

HAMMERSON plc – UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

Six months ended:	30 June 2012	30 June 2011	Change	Like-for-like change
Net rental income ⁽¹⁾	£141.6m	£143.9m	-1.6%	+2.4%
EPRA earnings per share ⁽²⁾	10.2p	9.6p	+6.3%	
Interim dividend per share	7.7p	7.3p	+5.5%	
As at:	30 June 2012	31 December 2011		
EPRA net asset value per share ⁽²⁾	£5.35	£5.30	+0.9%	
Gearing	50%	52%		

STRATEGY HIGHLIGHTS

- **Accelerated transformation to focused retail business following agreed disposal of six assets representing 75% of London office portfolio. Disposal proceeds of £518 million, 5% above book value**
- **Hammerson portfolio now 97% retail ⁽⁴⁾**
- **Additional investment of £100 million in the growing premium designer outlet market through our partner Value Retail**

OPERATING HIGHLIGHTS

- **Like-for-like net rental income increased by 2.4%**
- **Group retail occupancy of 97.5% (31 March 2012: 97.0%), exceeding our 97% target**
- **Long-term retail leases signed 4.6% above ERV (UK +4.7%, France +4.5%)**
- **Strong financial position with pro forma liquidity of around £1bn, gearing and LTV of 36% and 27% respectively ⁽⁴⁾**

PORTFOLIO HIGHLIGHTS

- **New anchor at Les Terrasses du Port, Marseille. The scheme has been enlarged to accommodate Printemps, one of France's leading department stores, and is now 72% pre-let. The scheme remains scheduled to open in spring 2014**
- **Heads of Terms now agreed with John Lewis to anchor first phase of Eastgate Quarters, our major retail development in Leeds**
- **Commenced extension and refurbishment projects at Cramlington, Peterborough, Newcastle**
- **Sale of 54-60 rue du Faubourg Saint-Honoré for €165 million, realising 75% profit on cost**

David Atkins, Chief Executive of Hammerson, said:

“We have created a focused retail business by accelerating our plans to sell the London office assets through a single transformational deal. In addition, we have undertaken some excellent leasing transactions and asset management in the first half, and increased our investment in the designer outlet market. Our strong income focus and strategic positioning are delivering good financial performance and dividend growth against a difficult consumer backdrop. We expect to deliver further growth to shareholders by building scale in our chosen retail sectors through extensions, developments and acquisitions.”

(1) Net rental income consists of £127.8 million (30 June 2011: £129.4 million) relating to continuing operations (note 2 on page 39) and £13.8 million (30 June 2011: £14.5 million) relating to discontinued operations (note 6B on page 44).

(2) Calculations for adjusted figures are shown in note 8 on page 46.

(3) Profit before tax for the six months ended 30 June 2012 was £48.8 million (30 June 2011: £192.8 million), consisting of £13.9 million (30 June 2011: £174.8 million) relating to continuing operations (note 2 on page 39) and £34.9 million (30 June 2011: 18.0 million) relating to discontinued operations (note 6B on page 44). Basic and diluted earnings per share were 6.6 pence (30 June 2011: 26.6 pence).

(4) Pro forma figures reflect contracted office sales. See page 23 for key pro forma financing data.

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Results presentation today:

Time:

9.30 a.m.

Venue:

City Presentation Centre
4 Chiswell Street
London EC1Y 4UP

Webcast:

A live webcast of Hammerson's results presentation will be broadcast today at 9.30 a.m. via the Company's website: www.hammerson.com. At the end of the presentation you will be able to participate in a question and answer session by dialling +44 (0)20 3147 4971. Please quote confirmation code 258872.

Financial calendar:

Ex-dividend date

15 August 2012

Record date

17 August 2012

Interim dividend payable

5 October 2012

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CHAIRMAN'S STATEMENT

STRATEGY

At our full year results in February we presented our objective to enhance returns by focusing our energy and capital on the successful sectors of retail property which cater to consumers' increasing desire for experience, convenience and value. We believe that despite a fragile economic backdrop, our prime shopping centres, convenient retail parks and premium designer outlets will continue to outperform, and our first half results demonstrate that we are enhancing income returns and growing dividends.

In June we announced we had secured value for shareholders whilst protecting the income profile of the business through a transformational deal to dispose of the majority of our office assets in one transaction. By acting decisively we have achieved our goal of becoming a focused retail business earlier than anticipated, and we are confident that, at this point in the cycle, we can reinvest successfully to increase scale in our chosen markets.

MAXIMISING INCOME FROM OUR PORTFOLIO

In the first six months of 2012 we signed a total of 163 leases in respect of 45,500m². Group retail occupancy at the period-end was 97.5%, compared to 97.0% at 31 March 2012. Against a background of weakening consumer confidence, tenants' sales remained under pressure, however rent collection has remained very strong and retailer administrations continue to have a minimal impact on our portfolio. We signed leasing deals above ERV and grew underlying net rental income in the period.

We are advancing our proposition to customers and consumers to capitalise on trends in multi-channel retailing, launching mobile-friendly websites and improving smartphone/tablet accessibility. We introduced new roles and specialist skills as part of a restructuring of the UK retail team, and our French business will move to cheaper and more efficient office space later this year. Consistent with our current approach in France, we centralised rent and service charge collection for our UK retail parks, giving us real time access to the financial performance of properties. It is our intention to roll out this initiative to our UK shopping centres.

ENHANCING OUR HIGH QUALITY PORTFOLIO

We are committed to enhancing returns by disposing of mature assets and reinvesting in asset management, development or acquisition opportunities where we can use our property skills and customer relationships to add value.

Disposals

In March, we sold the freehold interest of 54-60 rue du Faubourg Saint-Honoré in Paris' 8th arrondissement for €165 million (£138 million), slightly above its December 2011 valuation. The disposal crystallised a profit on cost of 75%.

In June, we exchanged contracts for the sale of the majority of our office portfolio to Brookfield Office Properties for aggregate cash proceeds of £518 million. The proceeds were 5% above book value and the asset sales will be phased over the next 12 months, with £329 million due to be received this year and the remaining £189 million in June 2013. This allowed us to secure best value for the assets whilst retaining valuable income streams, thus ensuring that the transaction is broadly neutral to 2012 forecast earnings.

Investment – committed development and extension projects

We announce today a major milestone at Les Terrasses du Port in Marseille by securing Printemps, the major French department store, as an anchor. Other pre-letting agreements were exchanged in the period with a number of brands including Mauboussin, Kaporal and Starbucks, and the scheme is already 72% pre-let with over 18 months to go before opening. We have enlarged the scheme to accommodate Printemps, and construction remains on schedule with the project expected to complete in spring 2014.

Construction has started on site at some of the extensions and redevelopments that we identified within our portfolio. The redevelopment of both Monument Mall, Newcastle and Manor Walks, Cramlington is progressing well; and the extension and reconfiguring of Queensgate shopping centre, Peterborough, to accommodate a new Primark store, is on track to open this year. Pre-letting agreements were reached with major tenants on several other extensions within the retail parks portfolio, and we anticipate starting on site with those projects early next year.

Investment – progress with major developments

We also announce today that Heads of Terms have been agreed with John Lewis to anchor the first phase of Eastgate Quarters, Leeds. The initial 36,000m² project will create two new retail streets drawing on Leeds' thriving arcade heritage. The detailed design will start this autumn, and subject to planning approval we anticipate construction starting on site in early 2014.

The majority leaseholders of the Whitgift centre, Croydon, selected Hammerson as their preferred development partner. This important scheme is adjacent to our existing Centrale shopping centre where we have received consent for its reconfiguration and the introduction of London's first Showcase Cinema de Lux. We will shortly unveil our 140,000m² (1.5 million ft²) masterplan for the rejuvenation of Croydon's entire retail core.

Following agreement for a phased approach to Brent Cross Cricklewood, we are progressing discussions with stakeholders regarding the potential for a major extension of Brent Cross shopping centre within the existing planning consent. We intend to finalise the development strategy this autumn, and apply for a revision to the existing consent early next year.

Tenant interest in our proposed French development schemes remains strong. We recently signed H&M to Le Jeu de Paume, Beauvais, which is now 30% pre-let and scheduled to start on site next year. This will be followed by Halle en Ville, Mantes, which is already 29% pre-let.

Investment - acquisitions

We have been seeking to increase our capital deployed in the high growth sector of premium designer outlets with our partner Value Retail. Value Retail has generated average tenants' sales growth of 19% per annum over the last five years and we are confident of its future prospects. In July, we agreed to invest a further £100 million in the business via the acquisition of 10% of the holding companies (taking our interest to 22%) and increasing our loan advance from €28 million to €58 million. On completion of these new transactions our overall investment in Value Retail will exceed £400 million, equivalent to 8% of our property portfolio.

We remain confident that at this stage of the cycle we will continue to identify attractive additional acquisition opportunities in our three chosen retail sectors.

FINANCING

Hammerson is in a strong financial position. Including proceeds for sales contracted in the period, pro forma loan-to-value and gearing figures are 27% and 36% respectively, with around £1 billion of cash and undrawn facilities.

Borrowings were £2.0 billion at 30 June 2012 and cash balances were £85 million, to give net debt of £1.9 billion (31 December 2012: £2.0 billion). Cash and committed unutilised bank facilities totalled £509 million. Loan-to-value and gearing ratios at 30 June 2012 were 34% and 50% respectively.

In the period we undertook a successful tender offer to acquire €220 million of the Company's €700 million 4.875% unsecured bonds due in 2015. This transaction will contribute towards a lower running cost of debt.

BOARD CHANGES

In May we announced the appointment of Gwyn Burr as a non-executive Director. Gwyn has been Customer Service and Colleague Director at J Sainsbury plc since 2005, and has over 25 years of retail experience. Gwyn is responsible for Sainsbury's interactions with 20 million customers every week, and her range of skills will be an invaluable addition to the Hammerson board.

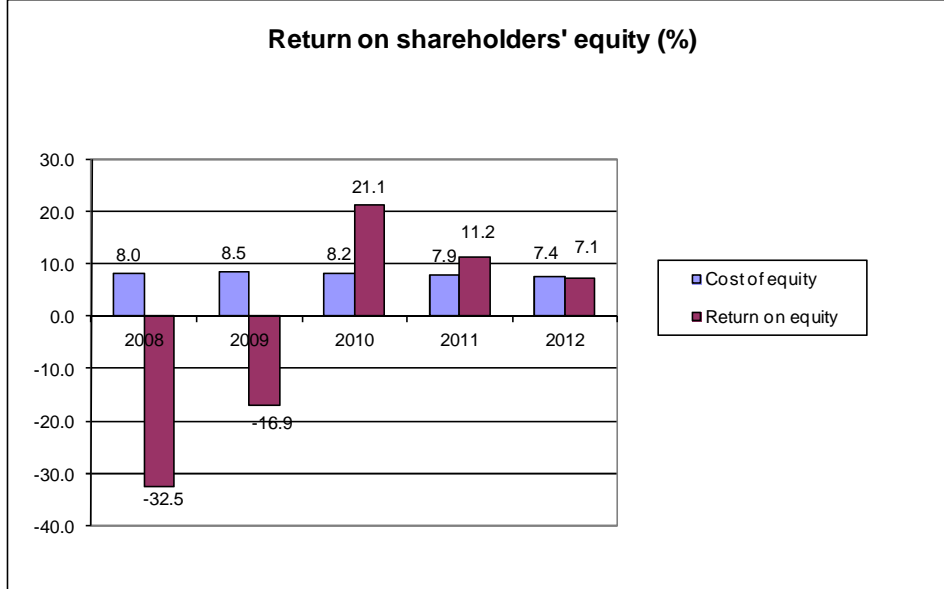
OUTLOOK

Macro economic conditions are uncertain and household budgets in the UK and France remain under pressure. Consumer spending is likely to remain constrained into the medium term, however Hammerson has implemented a strategy to focus on the successful sectors of the retail market. Our prime shopping centres, convenient retail parks and premium designer outlets continue to attract consumers and tenants. This allows us to maintain high occupancy and secure new tenants at attractive terms. The benefits of this strategy are apparent in the first half figures and give us confidence in our ability to grow future rental income and dividends.

John Nelson, Chairman, 20 July 2012

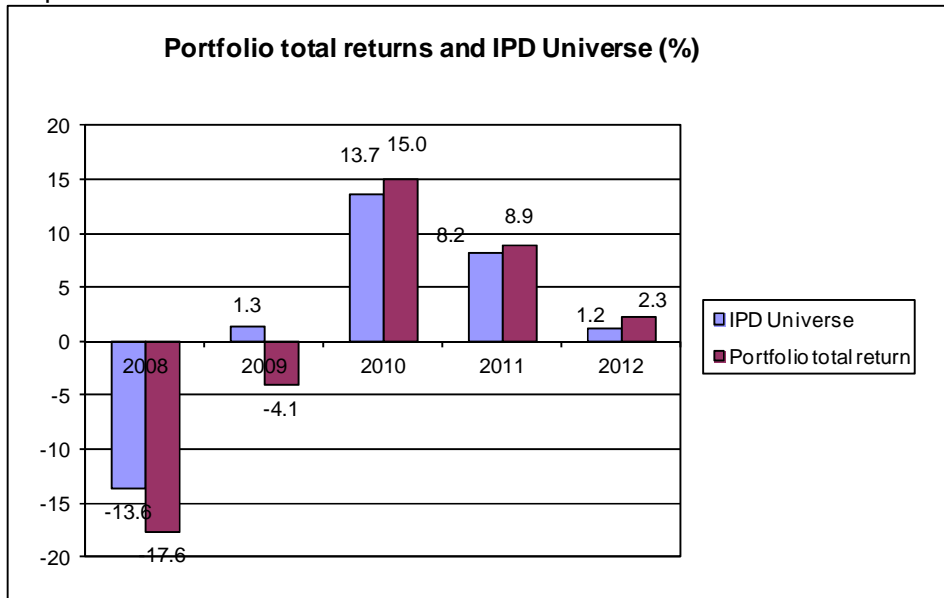
KEY PERFORMANCE INDICATORS

We monitor the performance of our business by measuring three principal indicators against appropriate benchmarks. Set against the background of our strategy, these 'Key Performance Indicators', or 'KPIs', demonstrate the extent to which earnings and valuation growth drive returns. Growth in portfolio and equity returns should, over time, be reflected in improved shareholder returns. The sources of the information used to calculate KPIs are management reporting systems and IPD.



In the chart above, return on equity is for calendar years from 2008 to 2011, whilst the data for 2012 is for the 12 months ended 30 June 2012.

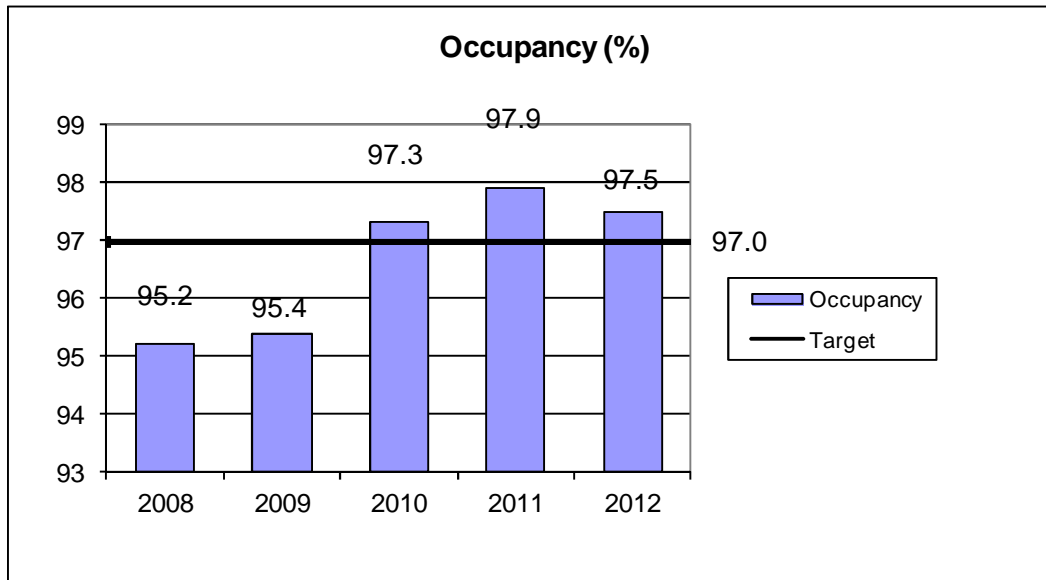
For the 12 months ended 30 June 2012 the Group's return on shareholders' equity was 7.1%, compared with our estimated cost of equity of 7.4%, and principally reflected the changes in the valuations of the property portfolio and investments during the period together with retained profit. The reduction compared with the return of 11.2% for the year ended 31 December 2011 is principally due to the modest revaluation deficit in the first six months of 2012 compared with the surplus for 2011.



The chart above shows returns and weighted indices for 2008 to 2011 for the UK and French portfolios. The data for 2012 is for the first half of the year only and shows a material outperformance against the benchmark. Although not directly comparable with the composition of our portfolio, the IPD figure for the first half of 2012 is the June UK monthly index as the quarterly index was unavailable at the time of publication. There is no index available for France for this period. Our target is to outperform IPD by 100 basis points.

KEY PERFORMANCE INDICATORS

CONTINUED



In the chart above, occupancy is for the whole portfolio for 2008 to 2010 and for the continuing portfolio only for 2011 and 2012.

The occupancy rate for the continuing portfolio at 30 June 2012 was 97.5%, excluding the vacancy at the office properties held for sale.

BUSINESS REVIEW

MAXIMISING INCOME FROM OUR PORTFOLIO

Overview

We aim to generate good property returns, both absolute and relative to other real estate sectors and peers, through effective asset management and by focusing on the retail sector. The common themes to our approach, which varies according to the characteristics of the markets in which we operate, are:

- fostering close relationships with existing and prospective tenants
- monitoring, predicting and responding to local market trends
- offering attractive commercial solutions to tenants' occupational requirements
- considering the best formats for our tenants to facilitate multi-channel sales, and
- providing an enhanced customer experience at our properties.

Following the decision announced earlier this year to focus on retail, we have reanalysed the portfolio into the segments listed below. The first four categories comprise the continuing portfolio.

- UK shopping centres
- UK retail parks
- Other UK – includes assets held for redevelopment, retail shop units and the element of Hammerson's head office building which is let to third party tenants
- France retail
- Held for sale – comprising office assets being sold as part of our refreshed strategy (see note 6 to the accounts on page 43)

Much of the commentary which follows reflects this new portfolio structure.

Market environment

In the UK and France retailers continue to face challenging trading environments. However this has reinforced the trend for retailers to prefer space in high quality, prime shopping centres and conveniently located retail parks of the types which we operate. This polarisation of occupier demand is expected to continue. Our efforts to generate income growth concentrate on tenant engineering, enhancing tenant mix, commercialisation initiatives and by continuing to pioneer multi-channel retailing. Notwithstanding the weak economic backdrop, the operating performance at our shopping centres during the first half of 2012 was strong as shown in the table below.

Operational data – continuing operations	H1 2012	H1 2011
Occupancy (%)	97.5	97.1
Net rental income growth like-for-like (%)	2.4	3.9
Leasing activity - new rent from units leased (£m)	7.4	9.1
Area of new lettings ('000m ²)	45.5	30.4
Leasing v ERV (% above 31 December 2011/2010 ERV)	3.8	(5.9)
Retail sales like-for-like change (%)		
UK shopping centres	0.1	4.1
France shopping centres	(3.6)	1.8
Footfall like-for-like change (%)		
UK shopping centres	(2.0)	2.6
France shopping centres	(3.3)	(1.5)
Non-rental income (£m)		
UK	8.3	7.0
France	1.0	0.9

BUSINESS REVIEW

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Occupancy

At 30 June 2012, the Group's occupancy rate for the continuing portfolio was 97.5%, above our target of 97.0% and marginally down on the figure at the end of 2011. The table below analyses occupancy by portfolio segment at the current and previous reporting dates.

Occupancy (%)	UK retail	France retail	UK other	Total continuing portfolio	UK offices held for sale	Total
30 June 2012	97.9	97.6	91.6	97.5	81.3	95.7
31 December 2011	98.2	98.2	92.4	97.9	98.1	97.9

Like-for-like net rental income

During the first six months of 2012, on a like-for-like basis and excluding properties held for sale, net rental income increased by 2.9% in the UK and by 1.0% in France, resulting in a 2.4% uplift for the Group. UK shopping centres' net rental income grew by 3.3%, driven principally by a good performance at Union Square and Centrale and increased turnover rent at Brent Cross. In France, growth of 1.0% reflected indexation and increased commercial income, particularly at Italie 2.

Like-for-like net rental income for the six months ended 30 June 2012

	Properties owned throughout 2011/12 £m	Increase/ (Decrease) for properties owned throughout 2011/12 %	Acquisitions £m	Disposals £m	Developments £m	Total net rental income £m
United Kingdom						
Shopping centres	53.7	3.3	4.0	-	-	57.7
Retail parks	28.0	(0.2)	3.2	-	-	31.2
Other UK	7.3	13.3	-	-	-	7.3
Total United Kingdom	89.0	2.9	7.2	-	-	96.2
Continental Europe						
France retail	29.6	1.0	0.6	-	1.4	31.6
Group						
Retail	111.3	1.8	7.8	-	1.4	120.5
Other UK	7.3	13.3	-	-	-	7.3
Total continuing operations	118.6	2.4	7.8	-	1.4	127.8
Discontinued operations	13.4	6.1	1.3	0.1	(1.0)	13.8
Total	132.0	2.8	9.1	0.1	0.4	141.6

BUSINESS REVIEW

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Like-for-like net rental income for the six months ended 30 June 2011

	Properties owned throughout 2011/12 £m	Exchange £m	Acquisitions £m	Disposals £m	Developments £m	Total net rental income £m
United Kingdom						
Shopping centres	52.0	-	2.1	-	1.8	55.9
Retail parks	28.0	-	1.6	-	-	29.6
Other UK	6.5	-	-	3.1	-	9.6
Total United Kingdom	86.5	-	3.7	3.1	1.8	95.1
Continental Europe						
France retail	29.3	1.9	0.7	2.3	0.1	34.3
Group						
Retail	109.3	1.9	4.4	2.3	1.9	119.8
Other UK	6.5	-	-	3.1	-	9.6
Total continuing operations	115.8	1.9	4.4	5.4	1.9	129.4
Discontinued operations	12.6	-	-	0.1	1.8	14.5
Total	128.4	1.9	4.4	5.5	3.7	143.9

Leasing activity

In the UK and France retail portfolios, we signed 163 leases in the period to 30 June 2012, representing 45,500m² of space with rental income of £7.4 million per annum. The level of rents secured relative to December 2011 ERV was +4.7% in the UK and +4.5% in France. Rent reviews were agreed for 67 leases with rents passing of £8.9 million which will result in a further £0.5 million of annual rental income.

Retailer sales and footfall

Like-for-like sales and footfall at our shopping centres reflected the challenging economic conditions faced by consumers in the UK and France. However, operational measures demonstrate the strength of the portfolio in spite of this backdrop.

Non-rental income

Included within 'net rental income', the net income from car parks and from the sale of advertising and merchandising opportunities at our shopping malls is a significant source of income for the Group. In the six months to 30 June 2012 these activities generated £9.3 million compared with £7.9 million for the equivalent period in 2011. The increase was largely due to higher net income from car parks, particularly at Union Square, and a full six months' contribution from Centrale.

The changing face of retail

We are continuing to respond to the changes which are underway in the retail sector. Retailers are concentrating their representation in large, successful shopping centres and consumers want convenience, flexibility and an entertaining shopping experience. Hammerson is well placed to take advantage of these key trends.

BUSINESS REVIEW

CONTINUED

We have signed three new catering brands to our upgraded food court at WestQuay, Southampton. They will join the existing catering line-up and take around 1,000m² of space which will be open for trading in the autumn.

Our multi-channel initiatives are progressing well. At The Oracle in Reading, we have successfully launched an upgraded consumer website which is fully mobile-enabled and integrated with social media and are working up plans to roll this out to the rest of our UK shopping centres. We have also appointed a contractor to install free wi-fi in all of our UK centres and expect to complete the implementation by the end of the year. We are planning similar projects in our French portfolio as we refurbish the schemes. Digital communication routes to consumers, such as Vente Privee in France and Flockr in the UK are already in use or being tested prior to going live and our social media audience is growing, with an increase of 41% over the last six months.

ENHANCING OUR HIGH QUALITY PORTFOLIO

Hammerson has an established reputation as a leading real estate developer in the UK and France through managing complex urban regeneration schemes. We have a substantial pipeline of potential future developments which may provide shareholders with high returns and we have forged strong relationships with the local authorities and prospective occupiers who have interests in these schemes. We will also continue to follow a prudent funding strategy for developments, recycling established assets and entering into joint ventures where appropriate. We have the flexibility to commence projects when we are satisfied that the relevant markets are sufficiently robust, when we have the right level of interest from occupiers and on the basis that sound financial analysis demonstrates good returns.

So far in 2012, we have achieved several milestones in progressing our developments:

- Progressed construction at Les Terrasses du Port, Marseille
- Started on site at:
 - Manor Walks, Cramlington
 - Monument Mall, Newcastle
- Achieved planning approvals for Centrale, Croydon
- Signed lettings for:
 - Les Terrasses du Port
 - Manor Walks, Cramlington
 - Monument Mall, Newcastle
 - Cyfarthfa Retail Park, Merthyr Tydfil

The scale of the pipeline is significant. Committed schemes will provide 78,100m² of space at a total development cost to complete of £238 million and generate an estimated £29 million of income. The income from smaller potential extensions and developments is estimated at £31 million and the cost of refurbishing or extending 231,400m² of accommodation would be £410 million. Proposed major developments would create 379,250m² of new space, at a total development cost of more than £1.4 billion and we estimate that they would produce more than £105 million of income when fully let.

The table on page 12 lists the developments to which we are committed, or which we expect to start over the next few years.

BUSINESS REVIEW

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Developments

Scheme	Lettable area m ²	Earliest start	Potential completion	Value at 30/6/12 £m	Estimated cost to complete ¹ £m	Estimated annual income ² £m	Let ³ %
COMMITTED							
Les Terrasses du Port, Marseille	61,000	Commenced	April 2014	175	218	27	72
Manor Walks, Cramlington	6,000	Commenced	Dec 2012	n/a	7	1	43
Monument Mall, Newcastle	11,100	Commenced	July 2013	30	13	1	29
	78,100				238	29	
EXTENSIONS AND DEVELOPMENTS (< £100 million)							
Westmorland, Cramlington	5,300	2013	2013		8	1	20
Cyfarthfa, Merthyr Tydfil	14,500	2013	2014		22	2	16
Silverburn, Glasgow ⁴	10,500	2013	2014		12	1	
Elliott's Field, Rugby	7,300	2013	2014		18	2	
Carré Privé Ouest, Saint Quentin-en-Yvelines ⁴	30,000	2013	2014		16	1	
Centrale, Croydon	66,500	2013	2015		95	5	14
Le Jeu de Paume, Beauvais	23,000	2013	2015		63	5	30
The Orchard Centre, Didcot	21,000	2014	2015		49	4	
Parc Tawe, Swansea	25,800	2014	2016		26	3	
Watermark, Southampton	21,500	2014	2016		75	5	
Italie 2, Paris 13ème	6,000	2014	2016		26	2	
	231,400				410	31	
MAJOR DEVELOPMENTS (> £100 million)							
Halle en Ville, Mantes	32,000	2014	2016		110	9	29
Eastgate Quarters, Leeds (Phase 1)	36,000	2014	2016		110	9	
Eastgate Quarters, Leeds (Phase 2)	63,000	2016	2019		455	39	
Sevenstone, Sheffield	60,500	2014	2016		285	24	
Whitgift Quarter, Croydon ⁵	95,000	2014	2017/8		tbc	-	
Brent Cross extension, London NW4 (41% interest)	87,000	2015	2018		290	24	
The Goodsyard, London E1 ^{4,6}	5,750	2015	Phased		100	-	
	379,250				1,350	105	

Notes

(1) Incremental capital cost including capitalised interest.

(2) Net of head rents and after expiry of rent-free periods.

(3) Let or in solicitors' hands by income at 17 July 2012.

(4) 50% ownership interest.

(5) Indicative figures, assuming one-third interest.

(6) Area reflects retail space only.

(7) € converted at £1 = €1.236.

(8) Timings are indicative.

Committed developments

We are making excellent progress on site at Les Terrasses du Port, Marseille, which is on schedule for completion in spring 2014. The 61,000m² shopping centre will feature 160 shops and 2,600 car parking spaces. Vinci were signed in January 2012 to operate the car park and in July we agreed a lease with Printemps to anchor the scheme with a 8,700m² department store. The project is now 72% pre-let or in solicitors' hands, and we are continuing discussions with a number of major space retailers. The development was valued at £175 million, or £29 million above cost at the end of June 2012.

BUSINESS REVIEW

CONTINUED

At Manor Walks, Cramlington we signed in March pre-lets with Marks & Spencer Simply Food and Vue Cinema for our 13,300m² redevelopment. The first phase of the scheme also includes family restaurants, improvements to the South Mall and increased car parking. We already have planning approval for the second phase of the redevelopment of 8,360m² of space on the adjoining retail park. Marks & Spencer will trade from a 1,486m² store on the retail park element of the scheme and is scheduled to open in autumn 2013. Vue will create a new leisure anchor for the shopping centre, occupying a 2,600m², nine-screen cinema. Work on the 6,000m² shopping centre extension began in April and will complete in December 2012.

In April we agreed a pre-let with TK Maxx as part of the £15 million redevelopment of Monument Mall in Newcastle. TK Maxx currently occupies a 2,323m² store on the lower level and is upsizing to a 3,437m² flagship store over the first and second floors with a glazed triple height entrance onto Northumberland Street, Newcastle's prime retail pitch. The scheme, where building work is underway, will introduce new prime shopping on Blakett Street, significantly strengthening the retail link between prime Northumberland Street, Eldon Square and Grainger Street. New double height retail frontages will be created and the three listed façades will be restored. Completion is scheduled for summer 2013.

Extensions and developments < £100 million

We have several potential extensions, redevelopments and smaller development schemes in our retail pipeline, as shown in the table on page 12. We estimate the average yield on cost for these projects to be in excess of 7.5%. Further information on a selection of these schemes is provided in the following paragraphs.

The pre-letting of our proposed French retail development at Le Jeu de Paume, Beauvais, is well advanced. At this 23,000m² city centre scheme, 60 km to the north of Paris, we have agreed a pre-let with Carrefour Market for a 3,000m² store to anchor the scheme, which will consist of 76 retail units and 37 residential apartments. In total, leases signed or in solicitors' hands represent 30% of the expected income from the asset and include H&M and Furet du nord. We are in discussions with retailers interested in the remaining larger units. We have conditional agreements with the City of Beauvais to purchase the land and with the Public Office of Housing to build the residential units.

Marks & Spencer will anchor our 14,500m² retail extension of Cyfarthfa Retail Park, Merthyr Tydfil after signing a pre-let in May. The 4,600m² full-line store will offer menswear, womenswear, homeware and a food hall. Proposals to extend the retail park will be submitted to Merthyr Tydfil County Borough Council this summer and subject to a successful planning decision, the new Marks & Spencer could be open in summer 2014. In addition to a new anchor store, the scheme will provide 9,000m² of additional retail space, to which B&Q will be relocated and which will accommodate up to seven new retail brands.

In May, the London Borough of Croydon's planning committee resolved to grant consent for our proposed £95 million redevelopment of Centrale Shopping Centre. The scheme involves the reconfiguration of 13,175m² of the existing retail space and the creation of a family-friendly leisure quarter. We have already secured US cinema brand Showcase Cinema de Lux as a pre-let for the extension and this will be their first venture in London. The 11-screen cinema will create a new leisure anchor for Centrale, and the project also encompasses two flagship retail units and eight new restaurants. The redevelopment of Centrale forms part of our long-term vision for retail in Croydon. Hammerson was recently selected as the preferred development partner for the Whitgift Centre, which is adjacent to Centrale, by the majority leaseholders, Royal London Asset Management and IBRC Assurance Company. We will shortly unveil our 140,000m² masterplan for the rejuvenation of Croydon's entire retail core.

BUSINESS REVIEW

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We are making good progress in pre-letting our premium outlet project at Carré Privé Ouest (formerly SQY Ouest), Saint Quentin-en-Yvelines. We are in advanced discussions with prospective tenants for 56% of the space in the 30,000m² scheme. Hammerson's share of the incremental projected income is £1 million.

Since the end of June we have agreed an extension to the development agreement and a phasing of the Watermark, WestQuay scheme with Southampton City Council and submitted a planning application for the expansion of Silverburn, Glasgow.

Major developments > £100 million

In both the UK and France we have excellent opportunities for retail and leisure developments and have continued to progress these schemes.

To the north west of Paris, we are making good progress pre-letting the 32,000m² Halle en Ville, Mantes. The scheme is 29% pre-let to Leclerc and 23 other retailers and we are in discussions with other potential anchor tenants.

In July we signed revised heads of terms with John Lewis for a 24,000m² anchor store for Eastgate Quarters in Leeds. The store will form part of Harewood, the first phase of Eastgate Quarters, which will create two new retail streets drawing on Leeds' thriving arcade heritage and introduce a direct route from the Victoria Quarter to Harewood. As well as the flagship John Lewis store, this £120 million phase will include up to 30 additional retail units for high end and aspirational brands, six restaurants, additional leisure space and a 600 space multi-story car park. Work on the detailed design will begin this autumn and a detailed planning application will be submitted in summer 2013. Subject to planning approval, work will commence in spring 2014 with the launch of Harewood in autumn 2016. The second phase will include anchor stores, additional retail for major high street brands, leisure space, restaurants, over 2,500 car parking spaces and a Low Carbon Energy Centre.

We are also working up plans for the mixed-use redevelopment of The Goodsyards, London E1, in which we have a 50% interest, and a major extension to Brent Cross shopping centre, London NW4. The latter follows agreement for a phased approach to Brent Cross Cricklewood and we intend to finalise the development strategy later this year and apply early next year for a revision to the existing consent.

PORTFOLIO MANAGEMENT

In the first half of 2012, we have made significant progress in implementing our revised strategy to focus the portfolio on the retail sector through the contracted sale of the majority of our London office portfolio. We have also continued to successfully execute our policy of recycling mature properties for reinvestment in acquisitions and developments which provide good prospects for income and capital growth.

We exchanged contracts for the sale of around 75% of our London office portfolio to Brookfield Office Properties for aggregate cash proceeds of £518 million in June. The assets being sold are:

- 99 Bishopsgate, London EC2. The property provides 31,500m² of freehold office accommodation over 26 floors. Acquired by Hammerson in 1994 and redeveloped in 1995, part of the building has been refurbished in 2012, with 11,000m² of space recently made available for let. Rents passing at 31 December 2011 were £11 million, and averaged £600/m².

BUSINESS REVIEW

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- 125 Old Broad Street, London EC2. A 50% owned, 30,300m² freehold office building also over 26 floors, on the site of the former London Stock Exchange. The site was acquired in 2002 and the redeveloped tower completed in 2008. The building is currently undergoing a full reglazing. Hammerson's share of rents passing at 31 December 2011 was £8 million, with an average of £515/m². There is a non-recourse credit facility of £132 million (£66 million Hammerson share) secured on the property.
- 1 Leadenhall Court, London EC3. A 10,000m² leasehold office at the corner of Gracechurch Street and Leadenhall Street. The building was acquired by Hammerson in 2010. Rents passing at 31 December 2011 were £7 million, averaging £760/m². The building is let to Alliance Assurance Company until March 2014.
- Principal Place, London EC2. A mixed-use leasehold development scheme which has consent for a 57,500m² office building and a separate 23,000m² residential tower providing 243 private apartments. Legal ownership of Principal Place remains vested in Hammerson until completion. Brookfield will manage and fund the development in the interim period.
- Also included in the sale are an interest in 1 Puddledock, London EC4 and a block of buildings adjoining Principal Place, on Shoreditch High Street.

At 31 December 2011, the aggregate passing rent of the assets being sold was £27 million. The book value of these assets at the end of 2011 was £468 million, and Hammerson has subsequently spent a further £18 million on them to date. The total consideration represents a 5% premium over the implied combined book value and an initial yield of 5.2%.

Payment of £329 million in respect of 99 Bishopsgate, Principal Place and two smaller assets will be received by 30 September 2012. 125 Old Broad Street and Leadenhall Court will complete by 30 June 2013 for £189 million. The sale is expected to be broadly neutral to 2012 earnings.

In a separate transaction, our interest in Harbour Quay, London E14 was sold for £9.5 million realising a profit of £5.3 million over its December 2011 book value. Our interest in London Wall Place, London EC2 was an option held with the City of London, with consent for a 46,000m² office development. In line with our revised strategy this option was also transferred to Brookfield. The remaining London office assets, with a combined June 2012 value of £100 million, include a 30% stake in 10 Gresham Street, London EC2, held in a joint venture with CPPIB, and Stockley House, London SW1. We are in discussion with potential purchasers and intend to dispose of these interests over the next year. We will keep our 50% ownership of our London head office at 10 Grosvenor Street, W1.

In May, we completed the sale of 54-60 rue du Faubourg Saint-Honoré, 8ème for €165 million, slightly above its December 2011 book value. The life cycle of this asset is a good example of how we use our development and asset management expertise to crystallise substantial profits. We acquired the 8,000m² mixed-use buildings in Paris' luxury retail quarter in 2005 and recently redeveloped the retail element. Following the refurbishment, the scheme comprises 3,900m² of retail space that is occupied by designer brands including Burberry, Moschino, Jenny Packham and Bally. The property also includes 3,900m² of residential accommodation and 200m² of office space. Net passing rent was €7.3 million taking account of stepped rents.

The proceeds from the disposals will ultimately be used to increase scale and focus through investment in retail developments and acquisitions in our chosen areas of focus of prime regional shopping centres, convenient retail parks and premium designer outlets through our investment in Value Retail.

BUSINESS REVIEW

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Shopping outlets – Value Retail

Value Retail is a highly successful developer and operator of luxury retail outlet Villages in the UK and mainland Europe. Its nine Villages have a total asset value of around £2 billion and generate tenant sales of £1.2 billion. The compound annual growth in sales for the business from 2006 to 2011 was 19%. As at 30 June 2012, our stake in Value Retail was valued at £289 million compared with a cost of £84 million and our related income was £2.6 million for the first six months of 2012. In July we consolidated our investment by exchanging contracts to acquire further ownership of the Value Retail holding companies for a total of £72 million and increased our shareholder loan from €28 million to €58 million. The net effect of these transactions brings our total economic interest to £407 million. On completion of the recent acquisitions we will own approximately 22% of the holding companies and anticipate working more closely with the Value Retail management team.

VALUATIONS

Portfolio overview

For the purposes of this overview, the property portfolio is considered to exclude the office properties held for sale. At 30 June 2012, our property portfolio was valued at £5.0 billion and principally comprised prime shopping centres in the UK and France and conveniently located retail parks. The retail portfolio provided 1.6 million m² of space and included 19 shopping centres and 18 retail parks.

Joint ventures accounted for 45% by value of the portfolio, including eight major shopping centres in the UK and two in France. The average lot size of the portfolio was £268 million and our ten most valuable properties represented 47% of the 30 June 2012 portfolio value.

At the end of June 2012, 73% of the portfolio by value was located in the UK, and the remainder in France. The retail weighting was 97% and developments comprised less than 5% of the total.

Movement in portfolio value in first six months of 2012	£m
Portfolio value at 1 January	5,720
Valuation decrease	(22)
Capital expenditure	
Developments	37
Expenditure on existing portfolio	33
Capitalised interest	4
Disposals	(130)
Reclassification to assets held for sale	(618)
Exchange	(46)
Portfolio value at 30 June - continuing operations	4,978

Net and gross valuations, income and yields for the Group's continuing investment portfolio are analysed in the table below. The yields are low relative to other property classes reflecting the prime locations and attractiveness of the portfolio.

BUSINESS REVIEW

CONTINUED

The net initial yield for the continuing portfolio at 30 June 2012, based on the net portfolio value, was 5.3%, compared with 5.2% at the end of 2011. Further information on components of the portfolio valuation movement is presented in 'Capital returns' below.

Continuing investment portfolio at 30 June 2012

	Income £m	Gross value £m	Net book value £m
Portfolio value (net of cost to complete)		5,018	5,018
Purchasers' costs ⁽¹⁾			(274)
Net portfolio valuation as reported in the financial statements			4,744
Income and yields			
Rent for valuers' initial yield (equivalent to EPRA Net Initial Yield)	267.4	5.3%	5.6%
Rent-free periods (including pre-lets)	7.5	0.2%	0.2%
Rent for 'topped-up' initial yield	274.9	5.5%	5.8%
Non-recoverable costs (net of outstanding rent reviews)	8.7	0.2%	0.2%
Passing rents ⁽²⁾	283.6	5.7%	6.0%
ERV of vacant space	7.0	0.1%	0.1%
Reversions	8.3	0.2%	0.2%
Total ERV/Reversionary yield	298.9	6.0%	6.3%
True equivalent yield		6.0%	
Nominal equivalent yield		5.7%	

Notes

(1) Purchasers' costs equate to 5.8% of the net portfolio value

(2) The yield of 5.5% based on passing rents and the gross portfolio value is equivalent to EPRA 'topped-up' Net Initial Yield.

Capital returns

The portfolio's total return for the six months ended 30 June 2012 was 2.3%, and comprised a capital return of -0.1% and an income return of 2.5%.

Capital returns – total portfolio

For the six months ended 30 June 2012

	Shopping centres		Retail parks		Held for sale and other UK		Total	
	Value £m	Capital return %	Value £m	Capital return %	Value £m	Capital return %	Value £m	Capital return %
UK	2,278.6	(0.5)	1,172.3	(2.4)	810.5	2.3	4,261.4	(0.5)
France	1,226.1	1.1	108.6	2.3	-	-	1,334.7	1.2
Total	3,504.7	0.1	1,280.9	(2.0)	810.5	2.3	5,596.1	(0.1)

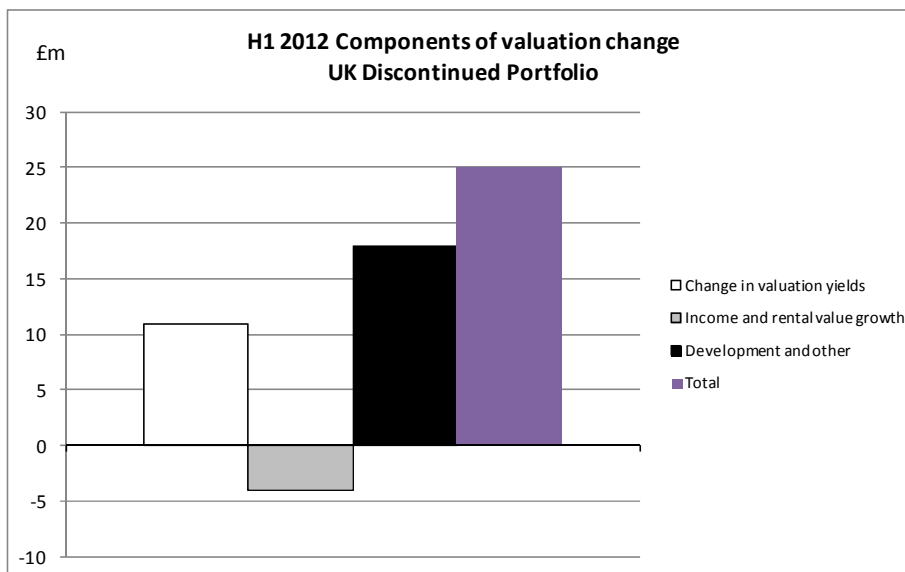
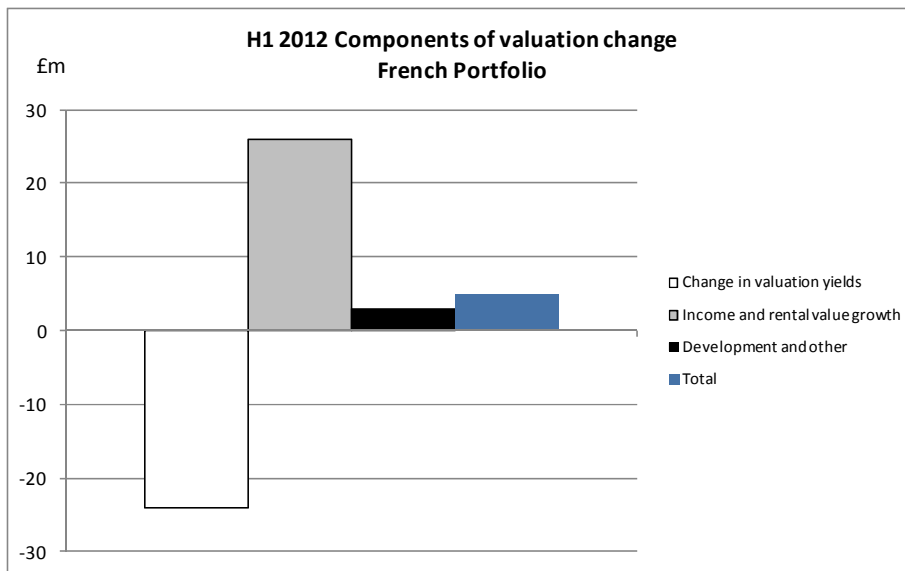
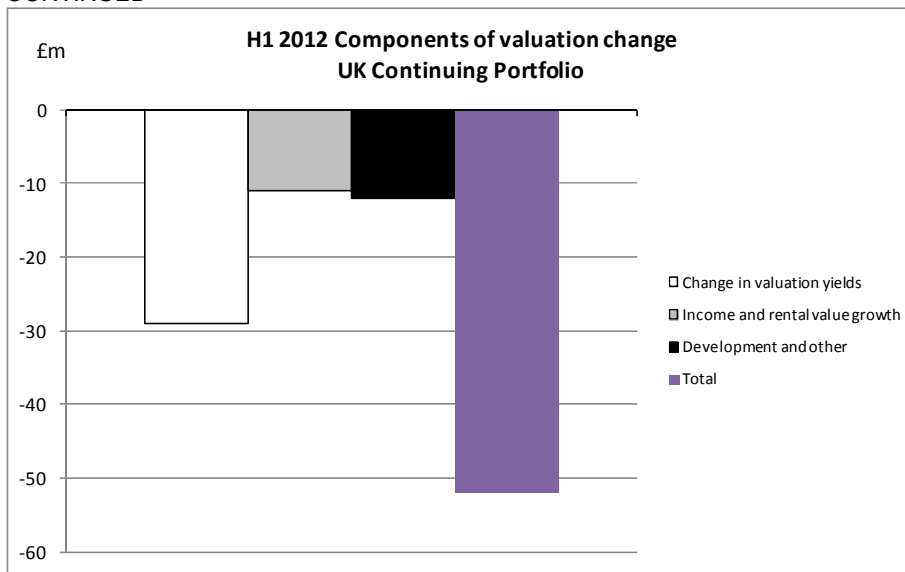
The components of the valuation changes for the six months to 30 June 2012 for the UK, France and discontinuing parts of the portfolio are shown in the charts below.

For the UK continuing portfolio, more than half of the movement resulted from a slight increase in investment yields with the balance broadly equally divided between the impact of lower rental values and capital expenditure. In France, the effect of higher rental values and development surpluses more than offset the impact from slightly higher valuation yields.

There were positive impacts on the valuation of the UK properties in the discontinued portfolio arising from a modest reduction in investment yields, reflecting the prices agreed for the sale of the office assets. However, these were partially offset by the effect of reduced rental values.

BUSINESS REVIEW

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FINANCIAL REVIEW

Discontinued operations

As required under IFRS, we have disclosed separately in the consolidated income statement the income and expenditure directly attributable to discontinued operations, also described as assets held for sale in the consolidated balance sheet, and reclassified the comparative figures where appropriate. An analysis of the components of the net profit related to discontinued operations is provided in note 6B. As the majority of the assets held for sale are funded from the Group's unsecured debt, no finance costs have been attributed to these assets within the profit related to discontinued operations. The exception relates to Hammerson's share of the secured loan on 125 Old Broad Street.

Profit before tax

For the first half of 2012, the Group's profit before tax, including discontinued operations, was £48.8 million, compared with £192.8 million for the comparative period in 2011. The reduction principally reflected property revaluation gains in 2011 of £121.1 million whereas so far in 2012 there has been a £22.0 million revaluation loss. The table below reconciles profit before tax on adjusted and unadjusted bases.

Analysis of profit before tax	Six months to	Six months to
	30 June 2012	30 June 2011
	£m	£m
Adjusted profit before tax	74.0	69.7
Adjustments:		
Profit on the sale of investment properties	7.3	1.5
Revaluation (loss)/gain on property portfolio	(22.0)	121.1
Premium and costs on bond buyback	(13.8)	-
Change in fair value of derivatives	3.3	0.5
Profit before tax – continuing and discontinued operations	48.8	192.8

Adjusted profit before tax at £74.0 million was £4.3 million or 6.2% up on the £69.7 million for the same period in 2011, as shown in the table below. The negative impact of disposals and developments more than offset the increase in profit from acquisitions. However we benefited from increased income at our UK shopping centres and by implementing initiatives to reduce our borrowing costs.

Reconciliation of adjusted profit before tax	Adjusted profit	EPRA EPS
	before tax	per
	£m	pence
Adjusted profit before tax for H1 2011	69.7	9.6
Acquisitions	2.6	0.4
Disposals	(3.5)	(0.5)
Developments	(1.0)	(0.1)
Like-for-like net rental income increase	3.6	0.5
Interest saving initiatives	3.2	0.4
Interest and other	(0.6)	(0.1)
Adjusted profit before tax for H1 2012	74.0	10.2

EPRA earnings per share for the six months ended 30 June 2012 at 10.2 pence were 0.6 pence, or 6.3% higher than the 2011 comparative period for the reasons noted above. Note 8A to the accounts on page 46 sets out calculations for earnings per share.

Net rental income

For continuing and discontinued operations, net rental income for the period was £141.6 million. Excluding that from discontinued operations, net rental income was £127.8 million compared with £129.4 million for the first half of 2011. The negative impacts from disposals and exchange were partly offset by positive contributions from rental growth in the like-for-like portfolio and acquisitions. On a like-for-like basis, net rental income grew by 2.4% as shown in the tables on pages 9 and 10.

FINANCIAL REVIEW

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Administration expenses

For continuing operations, administration expenses at £20.2 million for the first half of 2012, were virtually unchanged compared with 2011, as shown in the table below. However, taking operational costs into account, the total of property outgoings and administration expenses for continuing operations has reduced by £1.0 million, or around 3%, from £38.1 million in the first half of 2011 to £37.1 million in 2012. Measures have been put in place over the last year to reduce the cost base, including staff and head office accommodation costs, in both the UK and France and we will continue to focus on cost reduction in the near-term.

Administration expenses for discontinued operations relate to the costs of staff who will be made redundant as a result of the sale of the office portfolio. The related management fees receivable are in respect of the 125 Old Broad Street and Gresham Street joint ventures.

Administration expenses	Notes	Six months to 30 June 2012 £m	Six months to 30 June 2011 £m
Continuing operations	2		
Cost of property activities		15.5	14.5
Corporate expenses		7.5	8.4
Management fees receivable		(2.8)	(2.7)
		20.2	20.2
Discontinued operations	6B		
Cost of property activities		0.7	0.7
Management fees receivable		(0.4)	(0.3)
		0.3	0.4
Total administration expenses		20.5	20.6

Finance costs

For the six months ended 30 June 2012, net finance costs for continuing operations, comprising gross interest costs less finance income as set out in note 4 to the accounts, were £48.8 million. The comparator for 2011 was £53.4 million and £3.2 million of the reduction reflects the interest saving initiatives detailed below.

The average cost of borrowing for the Group for the first half of 2012 was 5.1%, down from 5.2% for the year ended 31 December 2011. The reduction was achieved through several initiatives:

- Buying back €220 million of the €700 million 4.875% unsecured bonds due 2015, saving an estimated £3.5 million in total in 2012
- Cancelling an interest rate swap on the £100 million put bond, saving an estimated £3.2 million in 2012
- Contracting a new interest rate swap on the £250m 6.875% 2020 bond, saving an estimated £1.7 million in 2012

We are continuing to monitor the capital markets with a view to reducing further our running cost of debt. Interest capitalised, relating principally to the development of Les Terrasses du Port, was £3.7 million.

The finance costs for discontinued activities as shown in note 6B are in respect of the Group's share of the secured debt and related derivatives of the 125 Old Broad Street joint venture. As the other office properties held for sale are financed from the Group's pooled unsecured borrowings, no finance charges have been allocated to discontinued operations.

FINANCIAL REVIEW

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Tax

The Group's status as a UK REIT and French SIIC means that its current tax charge is minimal. New legislation in France, which is expected to be effective after July 2012, will subject SIIC distributions paid from our French subsidiaries to Hammerson plc to a withholding tax of 3%. This is expected to impact the Group from 2014.

Dividend

The Directors have declared an interim dividend of 7.7 pence per share, representing an increase of 5.5% on the dividend for the first half of 2011. The dividend is payable to shareholders on the register at the close of business on 17 August 2012 and will be paid on 5 October 2012 as a PID, net of withholding tax where appropriate. There will be no scrip alternative although the dividend reinvestment plan remains available to shareholders. The interim dividend for 2011 was 7.3 pence per share, of which 5.5 pence was paid as a PID and 1.8 pence paid as a normal dividend.

Balance sheet

Equity shareholders' funds were £3.8 billion at 30 June 2012, up by £34 million since the year end. EPRA adjusted net asset value per share was up nearly 1% at £5.35 compared with £5.30 at December 2011. The main reasons for the increase were the uplift in the value of our investment in Value Retail and retained profit, although these were partly offset by dividends and the revaluation deficit on the property portfolio.

Movement in net asset value	Equity shareholders' funds* £m	EPRA NAV* £ per share
31 December 2011	3,772	5.30
Revaluation - continuing investment portfolio	(56)	(0.08)
Revaluation - continuing developments	9	0.01
Revaluation - discontinued operations	25	0.04
Revaluation - investments in Value Retail	61	0.09
Adjusted profit for the period	74	0.10
Dividends	(66)	(0.09)
Exchange and other	(4)	(0.02)
30 June 2012	3,815	5.35

* Excluding deferred tax and the fair value of derivatives, calculated in accordance with EPRA best practice.

Financing

Net debt was £1.9 billion at 30 June 2012, £61 million lower than the 2011 year end figure of £2.0 billion, and comprised borrowings of £2.0 billion and cash and deposits of £85 million. Cash and deposits have reduced by £15 million since the end of 2011. The fall was mainly due to the £37 million cash inflow from operating activities, capital expenditure of £77 million, proceeds of £152 million and the outflow of £128 million relating to financing activities.

Our policy for the Group's ratio of fixed to variable rate debt is to maintain a minimum of 50% of debt at fixed rates, although this level may increase at higher gearing levels. During the first half of 2012, the proportion of debt at fixed rates of interest decreased from 88% at 31 December 2011 to 64% as at 30 June 2012. This was achieved through the part buyback of the 2015 bonds, which replaced fixed rate bond debt with floating rate bank facilities, and using the interest rate swaps referred to in 'Finance costs' to change £350 million of borrowings from fixed to floating interest rates.

FINANCIAL REVIEW

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The increased exposure to floating rate debt allows us to benefit from the continuing low interest rate environment whilst maintaining the security offered by fixed rates of interest on the majority of debt.

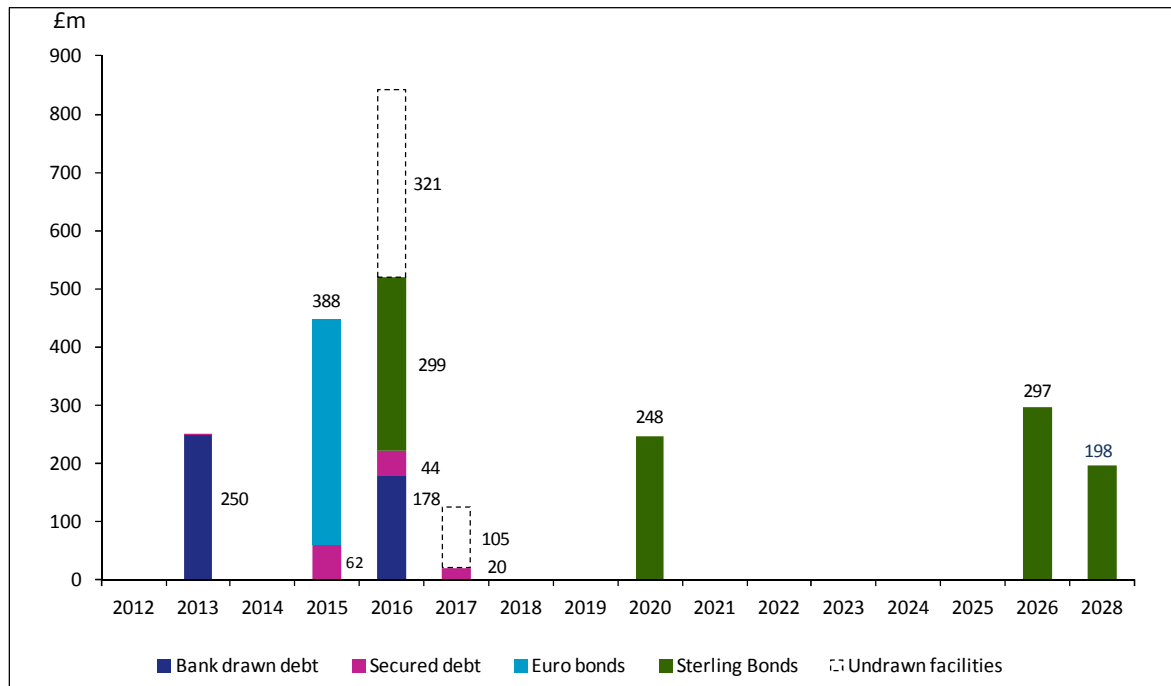
We hedge our exposure to foreign exchange translation differences on euro denominated assets with a combination of foreign currency borrowings and derivatives. Our policy is to hedge around 80% of the value of such assets and at 30 June 2012, the figure was 77%. The interest expense on the euro denominated debt also partially hedges rental income generated from the assets. Around 80% of the relevant income was hedged in this way.

The Group's debt had an average maturity of around seven years and our next debt maturity occurs in February 2013, as shown in the chart below. To manage near-term debt maturities, a tender offer was completed in May for €220m of the Company's €700 million 4.875% unsecured bonds due in 2015. The premium and costs paid on the repurchased bonds resulted in an exceptional charge of £13.8 million. However, as the interest cost of the bond was at 4.875% and the debt was refinanced at floating rates of 2.2%, a lower running cost of debt was achieved. We expect this to result in an annual saving of approximately £5.0 million.

A new £125 million syndicated five-year revolving credit facility became effective in April to part refinance some of the bank debt maturing this year. The facility will increase to £150 million in April 2013 and carries a margin of 150 basis points over LIBOR. The medium-term outlook for the sterling, euro and private placement bond markets is favourable and we believe they will be available to Hammerson to replace existing bank borrowings as they mature. We will continue to monitor these markets and consider accessing them as appropriate.

Liquidity, defined as cash, undrawn committed facilities and foreign currency swaps, was £509 million at 30 June, although this will increase when the first tranche of proceeds from the office disposals are received in September.

Debt maturity profile at 30 June 2012



FINANCIAL REVIEW

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The Group's financial structure is monitored in the context of guidelines approved by the Board. These guidelines currently include: gearing of no more than 85% for an extended period; interest cover of at least 2.0 times; and a net debt to EBITDA ratio of less than ten times. These ratios were all healthy at 50%, 2.8 times and 7.5 times respectively for the six months ended 30 June 2012. Fitch rates Hammerson's unsecured credit at A- whilst Moody's assigns a Baa2 rating.

The Group's unsecured bank facilities contain financial covenants that the Group's gearing, defined as the ratio of net debt to shareholders' equity, should not exceed 150% and that interest cover, defined as net rental income divided by net interest payable, should be not less than 1.25 times. Three of the Company's unsecured bonds contain the same gearing covenant and two contain a covenant that gearing should not exceed 175%. The bonds contain no covenant for interest cover. Further discussion of financing risk is included within Principal Risks and Uncertainties on page 28.

The table below summarises key financing data, including pro forma figures reflecting the sale of the office portfolio.

Key financing data	Pro forma after contracted office sales	30 June 2012	31 December 2011
Net debt (£m)	1,366	1,903	1,964
Gearing (%)	36	50	52
Loan to value (%)	27	34	34
Cash/undrawn facilities/currency swaps (£m)	980	509	711
Weighted average cost of finance (%)	n/a	5.1	5.2
Interest cover (times)	n/a	2.8	2.6
Net debt/EBITDA (times)	n/a	7.5	7.7
Debt fixed / hedged (%)	n/a	64	88

PROPERTY PORTFOLIO INFORMATION

SECURITY AND QUALITY OF INCOME

Our retail portfolio generates a secure income stream with long lease terms and the potential for growth. The weighted average unexpired lease term for the retail portfolio was more than eight years at the end of June.

At 30 June 2012, the investment portfolio was 2.7% reversionary, compared with 3.5% at the end of 2011. The UK and France portfolios were 2.0% and 4.9% reversionary respectively. Our retail portfolio could generate an additional £9.8 million per annum by 2014, equivalent to earnings of 1.4 pence per share, assuming leases are renewed or pre-let and rent reviews agreed at prevailing ERVs.

Lease expiries and breaks

Lease expiries and breaks as at 30 June 2012

	Rents passing that expire/break in			ERV of leases that expire/break in			Weighted average unexpired lease term	
	2012 £m	2013 £m	2014 £m	2012 £m	2013 £m	2014 £m	to break years	to expiry years
Notes	1	1	1	2	2	2		
United Kingdom								
Retail: Shopping centres	8.9	7.9	9.1	10.5	7.9	9.5	7.8	9.3
Retail parks	4.6	2.4	0.9	5.1	2.4	0.9	9.9	10.5
	13.5	10.3	10.0	15.6	10.3	10.4	8.6	9.8
Other UK	2.8	1.2	1.0	3.2	1.3	0.9	6.0	7.8
Total United Kingdom	16.3	11.5	11.0	18.8	11.6	11.3	8.4	9.7
France: Retail	16.1	4.5	4.9	17.1	4.8	5.2	1.2	4.4
Group								
Retail	29.6	14.8	14.9	32.7	15.1	15.6	6.7	8.4
Other UK	2.8	1.2	1.0	3.2	1.3	0.9	6.0	7.8
Total Group	32.4	16.0	15.9	35.9	16.4	16.5	6.6	8.4

Notes

- 1 The amount by which rental income, based on rents passing at 30 June 2012, could fall in the event that occupational leases due to expire are not renewed or replaced by new leases. For the UK, it includes tenants' break options. For France, it is based on the date of lease expiry.
- 2 The ERV at 30 June 2012 for leases that expire or break in each year and ignoring the impact of rental growth and any rent-free periods.

As shown in the table above, over the period from 2012 to 2014, leases with current rents passing of £64.3 million will expire or are subject to tenants' break clauses. Of the leases that will expire, we estimate that additional rental income of £2.0 million per annum could be secured from these leases. We have assumed renewals take place at current levels and have excluded tenant break options from this calculation, as the probability that they will be exercised is considered low. This is not a forecast and takes no account of void periods, lease incentives or potential changes to rental values.

PROPERTY PORTFOLIO INFORMATION

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Rent reviews

Rent reviews
as at 30 June 2012

	Rents passing subject to review in			Projected rents at current ERV of		
	Outstanding £m	2013 £m	2014 £m	Outstanding £m	2013 £m	2014 £m
Notes	1	1	1	2	2	2
United Kingdom						
Retail: Shopping centres	26.6	33.3	15.3	29.0	34.3	17.5
Retail parks	25.2	6.5	9.1	26.3	6.9	9.7
	51.8	39.8	24.4	55.3	41.2	27.2
Other UK	4.1	1.2	1.2	4.2	1.2	1.2
Total United Kingdom	55.9	41.0	25.6	59.5	42.4	28.4

Notes

- 1 Rents passing at 30 June 2012, after deducting head and equity rents, which are subject to review in each year.
- 2 Projected rents for space that are subject to review in each year, based on the higher of the current rental income and the ERV as at 30 June 2012 and ignoring the impact of changes in rental values before the review date.

In the next two years UK leases with rents passing of £66.6 million are subject to review and, if reviewed to current rental values, we estimate that rents from these leases would increase by £4.2 million per annum by 2014. Furthermore, we would secure £3.6 million of annual rental income, assuming that outstanding rent review negotiations are concluded at rental values prevailing at the time of review. This is not a forecast and takes no account of potential changes in rental values before the relevant review dates.

The majority of leases in our French portfolio are subject to annual indexation rather than periodic review.

Tenant covenant strength

At 30 June 2012, our ten most significant retail occupiers accounted for £59.0 million, or 20.8%, of rents passing from the continuing portfolio.

Retail – continuing portfolio

Tenant	% of total passing rent
B&Q	3.6
H&M	2.4
Home Retail Group	2.3
Next	2.1
Arcadia	2.0
DSG Retail	2.0
New Look	1.8
Inditex	1.6
Boots	1.6
Debenhams	1.4
Total	20.8

The covenant strength of prospective tenants is assessed using a credit rating agency and we monitor the credit ratings of major tenants. The agency's risk indicator scale runs from one to five, where a score of one is 'low risk' and two 'lower than average risk'. At 30 June 2012, all of the top ten retail tenants were scored 'one'. Tenants with a low or lower than average risk indicator comprised 83% by passing rents of the UK retail portfolio and the score in that portfolio averaged 1.6.

PROPERTY PORTFOLIO INFORMATION

CONTINUED

At 17 July 2012, 58 retail units in the UK were let to tenants in administration, and 35 of these continued to trade. In our French properties, the figures were 22 and 21 units respectively. For the Group as a whole, income from tenants in administration and no longer trading represented 0.6% of passing rents at 30 June 2012.

Collection rates

Our rent collection rates continue to demonstrate the underlying strength of the portfolio, notwithstanding the difficult economic climate. In the UK 99% was collected within 14 days of the June 2012 quarter day whilst 91% was collected in France.

Investment portfolio

Valuation data for investment property

for the six months ended 30 June 2012

Notes	Properties at valuation £m	Revaluation in the period £m	Capital return %	Total return %	Initial yield %	True equivalent yield %
					1	2
United Kingdom						
Retail: Shopping centres	2,267.1	(13.0)	(0.5)	2.0	5.3	6.0
Retail parks	1,154.1	(29.4)	(2.5)	0.2	5.5	6.2
	3,421.2	(42.4)	(1.2)	1.4	5.3	6.1
Other UK	165.3	(9.3)	(4.3)	(1.6)	5.5	6.6
Total United Kingdom	3,586.5	(51.7)	(1.4)	1.2	5.3	6.1
Continental Europe						
France: Retail	1,157.8	(4.1)	0.3	2.8	5.1	5.6
Group						
Retail	4,579.0	(46.5)	(0.8)	1.7	5.3	6.0
Other UK	165.3	(9.3)	(4.3)	(1.6)	5.5	6.6
Total investment portfolio	4,744.3	(55.8)	(1.0)	1.6	5.3	6.0
Developments	233.9	9.2	5.8	5.5		
Discontinued operations	617.9	24.6	4.7	7.1		
Total Group	5,596.1	(22.0)	(0.1)	2.3		

Notes

- Annual cash rents receivable, net of head and equity rents and the cost of vacancy, 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.
- The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect the timing of future rents resulting from lettings, lease renewals and rent reviews based on current ERVs and assuming rents are received quarterly in advance. The property true equivalent yields are determined by the Group's external valuers.
- Further analysis of development properties by segment is provided in note 3B on page 41.
- The weighted average remaining rent-free period is 0.5 years.

PROPERTY PORTFOLIO INFORMATION

CONTINUED

Rental income

Rental data for investment portfolio

for the six months ended 30 June 2012

Notes	Gross rental income £m	Net rental income £m	Vacancy rate %	Average rents passing £/m ²	Rents passing £m	Estimated rental value £m	Reversion/ (over-rented) %
			1	2	3	4	5
United Kingdom							
Retail: Shopping centres	68.5	57.8	2.6	485	137.6	143.1	1.5
Retail parks	33.2	31.1	1.3	190	69.1	71.5	2.1
	101.7	88.9	2.1	355	206.7	214.6	1.7
Other UK	8.3	7.3	8.4	160	10.6	12.6	8.1
Total United Kingdom	110.0	96.2	2.5	330	217.3	227.2	2.0
Continental Europe							
France: Retail	35.6	32.1	2.4	315	66.3	71.3	4.9
Group							
Retail	137.3	121.0	2.2	345	273.0	285.9	2.5
Other UK	8.3	7.3	8.4	160	10.6	12.6	8.1
Total continuing investment portfolio	145.6	128.3	2.5	330	283.6	298.5	2.7
Income from developments and other sources not analysed above	0.1	(0.5)	n/a	n/a	n/a	n/a	n/a
Total continuing operations	145.7	127.8	n/a	n/a	n/a	n/a	n/a
Discontinued operations	16.9	13.8	18.7	450	32.0	35.0	(10.5)
Total Group - as disclosed in note 3A to the accounts	162.6	141.6					

Selected data for the year ended 31 December 2011

Group							
Retail	282.8	243.3	1.8	350	281.1	295.9	3.4
Other UK	23.0	20.7	7.6	165	11.8	13.6	5.5
Total continuing investment portfolio	305.8	264.0	2.1	330	292.9	309.5	3.5

Notes

- 1 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.
- 2 Average rent passing at 30 June 2012 before deducting head and equity rents and excluding rents passing from anchor units and car parks.
- 3 The annual rental income receivable from an investment property at 30 June 2012, after any rent-free periods and after deducting head and equity rents.
- 4 The estimated market rental value of the total lettable space in a property at 30 June 2012, after deducting head and equity rents, calculated by the Group's valuers.
- 5 The percentage by which the ERV exceeds, or falls short of, rents passing together with the estimated rental value of vacant space, all at 30 June 2012.

PRINCIPAL RISKS AND UNCERTAINTIES

Property and financial markets

Although the EU has taken steps to stabilise the euro, there remains significant financial and political uncertainty in the eurozone. Cautious lenders and the austerity measures adopted by western governments are likely to act as brakes on economic growth for some time. The worst case scenario would see a full or partial break-up of the euro-community which may contribute to a prolonged global recession. We are of course exposed to the specifics of the French economy through our shopping centre investments in France, but most commentators expect that the UK economy would also be significantly impacted.

We stress-tested our business model against a severe downside economic scenario during our Business Planning process towards the end of 2011. We have updated that analysis and confirmed that our business is robust, reflecting low gearing, long-term secure income streams from our leases, the currency hedging of the value of our French portfolio, a good spread of debt maturities and the flexibility to phase or halt our development programme.

Property valuations

The value of Hammerson's portfolio is influenced by conditions prevailing in the property investment market and the general economic environment. The Group's net asset value may therefore change due to external factors beyond management's control. After a period of rising values following the peak of the financial crisis, values in the sectors in which Hammerson specialises have generally stabilised over the last six months. However, the eurozone crisis continues to cause uncertainty and may generate significant volatility in financial markets in the short to medium terms which may in turn push property values lower. This would increase gearing and could ultimately breach borrowing covenants.

The Group's gearing was 50% at the end of June 2012, well within the Group's most stringent borrowing covenant that gearing should not exceed 150%. The June 2012 portfolio value could fall by an estimated 45% before covenants would be endangered.

We have a high quality, geographically diversified property portfolio, let to a large number of tenants. These factors should help mitigate any negative impacts which may arise from changes in the financial and property markets.

Tenant default

A number of retailers continue to face challenging operating conditions, increasing the risk that they may be unable to pay their rents. Our portfolio's diverse tenant base and geographical spread mean the impact of individual tenant default for Hammerson is low. Furthermore, our occupational leases are generally long-term contracts, making the income relatively secure.

Development and letting

In the context of the current economic environment, property development is inherently risky. We have a substantial development pipeline but we will progress developments only when the relevant markets are sufficiently robust, when we have the right level of interest from occupiers and on the basis that sound financial analysis demonstrates good returns.

Potential occupiers continue to be cautious about entering into leasing commitments. We have only one major development underway, Les Terrasses du Port in Marseille where we have secured around 72% of the targeted income. Before progressing significant new developments, we will obtain substantial pre-lets.

PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

Liquidity risk

Companies with short-term financing requirements may find it difficult to secure sufficient funding, in particular from banks, at costs comparable with their existing facilities. We have debt of £250 million maturing in 2013 and £388 million maturing in 2015. In April 2012 a new £125 million syndicated five-year revolving credit facility was initiated to part refinance maturing bank debt. The facility will increase to £150 million in April 2013. The medium-term outlook for the sterling, euro and private placement bond markets is favourable and we believe they will be available to Hammerson to replace existing bank borrowings as they mature. We will continue to monitor these markets and consider accessing them as appropriate.

Interest rate and exchange risk

The interest charged on borrowings is a significant cost for Hammerson, although the medium-term outlook for interest rates is that they will remain low. To manage the risk of changes in interest rates, we set guidelines for our exposure to fixed and floating interest rates, using interest rate and currency swaps as appropriate. At 30 June 2012, 64% of the Group's gross debt was at fixed rates of interest.

The Group investments in the French property markets mean that we are exposed to movements in the sterling/euro exchange rate. We manage exchange risk by matching foreign currency assets with foreign currency borrowings or derivatives. At 30 June 2012, 77% of the value of the Group's French portfolio was hedged in this way.

INDEPENDENT REVIEW REPORT TO HAMMERSON plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the analysis of movement in net debt and related notes 1 to 19. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London, UK
20 July 2012

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;
- the Interim Management Report, comprising pages 3 to 29 of this Half-year Report, includes a fair review of the information required by DTR 4.2.7R; and
- a fair review of related party transactions, as required by DTR 4.2.8R, is disclosed in note 1 to the accounts.

Signed on behalf of the Board on 20 July 2012

David Atkins
Director

Timon Drakesmith
Director

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011 Audited* £m		Notes	Six months ended 30 June 2012 Unaudited £m	Six months ended 30 June 2011 Unaudited* £m
	CONTINUING OPERATIONS			
305.9	Gross rental income	2	145.7	148.2
	Operating profit before other net (losses)/gains	2	107.6	109.2
217.8				
190.4	Other net (losses)/gains	2	(38.3)	115.2
408.2	Operating profit	2	69.3	224.4
(108.2)	Finance costs		(47.8)	(53.1)
-	Bond redemption premium and costs		(13.8)	-
(2.8)	Change in fair value of derivatives		3.5	1.4
5.2	Finance income		2.7	2.1
(105.8)	Net finance costs	4	(55.4)	(49.6)
302.4	Profit before tax		13.9	174.8
(0.7)	Tax credit/(charge)	5A	-	0.1
301.7	Profit from continuing operations		13.9	174.9
43.9	Profit from discontinued operations	6B	34.9	18.0
345.6	Profit for the period		48.8	192.9
	Attributable to:			
335.7	Equity shareholders		47.2	188.3
9.9	Non-controlling interests**		1.6	4.6
345.6	Profit for the period		48.8	192.9
	Basic and diluted earnings per share			
41.1p	Continuing operations		1.7p	24.1p
6.2p	Discontinued operations		4.9p	2.5p
47.3p	Total	8A	6.6p	26.6p

* The results previously reported for the year ended 31 December 2011 and the six months ended 30 June 2011 have been reclassified to reflect discontinued operations. See note 1.

** Non-controlling interests relate to continuing operations.

EPRA earnings per share are shown in note 8A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011 Audited £m	Continuing and discontinued operations	Six months ended 30 June 2012 Unaudited £m	Six months ended 30 June 2011 Unaudited £m
(35.9)	Foreign exchange translation differences	(45.9)	77.0
27.9	Net gain/(loss) on hedging activities	33.5	(59.2)
2.8	Revaluation gains on owner-occupied property	0.5	1.5
57.4	Revaluation gains on investments	61.2	23.4
(5.7)	Actuarial losses on pension schemes	(1.3)	(1.6)
46.5	Net gain recognised directly in equity	48.0	41.1
301.7	Profit for the period from continuing operations	13.9	174.9
43.9	Profit for the period from discontinued operations	34.9	18.0
345.6	Profit for the period	48.8	192.9
392.1	Total comprehensive income for the period	96.8	234.0
	Attributable to:		
384.0	Equity shareholders	97.6	225.5
8.1	Non-controlling interests	(0.8)	8.5
392.1	Total comprehensive income for the period	96.8	234.0

CONSOLIDATED BALANCE SHEET

31 December 2011 Audited £m		Notes	30 June 2012 Unaudited £m	30 June 2011 Unaudited £m
Non-current assets				
5,719.6	Investment and development properties*	9	4,978.2	5,846.7
17.7	Interests in leasehold properties*		10.0	30.5
35.4	Plant, equipment and owner-occupied property		36.2	34.9
215.1	Investments	10	290.4	157.0
55.7	Receivables	11	28.8	28.4
6,043.5			5,343.6	6,097.5
Current assets				
-	Assets held for sale	6D	634.7	-
111.7	Receivables*	12	115.8	125.0
100.7	Cash and deposits*	13	79.6	92.0
212.4			830.1	217.0
6,255.9	Total assets		6,173.7	6,314.5
Current liabilities				
-	Liabilities associated with assets held for sale	6D	87.9	-
244.4	Payables*	14	206.0	196.5
1.1	Tax	5B	0.6	0.6
100.7	Borrowings*	15A	251.7	239.8
346.2			546.2	436.9
Non-current liabilities				
1,979.2	Borrowings*	15A	1,671.1	2,042.1
0.5	Deferred tax	5B	0.5	0.5
0.3	Tax	5B	0.3	0.6
17.6	Obligations under finance leases*		9.8	30.4
63.7	Payables*	17	67.2	60.0
2,061.3			1,748.9	2,133.6
2,407.5	Total liabilities		2,295.1	2,570.5
3,848.4	Net assets		3,878.6	3,744.0
Equity				
178.2	Share capital	18	178.2	178.2
1,221.9	Share premium		1,222.2	1,221.9
381.1	Translation reserve		337.6	488.3
(306.7)	Hedging reserve		(273.2)	(393.8)
7.2	Capital redemption reserve		7.2	7.2
9.3	Other reserves		9.5	7.3
161.7	Revaluation reserve		223.4	126.4
2,125.7	Retained earnings		2,104.5	2,034.6
(1.8)	Investment in own shares		(3.3)	(1.3)
(4.7)	Treasury shares		-	(1.7)
3,771.9	Equity shareholders' funds		3,806.1	3,667.1
76.5	Non-controlling interests**		72.5	76.9
3,848.4	Total equity		3,878.6	3,744.0
£5.30	Diluted net asset value per share	8B	£5.35	£5.15
£5.30	EPRA net asset value per share	8B	£5.35	£5.20

* Assets and liabilities relating to discontinued operations have been reclassified as held for sale. See note 6.

** Non-controlling interests relate to continuing operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2012

Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Treasury shares £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2012	178.2	1,221.9	381.1	(306.7)	7.2	9.3	161.7	2,125.7	(1.8)	(4.7)	3,771.9	76.5	3,848.4
Issue of shares	-	0.3	-	-	-	-	-	-	-	-	0.3	-	0.3
Share-based employee remuneration	-	-	-	-	-	2.3	-	-	-	-	2.3	-	2.3
Cost of shares awarded to employees	-	-	-	-	-	(3.2)	-	-	3.2	-	-	-	-
Proceeds on award of own shares to employees	-	-	-	-	-	-	-	0.1	-	-	0.1	-	0.1
Transfer from treasury shares	-	-	-	-	-	-	-	-	(4.7)	4.7	-	-	-
Transfer on award of own shares to employees	-	-	-	-	-	1.1	-	(1.1)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(66.1)	-	-	(66.1)	(3.2)	(69.3)
Foreign exchange translation differences	-	-	(43.5)	-	-	-	-	-	-	-	(43.5)	(2.4)	(45.9)
Net gain on hedging activities	-	-	-	33.5	-	-	-	-	-	-	33.5	-	33.5
Revaluation gains on owner-occupied property	-	-	-	-	-	-	0.5	-	-	-	0.5	-	0.5
Revaluation gains on investments	-	-	-	-	-	-	61.2	-	-	-	61.2	-	61.2
Actuarial losses on pension schemes	-	-	-	-	-	-	-	(1.3)	-	-	(1.3)	-	(1.3)
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	47.2	-	-	47.2	1.6	48.8
Total comprehensive income/(loss) for the period	-	-	(43.5)	33.5	-	-	61.7	45.9	-	-	97.6	(0.8)	96.8
Balance at 30 June 2012	178.2	1,222.2	337.6	(273.2)	7.2	9.5	223.4	2,104.5	(3.3)	-	3,806.1	72.5	3,878.6

Investment in own shares and treasury shares are stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

Audited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Treasury shares £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2011	176.9	1,222.5	415.2	(334.6)	7.2	8.6	101.5	1,890.1	(4.0)	(3.4)	3,480.0	71.7	3,551.7
Issue of shares	0.1	0.6	-	-	-	-	-	-	-	-	0.7	-	0.7
Share-based employee remuneration	-	-	-	-	-	4.0	-	-	-	-	4.0	-	4.0
Cost of shares awarded to employees	-	-	-	-	-	(5.6)	-	-	5.6	-	-	-	-
Transfer on award of own shares to employees	-	-	-	-	-	2.3	-	(2.3)	-	-	-	-	-
Proceeds on award of own shares to employees	-	-	-	-	-	-	-	0.2	-	-	0.2	-	0.2
Transfer from treasury shares	-	-	-	-	-	-	-	-	(3.4)	3.4	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(4.7)	(4.7)	-	(4.7)
Dividends	-	-	-	-	-	-	-	(92.3)	-	-	(92.3)	(3.3)	(95.6)
Scrip dividends	1.2	(1.2)	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange translation differences	-	-	(34.1)	-	-	-	-	-	-	-	(34.1)	(1.8)	(35.9)
Net gain on hedging activities	-	-	-	27.9	-	-	-	-	-	-	27.9	-	27.9
Revaluation gains on owner-occupied property	-	-	-	-	-	-	2.8	-	-	-	2.8	-	2.8
Revaluation gains on investments	-	-	-	-	-	-	57.4	-	-	-	57.4	-	57.4
Actuarial losses on pension schemes	-	-	-	-	-	-	-	(5.7)	-	-	(5.7)	-	(5.7)
Profit for the year attributable to equity shareholders	-	-	-	-	-	-	-	335.7	-	-	335.7	9.9	345.6
Total comprehensive income/(loss) for the year	-	-	(34.1)	27.9	-	-	60.2	330.0	-	-	384.0	8.1	392.1
Balance at 31 December 2011	178.2	1,221.9	381.1	(306.7)	7.2	9.3	161.7	2,125.7	(1.8)	(4.7)	3,771.9	76.5	3,848.4

Investment in own shares and treasury shares are stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2011

Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Treasury shares £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2011	176.9	1,222.5	415.2	(334.6)	7.2	8.6	101.5	1,890.1	(4.0)	(3.4)	3,480.0	71.7	3,551.7
Issue of shares	0.1	0.6	-	-	-	-	-	-	-	-	0.7	-	0.7
Share-based employee remuneration	-	-	-	-	-	1.1	-	-	-	-	1.1	-	1.1
Cost of shares awarded to employees	-	-	-	-	-	(4.4)	-	-	4.4	-	-	-	-
Proceeds on award of own shares to employees	-	-	-	-	-	-	-	0.1	-	-	0.1	-	0.1
Transfer from treasury shares	-	-	-	-	-	-	-	-	(1.7)	1.7	-	-	-
Transfer on award of own shares to employees	-	-	-	-	-	2.0	-	(2.0)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(40.3)	-	-	(40.3)	(3.3)	(43.6)
Scrip dividends	1.2	(1.2)	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange translation differences	-	-	73.1	-	-	-	-	-	-	-	73.1	3.9	77.0
Net loss on hedging activities	-	-	-	(59.2)	-	-	-	-	-	-	(59.2)	-	(59.2)
Revaluation gains on owner-occupied property	-	-	-	-	-	-	1.5	-	-	-	1.5	-	1.5
Revaluation gains on investments	-	-	-	-	-	-	23.4	-	-	-	23.4	-	23.4
Actuarial losses on pension schemes	-	-	-	-	-	-	-	(1.6)	-	-	(1.6)	-	(1.6)
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	188.3	-	-	188.3	4.6	192.9
Total comprehensive income/(loss) for the period	-	-	73.1	(59.2)	-	-	24.9	186.7	-	-	225.5	8.5	234.0
Balance at 30 June 2011	178.2	1,221.9	488.3	(393.8)	7.2	7.3	126.4	2,034.6	(1.3)	(1.7)	3,667.1	76.9	3,744.0

Investment in own shares and treasury shares are stated at cost.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2011 Audited £m		Notes	Six months ended 30 June 2012 Unaudited £m	Six months ended 30 June 2011 Unaudited £m
	Operating activities			
	Operating profit before other net (losses)/gains			
217.8	- continuing operations	2	107.6	109.2
31.3	- discontinued operations	6B	13.5	14.1
249.1			121.1	123.3
(10.5)	Decrease/(Increase) in receivables		0.8	(4.1)
19.5	(Decrease)/Increase in payables		(9.0)	3.3
2.7	Adjustment for non-cash items	19	7.1	6.2
260.8	Cash generated from operations		120.0	128.7
(115.4)	Interest paid		(84.4)	(88.5)
3.1	Interest received		1.8	0.7
(0.7)	Tax paid	5B	(0.4)	(0.1)
147.8	Cash flows from operating activities		37.0	40.8
	Investing activities			
(374.1)	Property acquisitions		-	(272.9)
(91.2)	Development and major refurbishments		(67.0)	(43.2)
(23.6)	Other capital expenditure		(9.9)	(13.7)
178.9	Sale of properties		152.4	0.3
92.9	Sale of interest in joint venture		-	-
(24.7)	Purchase of investments		(0.4)	-
(10.2)	Decrease/(Increase) in non-current receivables		0.2	(10.6)
(252.0)	Cash flows from investing activities		75.3	(340.1)
	Financing activities			
0.7	Issue of shares		0.3	0.7
0.2	Proceeds from award of own shares		0.1	0.1
(4.7)	Purchase of treasury shares		-	-
-	Interest rate swap cancellation costs paid		(5.2)	-
-	Bond redemption premium and costs paid		(13.8)	-
78.3	(Decrease)/Increase in non-current borrowings		(224.5)	92.8
94.0	Increase in current borrowings		183.0	208.0
(3.3)	Dividends paid to non-controlling interests		(3.2)	(3.3)
(86.1)	Equity dividends paid	7	(64.3)	(34.1)
79.1	Cash flows used in financing activities		(127.6)	264.2
(25.1)	Net decrease in cash and deposits		(15.3)	(35.1)
126.2	Opening cash and deposits		100.7	126.2
(0.4)	Exchange translation movement		(0.7)	0.9
100.7	Closing cash and deposits	13	84.7	92.0
-	Cash and deposits classified as assets held for sale	6D	(5.1)	-
100.7	Cash and deposits as stated on balance sheet	13	79.6	92.0

The cash flows above relate to continuing and discontinued operations. See note 6 for information on discontinued operations.

ANALYSIS OF MOVEMENT IN NET DEBT

	Short-term deposits £m	Cash at bank £m	Current borrowings including currency swaps £m	Non-current borrowings £m	Net debt £m
Balance at 1 January 2012	39.5	61.2	(85.7)	(1,979.2)	(1,964.2)
Cash flow	(5.0)	(10.3)	(183.0)	224.5	26.2
Exchange	-	(0.7)	15.7	19.8	34.8
Balance at 30 June 2012	34.5	50.2	(253.0)	(1,734.9)	(1,903.2)
Cash and deposits and borrowings classified as assets held for sale (note 6D)	(3.2)	(1.9)	1.3	63.8	60.0
As stated on balance sheet at 30 June 2012	31.3	48.3	(251.7)	(1,671.1)	(1,843.2)

NOTES TO THE ACCOUNTS

1. FINANCIAL INFORMATION

The information for the year ended 31 December 2011 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The annual financial statements of Hammerson plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half-year Report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in Hammerson's latest annual audited financial statements, except as set out below.

On 19 June 2012, the Group exchanged contracts with Brookfield Office Properties to dispose of the majority of its office portfolio by June 2013. Consequently, the assets and liabilities of the relevant subsidiaries have been classified as held for sale. This transaction is part of Hammerson's decision to focus on retail property and the Group is actively marketing the majority of the remainder of the office portfolio, which is also classified as held for sale as the relevant criteria have been met. The income and expenditure of these offices has been classified as discontinued operations in both the current and comparative periods as these disposals result in the discontinuance of our office property activities, which was considered to be a major line of business. Details of discontinued operations and assets and liabilities classified as held for sale are set out in note 6.

The Group's financial performance is not seasonal. There have been no changes in estimates of amounts reported in prior periods which have a material impact on the current half-year period. There have been no material changes in contingent liabilities since 31 December 2011.

Jacques Espinasse, a non-executive Director, leased an apartment from the Group from 2 January 2012. The total payments made to the Group during the period in respect of this lease, which was at a market rate, were approximately €53,000 (£43,000). The management fees receivable in notes 2 and 6B include fees paid to Hammerson in respect of joint ventures for investment and development management services. Except as noted above, and in relation to Directors' remuneration, all other related party transactions are eliminated on consolidation.

The principal exchange rates used to translate foreign currency denominated amounts are:

Balance sheet: £1 = €1.236 (30 June 2011: £1 = €1.107; 31 December 2011: £1 = €1.197)

Income statement: £1 = €1.216 (30 June 2011: £1 = €1.152; 31 December 2011: £1 = €1.153).

The Half-year Report was approved by the Board on 20 July 2012.

GOING CONCERN

The current economic conditions have created a number of uncertainties. Hammerson's business activities, together with factors likely to affect its future development, performance, and position are set out in the 'Chairman's statement', the 'Business and financial review' and 'Principal risks and uncertainties'. The financial position of the Group, its liquidity position and borrowing facilities are described in the 'Business and financial review' and in the notes to the accounts.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review, the Directors considered the Group's cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of tenant leases. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half-year Report.

NOTES TO THE ACCOUNTS

CONTINUED

2. RESULT FOR THE PERIOD

Year ended 31 December 2011			Six months ended 30 June 2012			Six months ended 30 June 2011			
Adjusted £m	Capital and other £m	Total £m		Adjusted £m	Capital and other £m	Total £m	Adjusted £m	Capital and other £m	Total £m
305.9	-	305.9	Gross rental income	145.7	-	145.7	148.2	-	148.2
(2.0)	-	(2.0)	Ground and equity rents payable	(1.0)	-	(1.0)	(0.9)	-	(0.9)
303.9	-	303.9	Gross rental income, after rents payable	144.7	-	144.7	147.3	-	147.3
52.7	-	52.7	Service charge income	26.7	-	26.7	25.8	-	25.8
(62.1)	-	(62.1)	Service charge expenses	(30.4)	-	(30.4)	(30.1)	-	(30.1)
(9.4)	-	(9.4)	Net service charge expenses	(3.7)	-	(3.7)	(4.3)	-	(4.3)
(30.7)	-	(30.7)	Other property outgoings	(13.2)	-	(13.2)	(13.6)	-	(13.6)
(40.1)	-	(40.1)	Property outgoings	(16.9)	-	(16.9)	(17.9)	-	(17.9)
263.8	-	263.8	Net rental income	127.8	-	127.8	129.4	-	129.4
5.2	-	5.2	Management fees receivable	2.8	-	2.8	2.7	-	2.7
(33.3)	-	(33.3)	Cost of property activities	(15.5)	-	(15.5)	(14.5)	-	(14.5)
(17.9)	-	(17.9)	Corporate expenses	(7.5)	-	(7.5)	(8.4)	-	(8.4)
(46.0)	-	(46.0)	Administration expenses	(20.2)	-	(20.2)	(20.2)	-	(20.2)
217.8	-	217.8	Operating profit before other net (losses)/gains	107.6	-	107.6	109.2	-	109.2
-	19.5	19.5	Gain on the sale of investment properties	-	8.3	8.3	-	1.5	1.5
-	4.0	4.0	Gain on sale of joint venture	-	-	-	-	-	-
-	142.0	142.0	Revaluation (losses)/gains on investment properties	-	(55.8)	(55.8)	-	99.8	99.8
-	24.9	24.9	Revaluation gains on development properties	-	9.2	9.2	-	13.9	13.9
-	190.4	190.4	Other net (losses)/gains	-	(38.3)	(38.3)	-	115.2	115.2
217.8	190.4	408.2	Operating profit	107.6	(38.3)	69.3	109.2	115.2	224.4
(103.0)	(2.8)	(105.8)	Net finance (costs)/income	(45.1)	(10.3)	(55.4)	(51.0)	1.4	(49.6)
114.8	187.6	302.4	Profit before tax	62.5	(48.6)	13.9	58.2	116.6	174.8
(0.7)	-	(0.7)	Current tax credit/(charge)	-	-	-	0.1	-	0.1
114.1	187.6	301.7	Profit/(loss) from continuing operations	62.5	(48.6)	13.9	58.3	116.6	174.9
26.8	17.1	43.9	Profit from discontinued operations	11.5	23.4	34.9	11.5	6.5	18.0
140.9	204.7	345.6	Profit/(loss) for the period	74.0	(25.2)	48.8	69.8	123.1	192.9
(3.9)	(6.0)	(9.9)	Non-controlling interests – continuing operations	(1.7)	0.1	(1.6)	(2.0)	(2.6)	(4.6)
137.0	198.7	335.7	Profit/(loss) for the period attributable to equity shareholders	72.3	(25.1)	47.2	67.8	120.5	188.3
110.2	181.6	291.8	Profit/(loss) for the period attributable to equity shareholders	60.8	(48.5)	12.3	56.3	114.0	170.3
26.8	17.1	43.9	- continuing operations	11.5	23.4	34.9	11.5	6.5	18.0
137.0	198.7	335.7	- discontinued operations	72.3	(25.1)	47.2	67.8	120.5	188.3

NOTES TO THE ACCOUNTS

CONTINUED

3. SEGMENTAL ANALYSIS

The factors used to determine the Group's reportable segments are the geographic locations (UK and Continental Europe) and sectors in which it operates, which are generally managed by separate teams and are the basis on which performance is assessed and resources allocated. Gross rental income represents the Group's revenue from its 'customers', or tenants. Net rental income is the principal profit measure used to determine the performance of each sector. Total assets are not monitored by segment and resource allocation is based on the distribution of property assets between segments. Following the decision to dispose of the majority of the Group's offices, as referred to in note 6, the reporting segments have been reanalysed, in line with our management reporting, and previously reported figures reclassified accordingly.

A. REVENUE AND PROFIT BY SEGMENT

Year ended 31 December 2011				Six months ended 30 June 2012				Six months ended 30 June 2011				
Gross rental income £m	Net rental income £m	Within net rental income £m	Non-cash items	Gross rental income £m	Net rental income £m	Within net rental income £m	Non-cash items	Gross rental income £m	Net rental income £m	Within net rental income £m	Non-cash items	
			Revaluation gains/(losses) on properties £m				Revaluation gains/(losses) on properties £m				Revaluation gains/(losses) on properties £m	
United Kingdom												
136.2	112.6	(6.4)	66.0	Retail: Shopping centres	68.5	57.8	(3.4)	(13.0)	65.7	56.0	(2.9)	44.8
65.9	61.8	(1.0)	23.9	Retail parks	33.2	31.1	(0.5)	(29.4)	31.9	29.6	(0.4)	8.4
202.1	174.4	(7.4)	89.9		101.7	88.9	(3.9)	(42.4)	97.6	85.6	(3.3)	53.2
23.0	20.7	5.8	(24.8)	Other UK	8.3	7.3	(0.1)	(9.3)	10.8	9.6	2.9	10.9
225.1	195.1	(1.6)	65.1	Total United Kingdom	110.0	96.2	(4.0)	(51.7)	108.4	95.2	(0.4)	64.1
Continental Europe												
80.7	68.9	0.3	76.9	France: Retail	35.6	32.1	-	(4.1)	39.8	34.3	0.3	35.7
Group												
282.8	243.3	(7.1)	166.8	Retail	137.3	121.0	(3.9)	(46.5)	137.4	119.9	(3.0)	88.9
23.0	20.7	5.8	(24.8)	Other UK	8.3	7.3	(0.1)	(9.3)	10.8	9.6	2.9	10.9
305.8	264.0	(1.3)	142.0	Total investment portfolio	145.6	128.3	(4.0)	(55.8)	148.2	129.5	(0.1)	99.8
0.1	(0.2)	-	24.9	Developments and other sources not analysed above	0.1	(0.5)	-	9.2	-	(0.1)	-	13.9
305.9	263.8	(1.3)	166.9	Total continuing operations	145.7	127.8	(4.0)	(46.6)	148.2	129.4	(0.1)	113.7
2	2	19	2	<i>As disclosed in note</i>	2	2	19	2, 9	2	2	19	2
Discontinued operations												
38.2	32.2	0.2	19.4	- Other UK	16.9	13.8	1.0	24.6	19.0	14.5	0.2	7.4
6B	6B	19	6B	<i>As disclosed in note</i>	6B	6B	19	6B, 9	6B	6B	19	6B
344.1	296.0	(1.1)	186.3	Total portfolio	162.6	141.6	(3.0)	(22.0)	167.2	143.9	0.1	121.1

NOTES TO THE ACCOUNTS

CONTINUED

3. SEGMENTAL ANALYSIS (Continued)

B. INVESTMENT AND DEVELOPMENT PROPERTY ASSETS BY SEGMENT

Investment properties £m	Development properties £m	31 December 2011		Investment properties £m	Development properties £m	Total £m	30 June 2012		Investment properties £m	Development properties £m	Total £m	30 June 2011	
		Total £m	Capital expenditure £m				Capital expenditure £m	Capital expenditure £m					
United Kingdom													
2,273.7	11.4	2,285.1	148.0	2,267.1	11.5	2,278.6	6.0	2,242.5	11.4	2,253.9	138.0		
1,180.4	18.2	1,198.6	123.7	1,154.1	18.2	1,172.3	3.1	1,163.7	16.3	1,180.0	122.5		
3,454.1	29.6	3,483.7	271.7	3,421.2	29.7	3,450.9	9.1	3,406.2	27.7	3,433.9	260.5		
704.3	75.5	779.8	123.3	165.3	27.3	192.6	2.1	784.9	61.5	846.4	9.3		
4,158.4	105.1	4,263.5	395.0	3,586.5	57.0	3,643.5	11.2	4,191.1	89.2	4,280.3	269.8		
Continental Europe													
1,320.0	136.1	1,456.1	81.9	1,157.8	176.9	1,334.7	42.3	1,468.5	97.9	1,566.4	46.6		
Group													
4,774.1	165.7	4,939.8	353.6	4,579.0	206.6	4,785.6	51.4	4,874.7	125.6	5,000.3	307.1		
704.3	75.5	779.8	123.3	165.3	27.3	192.6	2.1	784.9	61.5	846.4	9.3		
5,478.4	241.2	5,719.6	476.9	4,744.3	233.9	4,978.2	53.5	5,659.6	187.1	5,846.7	316.4		
-	-	-	-	548.1	69.8	617.9	17.7	-	-	-	-		
5,478.4	241.2	5,719.6	476.9	5,292.4	303.7	5,596.1	71.2	5,659.6	187.1	5,846.7	316.4		

NOTES TO THE ACCOUNTS

CONTINUED

4. NET FINANCE COSTS

Year ended 31 December 2011 £m		Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
9.9	Interest on bank loans and overdrafts	5.9	3.6
100.9	Interest on other borrowings	44.4	50.9
0.6	Interest on obligations under finance leases	0.3	0.3
1.7	Other interest payable	0.9	0.7
113.1	Gross interest costs	51.5	55.5
(4.9)	Less: Interest capitalised	(3.7)	(2.4)
108.2	Finance costs	47.8	53.1
-	Bond redemption premium and costs	13.8	-
1.7	Change in fair value of interest rate swaps	(2.4)	(1.1)
1.1	Change in fair value of currency swaps outside hedge accounting designation	(1.1)	(0.3)
2.8	Change in fair value of derivatives	(3.5)	(1.4)
(5.2)	Finance income	(2.7)	(2.1)
105.8	Net finance costs	55.4	49.6

5. TAX

A. TAX CHARGE/(CREDIT)

Year ended 31 December 2011 £m		Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
0.7	Current tax charge/(credit)	-	(0.1)

B. CURRENT AND DEFERRED TAX MOVEMENTS

	1 January 2012 £m	Tax paid £m	30 June 2012 £m
Current tax	1.2	(0.4)	0.8
Deferred tax	0.5	-	0.5
	1.7	(0.4)	1.3

Analysed as:	1 January 2012 £m	30 June 2012 £m
Current assets: Corporation tax	(0.2)	(0.1)
Current liabilities: Tax	1.1	0.6
Non-current liabilities: Deferred tax	0.5	0.5
Non-current liabilities: Tax	0.3	0.3
	1.7	1.3

C. COMMENTARY

Hammerson has been a UK REIT since 1 January 2007 and a French SIIC since 1 January 2004 and therefore substantially all of the Group's property rental income and gains on properties are exempt from tax.

New legislation in France, which is expected to be effective after July 2012, will subject SIIC distributions paid from our French subsidiaries to Hammerson plc to a withholding tax of 3%. This is expected to impact the Group from 2014.

NOTES TO THE ACCOUNTS

CONTINUED

6. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

A. DISPOSALS

As part of the Group's strategy to focus on the retail sector, on 19 June 2012 the Group exchanged contracts to dispose of the following entities and office properties within 12 months of 30 June 2012. On completion, control of these entities and properties will pass to the acquirer.

Entity / Property

Hammerson (99 Bishopsgate) Limited
Hammerson Bishopsgate LLP
99 Bishopsgate Management Limited
125 OBS Limited Partnership
Hammerson 125 OBS Unit Trust
125 OBS (General Partner) Limited
Hammerson (125 OBS LP) Limited
Hammerson (Leadenhall Court) Limited
Principal Place, London, EC2
Puddledock, London EC4

Additionally, the following properties have been included within discontinued operations as the Company is actively marketing them for sale and expects to dispose of them by 30 June 2013:

Property

10 Gresham Street, London EC2
Harbour Quay, London E14*
London Wall Place, London EC2*
Stockley House, Victoria, London SW1

* The sale of Harbour Quay completed on 19 June 2012. The option to develop London Wall Place was assigned to Brookfield Office Properties on 28 June 2012. The profits and losses arising from these disposals are included within discontinued operations in the income statement.

NOTES TO THE ACCOUNTS

CONTINUED

6. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Continued)

B. RESULT FOR THE PERIOD

Year ended 31 December 2011				Six months ended 30 June 2012			Six months ended 30 June 2011		
Adjusted £m	Capital and other £m	Total £m		Adjusted £m	Capital and other £m	Total £m	Adjusted £m	Capital and other £m	Total £m
38.2	-	38.2	Gross rental income	16.9	-	16.9	19.0	-	19.0
(1.8)	-	(1.8)	Ground and equity rents payable	(0.2)	-	(0.2)	(1.6)	-	(1.6)
36.4	-	36.4	Gross rental income, after rents payable	16.7	-	16.7	17.4	-	17.4
7.1	-	7.1	Service charge income	2.1	-	2.1	3.2	-	3.2
(8.0)	-	(8.0)	Service charge expenses	(4.2)	-	(4.2)	(3.7)	-	(3.7)
(0.9)	-	(0.9)	Net service charge expenses	(2.1)	-	(2.1)	(0.5)	-	(0.5)
(3.3)	-	(3.3)	Other property outgoings	(0.8)	-	(0.8)	(2.4)	-	(2.4)
(4.2)	-	(4.2)	Property outgoings	(2.9)	-	(2.9)	(2.9)	-	(2.9)
32.2	-	32.2	Net rental income	13.8	-	13.8	14.5	-	14.5
0.6	-	0.6	Management fees receivable	0.4	-	0.4	0.3	-	0.3
(1.5)	-	(1.5)	Cost of property activities	(0.7)	-	(0.7)	(0.7)	-	(0.7)
(0.9)	-	(0.9)	Administration expenses	(0.3)	-	(0.3)	(0.4)	-	(0.4)
31.3	-	31.3	Operating profit before other net gains	13.5	-	13.5	14.1	-	14.1
-	-	-	Loss on the sale of investment properties	-	(1.0)	(1.0)	-	-	-
-	14.5	14.5	Revaluation gains on investment properties	-	7.7	7.7	-	8.0	8.0
-	4.9	4.9	Revaluation gains/(losses) on development properties	-	16.9	16.9	-	(0.6)	(0.6)
-	19.4	19.4	Other net gains	-	23.6	23.6	-	7.4	7.4
31.3	19.4	50.7	Operating profit	13.5	23.6	37.1	14.1	7.4	21.5
(4.5)	(2.3)	(6.8)	Net finance costs	(2.0)	(0.2)	(2.2)	(2.6)	(0.9)	(3.5)
26.8	17.1	43.9	Profit before and after tax and profit for the period attributable to equity shareholders	11.5	23.4	34.9	11.5	6.5	18.0

NOTES TO THE ACCOUNTS

CONTINUED

6. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Continued)

C. CASHFLOWS FROM DISCONTINUED OPERATIONS

Year ended 31 December 2011 £m		Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
32.3	Cash flows from operating activities	14.3	16.9
(106.4)	Cash flows from investing activities	1.6	(3.2)
(3.3)	Cash flows used in financing activities	(1.8)	(1.6)
(77.4)	Net cash inflow/(outflow) from discontinued operations	14.1	12.1

D. SUMMARY OF ASSETS AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

	30 June 2012 £m
Investment properties	548.1
Development properties	69.8
Interests in leasehold properties	7.5
Current receivables	4.2
Cash and deposits	5.1
Assets held for sale	634.7
Borrowings	63.8
Obligations under finance leases	7.5
Payables	3.9
Current payables	11.4
Current borrowings	1.3
Liabilities associated with assets held for sale	87.9
Net assets associated with assets held for sale	546.8

7. DIVIDENDS

The Directors have declared an interim dividend of 7.7 pence per share, payable on 5 October 2012 to shareholders on the register at the close of business on 17 August 2012. The dividend will be paid as a PID, net of withholding tax where appropriate. There will be no scrip alternative although the dividend reinvestment plan remains available to shareholders.

	PID pence per share	Non-PID pence per share	Total pence per share	Equity dividends		
				Six months ended 30 June 2012 £m	Year ended 31 December 2011 £m	Six months ended 30 June 2011 £m
Current period						
2012 interim dividend	7.7	-	7.7	-	-	-
Prior periods						
2011 final dividend	7.0	2.3	9.3	66.1	-	-
2011 interim dividend	5.5	1.8	7.3	-	52.0	-
2010 final dividend	12.5	4.1	16.6	-	40.3	40.3
Dividends as reported in the consolidated statement of changes in equity				66.1	92.3	40.3
2011 final dividend withholding tax (paid July 2012)				(8.0)	-	-
2011 interim dividend withholding tax (paid January 2012)				6.2	(6.2)	-
2010 final dividend withholding tax (paid July 2011)				-	-	(6.2)
Dividends paid as reported in the consolidated cash flow statement				64.3	86.1	34.1

NOTES TO THE ACCOUNTS

CONTINUED

8. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

The European Public Real Estate Association (EPRA) has issued recommended bases for the calculation of certain per share information and these are included in the following tables.

A. EARNINGS PER SHARE

The calculations for earnings per share use the weighted average number of shares, which excludes those shares held in the Hammerson Employee Share Ownership Plan and the treasury shares, which are treated as cancelled.

Year ended 31 December 2011				Six months ended 30 June 2012			Six months ended 30 June 2011		
Earnings £m	Shares million	Pence per share		Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
291.8	709.8	41.1	Basic – continuing operations	12.3	711.3	1.7	170.3	708.0	24.1
43.9		6.2	Basic – discontinued operations	34.9		4.9	18.0		2.5
335.7		47.3	Basic – total	47.2		6.6	188.3		26.6
-	0.3	-	Dilutive share options	-	0.2	-	-	0.3	-
335.7	710.1	47.3	Diluted	47.2	711.5	6.6	188.3	708.3	26.6
Adjustments:									
Other net losses/(gains) ¹									
(190.4)	(26.8)		- continuing operations	38.3	5.4	(115.2)		(16.3)	
(19.4)	(2.7)		- discontinued operations	(23.6)	(3.3)	(7.4)		(1.0)	
(209.8)	(29.5)			14.7	2.1	(122.6)		(17.3)	
Change in fair value of derivatives ¹									
2.8	0.4		- continuing operations	(3.5)	(0.5)	(1.4)		(0.2)	
2.3	0.3		- discontinued operations	0.2	-	0.9		0.1	
5.1	0.7			(3.3)	(0.5)	(0.5)		(0.1)	
6.0	0.8		Non-controlling interests in respect of the above ²	(0.1)	-	2.6		0.4	
-	-		Bond redemption premium and costs	13.8	2.0	-		-	
137.0	19.3		EPRA	72.3	10.2	67.8		9.6	

Notes

1 The adjustments in respect of continuing and discontinued operations are derived from notes 2 and 6B respectively.

2 Non-controlling interests relate to continuing operations.

B. NET ASSET VALUE PER SHARE

31 December 2011		Equity shareholders' funds £m	Shares million	30 June 2012 Net asset value per share £	30 June 2011 Net asset value per share £
5.29	Basic	3,806.1	712.8	5.34	5.15
n/a	Company's own shares held in Employee Share Ownership Plan	-	(0.8)	n/a	n/a
n/a	Unexercised share options	3.9	0.8	n/a	n/a
5.30	Diluted	3,810.0	712.8	5.35	5.15
(0.21)	Fair value adjustment to borrowings	(241.5)		(0.34)	(0.14)
5.09	EPRA triple net	3,568.5		5.01	5.01
-	Fair value of derivatives	4.7		-	0.05
0.21	Fair value adjustment to borrowings	241.5		0.34	0.14
-	Deferred tax	0.5		-	-
5.30	EPRA	3,815.2		5.35	5.20

NOTES TO THE ACCOUNTS

CONTINUED

9. INVESTMENT AND DEVELOPMENT PROPERTIES

	Investment properties		Development properties		Total	
	Cost £m	Valuation £m	Cost £m	Valuation £m	Cost £m	Valuation £m
Balance at 1 January 2012	4,665.0	5,478.4	250.9	241.2	4,915.9	5,719.6
Exchange adjustment	(23.3)	(41.8)	(3.9)	(4.2)	(27.2)	(46.0)
Additions						
- continuing operations	20.8	20.8	32.7	32.7	53.5	53.5
- discontinued operations	13.1	13.1	4.6	4.6	17.7	17.7
	33.9	33.9	37.3	37.3	71.2	71.2
Disposals						
- continuing operations	(75.8)	(126.2)	-	-	(75.8)	(126.2)
- discontinued operations	(4.7)	(4.2)	-	-	(4.7)	(4.2)
	(80.5)	(130.4)	-	-	(80.5)	(130.4)
Capitalised interest	0.4	0.4	3.3	3.3	3.7	3.7
Revaluation						
- continuing operations	-	(55.8)	-	9.2	-	(46.6)
- discontinued operations	-	7.7	-	16.9	-	24.6
	-	(48.1)	-	26.1	-	(22.0)
Transfer to assets held for sale	(498.9)	(548.1)	(61.3)	(69.8)	(560.2)	(617.9)
Balance at 30 June 2012	4,096.6	4,744.3	226.3	233.9	4,322.9	4,978.2

Properties are stated at fair value as at 30 June 2012, valued by professionally qualified external valuers DTZ Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors Valuation Standards and with IVA 1 of the International Valuation Standards.

10. INVESTMENTS

31 December 2011 £m		30 June 2012 £m	30 June 2011 £m
116.0	Value Retail Investors Limited Partnerships	146.8	90.2
98.0	Value Retail PLC and related companies	142.1	65.7
214.0		288.9	155.9
1.1	Other investments	1.5	1.1
215.1		290.4	157.0

The Group has an effective economic interest of 33% in the Value Retail Investors Limited Partnerships which have interests in a designer outlet Village in Bicester, in the United Kingdom. These investments are included at fair value, based on the fair value of the underlying property, at 30 June 2012 of £146.8 million (31 December 2011: £116.0 million; 30 June 2011: £90.2 million). These investments have neither been consolidated, nor equity accounted, within the Group accounts as the Group does not have significant influence over the management of the partnerships. Investments in Value Retail PLC and related companies are included at fair value. The above investments are classified as available for sale.

On 19 July 2012, the Group exchanged contracts to acquire further interests in Value Retail PLC and related companies for £72 million and to increase a loan to Value Retail from €28 million to €58 million.

NOTES TO THE ACCOUNTS

CONTINUED

11. RECEIVABLES: NON-CURRENT ASSETS

31 December 2011 £m		30 June 2012 £m	30 June 2011 £m
52.6	Loans receivable	22.7	25.3
3.1	Other receivables	2.8	3.1
-	Fair value of interest rate swaps	3.3	-
55.7		28.8	28.4

Loans receivable comprises a loan of €28 million (£22.7million) (30 June 2011: £25.3 million) to Value Retail bearing interest at 11% and maturing on 22 August 2014. This loan is classified as available for sale. At 31 December 2011, loans receivable comprised the loan to Value Retail of €28 million (£23.4 million), and £29.2 million representing a loan of €30 million plus accumulated interest to SCI Quantum, the purchaser in 2009 of a property in France. At 30 June 2012, this loan, translated at £29.1 million, is included within current receivables (see note 12).

12. RECEIVABLES: CURRENT ASSETS

31 December 2011 £m		30 June 2012 £m	30 June 2011 £m
42.6	Trade receivables	38.5	42.2
-	Loans receivable	29.1	30.6
47.4	Other receivables	36.3	47.2
0.2	Corporation tax	0.1	0.1
6.5	Prepayments	11.6	4.9
-	Fair value of currency options	0.2	-
15.0	Fair value of currency swaps	-	-
111.7		115.8	125.0

Loans receivable of £29.1 million (30 June 2011: £30.6 million) represents a loan of €30 million plus accumulated interest, to SCI Quantum, the purchaser in 2009 of a property in France. The loan was secured by way of a second charge on the property, bore interest at 6.1% and was repaid on 10 July 2012. This loan was classified as available for sale and at 31 December 2011 was included within non-current receivables (see note 11).

13. CASH AND DEPOSITS

31 December 2011 £m		Total £m	Associated with assets held for sale £m	30 June 2012 As stated on balance sheet £m	30 June 2011 £m
61.2	Cash at bank	50.2	(1.9)	48.3	74.6
39.5	Short-term deposits	34.5	(3.2)	31.3	17.4
100.7		84.7	(5.1)	79.6	92.0
	Currency profile				
76.7	Sterling	71.6	(5.1)	66.5	67.2
24.0	Euro	13.1	-	13.1	24.8
100.7		84.7	(5.1)	79.6	92.0

14. PAYABLES: CURRENT LIABILITIES

31 December 2011 £m		30 June 2012 £m	30 June 2011 £m
23.1	Trade payables	31.6	21.0
147.0	Other payables	108.0	101.7
23.2	Accruals	20.3	22.3
51.1	Deferred income	46.1	51.5
244.4		206.0	196.5

NOTES TO THE ACCOUNTS

CONTINUED

15. BORROWINGS

A. MATURITY

31 December 2011 £m		Total £m	Associated with assets held for sale £m	30 June 2012 As stated on balance sheet £m	30 June 2011 £m
742.5	After five years	742.7	-	742.7	1,040.4
985.4	From two to five years	990.8	(62.4)	928.4	775.4
251.3	From one to two years	1.4	(1.4)	-	226.3
1,979.2	Due after more than one year	1,734.9	(63.8)	1,671.1	2,042.1
100.7	Due within one year	253.0	(1.3)	251.7	239.8
2,079.9		1,987.9	(65.1)	1,922.8	2,281.9

B. ANALYSIS

31 December 2011 £m			30 June 2012 £m	30 June 2011 £m
	Unsecured			
197.8	£200 million 7.25% Sterling bonds due 2028		197.8	197.7
297.0	£300 million 6% Sterling bonds due 2026		297.0	296.9
247.7	£250 million 6.875% Sterling bonds due 2020		247.9	247.6
298.3	£300 million 5.25% Sterling bonds due 2016		298.5	298.2
583.8	€480 million (2011: €700 million) 4.875% Euro bonds due 2015		387.8	631.2
345.5	Bank loans and overdrafts		448.5	520.0
1,970.1			1,877.5	2,191.6
(15.0)	Fair value of currency swaps		1.7	24.9
1,955.1			1,879.2	2,216.5
	Secured			
44.9	Euro variable rate mortgage due 2016		43.6	-
64.9	Sterling variable rate mortgage due 2015*		65.1	65.4
2,064.9			1,987.9	2,281.9

* Associated with assets held for sale.

Security for secured euro and sterling borrowings at 30 June 2012 is provided by a first legal charge on two properties, for which the Group's share of the carrying value was £62.8 million and £131.5 million respectively.

C. UNDRAWN COMMITTED FACILITIES

31 December 2011 £m			30 June 2012 £m	30 June 2011 £m
90.0	Expiring within one year		-	-
505.0	Expiring after more than two years		426.0	421.1
595.0			426.0	421.1

D. CURRENCY PROFILE

31 December 2011 Total £m		Borrowings excluding currency swaps £m	Fair value of currency swaps £m	30 June 2012 Total £m	30 June 2011 Total £m
975.0	Sterling	1,554.8	(595.8)	959.0	1,041.8
1,089.9	Euro	431.4	597.5	1,028.9	1,240.1
2,064.9		1,986.2	1.7	1,987.9	2,281.9

NOTES TO THE ACCOUNTS

CONTINUED

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of borrowings and currency swaps, together with their carrying amounts included in the balance sheet are as follows:

31 December 2011			30 June 2012		30 June 2011	
Book value	Fair value		Book value	Fair value	Book value	Fair value
£m	£m		£m	£m	£m	£m
2,079.9	2,229.6	Borrowings, excluding currency swaps	1,986.2	2,227.7	2,257.0	2,358.6
(15.0)	(15.0)	Currency swaps	1.7	1.7	24.9	24.9
2,064.9	2,214.6	Total	1,987.9	2,229.4	2,281.9	2,383.5
-	-	Currency options	(0.2)	(0.2)	-	-
10.6	10.6	Interest rate swaps	3.2	3.2	8.2	8.2
10.6	10.6		3.0	3.0	8.2	8.2
Financial instruments associated with assets held for sale included in above table						
-	-	Borrowings, excluding currency swaps	65.1	65.1	-	-
-	-	Interest rate swaps	3.1	3.1	-	-

At 30 June 2012, the fair value of financial instruments exceeded their book value by £241.5 million (31 December 2011: £149.7 million) equivalent to 34 pence per share (31 December 2011: 21 pence per share) on an EPRA net asset value per share basis. The increase, compared with December 2011 principally reflected the increase in the market values of the Company's bonds caused by a reduction in yields and underlying interest rates.

Current borrowings include £100 million floating rate reset bonds issued in July 2008 which are subject to put and call options. The loans bear interest for the first five years at six month LIBOR plus 0.90% (which currently equates to 2.28%). Under the terms, the lender has the option to put the loans back to the Company at par in February 2013 and subsequently every two years until maturity in February 2038. If the loans are not put then the interest rate resets to 4.69% plus the Company's two year credit spread until the next put date. Alternatively the Company has a call option and should it choose to do so, could pay to the lender the fair value of the instrument at the date of exercise. If there was no credit spread quote available then the Company would pay the fair value of the instrument at the next interest date.

17. PAYABLES: NON-CURRENT LIABILITIES

31 December 2011			30 June 2012	30 June 2011
£m			£m	£m
30.0	Net pension liability		30.9	26.5
23.1	Other payables		32.9	25.3
10.6	Fair value of interest rate swaps		3.4	8.2
63.7			67.2	60.0

18. SHARE CAPITAL

31 December 2011			30 June 2012	30 June 2011
£m			£m	£m
178.2	Called up, allotted and fully paid		178.2	178.2

Ordinary shares of 25p each

	Number
Movements in issued share capital	
Number of shares in issue at 1 January 2012	712,615,209
Share options exercised - Share option scheme	1,083
Share options exercised - Save As You Earn	154,385
Number of shares in issue at 30 June 2012	712,770,677

NOTES TO THE ACCOUNTS

CONTINUED

19. ADJUSTMENT FOR NON-CASH ITEMS IN THE CASH FLOW STATEMENT

Year ended 31 December 2011 £m		Note	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
6.6	Amortisation of lease incentives and other costs		3.1	3.0
(5.5)	Increase in accrued rents receivable		(0.1)	(3.1)
1.1	Non-cash items included within net rental income	3A	3.0	(0.1)
1.7	Depreciation		0.8	0.7
4.0	Share-based employee remuneration		2.3	1.1
(4.1)	Exchange and other items		1.0	4.5
2.7			7.1	6.2

OTHER INFORMATION

DIRECTORS

John Nelson*	Chairman
David Atkins	Chief Executive
Gwyn Burr*	
Peter Cole	
Timon Drakesmith	
Terry Duddy*	
Jacques Espinasse*	
Judy Gibbons*	
John Hirst*	
Tony Watson* CBE	Senior Independent Director

*Non-Executive Director

GENERAL COUNSEL AND COMPANY SECRETARY

Sarah Booth

PRINCIPAL GROUP ADDRESSES

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Registered office

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WEBSITE

This Half-year Report, the most recent Annual Report and other information are available on the Company's website, www.hammerson.com. The Company operates a service whereby all registered users can choose to receive, via e-mail, notice of all Company announcements which can be viewed on the website.

UK REIT TAXATION

As a UK REIT, Hammerson plc is exempted 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.

The 2012 interim dividend is being paid as a PID to enable the Company to meet its PID obligations. For most shareholders, PIDs will be paid after deducting withholding tax at the basic rate. However, certain categories of 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. Hammerson's website includes a form to be used by shareholders to certify if they qualify to receive PIDs without withholding tax. Further information on UK REITs is available on the Company's website.

DIVIDEND REINVESTMENT PLAN (DRIP)

Shareholders can reinvest dividend payments in additional shares in Hammerson under the DRIP operated by the Company's Registrar by completing an application form online at www.capitashareportal.com or calling Capita IRG Trustees: Tel: 0871 664 0381 (from the UK calls cost 10p per minute plus network extras) or +44 (0) 20 8639 3402 (from overseas) email: ssd@capitaregistrars.com.

As the Company will not be offering shareholders a scrip dividend alternative, the DRIP will be continue to be available to those shareholders who have already completed an application form and such shareholders should take no action unless they wish to receive their dividend in cash, in which case they should contact Capita Registrars to cancel their instruction.

ADVISERS

The Company has recently appointed JP Morgan Cazenove alongside Deutsche Bank as joint broker and financial adviser, and Lazard as financial adviser.

FINANCIAL CALENDAR

Ex-dividend date	15 August 2012
Record date	17 August 2012
Election date for DRIP	10 September 2012
Interim dividend payable	5 October 2012

A copy of this announcement will be submitted to the National Storage Mechanism and will shortly be available at www.hemscott.com/nsm.do.

GLOSSARY OF TERMS

Adjusted figures (per share)	Reported amounts adjusted to exclude certain items as set out in note 8 to the accounts.
Anchor store	A major store, usually a department, variety or DIY store or supermarket, occupying a large unit within a shopping centre or retail park, which serves as a draw to other retailers and consumers.
Average cost of borrowing	The cost of finance expressed as a percentage of the weighted average of borrowings during the period.
Capital return	The change in property value during the period after taking account of capital expenditure and exchange translation movements, calculated on a monthly time-weighted basis.
DTR	Disclosure and Transparency Rules, issued by the United Kingdom Listing Authority.
Dividend cover	Adjusted earnings per share divided by dividend per share.
Earnings per share (EPS)	Profit for the period attributable to equity shareholders divided by the average number of shares in issue during the period.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EPRA	European Public Real Estate Association. This organisation has issued recommended bases for the calculation of earnings per share and net asset value per share.
Equivalent yield (true and nominal)	The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect the timing of future rents resulting from lettings, lease renewals and rent reviews based on current ERVs. The true equivalent yield assumes rents are received quarterly in advance. The nominal equivalent yield assumes rents are received annually in arrears. The property true and nominal equivalent 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 and equity rents, calculated by the Group's external valuers.
Gearing	Net debt expressed as a percentage of equity shareholders' funds.
Gross property value	Property value before deduction of purchaser's costs, as provided by the Group's external valuers.
Gross rental income	Income from rents, car parks and commercial income, after accounting for the net effect of the amortisation of lease incentives.
IAS	International Accounting Standard.
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standard.
Initial yield	Annual cash rents receivable (net of head and equity rents and the cost of vacancy, and, in the case of France, net of an allowance for costs of approximately 5.2%, 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	Net rental income divided by net cost of finance before capitalised interest and change in fair value of derivatives.
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 of time.
IPD	Investment Property Databank. An organisation supplying independent market indices and portfolio benchmarks to the property industry.
Like-for-like/underlying net rental income	The percentage change in net rental income for completed investment properties owned throughout both current and prior periods, after taking account of exchange translation movements.

GLOSSARY OF TERMS

CONTINUED

Net asset value per share (NAV)	Equity shareholders' funds divided by the number of shares in issue at the balance sheet date.
Net rental income	Income from rents, car parks and commercial income, after deducting head and equity rents payable, and other property related costs.
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 of that property or portfolio.
Over-rented	The amount by which the ERV falls short of rents passing, together with the estimated rental value of vacant space.
Pre-let	A lease signed with a tenant prior to the completion of a development.
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.
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.
Rents passing or passing rents	The annual rental income receivable from an investment property, after any rent-free periods and after deducting head and equity rents. This may be more or less than the ERV (see over-rented and reversionary or under-rented).
Return on shareholders' equity (ROE)	Capital growth and profit for the period expressed as a percentage of equity shareholders' funds at the beginning of the period, all excluding deferred tax and certain non-recurring items.
Reversionary or under-rented	The amount by which the ERV exceeds the rents passing, together with the estimated rental value of vacant space.
Scrip dividend	A dividend received in the form of shares.
SIIC	Sociétés d'Investissements Immobiliers Côtées. A French tax-exempt regime available to property companies listed in France.
Total development cost	All capital expenditure on a development project, including capitalised interest.
Total return	Net rental income and capital return expressed as a percentage of the opening book value of property adjusted for capital expenditure and exchange translation movements, calculated on a monthly time-weighted basis.
Total shareholder return	Dividends and capital growth in the share price, expressed as a percentage of the share price at the beginning of the year.
Turnover rent	Rental income which is related to an occupier's turnover.
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.
Yield on cost	Rents passing expressed as a percentage of the total development cost of a property.

DISCLAIMER

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed in or implied by these statements.

Many of these risks and uncertainties relate to factors that are beyond Hammerson's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Hammerson does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Company should not be relied upon as a guide to future performance.