HAMMERSON PLC – AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

Year ended:	31 December 2013	31 December 2012	Increase	Like-for-like increase
Profit before tax (including valuation changes)	**£341.2m**	£142.2m	n/a	
Net rental income (continuing operations)	**£282.8m**	£258.8m	+9.3%	+2.1%
EPRA earnings per share (1)	**23.1p**	20.9p	+10.5%	
Final dividend per share	**10.8p**	10.0p	+8.0%	
As at:	**31 December 2013**	31 December 2012		
EPRA net asset value per share (1)	**£5.73**	£5.42	+5.7%	
Loan to Value	**38%**	36%		

(1) Calculations for EPRA figures are shown in note 8 on page 37.

MAXIMISING INCOME THROUGH ACTIVE MANAGEMENT

- Growth of 2.1% in like-for-like net rental income demonstrating continued tenant demand for our properties and the success of asset management initiatives
- Strong demand for high-quality retail property, with new rents secured of £24m (2012: £19m) for 154,000m² (2012: 123,000m²)
- Occupancy of 97.7% reflecting attractive venues. Occupancy exceeds our benchmark of 97% and is up since the half year
- Leases signed overall at 2% above ERV, providing confidence in future income growth
- Final dividend increased by 8%.Total dividend for the year of 19.1 pence per share (2012: 17.7 pence)

CREATING HIGH-QUALITY RETAIL DESTINATIONS

- Les Terrasses du Port, Marseille now 93% let and on schedule to open May 3rd
- Construction started at Le Jeu de Paume, Beauvais; Silverburn extension, Glasgow; and Cyfarftha, Merthyr Tydfil
- Commenced enabling works at Victoria Gate, Leeds. Main contract scheduled to start on site this spring
- Planning approval received for major retail developments at Croydon and Brent Cross in London
- Investments in Bullring, Saint Sébastien and Value Retail improve quality of portfolio and provide opportunities to create value

ENHANCING CAPITAL STRENGTH

- Reduction in cost:income ratio of 240 basis points
- Liability management initiatives reduced weighted average interest rate to 4.8%
- Year end loan to value of 38% and liquidity of £716 million provide flexibility for future investment

David Atkins, Chief Executive of Hammerson, said: “We have reported a good set of results in a year when we saw the beginning of economic and consumer recovery in the UK. In France the economic picture is less clear cut, although personal debt levels remain low, providing the opportunity for a rebound in consumer spending when growth returns.

We are seeing improving demand from retailers, and Hammerson is creating the right product to meet their future requirements, which provides the conditions for selected growth in rental values. We have clear visibility on a number of major development projects which will create the destination venues of the future, and drive returns to our shareholders. The first of these, Les Terrasses du Port in Marseille, will open in May this year. We remain on course to deliver strong growth in earnings and dividends over the medium term.”

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Results presentation today:

Time:	9.30 a.m.
Venue:	Deutsche Bank 1, Great Winchester Street London EC2N 2DB

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 3367 9433. Please quote confirmation code 879434.

Financial calendar:

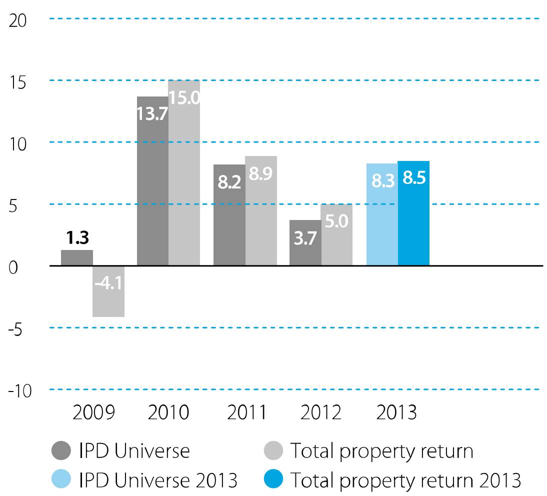
Ex-dividend date	12 March 2014
Record date	14 March 2014
Final dividend payable	25 April 2014

Index to key data	31 December 2013	Page
Operational		
Occupancy	**97.7%**	1
Leasing activity	**£23.9m**	8
Area of new lettings	**154,000m^2**	8
Leasing v ERV	**+2%**	8
Leasing v previous passing rent	**+2%**	8
Non-rental income	**£21.8m**	9
14 Day rent collection rates		
UK	**99%**	17
France	**87%**	17
Financial		
Adjusted earnings per share	**23.1p**	2
Cost:income ratio	**24.6%**	12
Final dividend per share	**10.8p**	13
Equity shareholders' funds	**£4.1bn**	14
EPRA net asset value per share	**£5.73**	14
Net debt	**£2.3bn**	14
Gearing	**56%**	15
Loan to value	**38%**	15
Liquidity	**£716m**	15
Weighted average cost of finance	**4.8%**	15
Interest cover	**2.8 times**	15
Net debt / EBITDA	**8.2 times**	15
Fixed rate debt	**70%**	14
Portfolio currency hedge	**79%**	14
Portfolio		
Portfolio total returns	**8.5%**	1
Like-for-like NRI	**+2.1%**	2
Portfolio value	**£5.9bn**	9
Portfolio capital return	**+2.0%**	9

KEY PERFORMANCE INDICATORS

We monitor the performance of our business using four principal measures and appropriate benchmarks: total property returns; occupancy; growth in like-for-like net rental income; and growth in adjusted earnings per share. These Key Performance Indicators, or KPIs, illustrate the relative success of the implementation of our strategic priorities. The KPIs are calculated using data from management reporting systems and IPD.

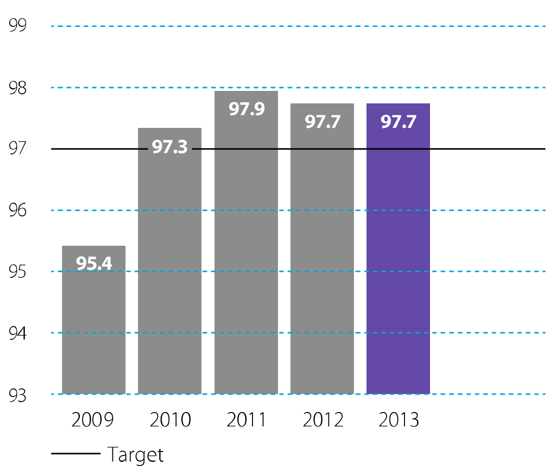
TOTAL PROPERTY RETURNS (%)



8.5% (IPD 8.3%) (2012: 5.0% (IPD 3.7%))
From 2013, we have included the total return generated by the Group's interests in Value Retail in the Group's total property return. This better represents the exposure which the Group has to its three areas of focus: experience; convenience; and luxury.

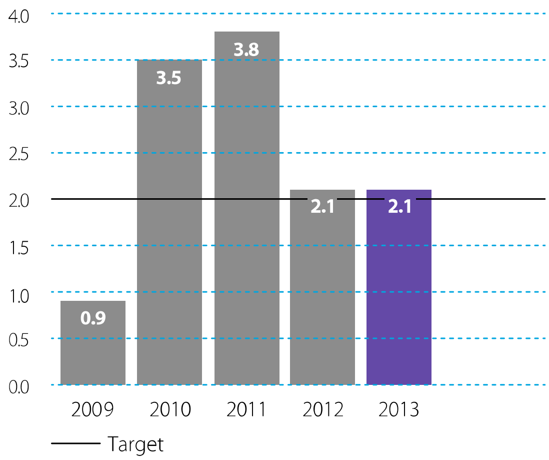
The return for 2013 at 8.5% outperformed the benchmark, based on the quarterly index, of 8.3%. As would be expected from Hammerson's prime assets, the income return of 5.3% was below the IPD equivalent of 5.8%. The IPD capital return was 2.4% whereas our portfolio generated capital growth of 3.1%. The IPD Retail Property Universe includes all types of UK retail property and the 2013 index reflected, in particular, high returns from retail unit shops in and around London.

OCCUPANCY (%)



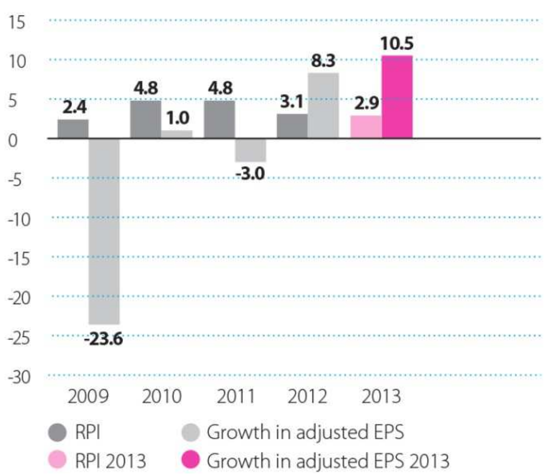
97.7% (2012: 97.7%)
The portfolio was 97.7% occupied at the end of 2013, unchanged compared with a year ago. Our prime retail portfolio has proved resilient in the face of the pressures on retailers from the economic environment and occupancy has been maintained above our target of 97.0%.

GROWTH IN LIKE-FOR-LIKE NRI (%)



2.1% (2012: 2.1%)
On a like-for-like basis, net rental income grew by 2.1% for the continuing portfolio in 2013, slightly above our target of 2%. Income from UK and French shopping centres grew by 3.2% and 2.6% respectively. UK retail park income increased by 0.2% reflecting significant tenant administrations in the first half of the year.

GROWTH IN ADJUSTED EPS (%)



10.5% (2012: 8.3%)
Adjusted EPS increased by 2.2 pence, or 10.5%, to 23.1 pence. This resulted principally from a full year's impact from our increased investment in Value Retail and growth in net rental income. We benchmark this KPI against the Retail Prices Index (RPI) and in 2013 this hurdle was 2.9%.

BUSINESS REVIEW

Our ambition is to drive financial performance by creating exciting retail destinations through focusing on three strategic priorities:

1. CREATING HIGH-QUALITY PROPERTY;
2. MAXIMISING INCOME; and
3. CAPITAL STRENGTH.

Our activities in the year in support of these priorities are detailed in the following pages.

1. CREATING HIGH-QUALITY PROPERTY

We develop or acquire to create compelling retail venues in successful locations. The quality of our portfolio is enhanced through: development; extensions; refurbishment; and investment activity.

DEVELOPMENTS AND EXTENSIONS

Hammerson's development programme will create vibrant retail destinations by delivering high-quality properties. We have made good progress in advancing these schemes over the course of 2013 and early 2014. Key milestones are noted in the table below.

OVERVIEW OF RECENT PROGRESS IN ADVANCING THE DEVELOPMENT PROGRAMME

Site assembly	Planning	Letting	Construction
• Entered into a 50:50 joint venture with Westfield for the retail-led regeneration of central Croydon • Acquired: – the site for Le Jeu de Paume, Beauvais – a 25% interest in Whitgift, Croydon	• Achieved planning approval for: – Silverburn extension, Glasgow – Cyfarthfa Retail Park, Merthyr Tydfil – Elliott's Field Retail Park, Rugby – Watermark WestQuay, Southampton – Victoria Gate, Leeds – Whitgift, Croydon – Brent Cross, Cricklewood	• Signed lettings for: – Les Terrasses du Port, Marseille – Manor Walks shopping centre and retail park, Cramlington – Monument Mall, Newcastle – Cyfarthfa Retail Park, Merthyr Tydfil – Silverburn extension, Glasgow – Le Jeu de Paume, Beauvais – Abbotsinch, Paisley	• Completed works at: – Monument Mall, Newcastle – Manor Walks shopping centre and retail park extension, Cramlington • Progressed construction at: – Les Terrasses du Port, Marseille • Started on-site at: – Silverburn extension, Glasgow – Cyfarthfa Retail Park, Merthyr Tydfil – Le Jeu de Paume, Beauvais – Abbotsinch, Paisley – Victoria Gate, Leeds

CURRENT AND FUTURE DEVELOPMENTS

Scheme	Ownership %	Lettable area m^2	Earliest start	Potential completion	Value at 31/12/13 £m	Estimated cost to complete[1] £m	Estimated annual income[2] £m	Let[3] %
On-site								
Les Terrasses du Port, Marseille	100	61,000	Commenced	Q2 2014	386	80	28	93
Abbotsinch Retail Park extension, Paisley	100	5,000	Commenced	Q2 2014	n/a	7	1	87
O'Parinor extension, Aulnay-sous-bois, Paris	25	7,200	Commenced	Q4 2014	n/a	2	1	100
Cyfarthfa Retail Park extension, Merthyr Tydfil	100	14,500	Commenced	Q1 2015	n/a	19	2	46
Silverburn extension, Glasgow	50	10,900	Commenced	Q1 2015	n/a	8	1	84
Le Jeu de Paume, Beauvais	100	23,800	Commenced	Q3 2015	9	60	5	42
Victoria Gate, Leeds (Phase 1)	100	34,300	Commenced	Q3 2016	10	135	10	28
		156,700				**311**	**48**	
Major developments (>30,000m^2)								
Croydon town centre	50	200,000	2015	2018		500	35	–
The Goodsyard, London E1 [4]	50	260,000	2016	Phased		140	–	–
Brent Cross Extension, London	41	90,000	2016	2019		350	26	–
		550,000				**990**	**61**	
Extensions/redevelopments (<30,000m^2)								
Elliott's Field Retail Park, Rugby	100	16,000	2014	2015		36	3	13
Watermark WestQuay, Southampton	100	18,000	2014	2016		70	5	29
Brent Cross Leisure, London	41	9,000	2016	2018		20	2	–
		43,000				**126**	**10**	
Pipeline								
SQY Ouest, Saint Quentin-en-Yvelines	50	31,700	2014	2015		11	2	–
Halle en Ville, Mantes	100	32,000	2015	2017		120	9	30
Italie Deux, Paris 13ème	100	4,800	2015	2017		25	2	–
Victoria Gate, Leeds (Phase 2)	100	73,000	2018	2021		480	40	–
		141,500				**636**	**53**	
Total		**891,200**				**2,063**	**172**	

Notes

1. Incremental capital cost including capitalised interest.
2. Incremental income net of head rents and after expiry of rent-free periods.
3. Let or in solicitors' hands by income at 31 January 2014.
4. Cost reflects phase 1 only. Due to residential component of scheme, area is gross external and income is not applicable.
5. € converted at £1 = €1.202. Value, costs and income represent Hammerson's share for joint ventures.

Completed developments

The redevelopment of Monument Mall in Newcastle is now complete and 83% of the anticipated rental income from the £20 million scheme has been secured. TK Maxx occupy a 3,300m^2 flagship store and Jack Wills, Reiss and Rox have also recently opened at the scheme.

At Manor Walks, Cramlington, the 5,400m^2 shopping centre extension opened in July. Vue Cinema is operating its 2,600m^2 state-of-the-art nine-screen cinema and Prezzo and Frankie & Benny's have signed as part of the family restaurant line-up. The retail park extension completed in December. Currys and Dunelm were trading before Christmas and a Marks & Spencer Simply Food store will open in the spring.

On-site developments

Work is on schedule to complete construction of Les Terrasses du Port, Marseille, which will open in May. The 61,000m^2 shopping and leisure destination is part of the impressive regeneration of the wider port area of Marseille. The city was the European Capital of Culture in 2013, leading to increased tourism. Anchored by Printemps and comprising 190 shops and 2,600 car parking spaces, the centre was valued at £386 million at December 2013, £77 million above cost. Michael Kors and Gant are opening their first shops in France's second city with Bose and G-Star taking flagship stores. French fashion operator Groupe SMCP (Sandro, Maje and Claudine Pierlot) will open three stores within the scheme and Monoprix, Zara, Levi's, Agatha and Fossil are also in the tenant line-up. The top floor of the centre is dedicated to high-end and designer brands and has stunning views over the Mediterranean Sea. Vinci Park will operate the car park, and the scheme as a whole is now 93% let or in solicitors' hands. We are selectively targeting a number of well-known international retailers to lease the remaining space.

At Abbotsinch Retail Park, Paisley, which was acquired as part of the Junction Fund portfolio in October 2012, works have begun on the extension, which is 87% pre-let to Maplin, Wren, Dunelm and ScS. The 5,000m^2 terrace will provide five new units.

Primark will anchor the 7,200m^2 extension of O'Parinor, with one of its first stores in Paris. The space is now fully pre-let or in solicitors' hands and scheduled to complete towards the end of 2014.

We are on-site at the 14,500m^2 extension to Cyfarthfa Retail Park, Merthyr Tydfil. Marks & Spencer will anchor the scheme with a 4,300m^2 full-line store offering clothing, homeware and a food hall. The project will also provide 9,900m^2 of additional retail space, to which B&Q will be relocated and which will accommodate up to six new fashion brands. The scheme will provide approximately 200 jobs during the construction phase and create the equivalent of up to 230 full-time jobs when complete.

Work on the leisure-led extension of Silverburn, Glasgow started in July. Cineworld will operate the 14-screen cinema and the scheme will also feature nine new restaurants. To date, 84% of the anticipated rental income of £1 million has been secured. The restaurants are expected to operate from autumn 2014 with the remainder of the 10,900m^2 scheme open for business in early 2015.

The construction of Le Jeu de Paume, Beauvais commenced in December and leases signed or in solicitors' hands already represent 42% of the expected income. The tenant line-up includes H&M and Furet du Nord, and Carrefour Market will anchor the centre with a 3,000m^2 store. A further 83 retail units and 37 residential apartments will complete the 23,800m^2 city centre scheme, 80km to the north of Paris. Discussions continue with retailers interested in the remaining larger units.

The £150 million development of Victoria Gate, Leeds received planning approval from the city council in September. The 34,300m^2 first phase of the scheme is set to generate 1,000 construction jobs and a further 1,000 retail and hospitality jobs when it opens in autumn 2016. Housing more than 30 retailers, six restaurants and new leisure space, the development will be anchored by a 21,000m^2 flagship John Lewis store, will link to our existing Victoria Quarter centre and include an 800-space multi-storey car park. The estimated annual income from the scheme is £10 million, of which 28% has been let or is in solicitors' hands. Work has commenced on-site.

Major developments (> 30,000m^2)

To ensure that our capital and human resources are appropriately focused on completion of schemes which offer the most attractive returns over the medium to long term, the focus of our strategic UK development projects will be on the major retail schemes in Leeds and London. Including Croydon and Brent Cross, these projects will deliver circa 333,000m^2 of new retail space over the coming years, in addition to the refurbishment programme of existing centres and retail park extensions. Consequently, in 2013 Hammerson reached mutual agreement with Sheffield City Council not to progress Sevenstone, the proposed new retail quarter for Sheffield city centre.

We formed a 50:50 joint venture with Westfield in January 2013 to regenerate the retail heart of Croydon, south London and restore the town as one of the UK's leading shopping destinations. Hammerson contributed Centrale shopping centre to the joint venture at a valuation of £115 million, and ownership of the centre is now shared with Westfield. The joint venture went on to acquire in March a 25% interest in the 155-year headlease of the Whitgift Centre for £65 million. We intend to redevelop the Whitgift Centre and Centrale to create a 200,000m^2 mixed-use scheme to include retail, leisure and residential space, with the potential for hotels and offices. Over 5,000 new jobs will be created when the new centre opens. Planning permission for the scheme was granted in November.

The Goodsyard, London E1, is a 4.3ha site in Shoreditch held in a 50:50 joint venture with Ballymore Properties. The site has the potential to deliver a 260,000m^2 mixed-use development that will include 19,000m^2 of retail, 60,000m^2 of offices and more than 1,400 homes. The regeneration will also provide substantial public realm including a new park. A planning application is due to be submitted in spring 2014.

In January 2014, Barnet Council approved a revised planning application for three improvements to our proposals for the regeneration of Brent Cross Cricklewood in north-west London. The submission, made with our partner Standard Life Investments, followed extensive consultation with local stakeholders and amended the outline planning permission granted for the scheme in 2010. The updated scheme will deliver a world-class retail, dining and leisure environment and some of the proposed transport improvements will be accelerated. It includes a new network of covered streets and spaces in and around Brent Cross as part of a 90,000m^2 extension costing £350 million. The complete regeneration will support 27,000 full-time jobs, of which retail and leisure will account for 5,500 in the first phase. Local residents will also benefit from new parks and community facilities as well as much improved transport connections. We expect to be able to start work on the first phase of the regeneration in 2016.

Extensions/redevelopments (< 30,000m^2)

In May, Rugby Borough Council approved plans for the redevelopment of Elliott's Field Retail Park. The £36 million extension will include a new retail terrace accommodating 15 new fashion and homeware brands and be anchored by Debenhams operating a 5,600m^2 full-line store including a cafe/restaurant. New catering space, improved car parking facilities and improvements to the external environment also feature in the scheme. Subject to letting progress, work is expected to start on-site in autumn 2014, with expected completion a year later. We have secured 13% of the estimated annual income from the project.

Southampton City Council approved in July proposals for the leisure-led development at Watermark WestQuay. The 4ha brownfield site in the centre of Southampton is next to our jointly owned WestQuay Shopping Centre. The mixed-use scheme will be delivered in two phases, with the first phase of 18,000m^2 comprising a landmark cinema building, up to 15 restaurants, retail space and new public realm. The second phase has the potential to include a residential tower, hotel, offices, restaurants and additional public space. Estimated income from the first phase is £5 million per annum and development costs are £70 million.

Work on the 9,000m^2 leisure and catering extension at Brent Cross is expected to start on-site in 2016. The cost of the project is estimated at £20 million.

REFURBISHMENT

We relaunched three of our French shopping centres in September as part of a €100 million refurbishment programme: Italie Deux, Paris 13ème; Grand Maine, Angers; and Place des Halles, Strasbourg feature renovated interiors, new services and improved leisure provision. Renovations are also underway at O'Parinor, Espace Saint Quentin and Bercy 2 and being planned for Les Trois Fontaines.

INVESTMENT

We have rebalanced our portfolio to focus exclusively on the retail sector by completing the sales of the remaining office properties and acquiring further interests in two of our chosen retail sub-sectors: 'experience', in the form of Bullring, Birmingham; and 'luxury', represented by Value Retail.

The Group's ownership of Bullring now stands at 50% following the acquisition in May of an additional 16.7% stake. A new 50:50 joint venture with Canada Pension Plan Investment Board (CPPIB) acquired Future Fund's 33.3% stake for £307 million, with Hammerson's share being £153.5 million. Taking into account transaction costs, the net initial yield on the purchase was 5.7%. Bullring is one of Europe's leading shopping centres, attracting 40 million visitors per annum, and is almost fully occupied. Passing rents at the centre have grown at an annual compound rate of 5.5% since opening in 2003, to £52 million per annum. Following the successful Spiceal Street restaurant extension in 2011, there remain a number of asset management and development opportunities to drive future growth at the centre, including the introduction of a cinema and additional catering. Hammerson continues as asset and development manager for the centre.

Since the year end, we have acquired Saint Sébastien shopping centre in Nancy, north-east France. The city has an affluent population and Saint Sébastien, with an annual footfall of eight million, is its only shopping centre. The purchase price of £109 million and passing rents of £7 million imply a 6% yield, after transaction costs. We have opportunities to refurbish, reconfigure and extend the 24,000m^2 centre to improve the retail and catering offers and improve the external environment.

In January 2014, together with our 50% partner Aviva Investors, we sold Queensgate, Peterborough. Hammerson's share of net rental income from the asset in 2013 was £6 million. Our share of the net proceeds, amounting to £101 million, will be reinvested to generate higher returns in the development programme.

We completed in June 2013 the sales to Brookfield of the Group's 50% interest in 125 Old Broad Street, London EC2 and 1 Leadenhall Court, London EC3. The aggregate proceeds were £189 million and net rental income generated by the properties in the year to the date of disposal was £6 million.

Value Retail

Our investment in Value Retail (VR), which develops and operates luxury outlet Villages in the UK and Western Europe, is the principal route through which we gain exposure to the luxury retail sector. We have a 22% interest in the VR holding companies and investments in the Villages themselves, including Bicester Village, Oxfordshire and La Vallée Village near Paris.

In June, at an aggregate cost of £56 million, we acquired for the first time a direct investment in La Vallée Village and increased our investments in Las Rozas and La Roca Villages, which are located close to Madrid and Barcelona respectively. In July, we also took a €25 million (£22 million) participation in the refinancing of the senior loan facility at Fidenza Village, near Milan.

VR's financial performance has been impressive over the year to December 2013. The nine European Villages were valued for Hammerson at a total of €3.1 billion at 31 December, reflecting an underlying valuation increase of 11.8% during 2013, and the portfolio's brand sales exhibited double-digit growth over the same period. EBITDA, as prepared under IFRS, was €111 million, an increase of 12% over the year ended 31 December 2012.

During 2013, around 21% of the selling space in the Villages was remerchandised, with 57% of that resulting from the introduction of new brands, and the balance reflecting unit refitting or the relocation of existing brands. Construction work on the extension of La Roca Village is on schedule and the project will increase the gross lettable area of the Village by about a third. The extension will be open for trading in summer 2014. At Kildare Village, Dublin, VR have planning consent for a 6,177m^2 extension.

External debt increased by 8.6% to €1.3 billion or 40% of the property portfolio value at 31 December 2013. Page 13 in the Financial Review provides further information on how our investment in VR has impacted Hammerson's financial performance.

2. MAXIMISING INCOME

Retailers are focusing their space requirements on high-quality, prime shopping centres, conveniently located retail parks and premium designer outlets of the types invested in by Hammerson. Our response is to exploit developing trends and technologies to maximise income growth from the portfolio by optimising occupancy and footfall at our properties. A stronger economic position in the UK is driving consumer confidence, supporting retail sales and leading to increased space requirements. This recovery is happening against a limited delivery of new retail space, creating the conditions for selected market ERV growth.

STRONG RELATIONSHIPS WITH MAJOR RETAILERS

The globalisation of brands, combined with the ability to research product availability and provenance online, means that consumers increasingly know what they want before visiting a centre. This is evidenced by our own consumer research which shows that consumers are spending more time researching products before committing to a purchase. Consequently, retailers use flagship stores as brand support. We continually refresh the tenant mix by bringing new, relevant, exciting brands to an area. This not only helps support tenants' sales, but enhances vibrancy and footfall, adding to the overall experience. We have introduced more than 200 premium retailers into our shopping centres since 2009.

CONSUMER INSIGHT AND DIGITAL EXPERTISE

Last year Hammerson completed the roll-out of free wi-fi and mobile-enabled websites for our UK shopping centres. This was in addition to the bespoke social media promotional activity already being undertaken for each site. The project has proved highly successful with social media followers growing by 64% year-on-year. Our strategy is to use multi-channel initiatives to support the core rental business. We use digital technologies to drive footfall, improve the customer experience and increase dwell time, all of which support retail sales.

In 2013 we launched the KUDOS loyalty app, which delivers tailored, real-time offers to consumers and provides us with a greater understanding of their preferences. The KUDOS performance has been encouraging, with over 12,000 downloads at just two centres to date, and a high voucher redemption rate. Our next initiative is an integrated digital platform which will provide a consistent consumer experience across the loyalty app, centre website and the physical environment. It is our ambition to launch this product at the opening of Les Terrasses du Port in May.

The consumer desire for a wider experience at shopping centres is evidenced by the increasing demand for catering and leisure facilities. Leisure and catering now accounts for 10% of our portfolio floorspace, and a third of all shoppers visit our cinemas or restaurants. We have leisure extensions completed in Manor Walks, Cramlington and underway at O'Parinor, Paris and Silverburn, Glasgow to capitalise on this trend. Further similar extensions are scheduled to start on-site next year.

OPERATIONAL PERFORMANCE

Strong letting and vacancy data for 2013 shown in the table below belie the challenging economic conditions faced by consumers. This supports the premise that retailers continue to seek representation in winning locations to complement their online and multi-channel strategies. The poor French sales and footfall figures reflect the weakness in the French economy relative to that in the UK and also the impact of the shopping centre refurbishment programme.

Operational performance – continuing operations	**2013**	2012
Occupancy (%)	**97.7**	97.7
Net rental income growth – like-for-like (%)	**2.1**	2.1
Leasing activity – new rent from units leased (£m)	**23.9**	18.7
Area of new lettings (000m^2)	**153.9**	123.3
Leasing v ERV (% above 31 December 2012/2011 ERV)	**2**	4
Retail sales change (%)		
UK shopping centres	**(0.4)**	0.4
France shopping centres	**(2.7)**	(3.0)
Footfall change (%)		
UK shopping centres	**(1.0)**	(2.3)
France shopping centres	**(4.9)**	(3.4)
Non-rental income (£m)		
UK	**20.4**	18.6
France	**1.4**	1.6

OCCUPANCY

At 31 December 2013, occupancy remained ahead of our 97.0% target at 97.7% as a strong letting performance compensated for the impact of tenant administrations. Tenants in administration represent a small proportion of the Group's total income, as noted in Security and Quality of Income on page 17.

Occupancy (%)	UK shopping centres	France retail	UK retail parks	Other UK	Total continuing portfolio
31 December 2013	98.1	97.4	98.4	91.3	97.7
30 June 2013	97.5	97.3	98.6	90.6	97.4
31 December 2012	98.1	97.5	98.2	90.9	97.7

Like-for-like net rental income

On a like-for-like basis, net rental income generated by the continuing portfolio grew by 2.1% during 2013. Strong UK shopping centre growth of 3.2% was driven by leasing activity, rent reviews and increased turnover and commercial income, notably at Union Square and Brent Cross, although these positives were partially offset by the impact of retailer administrations. Indexation was the principal factor in French shopping centre net rental income growth of 2.6%. The benefit of strong leasing activity was largely offset by administrations at UK retail parks, and like-for-like rental income was marginally up in that portfolio.

Net rental income for the year ended 31 December 2013

	Properties owned throughout 2012/13 £m	**Increase/ (Decrease) for properties owned throughout 2012/13 %**	Acquisitions £m	Disposals £m	Developments £m	Total net rental income £m
United Kingdom						
Shopping centres	111.7	**3.2**	12.6	–	0.4	124.7
Retail parks	63.7	**0.2**	18.2	0.2	–	82.1
Other UK	7.2	**(4.0)**	1.1	3.8	1.2	13.3
Total United Kingdom	182.6	**1.9**	31.9	4.0	1.6	220.1
Continental Europe						
France retail	63.1	**2.6**	0.1	–	(0.5)	62.7
Group						
Retail	238.5	**2.3**	30.9	0.2	(0.1)	269.5
Other UK	7.2	**(4.0)**	1.1	3.8	1.2	13.3
Total continuing operations	245.7	**2.1**	32.0	4.0	1.1	282.8
Discontinued operations	0.3	**(1.5)**	–	7.1	–	7.4
Total	246.0	**2.1**	32.0	11.1	1.1	290.2

Net rental income for the year ended 31 December 2012

	Properties owned throughout 2012/13 £m	Exchange £m	Acquisitions £m	Disposals £m	Developments £m	Total net rental income £m
United Kingdom						
Shopping centres	108.2	–	1.3	–	(0.1)	109.4
Retail parks	63.6	–	3.4	–	–	67.0
Other UK	7.6	–	–	12.3	1.5	21.4
Total United Kingdom	179.4	–	4.7	12.3	1.4	197.8
Continental Europe						
France retail	61.4	(2.7)	0.4	2.2	(0.3)	61.0
Group						
Retail	233.2	(2.7)	5.1	2.2	(0.4)	237.4
Other UK	7.6	–	–	12.3	1.5	21.4
Total continuing operations	240.8	(2.7)	5.1	14.5	1.1	258.8
Discontinued operations	0.3	–	–	23.8	–	24.1
Total	241.1	(2.7)	5.1	38.3	1.1	282.9

For the purposes of this analysis Centrale, Croydon, has been reclassified from 'Shopping centres' to 'Other UK' to reflect the intention to redevelop this property as part of the regeneration of Croydon town centre.

LEASING ACTIVITY

During 2013, 364 leases were signed representing annual rental income of £23.9 million and 154,000m^2 of space. For principal leases in the Group as a whole, rents secured were approximately 2% greater than previous passing rents and December 2012 ERVs. Average ERVs were broadly unchanged over the year.

RETAILER SALES

The picture for UK sales at our shopping centres was slightly down over 2013, with the negative impact of poor weather at the start of the year partly offset by encouraging growth in the last quarter. A strong performance from department stores compensated for sales declines in electricals and media. In France, sales fell 2.7% partly due to the impact of our €100 million refurbishment programme, and the additional two days' trading in the prior year.

NON-RENTAL INCOME

Net income from car parks and the sale of advertising and merchandising opportunities at our shopping centres is a growing supplement to the rental income from our portfolio. This is included within 'net rental income'. The increase of £1.6 million in total non-rental income to £21.8 million principally reflected an uplift at Union Square and the acquisition of the additional interest in Bullring.

3. CAPITAL STRENGTH

Our prudent and flexible financial structure provides financial security with the flexibility to act swiftly and decisively when opportunities arise.

PORTFOLIO OVERVIEW

In this overview, 'the portfolio' refers to the continuing portfolio, excluding the office properties sold during 2013 and also excluding our investment in the Value Retail portfolio. At the end of the year, the portfolio included 20 prime shopping centres in the UK and France and 22 conveniently located retail parks, provided 1.7 million m^2 of space and was valued at £5.9 billion.

At 31 December 2013, 72% of the portfolio by value was located in the UK, with the balance in France, whilst developments comprised 8%. Joint ventures accounted for 42% of the portfolio, including eight major shopping centres in the UK and two in France. The average lot size for the portfolio as a whole was £87 million and the ten most valuable properties represented 49% of the portfolio value. The movement in portfolio value during 2013 is set out below.

MOVEMENT IN PORTFOLIO VALUE IN THE YEAR TO 31 DECEMBER 2013	£m
Portfolio value at 1 January	5,458
Valuation increase	89
Capital expenditure	
Developments	128
Expenditure on existing portfolio	69
Acquisitions	192
Capitalised interest	13
Disposals	(62)
Exchange	37
Transfer from assets held for sale	7
Portfolio value at 31 December*	**5,931**

* Includes developments

Income yields for the portfolio are low relative to other property classes and reflect the prime nature of the assets. Net and gross valuations, income and yields for the investment portfolio are analysed in the table below.

CONTINUING INVESTMENT PORTFOLIO AT 31 DECEMBER 2013	Income £m	Gross value £m	Net book value £m
Portfolio value (net of cost to complete)		5,736	5,736
Purchasers' costs[1]			(302)
Net investment portfolio valuation as reported in the financial statements			5,434
Income and yields			
Rent for valuers' initial yield (equivalent to EPRA Net Initial Yield)	299.2	5.2%	5.5%
Rent-free periods (including pre-lets)	13.7	0.3%	0.3%
Rent for 'topped-up' initial yield[2]	312.9	5.5%	5.8%
Non-recoverable costs (net of outstanding rent reviews)	7.1	0.1%	0.1%
Passing rents	320.0	5.6%	5.9%
ERV of vacant space	7.3	0.1%	0.1%
Reversions	6.0	0.1%	0.1%
Total ERV/Reversionary yield	333.3	5.8%	6.1%
True equivalent yield		5.9%	
Nominal equivalent yield		5.7%	

Notes

1. Purchasers' costs equate to 5.6% of the net portfolio value.

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

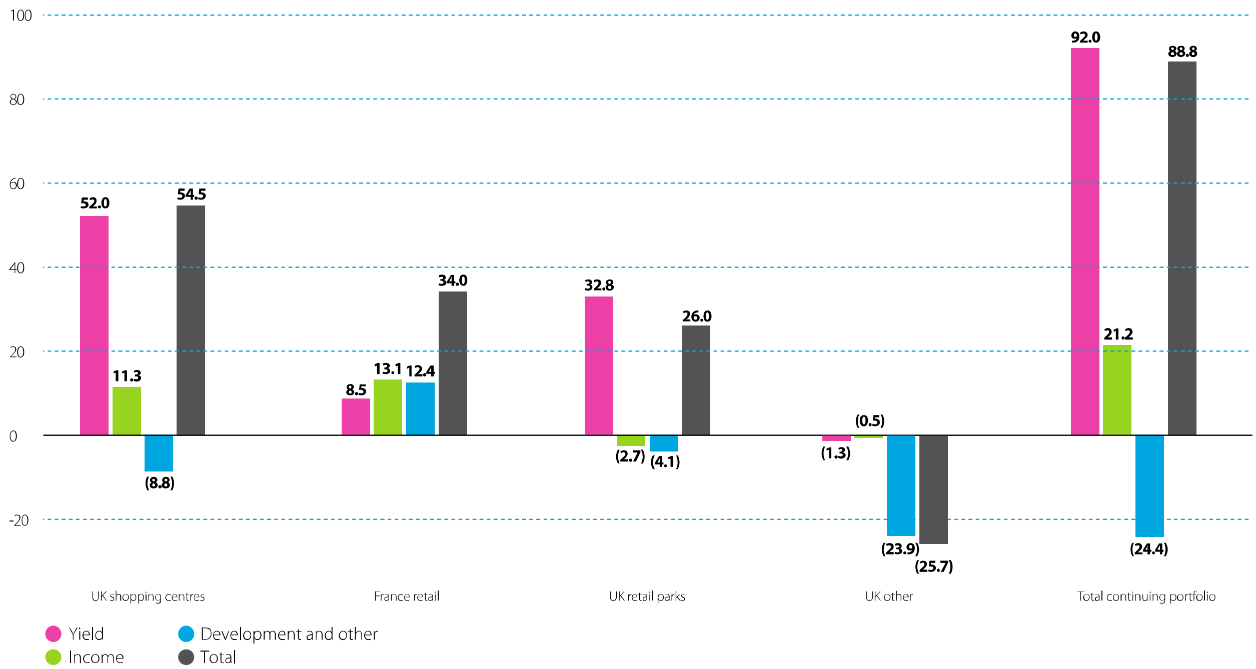
CAPITAL RETURNS

For the calendar year 2013, the total return of the portfolio as a whole, excluding Value Retail, was 7.2%, with capital and income returns of 2.0% and 5.1% respectively. For the continuing portfolio, total, capital and income returns were 7.0%, 1.8% and 5.1%. Returns are shown for each of the portfolio segments in the valuation data table on page 17.

The chart below analyses the sources of the valuation change for the continuing portfolio. During the course of 2013, and principally in the second half of the year, investment yields fell and increased valuations for the UK shopping centres, UK retail parks and French retail properties. Rising rental values at shopping centres in the UK and France boosted valuations, but declined marginally for UK retail park assets. The positive effect of yields, rents and the development progress at Les Terrasses du Port on the valuation of the continuing portfolio was offset to some extent by capital expenditure including that to progress the development pipeline.

COMPONENTS OF VALUATION CHANGE IN 2013 – CONTINUING PORTFOLIO

(£m)



FINANCIAL REVIEW

INTRODUCTION

In compliance with IFRS, the income and expenditure directly attributable to discontinued operations, principally the Group's former office portfolio, the remainder of which was sold during 2013, has been disclosed separately in the consolidated income statement. The assets and liabilities related to discontinued operations, are described as 'held for sale' in the comparative figures for the consolidated balance sheet. Note 6B on page 35 analyses the components of the net profit related to discontinued operations. With the exception of Hammerson's former share of the secured loan on 125 Old Broad Street, assets held for sale at 31 December 2012 were funded from the Group's unsecured debt, so no finance costs have been attributed to these assets within the profit related to discontinued operations.

PROFIT BEFORE TAX

The Group's profit before tax for 2013, including discontinued operations, was £341.2 million compared with £142.2 million in 2012. As analysed in the table below, the year-on-year increase reflected a full year's contribution from revaluations within Value Retail, for which we have equity accounted since August 2012, and portfolio revaluation gains of £90.3 million. Property revaluation losses in 2012 amounted to £49.9 million. The majority of the office portfolio was sold in 2012, and this explains the lower gain on sale of investment properties in 2013. A good operational performance also contributed to the increase in profit. Losses on derivative revaluations were partly offset by lower costs relating to bond redemptions.

Analysis of profit before tax	Notes	**Year ended 31 December 2013 £m**	Year ended 31 December 2012 £m
Adjusted profit before tax – continuing and discontinued operations	2, 6B	**168.9**	152.5
Adjustments:			
Gain on the sale of investment properties	2, 6B	**11.7**	42.6
Net revaluation gains/(losses) on property portfolio	2, 6B	**90.3**	(49.9)
Net revaluation and other gains in associate – Value Retail	2	**88.1**	43.2
Premium and costs on redemption of bonds	7	**(3.9)**	(55.5)
Change in fair value of derivatives	4, 6B	**(13.9)**	9.3
Profit before tax – continuing and discontinued operations	2, 6B	**341.2**	142.2

At £168.9 million, adjusted profit before tax was £16.4 million up on 2012, an increase of 10.8%. The table below bridges adjusted profit before tax between the current and prior years. The principal contributors to the increase were the positive impact from acquisitions, income growth at the like-for-like portfolio and a combination of a strong operating performance at Value Retail and equity accounting for that investment for a full year. Higher financing costs partly offset these increases.

Reconciliation of adjusted profit before tax	**Adjusted profit before tax £m**	EPRA EPS pence
Adjusted profit before tax 2012	**152.5**	20.9
Net financing expense	**(3.4)**	(0.5)
Net administration expenses decrease	**1.5**	0.2
Net investment and development activity	**8.0**	1.0
Like-for-like net rental income increase	**4.9**	0.7
Additional income from Value Retail	**4.0**	0.6
Exchange and other	**1.4**	0.2
Adjusted profit before tax 2013	**168.9**	23.1

EPRA earnings per share increased by 10.5% to 23.1 pence in the year, principally reflecting the changes noted above. Calculations for earnings per share are set out in note 8A to the accounts on page 37.

NET RENTAL INCOME

An analysis of net rental income is set out on page 8. In 2013, the portfolio as a whole generated net rental income of £290.2 million, to which continuing operations contributed £282.8 million compared with £258.8 million in the prior year. Growth of 2.1% in income from the like-for-like portfolio and the impact from acquisitions more than offset the income lost from disposals.

ADMINISTRATION EXPENSES

Administration expenses are analysed in the following table.

Administration expenses	Notes	Year ended 31 December 2013 £m	Year ended 31 December 2012 £m
Continuing operations	2		
Cost of property activities		**33.2**	31.4
Corporate expenses		**15.6**	17.4
		48.8	48.8
Management fees receivable		**(6.7)**	(5.9)
		42.1	42.9
Discontinued operations	6B		
Cost of property activities		**0.4**	1.1
Management fees receivable		**(0.2)**	(0.7)
		0.2	0.4
Total administration expenses		**42.3**	43.3

In 2013 administration expenses, net of management fees receivable, for continuing operations were £42.1 million, a reduction of £0.8 million over the year, as a result of higher management fees. Administration expenses for discontinued operations represent the costs of staff made redundant as a result of the sale of the office portfolio, and fees receivable relate to the joint ventures for 125 Old Broad Street and 10 Gresham Street.

COST RATIO

The table below follows the guidance published by EPRA in respect of a standard cost ratio, calculated as total operating costs as a percentage of gross rental income. The ratio is not necessarily comparable between different companies as business models and expense accounting and classification practices vary. Hammerson's ratio for continuing operations, including the cost of vacancy, has dropped by 240 bp from 27.0% in 2012 to 24.6% in 2013, principally reflecting increased management fees and additional rental income. As refurbishments, extensions and completed developments come on stream, we expect the ratio to decline further over time.

Cost ratio – continuing operations	Notes	Year ended 31 December 2013 £m	Year ended 31 December 2012 £m
Net service charge expenses – non-vacancy		**2.0**	2.3
Net service charge expenses – vacancy		**7.9**	5.9
Net service charge expenses – total	2	**9.9**	8.2
Other property outgoings	2	**26.6**	28.7
Cost of property activities	2	**33.2**	31.4
Corporate expenses	2	**15.6**	17.4
Management fees receivable	2	**(6.7)**	(5.9)
Total operating costs		**78.6**	79.8
Gross rental income (after rents payable)	2	**319.3**	295.7
Cost ratio including net service charge expenses – vacancy (%)		**24.6**	27.0
Cost ratio excluding net service charge expenses – vacancy (%)		**22.1**	25.0

Staff costs amounting to £1.5 million (2012: £0.8 million) have been capitalised as development costs and are excluded from the table above. Our business model for developments is to use a combination of in-house staff and external advisers. The cost of external advisers is capitalised to the cost of developments. The cost of staff working on developments is generally expensed, but may be capitalised subject to meeting certain criteria related to the degree of time spent on and the stage of progress of specific projects.

We are taking measures to improve efficiency and to increase resources deployed to our development pipeline and digital marketing. Gross savings of £6 million per annum are targeted, derived from: consolidating senior positions in London and Paris; relocating our London head office to more cost effective premises and transferring some roles to a larger operations centre in Reading; lowering share benefits; reviewing pension benefits; and integrating activities between London and Paris. The savings will be invested to boost our development capabilities and enhance our digital services to retailers and shoppers, both of which are sources of growth for our business. This rebalancing of our cost base will result in a £5 million implementation charge in 2014.

SHARE OF RESULTS AND NET ASSETS OF ASSOCIATE – VALUE RETAIL (VR)

Since August 2012 we have equity accounted for the Group's investment in VR. Prior to that date, our interests were treated as investments and distributions received were recognised as income. VR's contribution to the Group's income statement and balance sheet is set out in the table below. EPRA net income from our investment in 2013 was £19.0 million, or 2.7 pence per share, compared with £12.6 million, or 1.8 pence per share, in 2012. Including the Group's loan to VR, our net interest at the end of 2013 was valued at £633.8 million on an EPRA basis, equivalent to 89.0 pence per share. The changes reflect the revised accounting basis as well as the acquisition of additional interests in VR over the last 18 months. Excluding our share of VR's income for the period, this investment contributed £82 million, or 11 pence per share, to the increase in the Group's EPRA net asset value in 2013, principally through property valuation increases.

The operating performance of VR is described on page 6 of the Business Review.

Value Retail	Notes	**Year ended 31 December 2013 £m**	Year ended 31 December 2012 £m
Income statement			
Share of results of associate	11A	**101.5**	47.5
Less: EPRA adjustments	11A	**(88.1)**	(43.2)
EPRA adjusted earnings of associate		**13.4**	4.3
Distributions received	Within net rental income	**–**	4.9
Interest receivable	Within net finance costs	**5.6**	3.4
Total impact of VR on income statement – EPRA basis		**19.0**	12.6

	Notes	**Year ended 31 December 2013 £m**	Year ended 31 December 2012 £m
Balance sheet			
Investment in associate	11B	**545.4**	428.4
Add: EPRA adjustments	11B	**19.7**	16.2
EPRA adjusted investment in associate		**565.1**	444.6
Loan to VR	13	**68.7**	47.0
Total impact of VR on balance sheet – EPRA basis		**633.8**	491.6

FINANCE COSTS

We have successfully reduced the average cost of borrowings for the Group to 4.8% during 2013 from 5.0% in the prior year. We remain alert to the capital markets for further opportunities for savings. Underlying finance costs, comprising gross interest costs less finance income as shown in note 4 to the accounts, were £103.6 million compared with £96.3 million in 2012.

Interest capitalised during the year was £13.1 million and related principally to the development of Les Terrasses du Port. The finance costs for discontinued activities 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, for which the sale was completed in June 2013. No finance charges have been allocated to discontinued operations as the other office properties which had been held for sale were financed from the Group's pooled unsecured borrowings.

TAX

The Group is a UK REIT and French SIIC for tax purposes.

DIVIDEND

The Directors have proposed a final dividend of 10.8 pence per share. Together with the interim dividend of 8.3 pence, the total for 2013 is 19.1 pence, representing an increase of 7.9% on the prior year. The final dividend is payable on 25 April 2014 to shareholders on the register at the close of business on 14 March and 3.6 pence will be paid as a PID, net of withholding tax where appropriate, with the balance of 7.2 pence paid as a normal dividend. As has been the case in recent years, there will be no scrip alternative although the dividend reinvestment plan continues to be available to shareholders.

BALANCE SHEET

Equity shareholders' funds were £4.1 billion at 31 December 2013, having increased by £209 million during the year. Net assets, calculated on an EPRA basis, increased by £223 million during 2013 and the movement over the year is shown in the table below. There was a corresponding 5.7% rise in EPRA net asset value per share to £5.73 at 31 December 2013. The valuation surplus on the investment property portfolio was augmented by the gains from our Value Retail investment, developments and retained earnings.

Movement in net asset value	Net assets* £m	EPRA NAV* £ per share
31 December 2012	3,860	5.42
Revaluation – investment portfolio	63	0.09
Revaluation – developments	27	0.04
Revaluation – investment in Value Retail	82	0.11
Profit on disposals	12	0.02
Premium and costs on redemption of bonds	(4)	(0.01)
Adjusted profit for the year	165	0.23
Dividends	(130)	(0.18)
Exchange and other	8	0.01
31 December 2013	**4,083**	**5.73**

* Excluding deferred tax and the fair value of derivatives, calculated in accordance with EPRA best practice as shown in note 8B.

FINANCING AND CASHFLOW

At 31 December 2013, net debt was £2.3 billion and comprised borrowings of £2.3 billion and cash and deposits of £57 million. Over the year net debt increased by £216 million, principally a reflection that development expenditure, dividends and the impact of exchange exceeded the net proceeds from investment activity, retained earnings and distributions from Value Retail. Cash and deposits closed approximately £10 million lower on the year following a £129 million cash inflow from operating activities, capital expenditure of £202 million, net outflows from investment activity of £11 million, £45 million of distributions received from Value Retail and a £28 million net inflow from financing activities. Liquidity, comprising cash and undrawn committed facilities, was £716 million at the end of 2013.

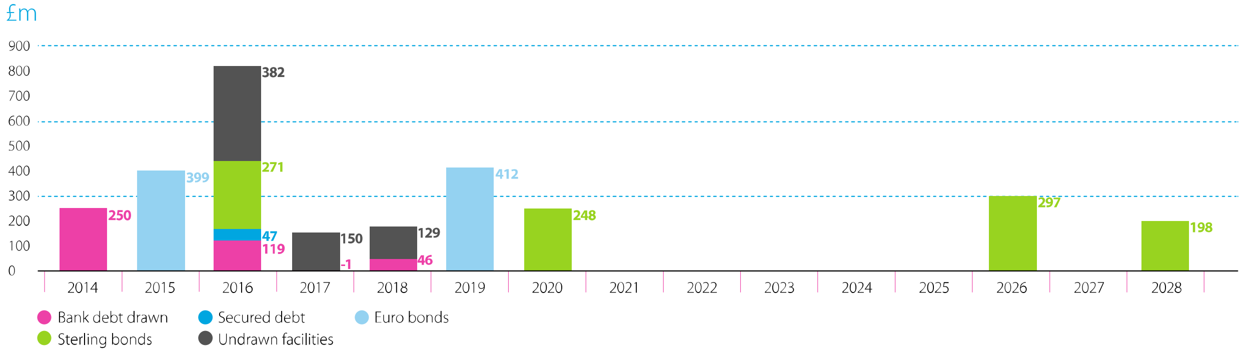
Our policy for interest rate hedging is to fix the rate of at least 50% of debt, although we may increase this at higher gearing levels. At 31 December 2013 70% of debt was fixed, compared with 80% at the beginning of the year. Increased exposure to floating rate debt enables us to benefit from the continuing low interest rate environment whilst maintaining the security offered by fixed rates of interest on the majority of debt. Recent market pricing indicates that interest rates may increase in the medium to long term and our fixed/floating profile will partly mitigate that risk. Furthermore, debt that will be drawn in respect of the private placement noted below will be at rates that have already been fixed, reducing the Group's exposure to interest rate fluctuations.

Exposure to exchange translation differences on euro denominated assets is managed through a combination of euro borrowings and derivatives, and at the end of 2013, 79% of the value of euro denominated assets was hedged, consistent with our policy. Interest on euro debt also acts as a hedge against exchange differences arising on rental income from our French business and during the year, all of the relevant income was hedged in this way.

The maturity profile of the Group's borrowings is shown in the chart below. At 31 December 2013, the average maturity of the Group's debt was more than five years. We monitor the capital markets with a view to managing short-term maturities. In May we completed a tender offer for £28 million of the Group's £300 million 5.25% unsecured bonds due in 2016. The premium and costs paid on the repurchased bonds resulted in an exceptional charge of £3.9 million. The interest cost of the bond was 5.25% and the debt was refinanced at an incremental finance cost of 1.4%, so we secured a lower running cost of debt. We expect this to result in a saving of approximately £1.0 million per annum.

DEBT MATURITY PROFILE AT 31 DECEMBER 2013

£m



Two new credit facilities became available during the year: in April a £175 million syndicated five-year revolving credit facility, carrying a margin of 150 basis points over LIBOR which matures in 2018 and which was used to refinance an existing £150 million facility maturing at the same time; and a £250 million loan, maturing in June 2014, became effective which increased our access to low floating rates of interest. In addition, an existing £125 million facility maturing in 2017 was increased to £150 million in April.

In November we signed an agreement with nine US institutions for the placement of $443 million fixed rate notes, which will fund in two tranches in 2014. These notes mature in seven, 10 and 12 years and are denominated in US Dollar, British Pound Sterling and Euro, with the US Dollar portion swapped to fixed Euro. The resultant weighted average coupon is fixed at 3.6%, with a weighted average maturity of nine years. The attractiveness of this transaction was enhanced by the ability of the US investors to defer closing, enabling Hammerson to maximise the benefit from low floating rates on its banking facilities. By final drawdown in June 2014, the placement will repay existing floating rate debt and increase the proportion of the Group's fixed rate debt by approximately 12% and extend the weighted average debt maturity by approximately 0.4 years. We believe that the sterling and euro bond markets will be available in the medium term to replace existing bank borrowings and bonds as they mature. We will access these markets as appropriate.

The Board approves financing guidelines against which it monitors the Group's financial structure. These guidelines, together with the relevant metrics, are summarised in the table below which illustrates the Group's robust financial condition as at the end of 2013.

The Group's unsecured bank facilities, and the recently issued Private Placement loan notes, 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 not be less than 1.25 times. The same gearing covenant applies to three of the Company's unsecured bonds, whilst the remaining bonds contain a covenant that gearing should not exceed 175%. The bonds have no covenant for interest cover. Hammerson's financial ratios are comfortably within these covenants. Principal Risks and Uncertainties on pages 19 and 20 provide further context for financing risk.

Fitch and Moody's rate Hammerson's unsecured credit as A- and Baa2 respectively.

Key Financing Metrics	Guideline	**31 December 2013**	31 December 2012
Net debt (£m)		**2,252**	2,036
Gearing (%)	maximum 85% for an extended period	**56**	53
Loan to value (%)	up to 40%	**38**	36
Liquidity (£m)		**716**	696
Weighted average cost of finance (%)		**4.8**	5.0
Interest cover (times)	at least 2.0	**2.8**	2.8
Net debt/EBITDA (times)	less than 10.0	**8.2**	7.9
Debt fixed (%)		**70**	80

PROPERTY PORTFOLIO INFORMATION

SECURITY AND QUALITY OF INCOME

Our portfolio provides a secure income stream, with a weighted average unexpired lease term of eight years, and opportunities for growth. The portfolio was 1.8% reversionary at 31 December 2013, with the UK and French portfolios 1.0% and 4.9% reversionary respectively. Assuming that leases are renewed or re-let and rent reviews are agreed at current ERVs an estimated £12.6 million of additional annual income could be secured from the portfolio by 2016.

LEASE EXPIRIES AND BREAKS

The table below shows that leases with current rents passing of £84.6 million will expire, or are subject to tenants' break clauses, during the period from 2014 to 2016. Additional annual rental income of £3.7 million could be secured in respect of expiries, on the assumption that renewals take place at current rental value levels. This estimate excludes tenant break options, as we think there is a low probability that these will be exercised. This is not a forecast and takes no account of void periods, lease incentives or potential changes to rental values.

LEASE EXPIRIES AND BREAKS AS AT 31 DECEMBER 2013

		Rents passing that expire/break in			ERV of leases that expire/break in			Weighted average unexpired lease term	
		2014 £m	2015 £m	2016 £m	2014 £m	2015 £m	2016 £m	to break years	to expiry years
Notes		1	1	1	2	2	2	1	1
United Kingdom									
Retail:	Shopping centres	17.9	12.4	8.5	23.6	12.6	8.2	6.6	8.2
	Retail parks	8.0	4.7	2.3	9.2	4.4	2.2	8.9	9.8
		25.9	17.1	10.8	32.8	17.0	10.4	7.6	8.9
Other UK		3.5	2.7	0.7	3.7	3.3	0.6	7.2	8.9
Total United Kingdom		**29.4**	**19.8**	**11.5**	**36.5**	**20.3**	**11.0**	**7.5**	**8.9**
France: Retail		**16.4**	**3.6**	**3.9**	**17.4**	**3.8**	**4.0**	**1.3**	**5.0**
Group									
Retail		42.3	20.7	14.7	50.2	20.8	14.4	6.0	7.9
Other UK		3.5	2.7	0.7	3.7	3.3	0.6	7.2	8.9
Total Group		**45.8**	**23.4**	**15.4**	**53.9**	**24.1**	**15.0**	**6.1**	**8.0**

Notes

1. The amount by which rental income, based on rents passing at 31 December 2013, 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 31 December 2013 for leases that expire or break in each year and ignoring the impact of rental growth and any rent-free periods.

RENT REVIEWS

Rent reviews as at 31 December 2013		Rents passing subject to review in				Projected rents at current ERV of leases subject to review in			
		Outstanding £m	2014 £m	2015 £m	2016 £m	Outstanding £m	2014 £m	2015 £m	2016 £m
Notes		1	1	1	1	2	2	2	2
United Kingdom									
Retail:	Shopping centres	40.8	15.8	9.3	9.9	43.7	17.1	10.4	10.8
	Retail parks	19.5	9.4	24.5	15.9	20.2	9.8	25.1	16.2
		60.3	25.2	33.8	25.8	63.9	26.9	35.5	27.0
Other UK		4.1	1.9	3.3	0.9	4.2	2.1	3.7	0.9
Total United Kingdom		**64.4**	**27.1**	**37.1**	**26.7**	**68.1**	**29.0**	**39.2**	**27.9**

Notes

1. Rents passing at 31 December 2013, 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 31 December 2013 and ignoring the impact of changes in rental values before the review date.

The UK portfolio could provide additional rental income of £3.7 million per annum, assuming that outstanding rent review negotiations are concluded at rental values prevailing at the time of review. Over the period to 2016, leases with rents passing of £90.9 million are subject to review and if reviewed to current rental values, would generate additional £5.2 million per annum. This is not a forecast and takes no account of potential changes in rental values before the relevant review dates.

Rents in our French portfolio are subject to annual indexation, which is 0.8% in 2014 for the majority of leases.

TENANT COVENANT STRENGTH

At 31 December 2013, our ten most significant retailers, listed in the table below, accounted for £64.4 million, or 20%, of rents passing.

Tenant	% of total passing rent
B&Q	3.9
Home Retail Group	2.3
H&M	2.2
Arcadia	2.1
DSG Retail	2.0
Next	1.9
Boots	1.7
New Look	1.5
TK Maxx	1.3
SportsDirect	1.2
Total	**20.1**

We assess the covenant strength of prospective tenants and monitor the credit standing of our key retailers using a credit rating agency. The agency has a five-point risk indicator scale which runs from one ('low') to five ('high'). All of the top ten retail tenants were rated at 'low' or 'lower than average' risk at the end of 2013. For the UK portfolio as a whole, tenants rated within these lowest risk categories represented 83% of the passing rents of the UK retail portfolio and 1.6 was the average score.

In the French portfolio, 80% of tenants scored 'lower risk' and the average score was also 1.6.

At 31 December 2013, 49 UK retail units were let to tenants in administration, of which 27 continued to trade. In our French portfolio, all of the 21 units let to tenants in administration continued to trade. For the portfolio as a whole income equating to 1.2% of the Group's total passing rents was derived from tenants in administration. The equivalent figure for tenants in administration and no longer trading, however, was just 0.5%.

COLLECTION RATES

Our rent collection rates demonstrate the underlying strength of the Group's income stream. In the UK and France 99% and 87% of the respective rents were collected within 14 days of the December 2013 due date.

INVESTMENT PORTFOLIO – VALUATION DATA

Valuation data for investment portfolio for the year ended 31 December 2013		Properties at valuation £m	Revaluation in the year £m	Capital return %	Total return %	Initial yield %	True equivalent yield %	Nominal equivalent yield %
Notes					1	2	3	
United Kingdom								
Retail:	Shopping centres	2,523.5	58.0	2.4	7.8	5.1	5.8	5.6
	Retail parks	1,471.1	25.1	1.7	7.8	5.4	6.1	5.9
		3,994.6	83.1	2.1	7.8	5.2	5.9	5.7
Other UK		199.4	(17.7)	(6.5)	(1.0)	6.3	7.4	7.0
Total United Kingdom		4,194.0	65.4	1.9	7.6	5.2	6.0	5.8
Continental Europe								
France:	Retail	1,240.2	(4.1)	(0.3)	4.9	5.0	5.5	5.3
Group								
Retail		5,234.8	79.0	1.6	7.1	5.1	5.8	5.6
Other UK		199.4	(17.7)	(6.5)	(1.0)	6.3	7.4	7.0
Total investment portfolio		**5,434.2**	**61.3**	**1.4**	**7.0**	**5.2**	**5.9**	**5.7**
Developments		497.0	27.5	10.4	10.5			
Total continuing operations		**5,931.2**	**88.8**	**1.8**	**7.0**			
Discontinued operations		–	1.5	3.7	10.8			
Total portfolio		**5,931.2**	**90.3**	**2.0**	**7.2**			
Value Retail[4]				12.6	19.3			
Total Group				**3.1**	**8.5**			

Notes

1. 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.
2. 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.
3. Nominal equivalent yields, which are similar to the true equivalent yields but assume rents are received annually in arrears, are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13.
4. Represents the returns for the Group's share of the Value Retail portfolio.
5. Further analysis of development properties by segment is provided in note 3B on page 32.
6. The weighted average remaining rent-free period is 0.7 years.

INVESTMENT PORTFOLIO – RENTAL DATA

Rental data for investment portfolio for the year ended 31 December 2013		Gross rental income £m	Net rental income £m	Vacancy rate %	Average rents passing £/m²	Rents passing £m	Estimated rental value £m	Reversion/ (over-rented) %
Notes				1	2	3	4	5
United Kingdom								
Retail:	Shopping centres	145.1	124.3	1.9	510	148.4	152.9	1.3
	Retail parks	86.6	82.1	1.6	185	87.5	89.5	0.6
		231.7	206.4	1.8	340	235.9	242.4	1.0
Other UK		14.9	12.1	8.7	210	14.4	15.8	0.4
Total United Kingdom		246.6	218.5	2.2	330	250.3	258.2	1.0
Continental Europe								
France: Retail		71.6	63.2	2.6	335	69.7	75.1	4.9
Group								
Retail		303.3	269.6	2.0	340	305.6	317.5	1.9
Other UK		14.9	12.1	8.7	210	14.4	15.8	0.4
Total continuing investment portfolio		**318.2**	**281.7**	**2.3**	**330**	**320.0**	**333.3**	**1.8**
Developments		3.0	1.1					
Total continuing operations		**321.2**	**282.8**					
Discontinued operations		7.4	7.4					
Total Group – as disclosed in note 3A to the accounts		**328.6**	**290.2**					

Selected data for the year ended 31 December 2012							
Group							
Retail	281.2	245.1	2.0	340	300.6	312.5	1.9
Other UK	16.2	13.9	9.1	175	11.1	12.6	2.6
Total continuing investment portfolio	**297.4**	**259.0**	**2.3**	**325**	**311.7**	**325.1**	**2.0**

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 rents passing at 31 December 2013 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 31 December 2013, 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 31 December 2013, after deducting head and equity rents, calculated by the Group's valuers. ERVs in the above table are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13.
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 31 December 2013.

PRINCIPAL RISKS AND UNCERTAINTIES

BUSINESS STRATEGY

Property and financial markets

Financial markets have stabilised over the last year. Growth has returned to some Western economies, in part thanks to continued fiscal stimuli, stock markets have performed strongly and uncertainty over the future of the eurozone has diminished. However, levels of growth remain subdued and the risk of market shocks remains.

Retailers are continuing to ensure that their sales channels remain relevant in the digital age and provide consumers with the flexibility and convenience they require. Real estate remains a cornerstone of their plans.

Hammerson's portfolio is diversified by sub-sector and its allocation, including exposure to the eurozone, is reviewed regularly.

Stress-testing of our business model against a severe downside economic scenario has confirmed that the Group is robust. Low gearing, long-term secure income streams from our leases, the currency hedging of the value of and income from our French portfolio, a good spread of debt maturities and the flexibility to phase or halt our development programme all point to resilience to market shocks.

PROPERTY AND CORPORATE INVESTMENT

Property valuations

As noted above, the economic environment has become more benign with a corresponding increase in investor demand for real estate, reinforced by an appetite by overseas investors for 'safer' returns from prime assets in the UK and France. The result is that values for such properties have risen over the year. However, in the event that there is further instability in the eurozone, significant volatility could return to financial markets in the short to medium terms, which could have a knock-on effect on real estate values.

The Group's property portfolio is of high quality, geographically diversified and let to a large number of tenants.

Tenant default

The rate of tenant administrations has fallen as economic conditions have improved. Some retailers are now planning to expand their representation, but are expected to concentrate on prime retail sites. The Group's geographical diversity and its large number of tenants mean the impact of individual tenant default for Hammerson is low. Our occupational leases are generally long-term contracts, making the income stream relatively secure.

PROPERTY DEVELOPMENT

Development and letting

As retailers' plans for expansion have gathered pace, so has their interest in our planned and potential developments. However, we are seeing inflationary pressures building in the construction sector, fuelled by growing demand for skills and raw materials as economic growth returns. Where possible, guaranteed maximum price contracts are agreed with building contractors and fixed prices agreed for other advisers.

We have a substantial pipeline but 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. We currently have a limited number of developments underway. At the largest, Les Terrasses du Port in Marseille, 93% of the income has been contracted or is in solicitors' hands.

TREASURY, TAX AND REGULATORY

Property valuations

The improved economic picture has supported property valuations for prime assets and hence maintained the safety margin for borrowing covenants. Gearing stood at 56% at 31 December 2013, significantly lower than the Group's most stringent borrowing covenant that gearing should not exceed 150%. We estimate that values could fall by 43% from their December 2013 levels before covenants would be endangered.

Liquidity risk

Companies with short-term financing requirements may continue to find it difficult to secure sufficient funding, in particular from banks, at costs comparable with their existing facilities. Lenders have continued to be selective in their choice of counterparty and the corporate bond market is open to borrowers with an appropriate risk profile. Alternatives to the traditional bank lending and bond markets, such as private placement, remain open.

The high quality and diversification of our portfolio should help to protect values from the negative impacts which may arise from changes in the financial and property markets.

While credit conditions during 2013 have been favourable for debt issuers, there is a risk that this could change. The Group's recent funding strategy has therefore sought to refinance near-term maturities early to minimise refinancing risk. In November we entered into a private placement for $443 million (£275 million) with funding deferred to February and June 2014. Combined with our high liquidity of £716 million, we are therefore well positioned for the Group's nearest bank debt maturity of £250 million in 2014 and the €480 million (£399 million) bond which matures in 2015.

Interest rate and exchange risk

Interest rates have remained low over the last 12 months, but there is a growing expectation that they will rise in the medium term as economic growth and inflation return.

We set guidelines for our exposure to fixed and floating interest rates, using interest rate and currency swaps as appropriate. At 31 December 2013, 70% of the Group's gross debt was at fixed rates of interest.

The sterling/euro exchange rate has stabilised, but continues to be susceptible to volatility at times of heightened uncertainty in the eurozone.

Exchange risk is managed principally by matching foreign currency assets with foreign currency borrowings or derivatives. At the end of 2013, 79% of the value of the Group's French portfolio was hedged in this way.

Tax and regulatory
Governments are seeking to reduce fiscal deficits and regulators are examining mechanisms which would make financial markets more resilient. Increased taxation may be a risk for the broader business sector, but an asset-based industry such as real estate, which currently benefits from tax-efficient regimes throughout Europe, could become a specific target.

The real estate sector is sometimes perceived by regulators to be part of the financial services sector rather than as an operating business and the industry could be adversely affected by misdirected regulation designed to stabilise financial markets.

Business organisation and human resources
As conditions have improved, the recruitment market has become more active with rising demand for good people. This will put upward pressure on salaries for the best candidates.

CATASTROPHIC EVENT

The Group's operations or financial security could be significantly affected by disruption to financial markets following a wide-scale event such as a power shortage, extreme weather, environmental incident, civil unrest or terrorist or cyber attack.

Risk assessments for terrorist and cyber risks remain elevated. The Group has established: continuity plans at both corporate and individual property levels; a crisis management group with predetermined processes and escalation; and put in place physical security measures at properties. Senior management, including the crisis management group, have received media training for crisis events. Security threats are assessed regularly through links with security agencies, and insurance policies include terrorism cover.

RESPONSIBILITY STATEMENT OF THE DIRECTORS ON THE ANNUAL REPORT

The Responsibility Statement has been prepared in connection with the Company's full Annual Report for the year ended 31 December 2013. Certain parts of the Annual Report are not included in this announcement.

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

David Atkins / Chief Executive Officer

14 February 2014

Timon Drakesmith / Chief Financial Officer

14 February 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

Continuing operations	Notes	**2013 £m**	2012 £m
Gross rental income	2	**321.2**	297.6
Operating profit before other net gains/(losses) and share of results of associate	2	**240.7**	215.9
Other net gains/(losses)	2	**93.0**	(36.3)
Share of results of associate	11A	**101.5**	47.5
Operating profit	2	**435.2**	227.1
Finance costs		**(97.0)**	(94.0)
Bond redemption – premium and costs		**(3.9)**	(13.8)
Floating rate reset bonds redemption – premium and costs		**–**	(41.7)
Change in fair value of derivatives		**(14.5)**	9.4
Finance income		**6.5**	6.5
Net finance costs	4	**(108.9)**	(133.6)
Profit before tax		**326.3**	93.5
Tax charge	5A	**(0.7)**	(0.4)
Profit from continuing operations		**325.6**	93.1
Profit from discontinued operations	6B	**14.9**	48.7
Profit for the year		**340.5**	141.8
Attributable to:			
Equity shareholders		**337.4**	138.4
Non-controlling interests*		**3.1**	3.4
Profit for the year		**340.5**	141.8
Basic and diluted earnings per share			
Continuing operations		**45.3p**	12.6p
Discontinued operations		**2.1p**	6.8p
Total	8A	**47.4p**	19.4p
EPRA earnings per share	8A	**23.1p**	20.9p

* Non-controlling interests relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

Continuing and discontinued operations	**2013 £m**	2012 £m
Foreign exchange translation differences*	**32.2**	(43.6)
Net (loss)/gain on hedging activities*	**(31.9)**	27.3
Revaluation gains on owner-occupied property	**3.2**	0.1
Revaluation gains on investment in associate	**2.9**	–
Revaluation gains on other investments	**–**	74.4
Actuarial losses on pension schemes	**(2.4)**	(0.7)
Net gain recognised directly in equity	**4.0**	57.5
Profit for the year from continuing operations	**325.6**	93.1
Profit for the year from discontinued operations	**14.9**	48.7
Profit for the year	**340.5**	141.8
Total comprehensive income for the year	**344.5**	199.3
Attributable to:		
Equity shareholders	**339.6**	198.1
Non-controlling interests	**4.9**	1.2
Total comprehensive income for the year	**344.5**	199.3

* Foreign exchange translation differences and net losses or gains on hedging activities would be recycled through the income statement in the event that foreign operations were disposed.

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Notes	2013 £m	2012 £m
Non-current assets			
Investment and development properties	9	**5,931.2**	5,458.4
Interests in leasehold properties		**44.9**	42.3
Plant, equipment and owner-occupied property	10	**39.5**	36.7
Investment in associate	11B	**545.4**	428.4
Other investments		**1.4**	1.4
Receivables	13	**72.3**	66.6
		6,634.7	6,033.8
Current assets			
Assets held for sale	6D	**–**	212.6
Receivables	14	**113.1**	102.7
Cash and deposits	15	**56.7**	57.1
		169.8	372.4
Total assets		**6,804.5**	6,406.2
Current liabilities			
Liabilities associated with assets held for sale	6D	**–**	90.4
Payables	16	**240.5**	243.7
Tax	5C	**1.0**	1.4
Borrowings	17A	**246.2**	158.0
		487.7	493.5
Non-current liabilities			
Borrowings	17A	**2,062.8**	1,880.1
Deferred tax	5C	**0.4**	0.5
Obligations under finance leases		**44.7**	42.3
Payables	19	**72.3**	64.1
		2,180.2	1,987.0
Total liabilities		**2,667.9**	2,480.5
Net assets		**4,136.6**	3,925.7
Equity			
Share capital	20	**178.2**	178.2
Share premium		**1,222.4**	1,222.3
Translation reserve		**370.1**	339.7
Hedging reserve		**(311.3)**	(279.4)
Capital redemption reserve		**7.2**	7.2
Other reserves		**10.0**	10.9
Revaluation reserve		**21.2**	18.0
Retained earnings		**2,567.0**	2,360.3
Investment in own shares		**(4.9)**	(6.0)
Equity shareholders' funds		**4,059.9**	3,851.2
Non-controlling interests*		**76.7**	74.5
Total equity		**4,136.6**	3,925.7
Diluted net asset value per share	8B	**£5.70**	£5.41
EPRA net asset value per share	8B	**£5.73**	£5.42

* Non-controlling interests relate to continuing operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	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	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2013	**178.2**	**1,222.3**	**339.7**	**(279.4)**	**7.2**	**10.9**	**18.0**	**2,360.3**	**(6.0)**	**3,851.2**	**74.5**	**3,925.7**
Issue of shares	–	0.1	–	–	–	–	–	–	–	0.1	–	0.1
Share-based employee remuneration	–	–	–	–	–	3.9	–	–	–	3.9	–	3.9
Cost of shares awarded to employees	–	–	–	–	–	(6.0)	–	–	6.0	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	1.2	–	(1.2)	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	–	0.1	–	0.1	–	0.1
Purchase of own shares	–	–	–	–	–	–	–	–	(4.9)	(4.9)	–	(4.9)
Dividends	–	–	–	–	–	–	–	(130.1)	–	(130.1)	(2.7)	(132.8)
Foreign exchange translation differences	–	–	30.4	–	–	–	–	–	–	30.4	1.8	32.2
Net loss on hedging activities	–	–	–	(31.9)	–	–	–	–	–	(31.9)	–	(31.9)
Revaluation gains on owner-occupied property	–	–	–	–	–	–	3.2	–	–	3.2	–	3.2
Revaluation gains on investment in associate	–	–	–	–	–	–	–	2.9	–	2.9	–	2.9
Actuarial losses on pension schemes	–	–	–	–	–	–	–	(2.4)	–	(2.4)	–	(2.4)
Profit for the year attributable to equity shareholders	–	–	–	–	–	–	–	337.4	–	337.4	3.1	340.5
Total comprehensive income/(loss) for the year	–	–	30.4	(31.9)	–	–	3.2	337.9	–	339.6	4.9	344.5
Balance at 31 December 2013	**178.2**	**1,222.4**	**370.1**	**(311.3)**	**7.2**	**10.0**	**21.2**	**2,567.0**	**(4.9)**	**4,059.9**	**76.7**	**4,136.6**

Investment in own shares is stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	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	–	0.4	–	–	–	–	–	–	–	–	0.4	–	0.4
Share-based employee remuneration	–	–	–	–	–	4.9	–	–	–	–	4.9	–	4.9
Cost of shares awarded to employees	–	–	–	–	–	(3.9)	–	–	3.9	–	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	0.6	–	(0.6)	–	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	–	0.2	–	–	0.2	–	0.2
Transfer from treasury shares	–	–	–	–	–	–	–	–	(4.7)	4.7	–	–	–
Purchase of own shares	–	–	–	–	–	–	–	–	(3.4)	–	(3.4)	–	(3.4)
Dividends	–	–	–	–	–	–	–	(120.9)	–	–	(120.9)	(3.2)	(124.1)
Foreign exchange translation differences	–	–	(41.4)	–	–	–	–	–	–	–	(41.4)	(2.2)	(43.6)
Net gain on hedging activities	–	–	–	27.3	–	–	–	–	–	–	27.3	–	27.3
Revaluation gains on owner-occupied property	–	–	–	–	–	–	0.1	–	–	–	0.1	–	0.1
Revaluation gains on other investments	–	–	–	–	–	–	74.4	–	–	–	74.4	–	74.4
Actuarial losses on pension schemes	–	–	–	–	–	–	–	(0.7)	–	–	(0.7)	–	(0.7)
Transfer on recognition of investment as an associate	–	–	–	–	–	–	(218.2)	218.2	–	–	–	–	–
Profit for the year attributable to equity shareholders	–	–	–	–	–	–	–	138.4	–	–	138.4	3.4	141.8
Total comprehensive income/(loss) for the year	–	–	(41.4)	27.3	–	–	(143.7)	355.9	–	–	198.1	1.2	199.3
Balance at 31 December 2012	178.2	1,222.3	339.7	(279.4)	7.2	10.9	18.0	2,360.3	(6.0)	–	3,851.2	74.5	3,925.7

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	Notes	**2013 £m**	2012 £m
Operating activities			
Operating profit before other net gains/(losses) and share of results of associate			
– continuing operations	2	**240.7**	215.9
– discontinued operations	6B	**7.2**	23.7
		247.9	239.6
Increase in receivables		**(6.0)**	(14.5)
(Decrease)/Increase in payables		**(22.4)**	13.5
Adjustment for non-cash items	22	**14.3**	14.0
Cash generated from operations		**233.8**	252.6
Interest paid		**(109.9)**	(117.6)
Interest received		**6.5**	5.7
Tax paid	5C	**(1.0)**	(0.8)
Cash flows from operating activities		**129.4**	139.9
Investing activities			
Property acquisitions		**(191.1)**	(397.3)
Development and major refurbishments		**(184.4)**	(122.9)
Other capital expenditure		**(17.5)**	(48.0)
Sale of properties		**256.3**	585.0
Acquisition of interest in associate		**(54.7)**	(80.0)
Distribution received from associate		**45.0**	2.4
(Increase)/Decrease in non-current receivables		**(21.1)**	5.2
Cash flows from investing activities		**(167.5)**	(55.6)
Financing activities			
Issue of shares		**0.2**	0.5
Proceeds from award of own shares		**0.1**	0.2
Purchase of own shares		**(4.9)**	(3.4)
Interest rate swap cancellation costs paid		**–**	(5.2)
Bond redemption premium and costs paid	4	**(3.9)**	(13.8)
Floating rate reset bonds redemption premium and costs paid	4	**–**	(41.7)
Increase/(Decrease) in non-current borrowings		**83.0**	(20.0)
Increase in current borrowings		**85.7**	87.1
Dividends paid to non-controlling interests		**(2.7)**	(3.2)
Equity dividends paid	7	**(129.4)**	(118.4)
Cash flows from financing activities		**28.1**	(117.9)
Net decrease in cash and deposits		**(10.0)**	(33.6)
Opening cash and deposits		**66.4**	100.7
Exchange translation movement		**0.3**	(0.7)
Closing cash and deposits	15	**56.7**	66.4
Cash and deposits classified as assets held for sale	6D	**–**	(9.3)
Cash and deposits as stated on balance sheet	15	**56.7**	57.1

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

ANALYSIS OF MOVEMENT IN NET DEBT

For the year ended 31 December 2013

	Short-term deposits £m	Cash at bank £m	Current borrowings including currency swaps £m	Non-current borrowings £m	Net debt £m
As stated on balance sheet at 1 January 2013	**12.0**	**45.1**	**(158.0)**	**(1,880.1)**	**(1,981.0)**
Cash and deposits and borrowings classified as held for sale (note 6D)	**–**	**9.3**	**(1.3)**	**(63.3)**	**(55.3)**
Balance at 1 January 2013	**12.0**	**54.4**	**(159.3)**	**(1,943.4)**	**(2,036.3)**
Cash flow	**(0.8)**	**(9.2)**	**(85.7)**	**(83.0)**	**(178.7)**
Exchange	**–**	**0.3**	**(1.2)**	**(36.4)**	**(37.3)**
Balance at 31 December 2013	**11.2**	**45.5**	**(246.2)**	**(2,062.8)**	**(2,252.3)**

NOTES TO THE ACCOUNTS

1: FINANCIAL INFORMATION

The financial information contained in this announcement has been prepared on the basis of the accounting policies set out in the statutory accounts for the year ended 31 December 2013. Whilst the financial information included in this announcement has been computed in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Company's statutory accounts for the years ended 31 December 2013 or 2012, but is derived from those accounts. Those accounts give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole. Statutory accounts for 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered following the Company's Annual General Meeting. The auditor's reports on both the 2013 and 2012 accounts were unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under s498(2) or (3) of the Companies Act 2006 or preceding legislation.

As part of the Group's strategy to focus on the retail sector, the Group completed the disposal of the majority of its office portfolio between July 2012 and June 2013. Consequently, the relevant assets and liabilities were classified as held for sale. The income and expenditure of these properties are classified as discontinued operations in both the current and comparative periods to reflect the discontinuation of the Group's 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 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 for the transaction with a Non-Executive Director noted in the 2012 annual report, and in relation to Directors' remuneration, all other related party transactions are eliminated on consolidation.

The principal exchange rate used to translate foreign currency denominated amounts in the balance sheet is the rate at the end of the year, £1 = €1.202 (2012: £1 = €1.233). The principal exchange rate used for the income statement is the average rate, £1 = €1.178 (2012: £1 = €1.233).

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 Business Review, the Financial Review and Principal Risks and Uncertainties. The financial position of the Group, its liquidity position and borrowing facilities are described in the 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 Annual Report.

2: PROFIT FOR THE YEAR

	Notes	Adjusted £m	Capital and other £m	Total 2013 £m	Adjusted £m	Capital and other £m	Total 2012 £m
Gross rental income	3A	**321.2**	**–**	**321.2**	297.6	–	297.6
Ground and equity rents payable		**(1.9)**	**–**	**(1.9)**	(1.9)	–	(1.9)
Gross rental income, after rents payable		**319.3**	**–**	**319.3**	295.7	–	295.7
Service charge income		**58.1**	**–**	**58.1**	54.5	–	54.5
Service charge expenses		**(68.0)**	**–**	**(68.0)**	(62.7)	–	(62.7)
Net service charge expenses		**(9.9)**	**–**	**(9.9)**	(8.2)	–	(8.2)
Other property outgoings		**(26.6)**	**–**	**(26.6)**	(28.7)	–	(28.7)
Property outgoings		**(36.5)**	**–**	**(36.5)**	(36.9)	–	(36.9)
Net rental income	3A	**282.8**	**–**	**282.8**	258.8	–	258.8
Management fees receivable		**6.7**	**–**	**6.7**	5.9	–	5.9
Cost of property activities		**(33.2)**	**–**	**(33.2)**	(31.4)	–	(31.4)
Corporate expenses		**(15.6)**	**–**	**(15.6)**	(17.4)	–	(17.4)
Administration expenses		**(42.1)**	**–**	**(42.1)**	(42.9)	–	(42.9)
Operating profit before other net gains/(losses) and share of results of associate		**240.7**	**–**	**240.7**	215.9	–	215.9
Gain on the sale of investment properties		**–**	**4.2**	**4.2**	–	12.2	12.2
Revaluation gains/(losses) on investment properties		**–**	**61.3**	**61.3**	–	(68.3)	(68.3)
Revaluation gains on development properties		**–**	**27.5**	**27.5**	–	19.8	19.8
Other net gains/(losses)		**–**	**93.0**	**93.0**	–	(36.3)	(36.3)
Share of results of associate	11A	**13.4**	**88.1**	**101.5**	4.3	43.2	47.5
Operating profit		**254.1**	**181.1**	**435.2**	220.2	6.9	227.1
Net finance costs	4	**(90.5)**	**(18.4)**	**(108.9)**	(87.5)	(46.1)	(133.6)
Profit before tax		**163.6**	**162.7**	**326.3**	132.7	(39.2)	93.5
Current tax charge	5A	**(0.8)**	**–**	**(0.8)**	(0.4)	–	(0.4)
Deferred tax credit	5A	**–**	**0.1**	**0.1**	–	–	–
Profit from continuing operations		**162.8**	**162.8**	**325.6**	132.3	(39.2)	93.1
Profit from discontinued operations	6B	**5.3**	**9.6**	**14.9**	19.8	28.9	48.7
Profit for the year		**168.1**	**172.4**	**340.5**	152.1	(10.3)	141.8
Non-controlling interests – continuing operations	8A	**(3.6)**	**0.5**	**(3.1)**	(3.3)	(0.1)	(3.4)
Profit for the year attributable to equity shareholders	8A	**164.5**	**172.9**	**337.4**	148.8	(10.4)	138.4
Profit for the year attributable to equity shareholders							
Continuing operations	8A	**159.2**	**163.3**	**322.5**	129.0	(39.3)	89.7
Discontinued operations	8A	**5.3**	**9.6**	**14.9**	19.8	28.9	48.7
		164.5	**172.9**	**337.4**	148.8	(10.4)	138.4

Included in gross rental income is £8.0 million (2012: £6.3 million) of contingent rents calculated by reference to tenants' turnover.

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.

A: Revenue and profit by segment

		2013				2012		
			Non-cash items				Non-cash items	
Continuing operations	**Gross rental income £m**	**Net rental income £m**	**Within net rental income £m**	**Revaluation gains/ (losses) on properties £m**	Gross rental income £m	Net rental income £m	Within net rental income £m	Revaluation gains/ (losses) on properties £m
United Kingdom								
Retail: Shopping centres	**145.1**	**124.3**	**(7.5)**	**58.0**	141.2	117.0	(7.2)	(21.2)
Retail parks	**86.6**	**82.1**	**0.2**	**25.1**	70.9	66.8	(0.9)	(30.6)
	231.7	**206.4**	**(7.3)**	**83.1**	212.1	183.8	(8.1)	(51.8)
Other UK	**14.9**	**12.1**	**(0.1)**	**(17.7)**	16.2	13.9	(0.2)	(17.3)
Total United Kingdom	**246.6**	**218.5**	**(7.4)**	**65.4**	228.3	197.7	(8.3)	(69.1)
Continental Europe								
France: Retail	**71.6**	**63.2**	**(0.1)**	**(4.1)**	69.1	61.3	–	0.8
Group								
Retail	**303.3**	**269.6**	**(7.4)**	**79.0**	281.2	245.1	(8.1)	(51.0)
Other UK	**14.9**	**12.1**	**(0.1)**	**(17.7)**	16.2	13.9	(0.2)	(17.3)
Total investment portfolio	**318.2**	**281.7**	**(7.5)**	**61.3**	297.4	259.0	(8.3)	(68.3)
Developments and other sources not analysed above	**3.0**	**1.1**	**–**	**27.5**	0.2	(0.2)	–	19.8
Total continuing operations	**321.2**	**282.8**	**(7.5)**	**88.8**	297.6	258.8	(8.3)	(48.5)
As disclosed in note	2	2	22	2, 9	2	2	22	2, 9
Discontinued operations								
Other UK	**7.4**	**7.4**	**(0.8)**	**1.5**	28.0	24.1	1.5	(1.4)
As disclosed in note	6B	6B	22	6B, 9	6B	6B	22	6B, 9
Total portfolio	**328.6**	**290.2**	**(8.3)**	**90.3**	325.6	282.9	(6.8)	(49.9)

The non-cash items included within net rental income relate to the amortisation of lease incentives and other costs and movements in accrued rents receivable.

B: Investment and development property assets by segment

	2013				2012			
	Investment properties £m	Development properties £m	Total £m	Capital expenditure £m	Investment properties £m	Development properties £m	Total £m	Capital expenditure £m
United Kingdom								
Retail: Shopping centres	**2,523.5**	**10.9**	**2,534.4**	**169.7**	2,412.9	11.5	2,424.4	159.2
Retail parks	**1,471.1**	**7.4**	**1,478.5**	**24.3**	1,422.6	5.2	1,427.8	273.0
	3,994.6	**18.3**	**4,012.9**	**194.0**	3,835.5	16.7	3,852.2	432.2
Other UK	**199.4**	**81.4**	**280.8**	**56.0**	158.9	27.5	186.4	3.7
Total United Kingdom	**4,194.0**	**99.7**	**4,293.7**	**250.0**	3,994.4	44.2	4,038.6	435.9
Continental Europe								
France: Retail	**1,240.2**	**397.3**	**1,637.5**	**138.6**	1,188.3	231.5	1,419.8	104.5
Group								
Retail	**5,234.8**	**415.6**	**5,650.4**	**332.6**	5,023.8	248.2	5,272.0	536.7
Other UK	**199.4**	**81.4**	**280.8**	**56.0**	158.9	27.5	186.4	3.7
Total non-current assets	**5,434.2**	**497.0**	**5,931.2**	**388.6**	5,182.7	275.7	5,458.4	540.4
Assets held for sale	**–**	**–**	**–**	**(0.6)**	194.5	–	194.5	18.7
Total property assets	**5,434.2**	**497.0**	**5,931.2**	**388.0**	5,377.2	275.7	5,652.9	559.1

C: Analysis of equity shareholders' funds

	Assets employed		Net debt		Equity shareholders' funds	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
United Kingdom	**4,481.1**	4,514.4	**(838.3)**	(861.1)	**3,642.8**	3,653.3
Continental Europe	**1,831.1**	1,373.1	**(1,414.0)**	(1,175.2)	**417.1**	197.9
	6,312.2	5,887.5	**(2,252.3)**	(2,036.3)	**4,059.9**	3,851.2

As part of the Group's foreign currency hedging programme, at 31 December 2013 the Group had currency swaps outstanding, which are included in the analysis above.

4: NET FINANCE COSTS

	2013 £m	2012 £m
Interest on bank loans and overdrafts	**12.3**	11.6
Interest on other borrowings	**94.8**	89.2
Interest on obligations under finance leases	**0.6**	0.6
Other interest payable	**2.4**	1.4
Gross interest costs	**110.1**	102.8
Less: Interest capitalised	**(13.1)**	(8.8)
Finance costs	**97.0**	94.0
Bond redemption – premium and costs*	**3.9**	13.8
Floating rate reset bonds redemption – premium and costs*	**–**	41.7
Change in fair value of interest rate swaps	**14.5**	(8.3)
Change in fair value of currency swaps outside hedge accounting designation	**–**	(1.1)
Change in fair value of derivatives*	**14.5**	(9.4)
Finance income	**(6.5)**	(6.5)
Net finance costs	**108.9**	133.6
Underlying finance costs		
Gross interest costs	**110.1**	102.8
Finance income	**(6.5)**	(6.5)
Net underlying finance costs	**103.6**	96.3

* Total of £18.4 million (2012: £46.1 million) included in 'Capital and other' in note 2.

5: TAX

A: Tax charge

	2013 £m	2012 £m
UK current tax	**0.3**	0.3
Foreign current tax	**0.5**	0.1
Current tax charge	**0.8**	0.4
Deferred tax credit	**(0.1)**	–
Tax charge	**0.7**	0.4

Current tax is reduced by the UK REIT and French SIIC tax exemptions.

B: Tax charge reconciliation

	Notes	2013 £m	2012 £m
Profit before tax – continuing operations	2	**326.3**	93.5
Profit before tax – discontinued operations	6B	**14.9**	48.7
Profit before tax		**341.2**	142.2
Less: Profit after tax of associate		**(101.5)**	(47.5)
Profit on ordinary activities before tax		**239.7**	94.7
Profit multiplied by the UK corporation tax rate of 23.25% (2012: 24.5%)		**55.7**	23.2
UK REIT tax exemption on net income before revaluations and disposals		**(19.3)**	(21.1)
UK REIT tax exemption on revaluations and disposals		**(15.2)**	7.9
SIIC tax exemption		**(22.7)**	(19.9)
Non-deductible and other items		**2.2**	10.3
Tax charge		**0.7**	0.4

C: Current and deferred tax movements

	1 January 2013 £m	Recognised in income £m	Tax paid £m	Acquisitions £m	**31 December 2013 £m**
Current tax	1.2	0.8	(1.0)	(0.2)	**0.8**
Deferred tax	0.5	(0.1)	–	–	**0.4**
	1.7	0.7	(1.0)	(0.2)	**1.2**
Analysed as:					
Current assets: Corporation tax	(0.2)				**(0.2)**
Current liabilities: Tax	1.4				**1.0**
Non-current liabilities: Deferred tax	0.5				**0.4**
	1.7				**1.2**

D: Unrecognised deferred tax

At 31 December 2013, the Group had unrecognised deferred tax assets as calculated at a tax rate of 20% (2012: 23%) of £68 million (2012: £69 million) for surplus UK revenue tax losses carried forward and £90 million (2012: £63 million) for UK capital losses.

Deferred tax is not provided on potential gains on investments in subsidiaries and joint ventures when the Group can control whether gains crystallise and it is probable that gains will not arise in the foreseeable future. At 31 December 2013 the total of such gains was £235 million (2012: £175 million) and the potential tax effect before the offset of losses was £47 million (2012: £40 million). If a UK REIT sells a property within three years of completion of development, the REIT exemption will not apply. There were no such properties at 31 December 2012 or 2013.

E: UK REIT status

The Group elected to be treated as a UK REIT with effect from 1 January 2007. The UK REIT rules exempt the profits of the Group's UK property rental business from corporation tax. Gains on UK properties are also exempt from tax, provided they are not held for trading or sold in the three years after completion of development. The Group is otherwise subject to UK corporation tax.

As a REIT, Hammerson plc is required to pay Property Income Distributions equal to at least 90% of the Group's exempted net income. To remain a UK REIT there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activity and its balance of business. The Group continues to meet these conditions.

F: French SIIC status

Hammerson plc has been a French SIIC since 1 January 2004 and all the major French properties are covered by the SIIC tax-exempt regime. Income and gains are exempted from French tax but the French subsidiaries are required to distribute a proportion of their profits to Hammerson plc, which then designates UK dividends paid to its shareholders as SIIC distributions. Dividend obligations will arise principally after property disposals but for the Hammerson Group there will be a period of around four years after a disposal for dividends to be paid to shareholders.

Outstanding SIIC dividend obligations arising on disposals and earnings prior to 31 December 2013 amount to £30 million (2012: £80 million) and are expected to be settled within dividends paid by Hammerson plc over the following four years. A further £300 million (2012: £265 million) of dividends would be payable if the properties were realised at their 31 December 2013 values. Since 1 July 2009, qualifying foreign dividends have been exempt from UK tax and therefore no deferred tax provision is recognised.

At 31 December 2013, Hammerson had been a SIIC for 10 years so the period during which penalties may be imposed for leaving the regime has ended. To remain a SIIC, at least 80% of assets must be employed in property investment and, with limited temporary exceptions, no shareholder may hold 60% or more of the shares. The Group continues to meet these conditions.

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, the following entities and office properties were disposed of between July 2012 and June 2013. Further information is included in the Business Review on page 6:

Entity

Hammerson (99 Bishopsgate) Limited
Hammerson Bishopsgate LLP
99 Bishopsgate Management Limited
10 Gresham Street LLP
Hammerson Gresham Street Unit Trust
Hammerson (Victoria) Limited
125 OBS Limited Partnership
Hammerson 125 OBS Unit Trust
125 OBS (General Partner) Limited
Hammerson (125 OBS LP) Limited
Hammerson (Leadenhall Court) Limited

Property

Principal Place, London EC2
London Wall Place, London EC2
Harbour Quay, London E14
Puddledock, London EC4

At 31 December 2013, the residual properties Victoria Station, SW1 and Spitalfields, E1 were reclassified to continuing operations as they form a minor proportion of the Group's portfolio.

The income and expenditure of the entities and properties shown above have been classified as discontinued operations in both the current and prior years.

B: Profit for the year

				2013			2012
	Notes	**Adjusted £m**	**Capital and other £m**	**Total £m**	Adjusted £m	Capital and other £m	Total £m
Gross rental income	3A	**7.4**	**–**	**7.4**	28.0	–	28.0
Ground and equity rents payable		**–**	**–**	**–**	(0.3)	–	(0.3)
Gross rental income, after rents payable		**7.4**	**–**	**7.4**	27.7	–	27.7
Service charge income		**0.9**	**–**	**0.9**	4.0	–	4.0
Service charge expenses		**(0.9)**	**–**	**(0.9)**	(6.7)	–	(6.7)
Net service charge expenses		**–**	**–**	**–**	(2.7)	–	(2.7)
Other property outgoings		**–**	**–**	**–**	(0.9)	–	(0.9)
Property outgoings		**–**	**–**	**–**	(3.6)	–	(3.6)
Net rental income	3A	**7.4**	**–**	**7.4**	24.1	–	24.1
Management fees receivable		**0.2**	**–**	**0.2**	0.7	–	0.7
Cost of property activities		**(0.4)**	**–**	**(0.4)**	(1.1)	–	(1.1)
Administration expenses		**(0.2)**	**–**	**(0.2)**	(0.4)	–	(0.4)
Operating profit before other net gains		**7.2**	**–**	**7.2**	23.7	–	23.7
Gain on the sale of investment properties		**–**	**7.5**	**7.5**	–	30.4	30.4
Revaluation gains/(losses) on investment properties		**–**	**1.5**	**1.5**	–	(1.4)	(1.4)
Other net gains		**–**	**9.0**	**9.0**	–	29.0	29.0
Operating profit		**7.2**	**9.0**	**16.2**	23.7	29.0	52.7
Net finance costs		**(1.9)**	**0.6**	**(1.3)**	(3.9)	(0.1)	(4.0)
Profit before and after tax and profit for the year attributable to equity shareholders	2, 8A	**5.3**	**9.6**	**14.9**	19.8	28.9	48.7

C: Cashflows from discontinued operations

	2013 £m	2012 £m
Cash flows from operating activities	**(8.6)**	26.5
Cash flows from investing activities	**195.2**	352.5
Cash flows used in financing activities	**(64.6)**	(0.7)
Net cash inflow from discontinued operations	**122.0**	378.3

D: Summary of assets and liabilities associated with assets held for sale

	2013 £m	2012 £m
Investment properties	**–**	194.5
Interests in leasehold properties	**–**	7.0
Current receivables	**–**	1.8
Cash and deposits	**–**	9.3
Assets held for sale	**–**	212.6
Non-current borrowings	**–**	63.3
Obligations under finance leases	**–**	6.9
Payables	**–**	3.7
Current payables	**–**	15.2
Current borrowings	**–**	1.3
Liabilities associated with assets held for sale	**–**	90.4
Net assets associated with assets held for sale	**–**	122.2

7: DIVIDENDS

The proposed final dividend of 10.8 pence per share was recommended by the Board on 14 February 2014 and, subject to approval by shareholders, is payable on 25 April 2014 to shareholders on the register at the close of business on 14 March 2014. 3.6 pence per share will be paid as a PID, net of withholding tax if applicable, and the remainder of 7.2 pence per share will be paid as a normal dividend. There will be no scrip alternative. The aggregate amount of the 2013 final dividend is £77.0 million. This has been calculated using the total number of eligible shares outstanding at 31 December 2013.

The interim dividend of 8.3 pence per share was paid on 3 October 2013, as a PID, net of withholding tax where appropriate.

The total dividend for the year ended 31 December 2013 would be 19.1 pence per share (2012: 17.7 pence per share).

	PID pence per share	Non-PID pence per share	Total pence per share	Equity dividends 2013 £m	Equity dividends 2012 £m
Current year					
2013 final dividend	3.6	7.2	10.8	**–**	–
2013 interim dividend	8.3	–	8.3	**59.0**	–
	11.9	7.2	19.1		
Prior years					
2012 final dividend	4.0	6.0	10.0	**71.1**	–
2012 interim dividend	7.7	–	7.7	**–**	54.8
	11.7	6.0	17.7		
2011 final dividend	7.0	2.3	9.3	**–**	66.1
Dividends as reported in the consolidated statement of changes in equity				**130.1**	120.9
2011 interim dividend withholding tax (paid January 2012)				**–**	6.2
2012 interim dividend withholding tax (paid January 2013)				**8.7**	(8.7)
2013 interim dividend withholding tax (paid January 2014)				**(9.4)**	–
Dividends paid as reported in the consolidated cash flow statement				**129.4**	118.4

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, which are treated as cancelled.

				2013			2012
	Notes	**Earnings £m**	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share
Basic – continuing operations	2	**322.5**	**711.8**	**45.3**	89.7	711.7	12.6
Basic – discontinued operations	2	**14.9**		**2.1**	48.7		6.8
Basic – total	2	**337.4**		**47.4**	138.4		19.4
Dilutive share options		**–**	**0.2**	**–**	–	0.2	–
Diluted		**337.4**	**712.0**	**47.4**	138.4	711.9	19.4
Adjustments:							
Other net (gains)/losses							
– continuing operations	2	**(93.0)**		**(13.1)**	36.3		5.1
– discontinued operations	6B	**(9.0)**		**(1.2)**	(29.0)		(4.1)
		(102.0)		**(14.3)**	7.3		1.0
Adjustment for associate	11A	**(88.1)**		**(12.3)**	(43.2)		(6.1)
Change in fair value of derivatives							
– continuing operations	4	**14.5**		**2.0**	(9.4)		(1.3)
– discontinued operations	6B	**(0.6)**		**(0.1)**	0.1		–
		13.9		**1.9**	(9.3)		(1.3)
Bond redemption - premium and costs	4	**3.9**		**0.5**	13.8		2.0
Floating rate reset bonds redemption - premium and costs	4	**–**		**–**	41.7		5.9
Deferred tax credit	5A	**(0.1)**		**–**	–		–
Non-controlling interests in respect of the above[1]	2	**(0.5)**		**(0.1)**	0.1		–
EPRA		**164.5**		**23.1**	148.8		20.9

1 Non-controlling interests relate to continuing operations.

B: Net asset value per share

				2013			2012
	Notes	**Equity shareholders' funds £m**	**Shares million**	**Net asset value per share £**	Equity shareholders' funds £m	Shares million	Net asset value per share £
Basic		**4,059.9**	**712.9**	**5.70**	3,851.2	712.8	5.40
Company's own shares held in Employee Share Ownership Plan		**–**	**(1.0)**	**n/a**	–	(1.3)	n/a
Unexercised share options		**2.3**	**0.5**	**n/a**	3.7	0.7	n/a
Diluted		**4,062.2**	**712.4**	**5.70**	3,854.9	712.2	5.41
Fair value adjustment to borrowings	18	**(210.9)**		**(0.29)**	(289.5)		(0.41)
EPRA triple net		**3,851.3**		**5.41**	3,565.4		5.00
Fair value of derivatives	18	**0.8**		**–**	(11.6)		(0.02)
Fair value adjustment to borrowings	18	**210.9**		**0.29**	289.5		0.41
Adjustment for associate	11B	**19.7**		**0.03**	16.2		0.03
Deferred tax	5C	**0.4**		**–**	0.5		–
EPRA		**4,083.1**		**5.73**	3,860.0		5.42

9: INVESTMENT AND DEVELOPMENT PROPERTIES

Continuing operations

	Investment properties Cost £m	Investment properties Valuation £m	Development properties Cost £m	Development properties Valuation £m	Total Cost £m	Total Valuation £m
Balance at 1 January 2013	**4,546.3**	**5,182.7**	**266.5**	**275.7**	**4,812.8**	**5,458.4**
Exchange adjustment	**17.2**	**30.7**	**5.0**	**6.0**	**22.2**	**36.7**
Additions						
– capital expenditure	**68.4**	**68.4**	**128.2**	**128.2**	**196.6**	**196.6**
– asset acquisitions	**192.0**	**192.0**	**–**	**–**	**192.0**	**192.0**
	260.4	**260.4**	**128.2**	**128.2**	**388.6**	**388.6**
Disposals	**(59.1)**	**(60.9)**	**(0.6)**	**(0.6)**	**(59.7)**	**(61.5)**
Transfers	**(95.4)**	**(48.5)**	**95.4**	**48.5**	**–**	**–**
Capitalised interest	**1.1**	**1.1**	**11.7**	**11.7**	**12.8**	**12.8**
Revaluation	**–**	**61.3**	**–**	**27.5**	**–**	**88.8**
Transfer from assets held for sale	**6.3**	**7.4**	**–**	**–**	**6.3**	**7.4**
Balance at 31 December 2013	**4,676.8**	**5,434.2**	**506.2**	**497.0**	**5,183.0**	**5,931.2**

Discontinued operations

	Investment properties Cost £m	Investment properties Valuation £m
Balance at 1 January 2013	**176.6**	**194.5**
Additions	**(0.6)**	**(0.6)**
Disposals	**(169.7)**	**(188.0)**
Revaluation	**–**	**1.5**
Transfer to continuing operations	**(6.3)**	**(7.4)**
Balance at 31 December 2013	**–**	**–**

Properties are stated at fair value as at 31 December 2013, valued by professionally qualified external valuers, DTZ Debenham Tie Leung, Chartered Surveyors. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards (Incorporating the International Valuation Standards) March 2012. Valuation fees are based on a fixed amount agreed between the Group and the valuers and are independent of the portfolio value.

At 31 December 2013, investment properties included a property held for sale with a value of £100.6 million (2012: £nil). The property sale completed in January 2014.

The total amount of interest included in development properties at 31 December 2013 was £24.6 million (2012: £12.5 million). Capitalised interest is calculated using the cost of secured debt or the Group's average cost of borrowings, as appropriate, and the effective rate applied in 2013 was 4.8% (2012: 5.2%).

	2013 £m	2012 £m
Capital commitments	**156.9**	158.1

At 31 December 2013 Hammerson's share of the capital commitments in respect of joint ventures, which is included in the table above, was £14.8 million (2012: £4.2 million).

10: PLANT, EQUIPMENT AND OWNER-OCCUPIED PROPERTY

	Owner-occupied property £m	Plant and equipment £m	Total £m
Book value at 31 December 2013	**33.2**	**6.3**	**39.5**
Book value at 31 December 2012	30.0	6.7	36.7

11: INVESTMENT IN ASSOCIATE

On 21 August 2012 the Group gained significant influence over Value Retail PLC and associated entities ("VR") and equity accounted for its investment from that date. See also note 13.

A: Share of results of associate

	2013		2012 (21 August to 31 December)	
	100% £m	**Hammerson share £m**	100% £m	Hammerson share £m
Revenue	**231.4**	**66.5**	61.9	18.1
Depreciation and amortisation	**(3.8)**	**(1.1)**	(1.7)	(0.6)
Operating profit before other net gains	**227.6**	**65.4**	60.2	17.5
Revaluation gains on investment properties	**273.6**	**85.5**	124.3	38.1
Other net operating costs	**(151.6)**	**(39.7)**	(35.9)	(9.1)
Operating profit	**349.6**	**111.2**	148.6	46.5
Interest income	**3.6**	**1.0**	1.3	0.4
Interest expense	**(47.8)**	**(13.0)**	(15.7)	(4.2)
Change in fair value of financial instruments	**8.3**	**5.0**	(17.6)	(3.4)
Change in fair value of participative loans – revaluation movement	**–**	**7.1**	–	12.0
Change in fair value of participative loans – other movement	**–**	**0.8**	–	–
Profit before tax	**313.7**	**112.1**	116.6	51.3
Current tax charge	**(7.3)**	**(1.6)**	(1.7)	(0.3)
Deferred tax charge	**(43.8)**	**(9.0)**	(23.3)	(3.5)
Profit for the period	**262.6**	**101.5**	91.6	47.5
Foreign exchange translation differences	**8.6**	**(0.4)**	12.7	1.6
Total comprehensive income	**271.2**	**101.1**	104.3	49.1

Reconciliation to note 11A				
Profit for the period	**262.6**	**101.5**	91.6	47.5
Revaluation gains on investment properties	**(273.6)**	**(85.5)**	(124.3)	(38.1)
Change in fair value of financial instruments	**(8.3)**	**(5.0)**	17.6	3.4
Change in fair value of participate loans – revaluation movement	**–**	**(7.1)**	–	(12.0)
Capitalised loan finance fees written off	**–**	**0.5**	–	–
Deferred tax charge	**43.8**	**9.0**	23.3	3.5
Adjustment for associate	**(238.1)**	**(88.1)**	(83.4)	(43.2)
EPRA adjusted earnings of associate	**24.5**	**13.4**	8.2	4.3

When aggregated, the Group's share of VR's operating profit before other net gains amounted to 28.7% for the year ended 31 December 2013 (29.1% for the period ended 31 December 2012).

B: Share of assets and liabilities of associate

	2013 100% £m	2013 Hammerson share £m	2012 100% £m	2012 Hammerson share £m
Goodwill on acquisition of associate	**–**	**65.7**	–	58.5
Other non-current assets	**2,546.8**	**777.0**	2,224.6	579.1
Non-current assets	**2,546.8**	**842.7**	2,224.6	637.6
Other current assets	**169.6**	**33.4**	140.3	43.5
Cash and deposits	**110.3**	**30.0**	87.3	21.7
Current assets	**279.9**	**63.4**	227.6	65.2
Total assets	**2,826.7**	**906.1**	2,452.2	702.8
Current liabilities	**(132.5)**	**(32.7)**	(40.8)	(9.8)
Other liabilities	**(976.5)**	**(297.0)**	(944.3)	(235.2)
Fair value of financial instruments	**(126.9)**	**(27.0)**	(132.8)	(33.0)
Deferred tax	**(322.6)**	**(75.0)**	(273.6)	(39.2)
Non-current liabilities	**(1,426.0)**	**(399.0)**	(1,350.7)	(307.4)
Total liabilities	**(1,558.5)**	**(431.7)**	(1,391.5)	(317.2)
Net assets	**1,268.2**	**474.4**	1,060.7	385.6
Participative loans*		**71.0**		42.8
Investment in associate		**545.4**		428.4

The table above excludes liabilities in respect of distributions received in advance from VR amounting to £13.4 million (2012: £10.2 million) which are included within non-current liabilities in note 19.

When aggregated, the Group's share of VR's net assets amounted to 37.4% at 31 December 2013 (2012: 36.4%).

* The Group's total investment in associate includes long-term debt which in substance forms part of the Group's investment. These participative loans are not repayable in the foreseeable future.

Reconciliation to note 11B

	2013 Hammerson share £m	2012 Hammerson share £m
Total investment in associate	**545.4**	428.4
Fair value of derivatives	**(8.3)**	5.7
Deferred tax	**75.0**	39.2
Goodwill as a result of deferred tax	**(47.0)**	(28.7)
Adjustment for associate	**19.7**	16.2
EPRA adjusted investment in associate	**565.1**	444.6

C: Reconciliation of movements in investment in associate

	Note	2013 £m	2012 £m
Balance at 1 January		**428.4**	–
Transfer from other investments on 21 August 2012		**–**	381.7
Acquisitions		**59.4**	–
Share of results of associate		**101.5**	47.5
Distributions		**(46.4)**	(2.4)
Revaluation movement on participative loan		**2.9**	–
Foreign exchange translation differences		**(0.4)**	1.6
Balance at 31 December	11B	**545.4**	428.4

12: JOINT VENTURES

As at 31 December 2013 certain property and corporate interests, being jointly controlled entities, have been proportionately consolidated, and the significant interests are set out in the following table:

	Group share %
Investments	
Brent Cross Shopping Centre	41.2
Brent South Shopping Park	40.6
Bristol Alliance Limited Partnership	50
Croydon Limited Partnership	50
Queensgate Limited Partnership	50
Retail Property Holdings Limited (Silverburn)	50
SCI Espace Plus	50
SCI ESQ (Espace Saint Quentin)	25
SCI RC Aulnay 1 and SCI RC Aulnay 2 (O'Parinor)	25
The Bull Ring Limited Partnership	50
The Grosvenor Street Limited Partnership	50
The Martineau Galleries Limited Partnership	33.33
The Oracle Limited Partnership	50
The Highcross Limited Partnership	60
The West Quay Limited Partnership	50
Whitgift Limited Partnership	50
125 OBS Limited Partnership (sold June 2013)	50
Developments	
Bishopsgate Goodsyard Regeneration Limited	50

In May 2013 the Group acquired an additional 16.7% stake in The Bull Ring Limited Partnership, increasing Hammerson's interest to 50%.

The Group's interest in The Highcross Limited Partnership does not confer the majority of voting rights nor the right to exercise dominant influence over the partnership. Instead the partnership is under the joint control of Hammerson and its respective partner. Consequently, the Group's interest is not treated as a subsidiary, but is accounted for by proportional consolidation.

The summarised income statements and balance sheets on pages 42 and 43, show the proportion of the Group's results, assets and liabilities that are derived from its joint ventures.

Income statements for the year ended 31 December 2013

	Brent Cross[1] £m	Bristol Alliance Limited Partnership £m	Bullring Limited Partnership[2] £m	Oracle Limited Partnership £m	Queensgate Limited Partnership £m	Highcross Limited Partnership £m	West Quay Limited Partnership £m	Retail Property Holdings Limited £m	Croydon and Whitgift Limited Partnerships £m	SCI RC Aulnay £m	Other £m	Total 2013 £m
Net rental income	**18.8**	**14.5**	**22.0**	**13.3**	**6.2**	**13.3**	**12.3**	**9.0**	**4.0**	**4.6**	**4.6**	**122.6**
Administration expenses	**–**	**(0.4)**	**–**	**–**	**(0.1)**	**–**	**–**	**(0.1)**	**(0.4)**	**–**	**–**	**(1.0)**
Operating profit before other net gains/(losses)	**18.8**	**14.1**	**22.0**	**13.3**	**6.1**	**13.3**	**12.3**	**8.9**	**3.6**	**4.6**	**4.6**	**121.6**
Other net gains/(losses)	**(0.9)**	**1.9**	**16.3**	**9.7**	**(9.2)**	**(3.3)**	**8.7**	**4.6**	**(12.0)**	**(5.3)**	**(0.6)**	**9.9**
Net finance costs	**–**	**(0.4)**	**–**	**–**	**–**	**–**	**(0.2)**	**–**	**–**	**0.9**	**0.1**	**0.4**
Profit before tax – continuing operations	**17.9**	**15.6**	**38.3**	**23.0**	**(3.1)**	**10.0**	**20.8**	**13.5**	**(8.4)**	**0.2**	**4.1**	**131.9**
Profit before tax – discontinued operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9.5**	**9.5**
Profit before tax	**17.9**	**15.6**	**38.3**	**23.0**	**(3.1)**	**10.0**	**20.8**	**13.5**	**(8.4)**	**0.2**	**13.6**	**141.4**

Balance sheets as at 31 December 2013

	Brent Cross[1] £m	Bristol Alliance Limited Partnership £m	Bullring Limited Partnership[2] £m	Oracle Limited Partnership £m	Queensgate Limited Partnership £m	Highcross Limited Partnership £m	West Quay Limited Partnership £m	Retail Property Holdings Limited £m	Croydon and Whitgift Limited Partnerships £m	SCI RC Aulnay £m	Other £m	Total 2013 £m
Non-current assets												
Investment and development properties at valuation	**366.0**	**269.2**	**477.6**	**276.1**	**101.0**	**259.5**	**253.2**	**176.5**	**84.0**	**92.1**	**161.4**	**2,516.6**
Interests in leasehold properties	**–**	**7.3**	**–**	**–**	**–**	**–**	**2.1**	**–**	**–**	**–**	**0.4**	**9.8**
Receivables	**–**	**–**	**–**	**–**	**–**	**0.5**	**–**	**–**	**–**	**–**	**–**	**0.5**
	366.0	**276.5**	**477.6**	**276.1**	**101.0**	**260.0**	**255.3**	**176.5**	**84.0**	**92.1**	**161.8**	**2,526.9**
Current assets												
Other current assets	**11.1**	**1.7**	**3.1**	**1.5**	**1.8**	**2.9**	**1.9**	**2.2**	**1.0**	**2.9**	**4.9**	**35.0**
Cash and deposits	**0.6**	**5.6**	**7.8**	**3.9**	**2.5**	**5.4**	**4.9**	**3.2**	**3.2**	**1.9**	**2.0**	**41.0**
	11.7	**7.3**	**10.9**	**5.4**	**4.3**	**8.3**	**6.8**	**5.4**	**4.2**	**4.8**	**6.9**	**76.0**
Current liabilities												
Other liabilities	**(21.4)**	**(7.4)**	**(8.8)**	**(4.6)**	**(2.9)**	**(5.9)**	**(4.9)**	**(3.9)**	**(4.1)**	**(1.7)**	**(5.4)**	**(71.0)**
Non-current liabilities												
Borrowings	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(45.0)**	**–**	**(45.0)**
Other liabilities	**(0.2)**	**(7.4)**	**(0.4)**	**(0.1)**	**(0.1)**	**(0.2)**	**(2.4)**	**–**	**–**	**(3.9)**	**(1.4)**	**(16.1)**
	(0.2)	**(7.4)**	**(0.4)**	**(0.1)**	**(0.1)**	**(0.2)**	**(2.4)**	**–**	**–**	**(48.9)**	**(1.4)**	**(61.1)**
Net assets	**356.1**	**269.0**	**479.3**	**276.8**	**102.3**	**262.2**	**254.8**	**178.0**	**84.1**	**46.3**	**161.9**	**2,470.8**

1 Includes Brent Cross Shopping Centre and Brent South Shopping Park.

2 Reflects the Group's acquisition in May 2013 of an additional 16.7% stake in The Bull Ring Limited Partnership, increasing Hammerson's interest to 50%.

Other than as shown above, the joint ventures are funded by the Company and the relevant partners. 'Other net gains/(losses)' principally represent valuation changes on investment properties.

Income statements for the year ended 31 December 2012

	Brent Cross[1] £m	Bristol Alliance Limited Partnership £m	Bullring Limited Partnership[2] £m	Oracle Limited Partnership £m	Queensgate Limited Partnership £m	Highcross Limited Partnership £m	West Quay Limited Partnership £m	Retail Property Holdings Limited £m	SCI RC Aulnay £m	SCI ESQ £m	Other £m	Total 2012 £m
Net rental income	17.8	15.1	16.5	14.0	5.8	13.5	13.1	8.7	4.3	2.9	3.6	115.3
Administration expenses	–	(0.4)	–	–	(0.1)	–	–	–	–	–	(0.1)	(0.6)
Operating profit before other net gains/(losses)	17.8	14.7	16.5	14.0	5.7	13.5	13.1	8.7	4.3	2.9	3.5	114.7
Other net gains/(losses)	2.0	(27.6)	3.4	3.3	(6.0)	(11.9)	(0.1)	(0.5)	(0.9)	2.5	3.6	(32.2)
Net finance costs	–	(0.4)	–	–	–	–	(0.2)	–	(3.4)	–	0.1	(3.9)
Profit before tax – continuing operations	19.8	(13.3)	19.9	17.3	(0.3)	1.6	12.8	8.2	–	5.4	7.2	78.6
Profit before tax – discontinued operations	–	–	–	–	–	–	–	–	–	–	5.8	5.8
Profit before tax	19.8	(13.3)	19.9	17.3	(0.3)	1.6	12.8	8.2	–	5.4	13.0	84.4

Balance sheets as at 31 December 2012

	Brent Cross[1] £m	Bristol Alliance Limited Partnership £m	Bullring Limited Partnership[2] £m	Oracle Limited Partnership £m	Queensgate Limited Partnership £m	Highcross Limited Partnership £m	West Quay Limited Partnership £m	Retail Property Holdings Limited £m	SCI RC Aulnay £m	SCI ESQ £m	Other £m	Total 2012 £m
Non-current assets												
Investment and development properties at valuation	361.7	269.2	307.6	265.7	107.8	262.3	244.8	169.2	88.7	53.4	102.5	2,232.9
Interests in leasehold properties	–	7.3	–	–	–	–	2.1	–	–	–	0.4	9.8
Receivables	–	–	–	–	–	–	–	0.1	–	–	–	0.1
	361.7	276.5	307.6	265.7	107.8	262.3	246.9	169.3	88.7	53.4	102.9	2,242.8
Current assets												
Assets held for sale	–	–	–	–	–	–	–	–	–	–	138.8	138.8
Other current assets	14.2	1.6	2.0	1.8	1.8	3.1	1.6	2.3	1.2	0.5	4.2	34.3
Cash and deposits	0.1	6.9	4.6	4.3	2.2	5.3	5.5	1.1	1.1	1.4	1.5	34.0
	14.3	8.5	6.6	6.1	4.0	8.4	7.1	3.4	2.3	1.9	144.5	207.1
Current liabilities												
Liabilities associated with assets held for sale	–	–	–	–	–	–	–	–	–	–	(71.7)	(71.7)
Other liabilities	(23.9)	(7.3)	(5.9)	(4.7)	(2.0)	(8.3)	(5.3)	(4.3)	(1.3)	(0.3)	(3.8)	(67.1)
	(23.9)	(7.3)	(5.9)	(4.7)	(2.0)	(8.3)	(5.3)	(4.3)	(1.3)	(0.3)	(75.5)	(138.8)
Non-current liabilities												
Borrowings	–	–	–	–	–	–	–	–	(43.7)	–	–	(43.7)
Other liabilities	(0.2)	(7.4)	–	(0.1)	(0.1)	(0.2)	(2.2)	–	(5.0)	(0.7)	(0.6)	(16.5)
	(0.2)	(7.4)	–	(0.1)	(0.1)	(0.2)	(2.2)	–	(48.7)	(0.7)	(0.6)	(60.2)
Net assets	351.9	270.3	308.3	267.0	109.7	262.2	246.5	168.4	41.0	54.3	171.3	2,250.9

[1] Includes Brent Cross Shopping Centre and Brent South Shopping Park.

[2] Reflects the Group's interest of 33.33% during 2012.

Other than as shown above, the joint ventures are funded by the Company and the relevant partners. 'Other net gains/(losses)' principally represent valuation changes on investment properties.

13: RECEIVABLES: NON-CURRENT ASSETS

	2013 £m	2012 £m
Loans receivable	**68.7**	47.0
Other receivables	**1.6**	1.1
Fair value of interest rate swaps	**2.0**	18.5
	72.3	66.6

Loans receivable includes a loan of €58.0 million (£48.2 million) (2012: €58.0 million, £47.0 million) to Value Retail European Holdings BV bearing interest at 10% and maturing on 11 September 2016, except a residual €2 million tranche which matures on 30 November 2043.

Loans receivable also includes a loan to VR Milan S.R.L of €25.0 million granted on 30 July 2013 bearing interest at Euribor plus a 5% margin and maturing on 13 December 2017. This loan is repayable in quarterly instalments and the balance outstanding at 31 December 2013 is €24.6 million (£20.5 million). Both loans are classified as available for sale.

14: RECEIVABLES: CURRENT ASSETS

	2013 £m	2012 £m
Trade receivables	**48.1**	53.2
Other receivables	**61.1**	38.6
Corporation tax	**0.2**	0.2
Prepayments	**3.7**	10.7
	113.1	102.7

Trade receivables are shown after deducting a provision for bad and doubtful debts of £13.8 million (2012: £13.2 million). The movement in the provision during the year was recognised entirely in income.

15: CASH AND DEPOSITS

	2013 £m	2012 Total £m	Associated with assets held for sale £m	2012 As stated on balance sheet £m
Cash at bank	**45.5**	54.4	(9.3)	45.1
Short-term deposits	**11.2**	12.0	–	12.0
	56.7	66.4	(9.3)	57.1
Currency profile				
Sterling	**47.3**	52.6	(9.3)	43.3
Euro	**9.4**	13.8	–	13.8
	56.7	66.4	(9.3)	57.1

16: PAYABLES: CURRENT LIABILITIES

	2013 £m	2012 £m
Trade payables	**26.9**	36.3
Other payables	**137.2**	132.3
Accruals	**25.9**	25.3
Deferred income	**50.5**	49.8
	240.5	243.7

17: BORROWINGS

A: Maturity

	Bank loans and overdrafts £m	Other borrowings £m	Total 2013 £m	Total 2012 £m	Associated with assets held for sale £m	2012 As stated on balance sheet £m
After five years	**–**	**1,160.1**	**1,160.1**	1,142.4	–	1,142.4
From two to five years	**210.8**	**292.8**	**503.6**	799.7	(62.0)	737.7
From one to two years	**–**	**399.1**	**399.1**	1.3	(1.3)	–
Due after more than one year	**210.8**	**1,852.0**	**2,062.8**	1,943.4	(63.3)	1,880.1
Due within one year	**249.9**	**(3.7)**	**246.2**	159.3	(1.3)	158.0
	460.7	**1,848.3**	**2,309.0**	2,102.7	(64.6)	2,038.1

B: Analysis

	2013 £m	2012 £m
Unsecured		
£200 million 7.25% sterling bonds due 2028	**197.9**	197.9
£300 million 6% sterling bonds due 2026	**297.2**	297.1
£250 million 6.875% sterling bonds due 2020	**248.2**	247.9
€500 million 2.75% euro bonds due 2019	**412.2**	401.2
£272 million (2012: £300 million) 5.25% sterling bonds due 2016	**271.1**	298.7
€480 million 4.875% euro bonds due 2015	**399.1**	388.9
Bank loans and overdrafts	**415.7**	151.6
	2,241.4	1,983.3
Fair value of currency swaps	**22.6**	11.1
	2,264.0	1,994.4
Secured		
Euro variable rate mortgage due 2016	**45.0**	43.7
Sterling variable rate mortgage due 2015*	**–**	64.6
	2,309.0	2,102.7

* Associated with assets previously held for sale.

Security for secured euro borrowings as at 31 December 2013 is provided by a first legal charge on one property, for which the Group's share of the carrying value was £103.7 million.

18: FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	2013		2012	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Borrowings, excluding currency swaps	**2,286.4**	**2,497.3**	2,091.6	2,381.1
Currency swaps	**22.6**	**22.6**	11.1	11.1
Total	**2,309.0**	**2,519.9**	2,102.7	2,392.2
Interest rate swaps	**0.8**	**0.8**	(11.6)	(11.6)
Financial instruments associated with assets held for sale included in above table				
Borrowings, excluding currency swaps	**–**	**–**	64.6	64.6
Interest rate swaps	**–**	**–**	3.0	3.0

At 31 December 2013, the fair value of financial instruments exceeded their book value by £210.9 million (2012: £289.5 million), equivalent to 29 pence per share (2012: 41 pence per share) on an EPRA net asset value per share basis.

19: PAYABLES: NON-CURRENT LIABILITIES

	2013 £m	2012 £m
Net pension liability	**32.2**	29.7
Other payables	**37.3**	30.5
Fair value of interest rate swaps	**2.8**	3.9
	72.3	64.1

20: SHARE CAPITAL

	Called up, allotted and fully paid	
	2013 £m	2012 £m
Ordinary shares of 25p each	**178.2**	178.2

	Number
Movements in number of shares in issue	
Number of shares in issue at 1 January 2013	712,830,959
Share options exercised – Executive Share Option Scheme	18,700
Share options exercised – Savings-related Share Option Scheme	27,211
Number of shares in issue at 31 December 2013	**712,876,870**

21: INVESTMENT IN OWN SHARES

At cost	**2013 £m**	2012 £m
Balance at 1 January	**6.0**	1.8
Transfer from treasury shares	**–**	4.7
Purchase of own shares	**4.9**	3.4
Cost of shares awarded to employees	**(6.0)**	(3.9)
Balance at 31 December	**4.9**	6.0

22: ADJUSTMENT FOR NON-CASH ITEMS IN THE CASH FLOW STATEMENT

	2013 £m	2012 £m
Amortisation of lease incentives and other costs	**8.5**	7.3
Increase in accrued rents receivable	**(0.2)**	(0.5)
Non-cash items included within net rental income*	**8.3**	6.8
Depreciation	**1.5**	1.5
Share-based employee remuneration	**3.9**	4.9
Exchange and other items	**0.6**	0.8
	14.3	14.0

* Consists of £7.5 million relating to continuing operations and £0.8 million relating to discontinued operations (see note 3A). For 2012, £8.3 million related to continuing operations offset by £1.5 million relating to discontinued operations.

23: CONTINGENT LIABILITIES

There are contingent liabilities of £31.1 million (2012: £32.1 million) relating to guarantees given by the Group and a further £27.4 million (2012: £29.2 million) relating to claims against the Group arising in the normal course of business, which are considered to be unlikely to crystallise. Hammerson's share of contingent liabilities arising within joint ventures, which is included in the figures shown above, is £17.0 million (2012: £14.0 million). Principal risks and uncertainties facing the Group are detailed on pages 19 and 20.

SHAREHOLDER INFORMATION

KEY CONTACT DETAILS

Registered office
10 Grosvenor Street
London
W1K 4BJ
Registered in England No. 360632

Principal Group addresses

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France

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Advisors
Valuer: DTZ Debenham Tie Leung
Auditor: Deloitte LLP
Solicitor: Herbert Smith Freehills LLP
Joint Brokers and Financial Advisors: J.P. Morgan Cazenove and Deutsche Bank AG
Financial Advisor: Lazard Ltd

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

Elections to participate in the DRIP (or cancellation of previous instructions) in respect of the final dividend must be received by the Company's Registrar no later than 25 days before the dividend payment date.

The DRIP will continue to be available to those shareholders who have already completed an application form. Such shareholders should take no action unless they wish to receive their dividend in cash, in which case they should contact the Registrar to cancel their instruction.

Website
The Annual Report and other information that shareholders may find useful are available on the Company's website: www.hammerson.com. The Company operates a service whereby all registered users can choose to receive via email notice of all Company announcements which can also be viewed on the website.

UK Real Estate Investment Trust (REIT) taxation
As a UK REIT, Hammerson plc is exempt from corporation tax on rental income and gains on UK investment properties but is required to pay Property Income Distributions (PIDs). UK shareholders will be taxed on PIDs received at their full marginal tax rates. A REIT may in addition pay normal dividends.

For most shareholders, PIDs will be paid after deducting withholding tax at the basic rate. However, certain categories of shareholder are entitled to receive PIDs without withholding tax, principally UK resident companies, UK public bodies, UK pension funds and managers of ISAs, PEPs and Child Trust Funds. Further information on UK REITs is available on the Company's website, including a form to be used by shareholders to certify if they qualify to receive PIDs without withholding tax.

FINANCIAL CALENDAR

Annual General Meeting
The Annual General Meeting will be held at 11.00 am on 23 April 2014 at 10 Grosvenor Street, London, W1K 4BJ.

Full-year results announced		17 February 2014
Recommended final dividend	Ex-dividend date	12 March 2014
	Record date	14 March 2014
	Election (or cancellation) date for Dividend Reinvestment Plan	5.00 pm on 31 March 2014
	Payable on	25 April 2014
Annual General Meeting		23 April 2014
Anticipated 2014 interim dividend	Payable	October 2014

GLOSSARY

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.
Loan to value ratio	Net debt expressed as a percentage of the total value of investment and development properties.
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 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 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 that 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 year expressed as a percentage of equity shareholders' funds at the beginning of the year, 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 that is related to an occupier's turnover.
UK GAAP	United Kingdom Generally Accepted Accounting Practice.
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.
Value Retail (VR)	Owner and operator of luxury outlet Villages in Europe in which Hammerson has an investment.
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.