.1	102.6	71.5	(0.1)	71.4

D. BALANCE SHEET DISCLOSURES

			Share of Property interests and discontinued operations			Reported Group		
Investment properties		Note	As originally reported £m	Adjustment £m	As restated £m	As originally reported £m	Adjustment £m	As restated £m
Revaluation losses	*	3/12	283.8	(9.3)	274.5	(173.7)	4.1	(169.6)
Capital expenditure	*	3/12	(24.7)	11.3	(13.4)	71.2	(4.1)	67.1
Disposals	*	3	2.3	(2.0)	0.3			

* Figures for Share of Property interests and discontinued operations are as set out in note 3 and Reported Group figures are set out in note 12 as stated above.

E. IMPACT ON 2022

Had the restatement not been applied, the income measures for 2022 set out below would have differed by the following amounts.

Amount by which income would have been (lower)/higher	**Reported Group £m**	**Adjusted £m**
Revenue	**(2.9)**	**(8.7)**
Gross rental income	**(2.9)**	**(8.7)**
Net rental income	**0.5**	**(1.9)**
Profit for the year attributable to equity shareholders	**–**	**(1.9)**

7. NET FINANCE COSTS

		Note	**2022 £m**	2021 £m
Finance income				
Bank and other interest receivable			**26.1**	15.1
Finance costs				
Interest on bank loans and overdrafts			**(4.6)**	(5.8)
Interest on bonds and related charges			**(61.4)**	(62.0)
Interest on senior notes and related charges			**(6.0)**	(11.4)
Interest on obligations under head leases			**(2.1)**	(2.2)
Interest on other lease obligations			**(0.1)**	(0.1)
Other interest payable			**(0.4)**	(1.2)
Gross interest costs			**(74.6)**	(82.7)
Interest capitalised in respect of properties under development			**1.2**	5.3
			(73.4)	(77.4)
Debt and loan facility cancellation costs	*	10A	**(1.3)**	(21.6)
Fair value losses on derivatives		10A	**(14.4)**	(14.0)
			(89.1)	(113.0)
Net finance costs			**(63.0)**	(97.9)

* Comprising redemption premiums and fees from early repayment of debt or cancellation of facilities.

7. NET FINANCE COSTS continued

Further analysis on a proportionally consolidated basis is set out below:

	Note	Reported Group £m	Share of Property interests £m	Sub-total before adjustments £m	Capital and other £m	Adjusted £m
						2022
				Proportionally consolidated		
Finance income		**26.1**	**–**	**26.1**	**–**	**26.1**
Gross interest costs		**(74.6)**	**(6.7)**	**(81.3)**	**–**	**(81.3)**
Interest capitalised in respect of properties under development		**1.2**	**–**	**1.2**	**–**	**1.2**
		(73.4)	**(6.7)**	**(80.1)**	**–**	**(80.1)**
Debt and loan facility cancellation costs	10A	**(1.3)**	**–**	**(1.3)**	**1.3**	**–**
Fair value (losses)/gains on derivatives	10A	**(14.4)**	**4.1**	**(10.3)**	**10.3**	**–**
Finance costs		**(89.1)**	**(2.6)**	**(91.7)**	**11.6**	**(80.1)**
Net finance costs		**(63.0)**	**(2.6)**	**(65.6)**	**11.6**	**(54.0)**

	Note	Reported Group £m	Share of Property interests £m	Sub-total before adjustments £m	Capital and other £m	Adjusted £m
						2021
				Proportionally consolidated		
Finance income		15.1	–	15.1	–	15.1
Gross interest costs		(82.7)	(9.5)	(92.2)	–	(92.2)
Interest capitalised in respect of properties under development		5.3	–	5.3	–	5.3
		(77.4)	(9.5)	(86.9)	–	(86.9)
Debt and loan facility cancellation costs	10A	(21.6)	(0.4)	(22.0)	22.0	–
Fair value (losses)/gains on derivatives	10A	(14.0)	4.2	(9.8)	9.8	–
Finance costs		(113.0)	(5.7)	(118.7)	31.8	(86.9)
Net finance costs		(97.9)	(5.7)	(103.6)	31.8	(71.8)

8. TAX CHARGE

A. TAX CHARGE

		Note	2022 £m	2021 £m
Foreign current tax			**0.2**	1.3
Tax charge – continuing operations			**0.2**	1.3
Tax charge – discontinued operations	*	9B	**–**	0.2
Tax charge – total			**0.2**	1.5

* Included within 'Capital and other' in note 2.

8. TAX CHARGE continued

A. TAX CHARGE continued

The Group's tax charge remains low because it has tax exempt status in its principal operating countries.

In the UK, the Group has been a REIT 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 2022. 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 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 accruals for tax liabilities 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	2022 £m	2021 £m
Loss before tax	2	**(163.7)**	(427.3)
Loss after tax of joint ventures	13B	**41.5**	170.4
Loss/(profit) after tax of associates	14B	**7.1**	(15.6)
Loss on ordinary activities before tax		**(115.1)**	(272.5)
Tax at the UK corporation tax rate of 19% (2021: 19%)		**(21.9)**	(51.8)
UK REIT tax exemption		**6.2**	20.4
French SIIC tax exemption		**6.4**	8.9
Irish QIAIF tax exemption		**1.2**	12.5
Losses for the year not utilised		**7.1**	10.1
Non-deductible and other items		**1.2**	1.4
Tax charge – total		**0.2**	1.5
Tax charge – continuing operations		**0.2**	1.3
Tax charge – discontinued operations		**–**	0.2
Tax charge – total		**0.2**	1.5

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 2022, the total of such losses was £601m (2021: £599m) and £650m (2021: £570m) respectively, and the potential tax effect of these was £150m (2021: £150m) and £162m (2021: £143m) 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 2022, the total of such gains was £133m (2021: £212m) and the potential tax effect before the offset of losses was £33m (2021: £53m).

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.

9. DISPOSALS, ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A. DISPOSALS AND ASSETS HELD FOR SALE

2022
The profit on sale of properties of £0.7m includes several post completion adjustments arising mainly from historical disposals in prior periods and the disposal of Victoria, which was sold on 25 February 2022, when the Group exchanged and completed the sale for gross proceeds of £120m.

In addition, on 15 March 2022, the Group completed the sale of its joint venture investment in Silverburn for gross proceeds of £140m (the Group's share being £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, which included investment properties of £69.1m. A £nil gain/loss on disposal was recognised, however, income generated during the year of £1.6m has been included in Adjusted earnings as explained further in note 10A.

2021
On 5 February 2021, the Group sold its 41% joint venture interest in Brent South Shopping Park for gross proceeds of £22m which formed part of the UK retail parks disposals which were sold on 19 May 2021 and are treated as discontinued operations as set out in note 9B below.

On 1 April 2021, the Group sold its 25% interest in Espace Saint-Quentin for gross proceeds of €31m (£26m) and its 10% interest in Nicetoile for €25m (£21m) whereby results are included within Share of Property interests up to the point of disposal.

As described above, the Group exchanged contracts for the sale of its joint venture investment in Silverburn on 14 December 2021 and as a result was classified as an asset held for sale.

B. DISCONTINUED OPERATIONS

2021
On 19 May 2021, substantially all of the remaining UK retail parks segment was disposed of with the profits and losses arising on these properties being classified as discontinued operations.

				2021
		Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
Revenue	†	12.2	0.1	12.3
Gross rental income	†	10.9	0.1	11.0
Service charge income		1.3	–	1.3
	†	12.2	0.1	12.3
Service charge expenses		(2.1)	–	(2.1)
Cost of sales	†	(0.5)	0.1	(0.4)
Net rental income	†	9.6	0.2	9.8
Administration expenses		(0.1)	–	(0.1)
Profit from operating activities	†	9.5	0.2	9.7
(Loss)/profit on sale of properties	†	(30.0)	0.7	(29.3)
Share of results of joint ventures		0.9	(0.9)	–
Loss before tax		(19.6)	–	(19.6)
Tax charge		(0.2)	–	(0.2)
Loss from discontinued operations		(19.8)	–	(19.8)

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in note 1B.

C. CASH FLOWS FROM DISCONTINUED OPERATIONS

	2021 £m
Cash flows from operating activities	7.1
Cash flows from investing activities	347.7
Total cash flows from discontinued operations	354.8

10. 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

			2022 £m	2021 £m
Reported Group				
Loss after tax – continuing operations			**(164.2)**	(409.3)
Loss after tax – discontinued operations			**–**	(19.8)
Loss after tax for the year			**(164.2)**	(429.1)
Adjustments:				
Revaluation losses on managed portfolio	†		**221.0**	444.1
Disposals and assets held for sale				
– (Profit)/loss on sale of properties	†	a	**(0.6)**	20.4
– Recycled exchange gains on disposal of overseas property interests		b	**–**	(11.0)
– Impairment recognised on reclassification to assets held for sale		c	**–**	0.9
Joint venture related				
– Impairment of investment		d	**–**	11.5
– Impairment of receivables due to the Group		d	**–**	0.7
Associates (Value Retail):				
– Revaluation losses		k	**60.7**	12.0
– Deferred tax		e, k	**0.1**	(1.2)
– Change in fair value of financial assets		k	**(0.2)**	(0.1)
Sub-total: Adjustments for Headline earnings	†		**281.0**	477.3
Associates (Value Retail):				
– *Change in fair value of derivatives*		f, k	**(18.1)**	(9.3)
– Change in fair value of participative loans		f, k	**(9.8)**	(5.5)
Included in Financing:				
– Debt and loan facility cancellation costs		g	**1.3**	22.0
– *Change in fair value of derivatives*		g	**10.3**	9.8
Change in fair value of other investments		h	**0.1**	(0.4)
Tax charge on discontinued operations		e	**–**	0.2
Sub-total: Adjustments for EPRA earnings	†		**264.8**	494.1
Included in profit from operating activities:				
– *Business transformation costs*		i	**5.1**	8.6
– Change in provision for amounts not yet recognised in the income statement		j	**(2.4)**	(8.1)
– Income from assets held for sale		l	**1.6**	–
Total: Adjustments for Adjusted earnings	†		**269.1**	494.6
Headline earnings	†		**116.8**	48.2
EPRA earnings	†		**100.6**	65.0
Adjusted earnings	†		**104.9**	65.5

† *2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.*

a Comprises several post completion adjustments on historical disposals in prior periods and the loss on sale of Victoria (2021 comprised the loss on sale of Brent South Shopping Park, the overseas property interests in Espace Saint-Quentin and Nicetoile, the portfolio of seven retail parks and the sale of six other *non-core assets*).

b Exchange gains previously recognised in equity until disposal.

c Relates to the sale of Silverburn which completed on 15 March 2022.

10. KEY ALTERNATIVE PERFORMANCE MEASURES continued

d Impairment of Highcross joint venture: at 31 December 2021, the secured loan within the Highcross joint venture was in breach of its covenants whereby the Directors of the joint venture have been in discussions with the lenders to find a mutually acceptable solution. In the event that agreement is not reached with the lenders, there is a risk that the lenders accelerate the loan repayment, which would precipitate the loan falling due immediately, or the lenders could seek to enforce their rights over the joint venture's assets. Taking this into account, an impairment review concluded that both the value in use and the fair value less cost of disposal were £nil. Consequently, both the Group's investment in the joint venture as well as the Group's receivable were fully impaired. As set out in note 20, *in February 2023, a receiver was appointed by the lenders to administer the asset.*

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.

g Financing items comprise:

		2022					2021
		Reported Group £m	**Share of Property interests £m**	**Total £m**	Reported Group £m	Share of Property interests £m	Total £m
Fees on cancellation of facilities/redemption premiums and fees from early repayment of debt		**1.3**	**–**	**1.3**	21.6	0.4	22.0
Change in fair value of derivatives	f	**14.4**	**(4.1)**	**10.3**	14.0	(4.2)	9.8
		15.7	**(4.1)**	**11.6**	35.6	(3.8)	31.8

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.*

i Business transformation costs comprise:

	2022 £m	2021 £m
Employee severance	**3.4**	4.2
System related costs	**1.7**	–
Consultancy costs	**–**	4.4
	5.1	8.6

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 new strategy announced during 2021. The related costs are incremental and do not form part of underlying trading and comprise mainly employee severance and system based costs associated with digital transformation which do not qualify for capitalisation. Whilst a significant proportion of the expected costs were incurred in 2021 and 2022, further transformation activities will take place in 2023 and beyond.

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.

k Adjustments in respect of associates.

	2022 £m	2021 £m
Total in respect of associates (Value Retail)	**32.7**	(4.1)

l Income from assets held for sale 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.

10. 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.

					2022
		Reported Group £m	Share of Property interests £m	Value Retail £m	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

					2021
		Reported Group £m	Share of Property interests £m	Value Retail £m	Total £m
Reported balance sheet net assets (equity shareholders' funds)		2,745.9	–	–	2,745.9
Change in fair value of borrowings	a	(94.0)	(1.4)	–	(95.4)
EPRA NDV					2,650.5
Deduct change in fair value of borrowings	a	94.0	1.4	–	95.4
Deferred tax – 50% share	b	0.2	–	94.0	94.2
Fair value of currency swaps as a result of interest rates	c	7.5	–	–	7.5
Fair value of interest rate swaps		(10.3)	1.6	1.2	(7.5)
EPRA NTA					2,840.1
Deferred tax – remaining 50% share	b	0.2	0.1	93.9	94.2
Purchasers' costs	d	346.4	–	–	346.4
EPRA NRV					3,280.7

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 rates.

11. (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 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 10A.

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 10B, divided by the number of shares in issue.

A. NUMBER OF ORDINARY SHARES FOR PER SHARE CALCULATIONS

		2022 million	2021 million
Shares in issue (for purposes of net asset per share calculations)		**5,002.3**	4,419.5
Weighted average number of shares for purposes of basic EPS		**4,938.9**	4,392.9
Adjustment	a	**–**	524.6
Weighted average number of shares for purposes of basic and diluted EPS – Reported Group	a, b	**4,938.9**	4,917.5
Effect of potentially dilutive shares (share options) – Headline, EPRA and Adjusted		**10.3**	7.6
Weighted average number of shares for purposes of diluted EPS – Headline, EPRA and Adjusted	a	**4,949.2**	4,925.1

a 2021 weighted average number of shares have been restated to reflect the adjustment required to incorporate the bonus element of scrip dividends following *confirmation of the level of take up.*

b There were no potentially dilutive ordinary shares for the purposes of calculating EPS for the Reported Group (2021: none)

B. (LOSS)/EARNINGS PER SHARE

			(Loss)/earnings				(Loss)/earnings per share	
						Basic		Diluted
		Note	2022 £m	2021 £m	2022 pence	2021 pence	2022 pence	2021 pence
Continuing operations			**(164.2)**	(409.3)	**(3.3)p**	(8.3)p	**(3.3)p**	(8.3)p
Discontinued operations			**–**	(19.8)	**–**	(0.4)p	**–**	(0.4)p
Reported Group			**(164.2)**	(429.1)	**(3.3)p**	(8.7)p	**(3.3)p**	(8.7)p
Headline	†	10A	**116.8**	48.2	**2.4p**	1.0p	**2.4p**	1.0p
EPRA	†	10A	**100.6**	65.0	**2.0p**	1.3p	**2.0p**	1.3p
Adjusted	†	10A	**104.9**	65.5	**2.1p**	1.3p	**2.1p**	1.3p

† 2021 (loss)/earnings per share figures have been restated to reflect the adjustment described above to the weighted average number of shares. In addition, 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6. Previously reported basic and diluted figures were: Reported Group: (9.8)p, Headline: 1.4p, EPRA: 1.8p and Adjusted: 1.8p.

C. NET ASSET VALUE PER SHARE

		Net asset value		Net asset value per share	
	Note	2022 £m	2021 £m	2022 pence	2021 pence
EPRA NDV	10B	**2,801.9**	2,650.5	**56p**	60p
EPRA NTA	10B	**2,633.7**	2,840.1	**53p**	64p
EPRA NRV	10B	**3,063.3**	3,280.7	**61p**	74p

12. PROPERTIES

		2022					2021
		Investment properties £m	**Trading properties £m**	**Total £m**	Investment properties £m	Trading properties £m	Total £m
At 1 January		**1,561.4**	**34.3**	**1,595.7**	2,152.8	–	2,152.8
Revaluation losses	†	**(82.7)**	**–**	**(82.7)**	(169.6)	–	(169.6)
Capital expenditure	†	**37.7**	**–**	**37.7**	67.1	6.2	73.3
Capitalised interest		**1.2**	**–**	**1.2**	5.3	–	5.3
Disposals		**(125.3)**	**–**	**(125.3)**	(382.2)	–	(382.2)
Transfer to trading properties	*	**–**	**–**	**–**	(28.7)	28.7	–
Exchange adjustment		**68.7**	**1.9**	**70.6**	(83.3)	(0.6)	(83.9)
At 31 December		**1,461.0**	**36.2**	**1,497.2**	1,561.4	34.3	1,595.7

† 2021 investment property figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.

* Relates to the forward sale of Italik as described in note 3B.

	2022			2021		
	Freehold £m	**Long leasehold £m**	**Total £m**	Freehold £m	Long leasehold £m	Total £m
Valuation analysis by tenure	**805.3**	**691.9**	**1,497.2**	889.4	706.3	1,595.7

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 (JLL)	UK flagships, Developments and other properties, French portfolio
Cushman and Wakefield (C&W)	Brent Cross, Irish portfolio, 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. INVESTMENT PROPERTIES – SENSITIVITY ANALYSIS ON VALUATIONS

		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		**871**	**124**	**(97)**	**87**	**(87)**
– France		**1,241**	**309**	**(206)**	**124**	**(124)**
– Ireland		**676**	**151**	**(105)**	**68**	**(68)**
Value Retail	*	**1,887**	**307**	**(213)**	**186**	**(186)**
Group portfolio (excluding Developments and other)		**4,675**				
Developments and other		**432**				
Group portfolio		**5,107**				

* Nominal equivalent yield and ERV are not key observable inputs. Exit yields and net operating income have therefore been used as proxies.

		Nominal equivalent yield					ERV p/m²
Key unobservable inputs		**Minimum %**	**Maximum %**	**Average %**	**Minimum £**	**Maximum £**	**Average £**
Flagship destinations							
– UK		**7.2**	**9.5**	**8.0**	**191**	**556**	**324**
– France		**4.7**	**6.4**	**5.0**	**357**	**547**	**425**
– Ireland		**5.3**	**6.0**	**5.5**	**351**	**484**	**456**
Value Retail	*	**5.3**	**6.5**	**5.9**	**900**	**5,000**	**2,100**

* *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 8.5% to 11.0% (average of 9.7%).

12. 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 19D.

		Reported Group		Proportionally consolidated	
		2022 £m	2021 £m	**2022 £m**	2021 £m
Unamortised tenant incentives	†	**13.2**	18.9	**29.4**	37.0
Provision	†	**(2.4)**	(3.9)	**(5.3)**	(6.6)
	†	**10.8**	15.0	**24.1**	30.4

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.

A 1.0 percentage point increase in the provision rate would increase the impairment charge and hence reduce Reported earnings and Adjusted earnings by £1.3m and £2.7m, respectively.

C. JOINT OPERATIONS

Investment properties included a 50% interest in the Ilac Centre and a 50% interest in Pavilions, totalling £151.4m (2021: £149.8m). These properties are jointly controlled in co-ownership with Irish Life Assurance plc.

13. 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, 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. PERCENTAGE SHARE

Joint venture	Partner	Principal property	Share
United Kingdom			
Bishopsgate Goodsyard Regeneration Limited	Ballymore Properties	Bishopsgate Goodsyard	50%
Brent Cross Partnership	Aberdeen Standard Investments	Brent Cross	41%
Bristol Alliance Limited Partnership	AXA Real Estate	Cabot Circus	50%
Croydon Limited Partnership/Whitgift Limited Partnership	Unibail-Rodamco-Westfield	Centrale/Whitgift	50%
Grand Central Limited Partnership	CPP Investments	Grand Central	50%
Highcross Leicester Limited Partnership	Asian investor introduced by M&G Real Estate	Highcross	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	Allianz	Dundrum	50%
France			
SCI RC Aulnay 1 and SCI RC Aulnay 2	Client of Rockspring Property Investment Managers	O'Parinor	25%

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 or discontinued operations whereby they are excluded for the whole year. Disposals in the year are set out in note 9A.

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. Bishopsgate Goodsyard, Espace Saint-Quentin (up to date of disposal in 2021) and O'Parinor are included in 'Other'.

13. INVESTMENT IN JOINT VENTURES continued

B. RESULTS

		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	a	–	–
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	d	(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	b	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	c	–	–
– other parties and deferred tax		(0.8)	(0.6)
		(13.6)	(14.7)
Cumulative losses restricted	d	–	–
Net assets/(liabilities)	c	399.4	246.0

a Comprises income in respect of Silverburn as described in note 10A.

b Croydon other current assets include restricted monetary assets of £41.8m (2021: £61.8m) relating to cash held in escrow for specified development costs.

c The Group's long term loan due from Westquay of £348.2m (2021: £348.2m) has been impaired by its share of the net liabilities of Westquay of £201.1m (2021: £180.8m). The Group's total loans due from joint ventures set out in notes 19A and 27A are shown net of this impairment.

d 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 is excluded from all income statement metrics including revaluation losses. The effect of this is that the Group's share of results is £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.

[redacted]

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)	–	(21.3)	(45.4)	(440.2)	–
(1.0)	(0.6)	(0.7)	(348.8)	(43.3)	(0.2)	(22.4)	(55.8)	(474.2)	(6.3)
(1.0)	(3.4)	(0.7)	(701.2)	(68.6)	(0.2)	(574.6)	(101.2)	(1,479.2)	(287.6)
–	–	–	–	–	35.7	–	–	35.7	17.9
549.1	114.1	205.9	(402.2)	104.2	–	585.3	113.3	1,915.1	1,342.4

13. INVESTMENT IN JOINT VENTURES continued

B. RESULTS continued

			Brent Cross £m	Cabot Circus £m
Gross rental income	†		28.2	26.0
Net rental income	†		24.3	18.6
Administration expenses			(0.1)	–
Profit from operating activities	†		24.2	18.6
Revaluation (losses)/gains on properties	†		(78.5)	(56.0)
Adjustment for income from assets held for sale		a	–	–
Operating (loss)/profit			(54.3)	(37.4)
Finance income			–	–
Finance costs			(0.4)	(0.8)
(Loss)/profit before tax			(54.7)	(38.2)
Tax charge			–	–
(Loss)/profit for the year – continuing operations			(54.7)	(38.2)
Profit for the year – discontinued operations			2.2	–
(Loss)/profit for the year			(52.5)	(38.2)
Share of distributions received by the Group			12.6	5.0

C. ASSETS AND LIABILITIES continued

			Brent Cross £m	Cabot Circus £m
Non-current assets				
Investment properties			431.1	263.5
Other non-current assets			13.1	14.0
			444.2	277.5
Current assets				
Cash and cash equivalents	†		16.1	33.4
Other current assets	†		4.2	5.6
			20.3	39.0
Current liabilities				
Loans – secured			–	–
Other payables			(13.9)	(14.8)
			(13.9)	(14.8)
Non-current liabilities				
Loans – secured			–	–
Derivative financial instruments			–	–
Obligations under head leases			(12.8)	(14.1)
Other payables – due to Group companies		c	–	–
– other parties and deferred tax			(0.5)	(0.6)
			(13.3)	(14.7)
Net assets/(liabilities)			437.3	287.0

† 2021 income statement figures have been restated to reflect the IFRIC Decision on Concessions and balance sheet figures have been restated to reflect the IFRIC Decision on Deposits where £31.0m and £15.0m on a 100% and Group share basis, respectively, has been reclassified from restricted monetary assets (which formed part of Other current assets) to cash and cash equivalents. Further information on both IFRIC decisions is set out in note 1B.

2021										
									100% share	
Bullring £m	Grand Central £m	The Oracle £m	Westquay £m	Silverburn £m	Croydon £m	Highcross £m	Dundrum £m	Other £m	Total £m	Group share £m
40.8	28.1	21.6	24.4	15.7	25.2	18.5	51.5	23.0	303.0	143.1
30.2	21.9	12.6	16.8	12.1	12.1	11.7	40.1	13.4	213.8	100.8
(0.1)	(0.1)	–	–	(0.1)	(0.2)	(0.3)	(0.5)	(0.1)	(1.5)	(0.7)
30.1	21.8	12.6	16.8	12.0	11.9	11.4	39.6	13.3	212.3	100.1
(78.4)	(45.3)	(35.6)	(19.5)	(18.7)	(55.5)	(75.4)	(89.3)	13.0	(539.2)	(265.4)
–	–	–	–	–	–	–	–	–	–	–
(48.3)	(23.5)	(23.0)	(2.7)	(6.7)	(43.6)	(64.0)	(49.7)	26.3	(326.9)	(165.3)
–	–	–	–	–	–	6.1	2.4	–	8.5	4.2
–	(0.1)	–	(0.4)	–	–	(5.0)	(11.2)	(4.1)	(22.0)	(9.9)
(48.3)	(23.6)	(23.0)	(3.1)	(6.7)	(43.6)	(62.9)	(58.5)	22.2	(340.4)	(171.0)
–	–	–	–	–	(0.6)	–	–	–	(0.6)	(0.3)
(48.3)	(23.6)	(23.0)	(3.1)	(6.7)	(44.2)	(62.9)	(58.5)	22.2	(341.0)	(171.3)
–	–	–	–	–	–	–	–	–	2.2	0.9
(48.3)	(23.6)	(23.0)	(3.1)	(6.7)	(44.2)	(62.9)	(58.5)	22.2	(338.8)	(170.4)
–	–	6.0	1.7	9.5	–	–	2.8	–	37.6	37.6

2021										
									100% share	
Bullring £m	Grand Central £m	The Oracle £m	Westquay £m	Silverburn £m	Croydon £m	Highcross £m	Dundrum £m	Other £m	Total £m	Group share £m
561.0	88.3	243.3	312.5	–	132.2	176.2	1,054.0	371.9	3,634.0	1,712.2
2.4	2.7	–	4.2	–	0.4	–	2.4	–	39.2	18.3
563.4	91.0	243.3	316.7	–	132.6	176.2	1,056.4	371.9	3,673.2	1,730.5
45.7	25.8	16.2	30.7	–	24.2	14.2	48.9	11.0	266.2	128.7
9.2	5.1	4.5	4.9	–	89.7	4.3	2.7	11.9	142.1	60.0
54.9	30.9	20.7	35.6	–	113.9	18.5	51.6	22.9	408.3	188.7
–	–	–	–	–	–	(158.6)	–	–	(158.6)	(79.3)
(20.4)	(6.3)	(10.3)	(12.8)	–	(18.4)	(11.0)	(10.4)	(9.9)	(128.2)	(72.2)
(20.4)	(6.3)	(10.3)	(12.8)	–	(18.4)	(169.6)	(10.4)	(9.9)	(286.8)	(151.5)
–	–	–	–	–	–	–	(502.2)	(175.7)	(677.9)	(295.0)
–	–	–	–	–	–	(1.0)	(2.1)	–	(3.1)	(1.6)
–	(2.8)	–	(4.2)	–	–	–	–	–	(33.9)	(15.8)
–	–	–	(348.2)	–	(24.6)	–	(20.2)	(43.2)	(436.2)	–
(0.9)	(0.6)	(0.7)	(348.8)	–	(42.0)	(1.1)	(21.1)	(53.0)	(469.3)	(3.5)
(0.9)	(3.4)	(0.7)	(701.2)	–	(66.6)	(2.1)	(545.6)	(271.9)	(1,620.4)	(315.9)
597.0	112.2	253.0	(361.7)	–	161.5	23.0	552.0	113.0	2,174.3	1,451.8

13. INVESTMENT IN JOINT VENTURES continued

D. RECONCILIATION OF MOVEMENTS IN INVESTMENT IN JOINT VENTURES

		2022 £m	2021 £m
At 1 January		**1,451.8**	1,813.6
Share of results of joint ventures		**(41.5)**	(170.4)
Impairment of investment in joint ventures	a	**–**	(11.5)
Advances		**4.0**	14.0
Cash distributions (including interest)	b	**(84.0)**	(38.9)
Other receivables		**(5.3)**	(4.9)
Transfer to assets held for sale		**–**	(72.3)
Disposal		**–**	(53.9)
Exchange and other movements		**17.4**	(23.9)
At 31 December		**1,342.4**	1,451.8

a Comprised the full impairment of the Group's investment in Highcross as described in note 10A.

b Comprises distributions of £63.4m (2021: £37.6m) and interest previously accrued of £20.6m (2021: £1.3m).

14. INVESTMENT IN ASSOCIATES

A. PERCENTAGE SHARE

	Principal property		2022 Share	2021 Share
Value Retail	Various Villages across Europe	a	**40%**	40%
Italie Deux	Italie Deux, France		**25%**	25%
Nicetoile	Nicetoile, France	b	**–**	10%

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 10% interest in Nicetoile on 1 April 2021 for €25m (£21m).

Associates comprise prime urban real estate consisting of flagship destinations and premium outlets across Europe. 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

		2022				2021				
				100% share					100% share	
		Value Retail £m	Italie Deux £m	Total £m	Group share £m	Value Retail £m	Nicetoile £m	Italie Deux £m	Total £m	Group share £m
Gross rental income	†	**434.1**	**22.4**	**456.5**	**153.6**	305.5	3.1	23.0	331.6	102.6
Net rental income	†	**288.5**	**17.8**	**306.3**	**105.7**	204.9	2.7	17.3	224.9	71.4
Administration expenses		**(144.3)**	**(0.1)**	**(144.4)**	**(48.0)**	(116.3)	–	(0.1)	(116.4)	(33.8)
Profit from operating activities	†	**144.2**	**17.7**	**161.9**	**57.7**	88.6	2.7	17.2	108.5	37.6
Revaluation (losses)/gains on properties	†	**(98.1)**	**(24.8)**	**(122.9)**	**(66.9)**	(33.0)	0.2	(35.8)	(68.6)	(21.1)
Operating profit/(loss)		**46.1**	**(7.1)**	**39.0**	**(9.2)**	55.6	2.9	(18.6)	39.9	16.5
Interest costs		**(79.6)**	**(0.1)**	**(79.7)**	**(27.7)**	(55.1)	–	–	(55.1)	(18.7)
Fair value gains on derivatives		**57.0**	**–**	**57.0**	**18.1**	18.2	–	–	18.2	9.3
Fair value gains on participative loans		**–**	**–**	**–**	**15.0**	–	–	–	–	9.1
Net finance (costs)/income		**(22.6)**	**(0.1)**	**(22.7)**	**5.4**	(36.9)	–	–	(36.9)	(0.3)
Profit/(loss) before tax		**23.5**	**(7.2)**	**16.3**	**(3.8)**	18.7	2.9	(18.6)	3.0	16.2
Current tax charge		**(15.3)**	**–**	**(15.3)**	**(3.2)**	(8.5)	–	(0.1)	(8.6)	(1.8)
Deferred tax (charge)/credit		**(8.8)**	**–**	**(8.8)**	**(0.1)**	6.0	–	–	6.0	1.2
(Loss)/profit for the year		**(0.6)**	**(7.2)**	**(7.8)**	**(7.1)**	16.2	2.9	(18.7)	0.4	15.6

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in note 1B.

14. INVESTMENT IN ASSOCIATES continued

C. ASSETS AND LIABILITIES

	2022				2021			
	100% share				100% share			
	Value Retail £m	Italie Deux £m	Total £m	Group share £m	Value Retail £m	Italie Deux £m	Total £m	Group share £m
Non-current assets								
Investment properties	**5,151.0**	**411.6**	**5,562.6**	**1,989.9**	5,055.6	406.7	5,462.3	1,995.2
Other non-current assets	**370.7**	**–**	**370.7**	**114.2**	236.6	–	236.6	63.3
	5,521.7	**411.6**	**5,933.3**	**2,104.1**	5,292.2	406.7	5,698.9	2,058.5
Current assets								
Cash and cash equivalents	**288.6**	**27.4**	**316.0**	**93.6**	233.6	23.9	257.5	83.0
Other current assets	**98.9**	**11.8**	**110.7**	**40.7**	70.1	13.1	83.2	32.8
	387.5	**39.2**	**426.7**	**134.3**	303.7	37.0	340.7	115.8
Total assets	**5,909.2**	**450.8**	**6,360.0**	**2,238.4**	5,595.9	443.7	6,039.6	2,174.3
Current liabilities								
Loans	**(314.7)**	**–**	**(314.7)**	**(108.1)**	(1,090.1)	–	(1,090.1)	(465.1)
Other payables	**(148.4)**	**(17.0)**	**(165.4)**	**(104.6)**	(121.0)	(15.4)	(136.4)	(92.8)
	(463.1)	**(17.0)**	**(480.1)**	**(212.7)**	(1,211.1)	(15.4)	(1,226.5)	(557.9)
Non-current liabilities								
Loans	**(1,787.1)**	**–**	**(1,787.1)**	**(653.6)**	(934.6)	–	(934.6)	(292.2)
Participative loan	**(387.1)**	**–**	**(387.1)**	**(95.7)**	(347.8)	–	(347.8)	(86.0)
Other payables, including deferred tax	**(650.7)**	**(3.1)**	**(653.8)**	**(185.2)**	(609.3)	(3.3)	(612.6)	(176.0)
	(2,824.9)	**(3.1)**	**(2,828.0)**	**(934.5)**	(1,891.7)	(3.3)	(1,895.0)	(554.2)
Total liabilities	**(3,288.0)**	**(20.1)**	**(3,308.1)**	**(1,147.2)**	(3,102.8)	(18.7)	(3,121.5)	(1,112.1)
Net assets	**2,621.2**	**430.7**	**3,051.9**	**1,091.2**	2,493.1	425.0	2,918.1	1,062.2
Reverse participative loans	**387.1**	**–**	**387.1**	**205.9**	347.8	–	347.8	184.8
	3,008.3	**430.7**	**3,439.0**	**1,297.1**	2,840.9	425.0	3,265.9	1,247.0

D. RECONCILIATION OF MOVEMENTS IN INVESTMENT IN ASSOCIATES

		2022			2021			
		Value Retail £m	Italie Deux £m	Total £m	Value Retail £m	Nicetoile £m	Italie Deux £m	Total £m
At 1 January		**1,140.8**	**106.2**	**1,247.0**	1,154.1	23.8	120.5	1,298.4
Share of results of associates		**(5.3)**	**(1.8)**	**(7.1)**	20.0	0.3	(4.7)	15.6
Capital return		**–**	**(2.0)**	**(2.0)**	–	–	(2.0)	(2.0)
Distributions		**(4.4)**	**(0.6)**	**(5.0)**	(2.4)	–	(0.1)	(2.5)
Share of other comprehensive gain of associate	a	**23.3**	**–**	**23.3**	1.3	–	–	1.3
Disposals		**–**	**–**	**–**	–	(23.2)	–	(23.2)
Exchange and other movements		**35.0**	**5.9**	**40.9**	(32.2)	(0.9)	(7.5)	(40.6)
At 31 December	b	**1,189.4**	**107.7**	**1,297.1**	1,140.8	–	106.2	1,247.0

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 (2021: £94.3m) which was recognised in the year ended 31 December 2020 and is equivalent to the notional goodwill on this investment.

15. TRADE AND OTHER RECEIVABLES

A. TRADE AND OTHER RECEIVABLES – NON-CURRENT

		2022 £m	2021 £m
Net pension asset	23C	**1.4**	16.8
Other receivables		**1.8**	2.7
		3.2	19.5

B. TRADE AND OTHER RECEIVABLES – CURRENT

		2022 £m	2021 £m
Trade receivables	*	**23.4**	27.5
VAT receivable		**16.7**	15.7
Balances due from joint venture entities		**8.3**	7.5
Accrued interest receivable		**11.6**	11.0
Other receivables		**23.9**	17.9
Corporation tax		**0.1**	0.7
Prepayments		**1.9**	4.5
		85.9	84.8

* Credit risk is explained further in note 19D.

C. TRADE (TENANT) RECEIVABLES – AGEING ANALYSIS AND PROVISIONING

	2022			2021		
	Gross trade receivables £m	Provision £m	Net trade receivables £m	Gross trade receivables £m	Provision £m	Net trade receivables £m
Not yet due	**3.2**	**(0.6)**	**2.6**	5.6	(1.9)	3.7
0–3 months overdue	**4.0**	**(0.8)**	**3.2**	8.2	(3.6)	4.6
3–12 months overdue	**8.1**	**(2.3)**	**5.8**	13.9	(6.3)	7.6
More than 12 months overdue	**25.7**	**(13.9)**	**11.8**	27.2	(15.6)	11.6
	41.0	**(17.6)**	**23.4**	54.9	(27.4)	27.5

D. ANALYSIS OF MOVEMENTS IN PROVISIONS

Loss allowance		2022 £m	2021 £m
At 1 January		**27.4**	35.8
Additions to provisions charged to the income statement		**4.0**	13.5
Disposals	*	**(1.3)**	(2.1)
Release of provisions		**(10.7)**	(16.6)
Utilisation		**(2.8)**	(2.1)
Exchange		**1.0**	(1.1)
At 31 December		**17.6**	27.4

* 2021: Related to UK retail parks.

15. TRADE AND OTHER RECEIVABLES continued

E. TRADE (TENANT) RECEIVABLES – SEGMENTAL ANALYSIS AND PROVISIONING

	2022					2021
Proportionally consolidated	**Gross trade receivables £m**	**Provision £m**	**Net trade receivables £m**	Gross trade receivables £m	Provision £m	Net trade receivables £m
UK	**29.1**	**(12.5)**	**16.6**	46.3	(27.2)	19.1
France	**40.0**	**(17.2)**	**22.8**	45.2	(21.7)	23.5
Ireland	**5.0**	**(2.6)**	**2.4**	8.0	(4.4)	3.6
Managed portfolio	**74.1**	**(32.3)**	**41.8**	99.5	(53.3)	46.2
Less Share of Property interests	**(33.1)**	**14.7**	**(18.4)**	(44.6)	25.9	(18.7)
Reported Group	**41.0**	**(17.6)**	**23.4**	54.9	(27.4)	27.5

Provisions against trade receivables includes £0.2m (2021: £1.0m) against receivables whereby the income which has been deferred on the balance sheet. On a proportionally consolidated basis, a further £1.4m (2021: £3.0m) relates to Share of Property interests. The charge made for making these provisions is excluded from Adjusted earnings as described in note 10A.

Net trade receivables do not include deposits (which are included in payables), but taken together with VAT, do form part of the assessment of the required provision.

A 10 percentage point increase in the provision rate would increase the provision and hence reduce Reported earnings by £2.7m and Adjusted earnings by £2.2m.

16. RESTRICTED MONETARY ASSETS AND CASH AND CASH EQUIVALENTS

A. RESTRICTED MONETARY ASSETS

			2022			2021
			Current £m	**Non-current £m**	Current £m	Non-current £m
Cash held in respect of tenants and co-owners	†	a	**8.6**	**–**	13.7	–
Cash held in escrow		b	**–**	**21.4**	20.0	21.4
			8.6	**21.4**	33.7	21.4

† 2021 current figures have been restated to reflect the IFRIC Decision on Deposits where further information is provided in note 1B. The effect is that £5.4m held by third party managing agents in respect of tenant deposits and service charges have been reclassified to cash and cash equivalents as these amounts are not restricted by law or regulation. The previously reported figure for 2021 was £19.1m.

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 held 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 (2021: the current portion related to a deposit received in respect of the sale of Silverburn prior to completion on 15 March 2022, upon which the amounts were released from escrow).

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes £4.4m (2021: £5.4m) in respect of cash held by third party managing agents which was previously disclosed as restricted monetary assets as described in notes 16A and 1B and where the previously reported 2021 cash and cash equivalents figure of £309.7m has been restated.

17. TRADE AND OTHER PAYABLES

		2022			2021
	Note	Current £m	Non-current £m	Current £m	Non-current £m
Trade payables		**22.7**	–	17.0	–
Pension liability	23C	**0.9**	**7.8**	0.9	9.2
VAT payable		**17.8**	–	18.8	–
Balances due to joint venture entities		**23.1**	–	9.3	–
Balances due to co-owners	a	**8.7**	–	13.7	–
Accruals – interest		**37.6**	–	38.9	–
– capital expenditure		**14.0**	–	14.2	–
– other		**33.6**	–	30.7	–
Deferred income		**1.1**	–	23.5	–
Distributions received in advance from associates (Value Retail)		–	**18.1**	–	21.5
Guarantee and tenant deposits		–	**11.1**	–	9.5
Lease liabilities	b	**2.7**	**6.9**	2.5	1.5
Other payables		**6.1**	**12.4**	9.9	14.9
		168.3	**56.3**	179.4	56.6

a Comprises 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, £1.8m (2021: £1.2m) is payable between one to two years, £2.4m (2021: £0.3m) from two to five years and £2.7m (2021: £nil) in more than five years.

18. LOANS

A. LOAN PROFILE

		2022 £m	2021 £m
Unsecured			
£200.0m 7.25% sterling bonds due 2028		**199.0**	198.8
€700.0m 1.75% eurobonds due 2027	a	**612.3**	578.3
£300.0m 6% sterling bonds due 2026		**299.1**	298.8
£350.0m 3.5% sterling bonds due 2025		**348.3**	347.8
€235.5m 1.75% eurobonds due 2023	b	**–**	197.4
Bank loans and overdrafts	c	**(3.1)**	(2.7)
Senior notes due 2031		**5.1**	4.9
Senior notes due 2028		**11.3**	13.3
Senior notes due 2026		**62.0**	58.8
Senior notes due 2024		**112.4**	139.4
	d	**1,646.4**	1,834.8

a 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 75 basis points per annum, representing a cost of €5.25m, 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.

b On 16 December 2022, following the exercise of an early redemption option, the Group redeemed all of the €235.5m 1.75% eurobonds due 2023 using available cash resources.

c Debit balance comprises unamortised fees for revolving credit facilities against which no funds had been drawn at the year ends.

d Maturity analysis is set out in note 19G.

B. UNDRAWN COMMITTED FACILITIES

The Group has the following revolving credit facilities (RCF), which are all in sterling unless otherwise indicated, expiring as follows:

		2022 £m	2021 £m
2017 RCF expiring 2022		**–**	10.0
2017 RCF expiring 2023	a	**–**	30.0
2016 RCF expiring 2023	a	**–**	420.0
2017 RCF expiring 2024	a	**–**	370.0
2021 RCF expiring 2024/2025	b	**150.0**	150.0
2021 JPY7.7bn RCF expiring 2025	c	**48.9**	49.8
2022 RCF expiring 2025	a	**463.0**	–
	d	**661.9**	1,029.8

a On 29 April 2022, the 2016 RCF expiring 2023 and the unexpired elements of the 2017 RCF expiring in 2023 and 2024 were extinguished and replaced with a new three year £463m RCF expiring April 2025, but containing two one-year extension options. The existing two facilities were cancelled on 9 May 2022.

b Contained two one year extension options whereby during the year, the first of these extension options was exercised such that £100m was extended to June 2025 with the remaining £50m left to expire at its existing term in June 2024.

c Contained two one year extension options whereby during the year, the first of these extension options was exercised such that the full facility was extended to June 2025.

d £2.1m (2021: £2.1m) of RCFs have been utilised (although not drawn) to support ancillary facilities leaving £659.8m (2021: £1,027.7m) available to the Group.

C. MATURITY ANALYSIS OF UNDRAWN COMMITTED FACILITIES

Expiry	2022 £m	2021 £m
Within one year	**–**	10.0
Within one to two years	**50.0**	450.0
Within two to five years	**611.9**	569.8
	661.9	1,029.8

19. 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 is 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.

			2022					2021
		Note	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Balances due from joint ventures		13C	–	239.1	239.1	–	255.4	255.4
Trade and other receivables	a	15A/15B	67.2	1.8	69.0	63.9	2.7	66.6
Restricted monetary assets	†	16	8.6	21.4	30.0	33.7	21.4	55.1
Cash and cash equivalents	†		218.8	–	218.8	315.1	–	315.1
Assets held for sale	a, d		–	–	–	4.1	–	4.1
Financial assets at amortised cost					556.9			696.3
Investment in associates: participative loans		14C	–	205.9	205.9	–	184.8	184.8
Other investments			–	9.8	9.8	–	9.5	9.5
Assets at fair value through profit and loss	b				215.7			194.3
Derivative financial instruments – assets			0.1	7.0	7.1	7.3	18.6	25.9
Derivative financial instruments – liabilities			(16.1)	(23.7)	(39.8)	–	(59.7)	(59.7)
Derivatives at fair value through profit and loss	c				(32.7)			(33.8)
Trade and other payables	d	17	(148.5)	(48.5)	(197.0)	(136.2)	(47.4)	(183.6)
Loans		18	–	(1,646.4)	(1,646.4)	–	(1,834.8)	(1,834.8)
Obligations under head leases		20	(0.2)	(38.1)	(38.3)	–	(36.4)	(36.4)
Financial liabilities at amortised cost					(1,881.7)			(2,054.8)

† 2021 figures have been restated to reflect the IFRIC decision on Deposits where further information is provided in notes 1B and 16.

a Excludes net pension asset, VAT, corporation tax and prepayments.

b Gain of £15.0m (2021: £9.5m) recognised in income statement.

c Gain of £15.2m (2021: £43.9m loss) recognised in income statement.

d Excludes pension liabilities, VAT and deferred income.

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 18.

19. 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.

	2022				2021			
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	**227.1**	**–**	**1,136.9**	**1,364.0**	226.0	–	1,362.9	1,588.9
– Floating rate	**(495.9)**	**(4.9)**	**813.8**	**313.0**	(170.5)	(5.2)	465.7	290.0
	(268.8)	**(4.9)**	**1,950.7**	**1,677.0**	55.5	(5.2)	1,828.6	1,878.9

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 net positions, including accrued interest, would be derivative financial assets of £6.2m (2021: £6.3m) and derivative financial liabilities of £29.3m (2021: £29.5m). The combined value of derivative financial instruments was therefore a liability of £23.1m (2021: liability of £23.2m).

Currency risk

The currency profile of the Group's loans is as follows:

	2022				2021			
	Sterling £m	**US Dollar £m**	**Euro £m**	**Total £m**	Sterling £m	US Dollar £m	Euro £m	Total £m
Bonds	**846.4**	**–**	**612.3**	**1,458.7**	845.4	–	775.7	1,621.1
Bank loans and overdrafts	**(3.1)**	**–**	**–**	**(3.1)**	(2.7)	–	–	(2.7)
Senior notes	**30.9**	**63.9**	**96.0**	**190.8**	30.8	84.8	100.8	216.4
	874.2	**63.9**	**708.3**	**1,646.4**	873.5	84.8	876.5	1,834.8

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 2022 or 2021.

	2022			2021		
Maturity of fair value of currency swaps	**Current £m**	**Non-current £m**	**Total £m**	Current £m	Non-current £m	Total £m
Assets	**–**	**7.0**	**7.0**	7.3	8.3	15.6
Liabilities	**(16.1)**	**(21.5)**	**(37.6)**	–	(59.7)	(59.7)
	(16.1)	**(14.5)**	**(30.6)**	7.3	(51.4)	(44.1)

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 (2021: £1 = $1.439), 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 £8.3m (2021: £6.7m). 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 £0.2m (2021: £1.7m gain) in respect of continuing cash flow hedges. The cash flows are expected to occur between 2023 and 2024.

19. 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.

	2022			2021		
	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**	**612.3**	**1.163**	935.5	775.7	1.189
Senior notes	**108.5**	**96.0**	**1.152**	120.4	100.8	1.152
Cross currency swaps	**484.0**	**22.2**	**1.194**	570.2	45.9	1.352
Foreign exchange swaps	**918.0**	**16.4**	**1.151**	554.6	(7.2)	1.173
Total	**2,210.5**	**746.9**		2,180.7	915.2	

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 £60.8m (2021: £45.1m) in respect of continuing net investment hedges whereby these are due to mature between 2023 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 earnings. 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.

	2022		2021	
	Change in interest rate		Change in interest rate	
Interest rate sensitivity on earnings	**+1% £m**	**−1% £m**	+1% £m	−1% £m
Income statement	**6.2**	**(6.3)**	6.4	(6.5)
Other comprehensive income	**–**	**–**	–	–

Currency risk sensitivity analysis

The sensitivity of the Group's financial instruments to changes in exchange rates shows the impact on profit 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.

	2022		2021	
	Change in exchange rate		Change in exchange rate	
Euro currency sensitivity impact on earnings	**+10% £m**	**−10% £m**	+10% £m	−10% £m
Income statement	**(0.4)**	**0.5**	(4.5)	5.5
Other comprehensive income	**177.2**	**(216.6)**	165.5	(202.3)

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.

19. 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 1F and by reference to changes in the levels of default experienced, tenant credit ratings and wider macroeconomic factors. Analysis of the provision and sensitivities thereon are set out in notes 15D and 15E.

For most 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, including residual aged amounts still outstanding from the pandemic. 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 and sensitivities thereon are set out in note 12B.

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 Westquay Limited Partnership, 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 than for at Highcross where in 2021, a breach of secured loan covenants resulted in a full impairment to £nil of that investment.

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 18 and information on share capital and reserves is set out in note 21 and the statement of changes in equity. The Group reviews regularly its loan covenant compliance.

19. 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 associates	Underlying net asset values of the interests in Villages/centre *

* *Assets of Villages comprise mainly investment properties held at professional valuation.*

Fair value hierarchy analysis

		2022			2021
	Hierarchy	**Carrying amount £m**	**Fair value £m**	Carrying amount £m	Fair value £m
Unsecured bonds	Level 1	**1,458.7**	**1,249.5**	1,621.1	1,707.0
Senior notes	Level 2	**190.8**	**180.7**	216.4	221.8
Unsecured bank loans and overdrafts	Level 2	**(3.1)**	**–**	(2.7)	–
Fair value of currency swaps	Level 2	**30.6**	**30.6**	44.1	44.1
Borrowings		**1,677.0**	**1,460.8**	1,878.9	1,972.9
Fair value of interest rate swaps	Level 2	**2.1**	**2.1**	(10.3)	(10.3)
Participative loans to associates	Level 3	**205.9**	**205.9**	184.8	184.8
Fair value of other investments	Level 3	**9.8**	**9.8**	9.5	9.5

Analysis of movements in Level 3 financial instruments

			2022			2021
Level 3 financial instruments	**Participative loans £m**	**Other investments £m**	**Total £m**	Participative loans £m	Other investments £m	Total £m
At 1 January	**184.8**	**9.5**	**194.3**	189.9	9.7	199.6
Total gains/(losses) in						
– share of results of associates	**15.0**	**–**	**15.0**	9.1	–	9.1
– consolidated income statement	**–**	**–**	**–**	–	0.4	0.4
– other comprehensive income	**10.5**	**0.3**	**10.8**	(11.8)	(0.6)	(12.4)
Other movements – advances	**(4.4)**	**–**	**(4.4)**	(2.4)	–	(2.4)
At 31 December	**205.9**	**9.8**	**215.7**	184.8	9.5	194.3

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 £11.3m. Similarly, a decrease of 5% would decrease the carrying amount by £11.3m. The fair values of all other financial assets and liabilities equate to their book values.

19. 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:

		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	2022 Total £m
Trade and other payables	a		**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		**–**	**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		20	**2.3**	**2.3**	**6.8**	**45.2**	**69.4**	**126.0**

		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	2021 Total £m
Trade and other payables	a		136.2	10.1	4.9	32.4	–	183.6
Derivative financial liability cash inflows			(13.2)	(13.2)	(405.9)	–	–	(432.3)
Derivative financial liability cash outflows			10.5	10.5	453.4	–	–	474.4
Loans	b		–	197.7	848.6	805.9	–	1,852.2
Interest			65.1	65.1	162.0	40.2	–	332.4
Obligations under head leases		20	2.1	2.1	6.9	45.7	68.3	125.1

a As defined in note 19A.

b Before taking into account unamortised borrowing costs of £15.2m (2021: £17.4m).

20. OBLIGATIONS UNDER HEAD LEASES

Due	2022 Minimum lease payments £m	2022 Effect of discounting £m	2022 Present value of minimum lease payments £m	2021 Minimum lease payments £m	2021 Effect of discounting £m	2021 Present value of minimum lease payments £m
Within one year	**2.3**	**(2.1)**	**0.2**	2.1	(2.1)	–
Between one and two years	**2.3**	**(2.1)**	**0.2**	2.1	(2.0)	0.1
Between two and five years	**6.8**	**(6.4)**	**0.4**	6.9	(6.5)	0.4
Between five and 25 years	**45.2**	**(40.0)**	**5.2**	45.7	(40.7)	5.0
More than 25 years	**69.4**	**(37.1)**	**32.3**	68.3	(37.4)	30.9
More than one year	**123.7**	**(85.6)**	**38.1**	123.0	(86.6)	36.4

21. SHARE CAPITAL AND OTHER RESERVES

A. SHARE CAPITAL

	2022		2021	
	number	£m	number	£m
Called up, allotted and fully paid				
Ordinary shares of 5p each	**5,002,265,607**	**250.1**	4,419,457,161	221.0

During the year, 582,808,446 shares were issued in respect of scrip dividends.

Share capital includes 7,691,247 shares (2021: 7,691,247 shares) held in treasury and 25,512,208 shares (2021: 2,290,410 shares) held in an employee share trust whereby during the year, purchases of 27,301,546 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 2021	666.0	(519.2)	3.4	150.2
Recycled exchange gain on disposal of overseas property interests	(55.2)	44.2	–	(11.0)
Foreign exchange translation differences	(139.7)	–	–	(139.7)
Gain on net investment hedge	–	112.2	–	112.2
Loss on cash flow hedge	–	–	(1.9)	(1.9)
Loss on cash flow hedge recycled to net finance costs	–	–	0.2	0.2
Total comprehensive loss	(194.9)	156.4	(1.7)	(40.2)
At 31 December 2021	**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 cash flow hedge	**–**	**–**	**6.3**	**6.3**
Gain on cash flow hedge recycled to net finance costs	**–**	**–**	**(8.2)**	**(8.2)**
Total comprehensive loss	**130.7**	**(103.4)**	**(1.9)**	**25.4**
At 31 December 2022	**601.8**	**(466.2)**	**(0.2)**	**135.4**

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.

22. DIVIDENDS

			Cash dividend per share	Enhanced scrip alternative per share	2022 £m	2021 £m
Prior periods						
2020 final dividend	– Cash	a	0.2p		–	11.7
	– Enhanced scrip alternative	b		2.0p	–	51.0
2021 interim dividend	– Cash		0.2p		–	1.3
	– Enhanced scrip alternative	b		2.0p	–	71.7
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**	–
					140.3	135.7
Cash flow analysis:						
Cash dividend		c			**2.6**	2.6
Withholding tax:		a				
– 2020 interim dividend					–	11.9
– 2020 final dividend					–	10.4
– 2021 final dividend					**10.6**	–
					13.2	24.9
Total cash dividends per share in respect of the year					**0.2p**	0.4p

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 Comprises cash payments after deduction of withholding tax, where applicable.

23. PENSIONS

The Group operates a number of defined benefit and defined contribution schemes where the principal scheme is a funded defined benefit scheme ('the Scheme') where assets are held in a separate trustee administered fund. The Scheme is valued by a qualified actuary at least every three years and contributions are assessed in accordance with the actuary's advice. Since 31 December 2002, this scheme has been closed to new entrants and on 30 June 2014 was closed to future accrual. As described further in note 23D, on 8 December 2022, the Company and the Scheme's Trustees entered into a bulk purchase annuity policy (buy-in) in respect of insuring all future payments to existing pensioners of the Scheme.

The Group also operates three Unfunded Unapproved Retirement Schemes. Two schemes provide pension benefits to two former Executive Directors, the other meets pension commitment obligations to former US employees.

A. DEFINED CONTRIBUTION PENSION SCHEME

The charge in respect of the Group's UK funded defined contribution pension scheme was £3.0m (2021: £3.0m).

B. PRINCIPAL ASSUMPTIONS USED FOR THE SCHEME

Financial		2022 %	2021 %
Discount rate for accrued benefits		**4.8**	2.0
Inflation (retail price index)		**3.2**	3.3
Rate of increase in pensions in payment		**3.2**	3.3

Demographic		Years	Years
Life expectancy from age 60:			
– Pensioner aged 60	*	**28.7**	28.0
– Non-pensioner currently aged 40	*	**30.1**	29.5

Weighted average maturity	Years	Years
The Scheme	**14.0**	18.0
Other schemes	**Up to 10.8**	Up to 11.6

* 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 2023 are CMI 2021 projections with a long term rate of improvement of 1.25% p.a. together with weighting parameters 'w2020' and 'w2021' of 10% which adjusts for evidence of negative impacts of non-Covid-19 mortality expected to continue in the future (2021: CMI 2020 projections with a long term rate of improvement of 1.25% p.a. also with just the w2020 weighting parameter of 10%).

23. PENSIONS continued

C. DEFINED BENEFIT PENSION SCHEMES – CHANGES IN PRESENT VALUE

		Note	2022 Obligations £m	2022 Assets £m	2022 Net £m	2021 Obligations £m	2021 Assets £m	2021 Net £m
At 1 January			**(115.9)**	**122.6**	**6.7**	(132.5)	98.0	(34.5)
Recognised in the consolidated income statement:								
– interest (cost)/income	a		**(2.2)**	**2.5**	**0.3**	(1.6)	1.3	(0.3)
Recognised in other comprehensive income – actuarial (losses)/gains:								
– experience adjustments			**(7.5)**	**–**	**(7.5)**	2.5	–	2.5
– changes in financial assumptions			**34.4**	**–**	**34.4**	4.3	–	4.3
– changes in demographic assumptions			**1.7**	**–**	**1.7**	1.1	–	1.1
– actual return on plan assets			**–**	**(55.3)**	**(55.3)**	–	11.0	11.0
			28.6	**(55.3)**	**(26.7)**	7.9	11.0	18.9
Employer contributions	b		**–**	**12.4**	**12.4**	–	21.3	21.3
Benefits paid			**7.9**	**(7.1)**	**0.8**	10.1	(9.0)	1.1
Exchange (losses)/gains			**(0.8)**	**–**	**(0.8)**	0.2	–	0.2
At 31 December			**(82.4)**	**75.1**	**(7.3)**	(115.9)	122.6	6.7
Analysed as:								
– Present value of the Scheme	c	15A	**(73.3)**	**74.7**	**1.4**	(105.8)	122.6	16.8
– Present value of Unfunded Retirement Schemes		17	**(9.1)**	**0.4**	**(8.7)**	(10.1)	–	(10.1)
			(82.4)	**75.1**	**(7.3)**	(115.9)	122.6	6.7

a Included in net finance costs.

b Owing to the buy-in described above and in note 23D, the Group does not expect to make contributions to the Scheme in 2023.

c As permitted by IFRIC 14 the Group has recognised the pension surplus on the Scheme as it has a legal right to receive that surplus on winding up.

D. ANALYSIS OF THE SCHEME ASSETS

		Note	2022 Quoted £m	2022 Unquoted £m	2022 Total £m	2021 Quoted £m	2021 Unquoted £m	2021 Total £m
Diversified Growth Funds	a		**–**	–	**–**	50.5	3.9	54.4
Short dated credit fund	a		**–**	–	**–**	16.7	0.8	17.5
Liability driven investments (LDI)	a		–	**–**	–	0.2	48.9	49.1
Cash and other net current assets			**–**	**1.4**	**1.4**	–	1.6	1.6
Buy-in insurance policy	b		–	**73.3**	**73.3**	–	–	–
			–	**74.7**	**74.7**	67.4	55.2	122.6

a For 2021, assets noted are all invested in pooled funds as opposed to equity funds.

b On 8 December 2022, the Company and the Scheme's Trustees entered into a bulk purchase annuity policy (buy-in) contract with Just Retirement Limited for a premium of £87.3m in respect of insuring all future payments to existing pensioners of the Scheme at 9 December 2022. The pension buy-in transaction was funded through the existing investment assets held by the Trustees on behalf of the pension scheme and the impact of this transaction is reflected in the IAS 19 valuation.

E. SENSITIVITY ON PRINCIPAL ASSUMPTIONS USED TO MEASURE THE SCHEME'S LIABILITIES

Positive/(negative) effect		2022 £m	2021 £m
Discount rate	+0.1%	**1.0**	1.8
Inflation	+0.1%	**(0.9)**	(1.7)
Long term improvements in longevity	+ 1 year	**(2.4)**	(5.0)

24. NOTES TO THE CASH FLOW STATEMENT

A. ANALYSIS OF ITEMS INCLUDED IN OPERATING CASH FLOWS

		2022 £m	2021 £m
Net movements in working capital and restricted monetary assets			
Movements in working capital:			
– (Increase)/decrease in receivables		**(6.0)**	27.3
– Decrease in payables		**(17.4)**	(6.9)
		(23.4)	20.4
Decrease/(increase) in restricted monetary assets	†	**26.0**	(16.1)
	†	**2.6**	4.3

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in notes 1B and 16.

			2022 £m	2021 £m
Non-cash items				
Increase in accrued rents receivable		†	**(3.5)**	(11.6)
Decrease in loss allowance provisions		*	**(2.6)**	(6.2)
Amortisation of lease incentives and other costs			**1.2**	5.9
Depreciation			**4.1**	4.4
Other non-cash items including share-based payment charge			**–**	(1.8)
		†	**(0.8)**	(9.3)

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6.

* Comprises movement in provisions against trade (tenant) receivables and unamortised tenant incentives.

B. ANALYSIS OF MOVEMENTS IN NET DEBT

		2022			2021		
		Cash and cash equivalents £m	**Borrowings £m**	**Net debt £m**	Cash and cash equivalents £m	Borrowings £m	Net debt £m
At 1 January	†	**315.1**	**(1,878.9)**	**(1,563.8)**	417.5	(2,330.0)	(1,912.5)
Cash flow	†	**(99.0)**	**302.4**	**203.4**	(100.3)	332.9	232.6
Change in fair value of currency swaps		**–**	**8.4**	**8.4**	–	(14.2)	(14.2)
Exchange		**2.7**	**(108.9)**	**(106.2)**	(2.1)	132.4	130.3
At 31 December	†	**218.8**	**(1,677.0)**	**(1,458.2)**	315.1	(1,878.9)	(1,563.8)
Amounts in respect of assets held for sale		**–**	**–**	**–**	4.6	–	4.6
	†	**218.8**	**(1,677.0)**	**(1,458.2)**	319.7	(1,878.9)	(1,559.2)

† *2021 cash and cash equivalents figures have been restated to reflect the issuance during the year of the IFRIC Decision on Deposits with further information provided in notes 1B and 16.*

25. CONTINGENT LIABILITIES AND COMMITMENTS

A. CONTINGENT LIABILITIES

	2022 £m	2021 £m
The Group excluding joint ventures:		
– guarantees given	**45**	52
– claims arising in the normal course of business	**34**	27
Group's share arising in joint ventures	**7**	14
	86	93

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 the Group's tax structures. The range of potential outcomes is a possible outflow of minimum £nil and maximum £145m (2021: minimum £nil and maximum £143m). The Directors have not provided for this amount because they do not believe an outflow is probable.

B. CAPITAL COMMITMENTS ON INVESTMENT PROPERTIES

	2022 £m	2021 £m
The Group excluding joint ventures	**–**	19
Group's share arising in joint ventures	**52**	40
	52	59

26. OPERATING LEASES AS A LESSOR

The Group leases its investment properties to tenants under operating leases with a weighted average lease term of 3.2 years (2021: 4.0 years).

Future minimum rentals receivable under non-cancellable leases	2022 £m	2021 £m
Within one year	**68.8**	56.3
Between one and two years	**58.9**	47.8
Between two and five years	**46.9**	63.9
More than five years	**71.7**	141.8
	246.3	309.8

27. 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. Related party transactions with 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.

		2022		2021	
	Note	**Joint ventures £m**	**Associates £m**	Joint ventures £m	Associates £m
Income statement					
Management fees		**4.9**	**0.5**	10.1	0.7
Net interest receivable		**11.0**	**0.1**	1.3	0.1
Share of distributions	13D/14E	**63.4**	**5.0**	37.6	2.5
Capital return	14E	**–**	**2.0**	–	2.0
Balance sheet – amounts due from/(to)					
Loans *	13C	**239.1**	**1.8**	255.4	1.7
Advances	13D	**4.0**	**–**	14.0	–
Participative loans	14C	**–**	**205.9**	–	184.8
Balances due from joint ventures	15B	**8.3**	**–**	7.5	–
Balances due to joint ventures	17	**(23.1)**	**–**	(9.3)	–
Balances due to co-owners	17	**(8.7)**	**–**	(13.7)	–
Distributions received in advance	17	**–**	**(18.1)**	–	(21.5)

* Loans due from associates comprise €2.0m (£1.8m) (2021: €2.0m (£1.7m)) 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. 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 98 to 107. 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.

	2022 £m	2021 £m
Salaries and short term benefits	**5.9**	6.4
Post employment benefits	**0.3**	0.5
Share-based payments	**2.0**	1.5
	8.2	8.4

28. POST BALANCE SHEET EVENTS

In respect of the Highcross joint venture, on 9 February 2023, it was agreed that it was in the best interests of the lenders in the longer term to appoint a receiver to administer the asset for the benefit of the creditors.

	Note	2022 £m	2021 (Re-presented) £m
Non-current assets			
Investments in subsidiaries	C3	**1,322.4**	1,279.3
Trade and other receivables	C4	**4,396.8**	4,729.2
Derivative financial instruments	C6	**7.0**	18.6
Restricted monetary assets	16A	**21.4**	21.4
		5,747.6	6,048.5
Current assets			
Trade and other receivables		**16.2**	27.4
Derivative financial instruments	C6	**0.1**	7.3
Cash and cash equivalents		**172.9**	274.0
		189.2	308.7
Total assets		**5,936.8**	6,357.2
Current liabilities			
Trade and other payables	C5	**(2,276.5)**	(2,295.0)
Derivative financial instruments	C6	**(16.1)**	–
		(2,292.6)	(2,295.0)
Non-current liabilities			
Loans	C6	**(1,034.1)**	(1,256.5)
Derivative financial instruments	C6	**(23.7)**	(59.7)
		(1,057.8)	(1,316.2)
Total liabilities		**(3,350.4)**	(3,611.2)
Net assets		**2,586.4**	2,746.0
Equity			
Share capital	21A	**250.1**	221.0
Share premium		**1,563.7**	1,593.2
Merger reserve		**–**	374.1
Capital redemption reserve		**–**	198.2
Revaluation reserve		**(794.6)**	(837.1)
Retained earnings		**1,576.0**	1,200.1
Investment in own shares		**(8.8)**	(3.5)
Equity shareholders' funds		**2,586.4**	2,746.0

These financial statements were approved by the Board on 8 March 2023 and signed on its behalf by:

Rita-Rose Gagné
Chief Executive

Himanshu Raja
Chief Financial Officer

FINANCIAL STATEMENTS
COMPANY STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	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	22	–	–	–	–	–	**(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**

Year ended 31 December 2021

	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 2021		202.9	1,611.9	374.1	198.2	299.0	523.2	(0.4)	3,208.9
Revaluation losses on investments in subsidiaries	C3	–	–	–	–	(1,136.1)	–	–	(1,136.1)
Foreign exchange translation differences on net investment in subsidiaries	C3	–	–	–	–	–	(4.0)	–	(4.0)
Profit for the year attributable to equity shareholders		–	–	–	–	–	693.9	–	693.9
Total comprehensive (loss)/income		–	–	–	–	(1,136.1)	689.9	–	(446.2)
Cost of shares awarded to employees		–	–	–	–	–	–	0.4	0.4
Purchase of own shares		–	–	–	–	–	–	(3.5)	(3.5)
Dividends	22	–	–	–	–	–	(135.7)	–	(135.7)
Scrip dividend related share issue		18.1	(18.1)	–	–	–	122.7	–	122.7
Scrip dividend related share issue costs		–	(0.6)	–	–	–	–	–	(0.6)
At 31 December 2021		221.0	1,593.2	374.1	7198.2	(837.1)	1,200.1	(3.5)	2,746.0

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 are deemed distributable and accordingly the balance of this reserve has been 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 has been reclassified as available for distribution to shareholders in accordance with ICAEW Technical Release 02/17BL section 2.8A and as a result has been transferred to retained earnings.

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 payable 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 and investments in subsidiaries, which are included at fair value with movements recognised within the revaluation reserve.

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 12 to the consolidated financial statements. Consistent with the Group's deferred tax recognition treatment, as explained in note 8C, 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

	2022		2021	
	Cost £m	**Valuation £m**	Cost £m	Valuation £m
At 1 January	**2,082.5**	**1,279.3**	2,076.1	2,409.0
Additions	**–**	**–**	10.4	10.4
Exchange adjustment	**0.6**	**0.6**	(4.0)	(4.0)
Revaluation gains/ (losses)	**–**	**42.5**	–	(1,136.1)
At 31 December	**2,083.1**	**1,322.4**	2,082.5	1,279.3

A list of the subsidiary and other related undertakings is included in note C7.

C4. TRADE AND OTHER RECEIVABLES – NON-CURRENT

		2022 £m	2021 £m
Amounts owed by subsidiaries and other related undertakings	*	**4,395.0**	4,727.5
Loans receivable from associate		**1.8**	1.7
		4,396.8	4,729.2

* Includes an expected credit loss impairment provision of £595.9m (2021: £471.6m). The movement in the year comprises an additional impairment provision of £124.3m (2021: £177.1m). There was no utilisation of the provision in 2022 (2021: £15.9m).

Amounts owed by subsidiaries and other related undertakings are unsecured and bear interest at floating rates based on SONIA. This includes amounts which are repayable on demand, however, there are no intentions to seek repayment of these amounts before 31 December 2023.

C5. TRADE AND OTHER PAYABLES – CURRENT

	2022 £m	2021 £m
Amounts owed to subsidiaries and other related undertakings	**2,244.9**	2,261.6
Accruals	**31.6**	33.4
	2,276.5	2,295.0

The amounts owed to subsidiaries and other related undertakings are unsecured, repayable on demand and bear interest at floating rates based on SONIA.

C6. LOANS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company's loans are the same as those for the Group except for the €700.0m (£612.3m (2021: £578.3m)) 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 18A to the consolidated financial statements.

Details on the Company's derivatives, which are the same as those for the Group, are set out in notes 19A, 19C and 19F 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	Hammerson (Brent South) Limited
Crocusford Limited	Hammerson (Bristol Investments) Limited
Governeffect Limited	*Hammerson (Bristol) Limited*
Grantchester Developments (Birmingham) Limited	Hammerson (Cardiff) Limited
Grantchester Group Limited	Hammerson (Coventry) Limited
Grantchester Holdings Limited	Hammerson (Cramlington I) Limited
Grantchester Investments Limited	Hammerson (Cricklewood) Limited
Grantchester Limited	Hammerson (Croydon) Limited
Grantchester Properties (Gloucester) Limited	Hammerson (Euston Square) Limited
Grantchester Properties (Luton) Limited	Hammerson (Exeter II) Limited
Grantchester Properties (Nottingham) Limited	Hammerson (Folkestone) Limited
Grantchester Properties (Port Talbot) Limited	Hammerson (Leeds Developments) Limited
Grantchester Properties (Sunderland) Limited	Hammerson (Leeds GP) Limited
Hammerson (Brent Cross) Limited	*Hammerson (Leicester GP) 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 (Milton Keynes) Limited	Hammerson Project Management Limited
Hammerson (Moor House) Properties Limited	Hammerson Renewable Energy Limited
Hammerson (Newcastle) Limited	Hammerson Retail Parks Holdings Limited
Hammerson (Newtownabbey) Limited	Hammerson Share Option Scheme Trustees Limited
Hammerson (Oldbury) Limited	Hammerson Sheffield (NRQ) Limited
Hammerson (Renfrew) Limited	Hammerson Shelf Co 11 Limited
Hammerson (Telford) Limited	Hammerson Shelf Co 12 Limited
Hammerson (Value Retail Investments) Limited	Hammerson Shelf Co 13 Limited
Hammerson (VIA GP) Limited	Hammerson Shelf Co 14 Limited
Hammerson (Victoria Gate) Limited	*Hammerson UK Properties Limited*
Hammerson (Victoria Investments) Limited	Hammerson Via No 1 Limited
Hammerson (Victoria Quarter) Limited	Hammerson Via No 2 Limited
Hammerson (Watermark) Limited	Hammerson Wrekin LLP
Hammerson (Whitgift) Limited	Junction Nominee 1 Limited
Hammerson Birmingham Properties Limited	Junction Nominee 2 Limited
Hammerson Bull Ring Limited	Leeds (GP1) Limited
Hammerson Bull Ring 2 Limited	Leeds (GP2) Limited
Hammerson Company Secretarial Limited	London & Metropolitan Northern
Hammerson Croydon (GP1) Limited	*LWP Limited Partnership*
Hammerson Croydon (GP2) Limited	Martineau Galleries (GP) Limited
Hammerson Employee Share Plan Trustees Limited	Martineau Galleries No. 1 Limited
Hammerson Group Management Limited	Martineau Galleries No. 2 Limited
Hammerson Group Limited	Precis (1474) Limited (Ordinary and Deferred)
Hammerson International Holdings Limited	RT Group Developments Limited
Hammerson Investments (No. 12) Limited	RT Group Property Investments Limited
Hammerson Investments (No. 16) Limited	SEVCO 5025 Limited
Hammerson Investments (No. 23) Limited	Spitalfields Developments Limited
Hammerson Investments (No. 26) Limited	Spitalfields Holdings Limited (Ordinary and Preference)
Hammerson Investments (No. 36) Limited	The Junction (General Partner) Limited
Hammerson Investments (No. 37) Limited	The Junction (Thurrock Shareholder GP) Limited
Hammerson Investments Limited	The Junction Limited Partnership
Hammerson Junction (No. 3) Limited	The Junction Thurrock (General Partner) Limited
Hammerson Junction (No. 4) Limited	The Junction Thurrock Limited Partnership
Hammerson Martineau Galleries Limited	The Martineau Galleries Limited Partnership
Hammerson MGLP Limited	Thurrock Shares 1 Limited
Hammerson MGLP 2 Limited	Thurrock Shares 2 Limited
Hammerson Moor House (LP) Limited	West Quay (No. 1) Limited
Hammerson Operations Limited	West Quay (No. 2) Limited
Hammerson Oracle Investments Limited	West Quay Shopping Centre Limited
Hammerson Oracle Properties Limited	Westchester Holdings Limited
Hammerson Pension Scheme Trustees Limited	Westchester Property Holdings Limited

* Registered office: Riverside One, Sir John Rogerson's Quay, Dublin 2, DO2 X576 Ireland.

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 Iconik	SCI Cergy Trois SCI
Hammerson Marketing et Communication SAS	SCI Cergy Tuileries SCI
Hammerson Marseille SCI	SCI Cergy Vendôme SCI
Hammerson Property Management SAS	SCI Nevis SCI
Hammerson Troyes SCI	SCI Paris Italik SCI
Les Pressing Réunis SARL	SNC Cergy Expansion 2
RC Aulnay 3 SCI	Teycpac-H-Italie SAS

Ireland

Registered office: Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 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 Croydon Investments Limited		Hammerson VRC (Jersey) Limited
Hammerson Highcross Investments Limited		Hammerson Whitgift Investments 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

Monesan 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.

Luxembourg
Registered office: 1 Rue Jean Piret, L-2350, Luxembourg

Victoria Quarter (Lux)

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
Brent Cross Partnership *
Bristol Alliance (GP) Limited
Bristol Alliance Limited Partnership
Bristol Alliance Nominee No. 1 Limited
Bristol Alliance Nominee No. 2 Limited
BRLP Rotunda Limited
Bull Ring (GP) Limited
Bull Ring (GP2) Limited
Bull Ring No. 1 Limited
Bull Ring No. 2 Limited
Croydon (GP1) Limited
Croydon (GP2) Limited
Croydon Car Park Limited
Croydon Limited Partnership
Croydon Management Services Limited
Croydon Property Investments Limited
Grand Central (GP) Limited
Grand Central Limited Partnership
Grand Central No 1 Limited
Grand Central No. 2 Limited
Highcross (GP) Limited
Highcross Leicester (GP) Limited
Highcross Leicester Holdings Limited
Highcross Leicester Limited Partnership
Highcross Residential (Nominees 1) Limited
Highcross Residential (Nominees 2) Limited
Highcross Residential Properties Limited
Highcross Shopping Centre Limited
Oracle Nominees (No. 1) Limited
Oracle Nominees (No. 2) Limited
Oracle Nominees Limited
Oracle Shopping Centre Limited
Reading Residential Properties Limited
Silverburn Investment Advisor Limited
The Bull Ring Limited Partnership
The Highcross Limited Partnership
The Oracle Limited Partnership
The West Quay Limited Partnership
Whitgift Limited Partnership

* 41% interest in the ordinary share capital.

C7. SUBSIDIARIES AND OTHER RELATED UNDERTAKINGS continued

Ireland
Registered office: Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 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		Triskelion Property Holding Designated Activity Company	

* Limited by guarantee.

Jersey
Registered office: 47 Esplanade, St Helier, Jersey JE1 0BD, unless otherwise stated

Croydon Jersey Unit Trust		Highcross (No. 1) Limited
Grand Central Unit Trust	*	Highcross (No. 2) Limited
Highcross Leicester 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%
SNC Italie Theatre SNC	France	c	Ordinary	25%
SNC Reinventer Italie Vendrezanne SNC	France	c	Ordinary	25%
SNC Vandrezanne SNC	France	c	Ordinary	25%
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 (GP1) Limited	8230396
Grantchester Group Limited	1887040	Hammerson Croydon (GP2) Limited	8284202
Grantchester Holdings Limited	4035681	Hammerson Group Management Limited	574728
Grantchester Limited	2489293	Hammerson International Holdings Limited	666151
Grantchester Properties (Gloucester) Limited	3691896	Hammerson Investments (No. 23) Limited	4186905
Grantchester Properties (Luton) Limited	3691887	Hammerson Investments Limited	3109232
Hammerson (Brent Cross) Limited	3377460	Hammerson Junction (No. 4) Limited	8218055
Hammerson (Brent South) Limited	6644658	Hammerson Martineau Galleries Limited	4161246
Hammerson (Bristol Investments) Limited	6663404	Hammerson MGLP Limited	3768311
Hammerson (Cardiff) Limited	6668272	Hammerson MGLP 2 Limited	9084398
Hammerson (Cricklewood) Limited	4789711	Hammerson Operations Limited	4125216
Hammerson (Croydon) Limited	4044457	Hammerson Oracle Investments Limited	3289109
Hammerson (Milton Keynes) Limited	6671304	Hammerson UK Properties Limited	298351
Hammerson (Oldbury) Limited	8218034	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

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 £145m (2021: minimum £nil and maximum £143m). The Directors have not provided for this amount because they do not believe an outflow is probable.

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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 2021 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			2022	2021	Note/Table
Earnings	†		**£100.6m**	£65.0m	10A
Earnings per share (EPS)	†	*	**2.0p**	1.3p	11B
Cost ratio (including vacancy costs)	†		**38.0%**	52.5%	Table 8
Cost ratio (excluding vacancy costs)	†		**32.0%**	47.2%	Table 8

		2022	2021	
Net Disposal Value (NDV) per share		**56p**	60p	11C
Net Tangible Assets value (NTA) per share		**53p**	64p	11C
Net Reinstatement Value (NRV) per share		***61p***	*74p*	*11C*
Net Initial Yield (NIY)		**5.8%**	5.6%	Table 10
Topped-up Net Initial Yield		**6.0%**	5.8%	Table 10
Vacancy rate		**4.8%**	5.7%	Table 4
Loan to value	†	**50.5%**	50.1%	Table 18

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

* 2021 restated to reflect the bonus element of scrip dividends.

PORTFOLIO ANALYSIS

As a result of its full impairment at 31 December 2021, the Group's investment in Highcross is included in 'Developments and other' and for 2022 is included in all metrics except for those included in the consolidated income statement (gross rental income, net rental income and the revaluation losses in the year). These reclassifications are reflected in the tables within this Additional information.

Where applicable, the information presented within the 'Development and other' segment only reflects available data in relation to the investment properties within this segment.

Rental data
Table 2

Proportionally consolidated		Gross rental income £m	Adjusted net rental income £m	Average rents passing a £/m²	Rents passing b £m	Estimated rental value of vacant space c £m	Estimated rental value c £m	Reversion/ (over-rented) d %
								2022
UK		**90.5**	**74.3**	**420**	**84.0**	**2.3**	**77.6**	**(11.3)**
France		**61.8**	**53.8**	**430**	**65.9**	**3.2**	**71.3**	**3.1**
Ireland		**37.3**	**33.6**	**500**	**38.8**	**0.8**	**39.5**	**(0.3)**
Flagship destinations		**189.6**	**161.7**	**440**	**188.7**	**6.3**	**188.4**	**(3.6)**
Developments and other		**25.6**	**13.1**	**170**	**21.6**	**2.9**	**20.8**	**(17.7)**
Managed portfolio		**215.2**	**174.8**	**380**	**210.3**	**9.2**	**209.2**	**(5.0)**
								2021
UK	†	119.3	83.6	400	104.5	5.1	102.0	(7.3)
France	†	54.4	37.0	415	52.3	2.3	57.5	5.3
Ireland	†	35.6	28.2	460	35.6	0.6	36.5	0.9
Flagship destinations	†	209.3	148.8	415	192.4	8.0	196.0	(2.1)
Developments and other	†	30.1	17.2	195	22.4	3.2	23.4	(9.5)
UK retail parks	†	11.0	8.4	n/a	n/a	n/a	n/a	n/a
Managed portfolio	†	250.4	174.4	370	214.8	11.2	219.4	(2.9)

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

a Average rents passing at the year end before deducting head rents and excluding rents passing from anchor units, car parks and commercialisation.

b 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 £14.2m.

c The estimated rental value (ERV) at the year end calculated by the Group's valuers. ERVs in the above table are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13.

d The total of rents passing and ERV of vacant space compared to ERV.

Gross rental income
Table 3

Proportionally consolidated		2022 £m	2021 £m
Base rent		**159.2**	158.6
Turnover rent		**13.7**	8.2
Car park income		**27.9**	22.3
Commercialisation income		**9.5**	10.3
Surrender premiums		**0.8**	20.1
Lease incentive recognition	†	**0.9**	28.3
Other rental income		**3.2**	2.6
Gross rental income	†	**215.2**	250.4

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

PORTFOLIO ANALYSIS continued

Vacancy
Table 4

		2022					2021
Proportionally consolidated		**ERV of vacant space £m**	**Total ERV for vacancy[a] £m**	**Vacancy rate %**	ERV of vacant space £m	Total ERV for vacancy[a] £m	Vacancy rate %
UK		**2.3**	**64.2**	**3.6**	5.1	86.0	5.9
France	b	**3.2**	**72.5**	**4.4**	2.3	59.1	4.0
Ireland		**0.8**	**35.7**	**2.3**	0.6	33.0	1.7
Flagship destinations	b	**6.3**	**172.4**	**3.7**	8.0	178.1	4.5
Developments and other		**2.9**	**17.9**	**16.0**	3.2	20.4	15.7
Managed portfolio	b	**9.2**	**190.3**	**4.8**	11.2	198.5	5.7

a Total ERV differs from Table 2 due to the exclusion of car park ERV and head rents payable, which distort the vacancy metric.

b Figures include Les 3 Fontaines, Cergy extension which opened in March 2022. Vacancy rates at 31 December 2022 excluding the extension were France: 2.8%; Flagship destinations: 3.0%; Managed portfolio: 4.3%.

Lease expiries and breaks
Table 5

	Rental income based on passing rents that expire/break in					ERV of leases that expire/break in *					Weighted average unexpired lease term	
Proportionally consolidated	**Out-standing £m**	**2023 £m**	**2024 £m**	**2025 £m**	**Total £m**	**Out-standing £m**	**2023 £m**	**2024 £m**	**2025 £m**	**Total £m**	**to break years**	**to expiry years**
UK	**3.8**	**12.8**	**13.7**	**8.2**	**38.5**	**3.6**	**11.6**	**10.8**	**6.7**	**32.7**	**5.9**	**7.7**
France	**3.5**	**5.9**	**10.1**	**2.6**	**22.1**	**3.1**	**5.9**	**9.5**	**3.0**	**21.5**	**1.9**	**4.8**
Ireland	**1.3**	**3.3**	**4.1**	**1.4**	**10.1**	**2.1**	**4.3**	**3.1**	**1.3**	**10.8**	**5.9**	**7.4**
Flagship destinations	**8.6**	**22.0**	**27.9**	**12.2**	**70.7**	**8.8**	**21.8**	**23.4**	**11.0**	**65.0**	**4.3**	**6.5**
Developments and other	**2.5**	**4.1**	**2.7**	**3.5**	**12.8**	**2.6**	**3.1**	**2.2**	**2.2**	**10.1**	**4.2**	**8.7**
Managed portfolio	**11.1**	**26.1**	**30.6**	**15.7**	**83.5**	**11.4**	**24.9**	**25.6**	**13.2**	**75.1**	**4.3**	**6.8**

* Ignores the impact of rental growth and any rent-free periods.

Net rental income
Table 6

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, after taking account of exchange translation movements. Properties undergoing a significant extension project are excluded from this calculation during the period of the works.

							2022
Proportionally consolidated	**Properties owned throughout 2021/22 £m**	**Change in like-for-like NRI %**	**Disposals £m**	**Develop-ments and other £m**	**Total Adjusted NRI £m**	**Change in provision £m**	**Total NRI £m**
UK	**70.8**	**31.3**	**3.5**	**–**	**74.3**	**1.7**	**76.0**
France	**36.3**	**35.4**	**–**	**17.5**	**53.8**	**–**	**53.8**
Ireland	**33.6**	**19.3**	**–**	**–**	**33.6**	**0.2**	**33.8**
Flagship destinations	**140.7**	**29.2**	**3.5**	**17.5**	**161.7**	**1.9**	**163.6**
Developments and other	**–**	**n/a**	**–**	**13.1**	**13.1**	**0.5**	**13.6**
Managed portfolio *	**140.7**	**29.2**	**3.5**	**30.6**	**174.8**	**2.4**	**177.2**

							2021
Proportionally consolidated	Properties owned throughout 2021/22 £m	Exchange £m	Disposals £m	Develop-ments and other £m	Total Adjusted NRI £m	Change in provision £m	Total NRI £m
UK †	54.0	–	14.0	15.6	83.6	6.4	90.0
France †	26.8	(0.2)	0.8	9.6	37.0	–	37.0
Ireland †	28.2	–	–	–	28.2	–	28.2
Flagship destinations †	109.0	(0.2)	14.8	25.2	148.8	6.4	155.2
Developments and other †	–	–	0.6	16.6	17.2	0.3	17.5
UK retail parks †	–	–	8.4	–	8.4	1.4	9.8
Managed portfolio † *	109.0	(0.2)	23.8	41.8	174.4	8.1	182.5

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

* Managed portfolio value on which like-for-like growth is based was £2,244m (2021: £2,605m).

Top ten tenants
Table 7
Ranked by passing rent

Proportionally consolidated	**Passing rent £m**	**% of total passing rent**
Inditex	**7.6**	**3.6**
H&M	**6.5**	**3.1**
JD Sports	**3.3**	**1.6**
Next	**3.1**	**1.5**
River Island	**2.8**	**1.4**
Marks & Spencer	**2.7**	**1.3**
Boots	**2.7**	**1.3**
Watches of Switzerland Company	**2.4**	**1.1**
CK Hutchison Holdings	**2.3**	**1.1**
John Lewis Partnership	**2.3**	**1.1**
	35.7	**17.1**

PORTFOLIO ANALYSIS continued

Cost ratio
Table 8

Proportionally consolidated				2022 £m	2021 £m
Gross administration costs	†	*		**64.9**	80.3
Property fee income				**(11.5)**	(13.2)
Management fee receivable				**(5.5)**	(7.1)
Property outgoings	†			**39.1**	74.2
Less inclusive lease costs recovered through rent				**(9.1)**	(8.0)
Total operating costs			A	**77.9**	126.2
Less vacancy costs				**(12.3)**	(12.6)
Total operating costs excluding vacancy costs			B	**65.6**	113.6
Gross rental income	†			**215.2**	250.4
Ground rents payable				**(1.3)**	(1.8)
Less inclusive lease costs recovered through rent				**(9.1)**	(8.0)
Gross rental income	†		C	**204.8**	240.6
Cost ratio including vacancy costs	†		A/C	**38.0%**	52.5%
Cost ratio excluding vacancy costs	†		B/C	**32.0%**	47.2%

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

* Includes £5.1m (2021: £8.6m) of business transformation costs which are excluded from Adjusted earnings as set out in note 10A to the financial statements. Excluding these costs, the 2022 cost ratio including vacancy costs would reduce from 38.0% to 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 £0.8m (2021: £1.5m) 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 %	Capital return %	Total return %	Initial yield %	True equivalent yield %	Nominal equivalent yield[a] %
									2022
UK		**871.0**	**(90.2)**	**7.9**	**(9.4)**	**(2.1)**	**7.7**	**8.4**	**8.0**
France	c	**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	e	**5,107.1**	**(281.7)**	**5.3**	**(5.8)**	**(0.7)**			

			Properties at valuation £m	Revaluation losses in the year £m	Income return %	Capital return %	Total return %	Initial yield %	True equivalent yield %	Nominal equivalent yield %
		d								*2021*
UK	†	b	1,135.3	(247.5)	6.5	(16.3)	(10.8)	7.0	8.1	7.7
France	†	c	989.7	(61.0)	3.6	(6.4)	(3.1)	4.4	5.2	5.0
Ireland	†		659.3	(56.9)	4.2	(7.8)	(3.9)	4.9	5.4	5.3
Flagship destinations	†		2,784.3	(365.4)	5.0	(11.2)	(6.8)	5.6	6.4	6.2
Developments and other	†		694.4	(78.7)	2.9	(9.1)	(6.6)	6.2	9.6	9.0
Managed portfolio	†		3,478.7	(444.1)	4.7	(10.9)	(6.7)	5.6	6.6	6.4
Value Retail			1,893.5	(12.0)	2.7	(0.6)	2.1			
Group portfolio	†	e	5,372.2	(456.1)	4.0	(7.7)	(3.9)			

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

a 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% (2021: 6.2%).

b Includes Silverburn which was classified as held for sale as at 31 December 2021.

c Includes Italik, 75% of which is classified as a trading property.

d 2021 returns include UK retail parks up to the point of their disposal in that year.

e Analysis of capital expenditure is included in Table 11.

PORTFOLIO ANALYSIS continued

Net Initial Yield
Table 10
Investment portfolio

Proportionally consolidated		Note	2022 £m	2021 £m
Wholly owned	a	3B	**1,461.0**	1,561.4
Share of Property interests		3B	**1,722.9**	1,813.9
Trading properties		3B	**36.2**	34.3
Assets held for sale		3B	**–**	69.1
Net investment portfolio valuation on a proportionally consolidated basis		3B	**3,220.1**	3,478.7
Less: Developments			**(249.0)**	(469.4)
Completed investment portfolio			**2,971.1**	3,009.3
Purchasers' costs	b		**197.2**	209.8
Grossed up completed investment portfolio		A	**3,168.3**	3,219.1
Annualised cash passing rental income			**207.1**	214.7
Non-recoverable costs			**(21.1)**	(29.3)
Rents payable			**(3.8)**	(3.6)
Annualised net rent		B	**182.2**	181.8
Add:				
Notional rent expiration of rent-free periods and other lease incentives	c		**3.2**	3.0
Future rent on signed leases			**3.8**	0.7
Topped-up annualised net rent		C	**189.2**	185.5
Add back: Non-recoverable costs			**21.1**	29.3
Passing rents			**210.3**	214.8
Net initial yield		B/A	**5.8%**	5.6%
'Topped-up' net initial yield		C/A	**6.0%**	5.8%

a Includes 100% of Italik, 75% of which is part of trading properties.
b Purchasers' costs equate to 6.7% (2021: 7.0%) of the value of the completed investment portfolio.
c Weighted average remaining rent-free period is 0.7 years (2021: 0.6 years).

Capital expenditure
Table 11

			2022					2021 (Restated)
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			**5**	**10**	**15**	49	2	51
Capital expenditure – creating area			**14**	**–**	**14**	11	–	11
Capital expenditure – no additional area			**3**	**24**	**27**	5	14	19
Tenant incentives	†		**16**	**1**	**17**	2	4	6
Total	†	3B	**38**	**35**	**73**	67	20	87
Conversion from accruals to cash basis			**(2)**	**5**	**3**	–	10	10
Total on cash basis	†		**36**	**40**	**76**	67	30	97

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements.

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

		2022					2021
	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		**1,461.0**	**1,722.9**	**3,183.9**	1,561.4	1,813.9	3,375.3
Interests in leasehold properties		**34.0**	**15.4**	**49.4**	32.9	15.4	48.3
Right-of-use assets		**9.5**	**–**	**9.5**	3.8	–	3.8
Plant and equipment		**1.4**	**–**	**1.4**	1.4	–	1.4
Investment in joint ventures		**1,342.4**	**(1,342.4)**	**–**	1,451.8	(1,451.8)	–
Investment in associates		**1,297.1**	**(107.7)**	**1,189.4**	1,247.0	(106.2)	1,140.8
Other investments		**9.8**	**–**	**9.8**	9.5	–	9.5
Trade and other receivables		**3.2**	**5.0**	**8.2**	19.5	2.9	22.4
Derivative financial instruments		**7.0**	**6.3**	**13.3**	18.6	–	18.6
Restricted monetary assets		**21.4**	**–**	**21.4**	21.4	–	21.4
		4,186.8	**299.5**	**4,486.3**	4,367.3	274.2	4,641.5
Current assets							
Trading properties		**36.2**	**–**	**36.2**	34.3	–	34.3
Trade and other receivables		**85.9**	**43.4**	**129.3**	84.8	32.3	117.1
Derivative financial instruments		**0.1**	**–**	**0.1**	7.3	–	7.3
Restricted monetary assets	†	**8.6**	**21.0**	**29.6**	33.7	30.9	64.6
Cash and cash equivalents	†	**218.8**	**117.7**	**336.5**	315.1	134.7	449.8
		349.6	**182.1**	**531.7**	475.2	197.9	673.1
Assets held for sale		**–**	**–**	**–**	71.4	–	71.4
		349.6	**182.1**	**531.7**	546.6	197.9	744.5
Total assets		**4,536.4**	**481.6**	**5,018.0**	4,913.9	472.1	5,386.0
Current liabilities							
Trade and other payables		**(168.5)**	**(66.8)**	**(235.3)**	(179.4)	(75.9)	(255.3)
Loans		**–**	**(126.1)**	**(126.1)**	–	(79.3)	(79.3)
Tax		**(0.5)**	**(0.3)**	**(0.8)**	(0.6)	(0.2)	(0.8)
Derivative financial instruments		**(16.1)**	**–**	**(16.1)**	–	–	–
		(185.1)	**(193.2)**	**(378.3)**	(180.0)	(155.4)	(335.4)
Non-current liabilities							
Trade and other payables		**(56.3)**	**(7.0)**	**(63.3)**	(56.6)	(4.2)	(60.8)
Obligations under head leases		**(38.1)**	**(15.8)**	**(53.9)**	(36.4)	(15.8)	(52.2)
Loans		**(1,646.4)**	**(265.5)**	**(1,911.9)**	(1,834.8)	(295.0)	(2,129.8)
Deferred tax		**(0.4)**	**(0.1)**	**(0.5)**	(0.4)	(0.1)	(0.5)
Derivative financial instruments		**(23.7)**	**–**	**(23.7)**	(59.7)	(1.6)	(61.3)
		(1,764.9)	**(288.4)**	**(2,053.3)**	(1,987.9)	(316.7)	(2,304.6)
Total liabilities		**(1,950.0)**	**(481.6)**	**(2,431.6)**	(2,167.9)	(472.1)	(2,640.0)
Net assets		**2,586.4**	**–**	**2,586.4**	2,746.0	–	2,746.0
EPRA adjustments – excluding Value Retail	10B			**(4.8)**			(1.0)
– Value Retail	10B			**52.1**			95.2
				47.3			94.2
Non-controlling interests				**–**			(0.1)
EPRA NTA				**2,633.7**			2,840.1

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits where further information is provided in note 1B to the financial statements and for the Reported Group in note 16 to the financial statements. For Share of Property interests, £15.0m was reclassified from restricted monetary assets to cash and cash equivalents.

BALANCE SHEET INFORMATION continued

Net debt
Table 13

Proportionally consolidated		2022 Reported Group £m	2022 Share of Property interests £m	2022 Total £m	2021 Reported Group £m	2021 Share of Property interests £m	2021 Total £m
Cash and cash equivalents	†, a, b	**218.8**	**117.7**	**336.5**	319.7	134.7	454.4
Loans	c	**(1,646.4)**	**(391.6)**	**(2,038.0)**	(1,834.8)	(374.3)	(2,209.1)
Fair value of currency swaps		**(30.6)**	**–**	**(30.6)**	(44.1)	–	(44.1)
Net debt	†	**(1,458.2)**	**(273.9)**	**(1,732.1)**	(1,559.2)	(239.6)	(1,798.8)

† 2021 figures have been restated to reflect the issuance during the year of the IFRIC Decision on Deposits with further information provided in note 1B to the financial statements and for the Reported Group in note 16 to the financial statements. Share of Property interests is as described in Table 12.

a Cash and cash equivalents in 2021 included £4.6m relating to assets held for sale.

b Cash and cash equivalents for Share of Property interests includes £10.0m (2021: £15.0m) in respect of cash held by managing agents and cash held in a float account for secured lenders, which was previously disclosed as restricted monetary assets as described in note 1B and where the previously reported 2021 cash and cash equivalents figure of £119.7m has been restated.

c Loans for Share of Property interests comprises £126.1m of current and £265.5m of non-current secured loans, respectively (2021: £79.3m and £295.0m, respectively).

Movement in net debt
Table 14

Proportionally consolidated		2022 £m	2021 £m
Opening net debt	†	**(1,798.8)**	(2,215.4)
Profit from operating activities	†	**129.3**	122.5
Decrease in receivables and restricted monetary assets	†	**27.5**	39.6
Increase/(decrease) in payables		**8.2**	(37.0)
Adjustment for non-cash items	†	**0.7**	(5.5)
Cash generated from operations	†	**165.7**	119.6
Interest received		**16.8**	19.0
Interest paid		**(73.5)**	(108.3)
Redemption premiums and fees from early repayment of debt		**–**	(19.8)
Debt and loan facility issuance and extension fees		**(2.8)**	–
Bond issue costs		**–**	(5.2)
Premiums on hedging activities		**(3.9)**	(20.8)
Tax repaid/(paid)		**0.1**	(2.2)
Cash flows from operating activities	†	**102.4**	(17.7)
Capital expenditure		**(76.3)**	(97.1)
Sale of properties		**191.9**	425.2
Cash flows from investing activities		**115.6**	328.1
Share issue expenses		**(0.5)**	(2.2)
Purchase of own shares		**(6.7)**	(3.8)
Proceeds from awards of own shares		**0.1**	0.1
Equity dividends paid		**(13.2)**	(24.9)
Cash flows from financing activities		**(20.3)**	(30.8)
Exchange translation movement		**(131.0)**	137.0
Closing net debt	†	**(1,732.1)**	(1,798.8)

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in note 1B to the financial statements.

Total accounting return
Table 15

		2022 NTA £m	2022 NTA per share pence	2021 NTA £m	2021 NTA per share pence
EPRA NTA at 1 January		**2,840.1**	**64.3**	3,316.9	81.8
Scrip dividend dilution in NTA per share in the year		**–**	**(7.5)**	–	(6.7)
EPRA NTA at 1 January rebased to reflect scrip dividends in the year	A	**2,840.1**	**56.8**	3,316.9	75.1
EPRA NTA at 31 December		**2,633.7**	**52.7**	2,840.1	64.3
Movement in NTA		**(206.4)**	**(4.1)**	(476.8)	(10.8)
Cash dividends in the year		**13.2**	**0.3**	13.0	0.3
	B	**(193.2)**	**(3.8)**	(463.8)	(10.5)
Total accounting return	B/A		**(6.8)%**		(14.0)%

FINANCING METRICS

Net debt : EBITDA
Table 16

Proportionally consolidated			Note	2022 £m	2021 £m
Adjusted operating profit		†	2	**159.4**	138.9
Amortisation of tenant incentives and other items within net rental income		†		**(0.1)**	(12.1)
Share-based remuneration				**3.0**	3.3
Depreciation				**4.1**	4.4
EBITDA – rolling 12 month basis	A	†		**166.4**	134.5
Net debt	B	†	Table 13	**1,732.1**	1,798.8
Net debt : EBITDA	B/A	†		**10.4x**	13.4x

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions where further information is provided in notes 1B and 6 to the financial statements and the IFRIC Decision on Deposits with further information provided in note 1B to the financial statements.

Interest cover
Table 17

Proportionally consolidated			Note	2022 £m	2021 £m
Adjusted net rental income		†	2	**174.8**	174.4
Less net rental income in associates: Nicetoile (2021 only) and Italie Deux		†	14D	**(4.4)**	(4.7)
	A	†		**170.4**	169.7
Adjusted net finance costs			2	**54.0**	71.8
Less interest on lease obligations and pensions				**(2.6)**	(3.2)
Add capitalised interest			7	**1.2**	5.3
	B			**52.6**	73.9
Interest cover	A/B	†		**3.24x**	2.30x

† 2021 figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in notes 1B and 6 to the financial statements and the IFRIC Decision on Deposits where further information is provided in note 1B to the financial statements.

FINANCING METRICS continued

Loan to value
Table 18

Proportionally consolidated			Note	2022 £m	2021 £m
Net debt – 'Loan'	A	†	Table 13	**1,732.1**	1,798.8
Managed property portfolio	B		3B	**3,220.1**	3,478.7
Investment in Value Retail			14E	**1,189.4**	1,140.8
'Value'	C			**4,409.5**	4,619.5
Loan to value – Headline	A/C	†		**39.3%**	38.9%
Net debt – Value Retail	D		Table 21	**674.9**	680.3
Property portfolio – Value Retail	E		Table21	**1,887.0**	1,893.5
Loan to value – Full proportional consolidation of Value Retail	(A+D)/(B+E)	†		**47.1%**	46.1%
Net payables – Managed Portfolio				**160.3**	176.6
Net payables – Value Retail				**14.2**	13.0
Net payables – Group	F			**174.5**	189.6
Loan to value – EPRA	(A+D+F)/(B+E)	†		**50.5%**	50.1%

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in note 1B to the financial statements.

Gearing
Table 19

Proportionally consolidated			Note	2022 £m	2021 £m
Net debt		†	Table 13	**1,732.1**	1,798.8
Add:					
– Unamortised borrowing costs				**15.9**	18.9
– Cash held within investments in associates: Italie Deux				**6.8**	6.0
Net debt for gearing	A	†		**1,754.8**	1,823.7
Equity shareholders' funds – Consolidated net tangible worth	B			**2,586.4**	2,745.9
Gearing	A/B	†		**67.8%**	66.4%

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in note 1B to the financial statements.

Unencumbered asset ratio
Table 20

Proportionally consolidated			Note	2022 £m	2021 £m
Managed property portfolio			3B	**3,220.1**	3,478.7
Adjustments:					
– Properties held in associates: Italie Deux				**(102.9)**	(101.7)
– Encumbered assets		*		**(651.0)**	(651.9)
Total unencumbered assets	A			**2,466.2**	2,725.1
Net debt – proportionally consolidated		†	Table 13	**1,732.1**	1,798.8
Adjustments:					
– Cash held within investments in associates: Italie Deux				**6.8**	6.0
– Cash held within investments in encumbered joint ventures		†		**50.8**	34.0
– Unamortised borrowing costs – Group			Table 19	**15.9**	18.9
– Encumbered debt		*		**(392.3)**	(375.7)
Total unsecured debt	B	†		**1,413.3**	1,482.0
Unencumbered asset ratio	A/B	†		**1.74x**	1.84x

† 2021 figures have been restated to reflect the IFRIC Decision on Deposits with further information provided in note 1B to the financial statements.
* Encumbered assets and debt relate to Dundrum, Highcross and O'Parinor.

GROUP SHARE IN VALUE RETAIL
Table 21

Income statement	2022 £m	2021 £m
Gross rental income	**148.0**	96.6
Net rental income	**101.3**	66.7
Revaluation losses on properties	**(60.7)**	(12.0)
Operating (loss)/profit	**(7.4)**	20.9
(Loss)/profit for the year	**(5.3)**	20.0
Adjusted earnings	**27.4**	15.9
Balance sheet		
Investment properties	**1,887.0**	1,893.5
Total assets	**2,125.7**	2,063.4
Net debt	**(674.9)**	(680.3)
EPRA NTA	**1,241.4**	1,236.0
Group share		
Investment in associates: Value Retail	**1,189.4**	1,140.8

KEY PROPERTIES

Key property listing
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%	87,000	113	12.5
Bullring	Birmingham	Joint venture	e	50%	98,220	151	21.0
Cabot Circus	Bristol	Joint venture	f	50%	109,590	113	11.6
The Oracle	Reading	Joint venture		50%	72,100	100	10.1
Union Square	Aberdeen			100%	51,800	73	15.1
Westquay	Southampton	Joint venture		50%	94,700	111	13.7
France							
Italie Deux	Paris	Associate		25%	68,100	121	6.6
Les 3 Fontaines	Cergy		a,b	100%	85,100	206	23.5
Les Terrasses du Port	Marseille			100%	62,800	155	29.8
O'Parinor	Aulnay-sous-Bois	Joint venture	b,c	25%	68,200	161	6.0
Ireland							
Dundrum Town Centre	Dublin	Joint venture		50%	128,700	152	27.2
Ilac Centre	Dublin	Joint operation		50%	27,900	66	4.0
Pavilions	Swords	Joint operation		50%	44,100	94	7.6
Developments and other (key properties)							
Bristol Broadmead	Bristol	Joint venture	f	50%	34,600	60	3.0
Centrale	Croydon	Joint venture		50%	64,300	42	2.2
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	e	50%	37,600	54	4.7
Highcross	Leicester	Joint venture		50%	100,100	122	9.3
Eastgate	Leeds			100%	n/a	n/a	n/a
Martineau Galleries	Birmingham		e	100%	36,000	49	2.4
Pavilions land	Swords			100%	n/a	n/a	n/a
Bishopsgate Goodsyard	London	Joint venture		50%	n/a	n/a	n/a
Whitgift	Croydon	Joint venture		50%	96,900	82	n/a

Value Retail		Associate	d	Ownership	Area, m²	No. of tenants	Income £m
Bicester Village	Bicester			50%	28,000	160	69.8
La Roca Village	Barcelona			41%	25,900	146	21.7
Las Rozas Village	Madrid			38%	16,500	99	13.4
La Vallée Village	Paris			26%	21,600	111	23.9
Maasmechelen Village	Brussels			27%	20,200	105	5.9
Fidenza Village	Milan			34%	21,100	117	6.6
Wertheim Village	Frankfurt			45%	20,900	115	10.3
Ingolstadt Village	Munich			15%	21,000	112	3.7
Kildare Village	Dublin			41%	21,600	113	10.9

a Les 3 Fontaines, Cergy includes the new extension which was reclassified from Developments and other to Flagship destinations upon opening in March 2022.
b Held under co-ownership. Figures reflect Hammerson's ownership interests.
c In addition, a small proportion is wholly owned.
d Income represents annualised base and turnover rent at Hammerson's ownership share.
e Collectively known as the Birmingham Estate.
f Collectively known as the Bristol Estate.

		2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Income statement – Proportionally consolidated	a					
Revenue	†	**275.0**	322.2	368.2	457.8	506.4
Gross rental income	†	**215.2**	250.4	288.2	361.0	398.8
Net rental income	†	**177.2**	182.5	148.5	308.5	347.5
Profit from operating activities	†	**129.3**	122.5	104.4	260.2	302.8
Other net losses including revaluation and impairments	†	**(222.1)**	(466.2)	(1,598.6)	(1,197.9)	(517.9)
Share of results of joint ventures		**–**	–	(20.7)	34.3	24.6
Share of results of associates		**(5.3)**	20.0	(135.8)	210.6	56.8
Net finance costs		**(65.6)**	(103.6)	(83.6)	(86.2)	(132.9)
Loss before tax		**(163.7)**	(427.3)	(1,734.3)	(779.0)	(266.6)
Tax charge		**(0.5)**	(1.8)	(0.6)	(2.2)	(1.9)
Loss after tax		**(164.2)**	(429.1)	(1,734.9)	(781.2)	(268.5)
Adjusted earnings	†	**104.9**	65.5	27.4	214.0	240.3
Balance sheet – Proportionally consolidated						
Investment and development properties		**3,183.9**	3,375.3	4,413.8	5,667.7	7,479.5
Investment in joint ventures		**–**	–	–	379.0	326.3
Investment in associates		**1,189.4**	1,140.8	1,154.1	1,355.3	1,211.1
Cash and cash equivalents	†	**336.5**	449.8	521.7	123.1	132.1
Borrowings	b	**(2,068.6)**	(2,253.2)	(2,743.0)	(2,939.9)	(3,508.1)
Other assets	†	**299.0**	404.5	320.0	250.1	250.7
Other liabilities		**(353.8)**	(371.2)	(457.7)	(458.3)	(459.0)
Net assets		**2,586.4**	2,746.0	3,208.9	4,377.0	5,432.6
Movement in net debt – Proportionally consolidated						
Opening net debt	†	**(1,798.8)**	(2,215.4)	(2,816.8)	(3,376.0)	(3,462.2)
Cash generated from operations	†	**165.7**	119.6	45.3	260.7	300.9
Cash generated from operating activities	†	**102.4**	(17.7)	(40.9)	194.1	200.0
Cash generated from investing activities		**115.6**	328.1	232.3	391.5	272.0
Cash generated from financing activities		**(20.3)**	(30.8)	518.3	(202.0)	(348.7)
Foreign exchange		**(131.0)**	137.0	(108.3)	175.6	(37.1)
Closing net debt	†	**(1,732.1)**	(1,798.8)	(2,215.4)	(2,816.8)	(3,376.0)
Per share data	c					
Basic loss per share		**(3.3)p**	(8.7)p	(62.4)p	(46.6)p	(15.6)p
Adjusted earnings per share	†	**2.1p**	1.3p	1.3p	12.8p	14.0p
Dividend per share – cash basis		**0.2p**	0.4p	0.4p	5.1p	11.8p
Net tangible asset value (NTA) per share	d	**53p**	64p	82p	116p	148p

† 2021 and 2020 income statement figures have been restated to reflect the IFRIC Decision on Concessions with further information provided in note 1B and for 2021, note 6 to the financial statements. Balance sheet figures for 2018 to 2021 have been restated to reflect the IFRIC Decision on Deposits with further information provided in note 1B to the financial statements.

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.

d 2018 is shown on a net asset value (NAV) per share basis with subsequent years being on an NTA basis following the replacement of EPRA NAV by EPRA NTA as the key net tangible asset per share metric.

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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.

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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.

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Annual General Meeting
The Annual General Meeting will be held at 9:00 am (UK time) on 4 May 2023. 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 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's 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.
Cost ratio (or EPRA cost ratio)	Total operating costs (being property outgoings, gross administration costs less property fee income and management fees receivable) as a percentage of gross rental income, after rents payable. Both property outgoings and gross rental income are adjusted for costs associated with inclusive leases.
Compulsory Voluntary Arrangement (CVA)	A legally binding agreement with creditors to restructure liabilities, including future lease liabilities.
Deferred Bonus Share Scheme (DBSS)	The deferred element of the AIP, payable in shares, two years after the awards date.
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 (after deducting head rents, and car parking and commercialisation running costs) calculated by the Group's external valuers.
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) NRI	The percentage change in net rental income 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.
MSCI	Property market benchmark indices produced by Morgan Stanley Capital International.
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.
EPRA NTA	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 rents passing, together with the ERV of vacant space.
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. This may be more or less than the ERV (see over-rented and reversionary or under-rented).
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.
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.

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.
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.
Reported Group	The financial results as presented under IFRS.
Reversionary or under-rented	The amount, or percentage, by which the ERV exceeds the rents passing, together with the estimated rental value of vacant space.
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.
Tenant restructuring	CVAs and administrations.
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.
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Printed by Park Communications – A Carbon Neutral 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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