Embargoed until 7:00 a.m. on Monday 29 July 2013

HAMMERSON plc – UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

Six months ended:	30 June 2013	30 June 2012	Increase	Like-for-like increase
Net rental income (continuing operations)	**£140.4m**	£127.8m	9.9%	2.5%
Profit before tax (1) (continuing operations)	**£80.8m**	£13.9m	n/a	
EPRA earnings per share (2)	**11.1p**	10.2p	8.8%	
Interim dividend per share	**8.3p**	7.7p	7.8%	
As at:	**30 June 2013**	31 December 2012		
EPRA net asset value per share (2)	**£5.51**	£5.42	1.7%	
LTV	**38%**	36%		

OPERATING HIGHLIGHTS

- **Like-for-like net rental income increased 2.5%,** reflecting strong performance across our portfolio
- **Group occupancy of 97.4%** (31 March 2013: 96.6%), ahead of our target of 97%
- **Long-term retail leases signed 1% above ERV (UK +5%, France 0%),** demonstrating continued demand from successful retailers for space in our winning locations

PORTFOLIO HIGHLIGHTS

- **New £78 million investment in Value Retail's European Villages** including, for the first time, an investment in La Vallée Village (Paris), enhancing our relationship with VR business and management. Overall our net interest in VR at 30 June 2013 totals £578 million
- **Les Terrasses du Port, Marseille 89% let and construction on programme.** The first unit will be handed over to Printemps in August, starting the countdown to opening in May 2014
- **£154 million additional investment in Bullring,** increasing our ownership of this iconic retail destination to 50%
- **Significant milestones reached on our three core UK strategic developments.** Detailed planning application submitted for **Victoria Gate, Leeds** and outline planning registered for **Croydon** regeneration. Public consultation held for new plans at **Brent Cross** ahead of planning submission by year end
- **Primark signed for extension at O'Parinor,** one of their first stores in Paris. Extensions completed at Manor Walks, Cramlington, and on site at Silverburn, Glasgow and Cyfarthfa, Merthyr Tydfil

FINANCIAL HIGHLIGHTS

- **Strong financial position** with liquidity of around £690 million, gearing and LTV of 57% and 38% respectively
- **EPS growth of 8.8%** in line with previous guidance
- **Dividend increased by 7.8%,** reflecting confidence in sustained income growth

David Atkins, Chief Executive of Hammerson, said: "While household budgets in the UK and France remain under pressure, there are encouraging signs of improvement in macro-economic conditions in the UK. Our winning venues remain in demand from consumers and retailers. This combined with our management actions allows us to maintain high occupancy, secure new tenants on attractive terms and consistently grow rental income. We therefore have confidence in our continued ability to secure strong growth in earnings and dividends over the medium term."

(1) Includes revaluation gains and losses relating to property and financial instruments.
(2) Calculations for EPRA figures are shown in note 8 on p. 49.

Enquiries:

David Atkins, Chief Executive	Tel: +44 (0)20 7887 1000
Timon Drakesmith, Chief Financial Officer	
Morgan Bone, Director of Corporate Communications	Tel: +44 (0)20 7887 1009
	morgan.bone@hammerson.com
	www.hammerson.com

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 3147 4971. Please quote confirmation code 153678.

Financial calendar:

Ex-dividend date	21 August 2013
Record date	23 August 2013
Interim dividend payable	3 October 2013

Contents:

Index to key data

	30 June 2013	Page
Operational		
Occupancy	97.4%	5
Leasing activity	£10.2m	17
Area of new lettings	70,600 m^2	17
Leasing v ERV	+1%	17
Leasing v previous passing rent	+12%	17
Non-rental income		
UK	£9.2m	17
France	£0.7m	17
14 Day rent collection rates		
UK	99%	29
France	92%	29
Financial		
Adjusted earnings per share	11.1p	6
Cost ratio	25.3%	22
Interim dividend per share	8.3p	24
Equity shareholders' funds	£3.9bn	24
EPRA net asset value per share	£5.51	24
Net debt	£2.2bn	24
Gearing	57%	26
Loan to value	38%	26
Liquidity	£686m	24
Weighted average cost of finance	5.0%	23
Interest cover	2.7 times	26
Net debt / EBITDA	7.9 times	26
Fixed rate debt	72%	24
Portfolio currency hedge	80%	24
Portfolio		
Portfolio total returns (six months ended 30 June 2013)	2.4%	6
Like-for-like NRI	+2.5%	5
Portfolio value	£5.7bn	18
Portfolio capital return	-0.2%	19

Overview

STRATEGY

Hammerson focuses on winning retail locations which benefit from structural consumer trends for experience, convenience and luxury: prime regional shopping centres, convenient retail parks and, through our partner Value Retail ('VR'), premium designer outlet villages. Our strategy is to deliver industry-leading shareholder returns by: creating high-quality property through development, extension, refurbishment and acquisition; maximising income via high occupancy, tenant engineering and creative marketing; and operating within a prudent and flexible financial structure which provides security whilst allowing us to act decisively and swiftly.

Our top three stated priorities for 2013 are to: prepare Les Terrasses du Port, Marseille, for opening in spring 2014; deliver extensions and refurbishments in our existing portfolio; and confirm plans for major developments in Leeds and London. We have performed well in all three areas over the first six months.

CREATING HIGH-QUALITY RETAIL PROPERTY

Experience – Prime Shopping Centres

Les Terrasses du Port, our retail and leisure development overlooking the Mediterranean Sea in Marseille, is now 89% let, with just under a year until opening. Our scheme is benefiting from the Euromediterranée rejuvenation, with new museums, hotels and theatres already opened in the surrounding area. We will hand over the first unit to department store Printemps this summer, starting the countdown to opening in May 2014.

We have also made significant advances with our three major UK developments. In Leeds, we submitted a detailed planning application for our £130 million John Lewis-anchored retail development which adjoins Victoria Quarter. At Brent Cross, in London, we held thorough community consultation events in June, ahead of submitting a revised planning application in the autumn. In Croydon, the joint venture with Westfield to deliver a £1 billion retail-led scheme to transform the heart of the town is progressing well, with planning approval expected in the autumn.

Bullring, Birmingham, has been a consistently strong performer since we opened it in 2003, demonstrating compound annual rental growth of 5.5%. In May we acquired an additional stake, and now own 50% of this iconic retail destination, which celebrates its 10th birthday this year. We have several options to further extend and redevelop the centre, to ensure that it continues to outperform over the coming years.

Convenience – Retail Parks

Reflecting the increased demand for leisure facilities in retail parks, we opened a 9-screen Vue cinema at Manor Walks, Cramlington, earlier this month. The cinema is their first in the UK to feature Dolby 'Atmos' 3D sound. We have also brought Prezzo (the first in the north of England) and Frankie & Benny's (the first in Northumberland) to the scheme.

We are extending and reconfiguring a number of our retail parks to generate additional income from specific retail demand. For example at Cyfarthfa, Merthyr Tydfil, we have pre-lets agreed with B&Q and Marks & Spencer, and started enabling works on site last month. At Elliott's Field, Rugby, we received planning approval in May, have secured Debenhams as an anchor, and will start on site in early 2014. The extension will include a new retail terrace to accommodate 15 new fashion and homeware brands.

Luxury – Premium Designer Outlets
In June and July, Hammerson invested a further £78 million into VR, through whom we invest in the premium designer outlet market. We acquired, for the first time, an investment in La Vallée Village (Paris) and increased our stakes in Las Rozas (Madrid) and La Roca (Barcelona) Villages. Our total investment in VR accounts for 15% of the Group's EPRA net asset value at the end of June 2013.

VR has continued to trade well and in line with expectations during the first half of 2013. Brand sales grew at a double-digit rate compared to the same period last year. The 5,800m^2 extension project at La Roca Village is progressing well.

MAXIMISING INCOME FROM OUR PORTFOLIO

We are introducing new brands and formats to our portfolio to capitalise on the structural demand for modern dining and leisure facilities. For example, at Silverburn, Glasgow, we have started on site with a leisure-led extension to include cinema, catering and bingo facilities. In Southampton, following the success of the relaunched 'Dining at WestQuay' concept, our proposals for a leisure-led Watermark scheme adjacent to WestQuay have recently been approved by the council.

We continue to enhance our multi-channel offer to retailers and customers. Having already implemented free wifi throughout our UK shopping centres and launched new mobile-enabled websites, we are able to progress to the next stage of digital engagement with our consumers. In September we are launching a mobile-enabled loyalty app, which will offer product updates, dedicated services to customers and rewards for shoppers.

By creating destination venues and constantly refreshing the tenant mix to reflect consumer demand, we create winning locations for retailers and consumers. Despite the challenging backdrop, we have maintained occupancy above our target, and grown like-for-like income from the portfolio by 2.5%.

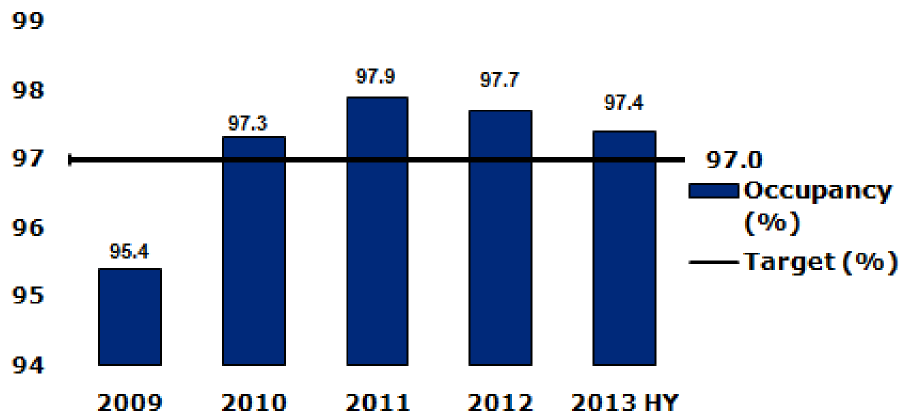
CAPITAL STRENGTH

We have maintained our strong financial position over the period, with gearing and LTV remaining low at 57% and 38% respectively. We maintained our average interest cost at 5.0%, and finished the period with substantial liquidity of around £690 million.

KEY PERFORMANCE INDICATORS (KPIs)

We monitor the performance of our business by comparing four principal measures with appropriate benchmarks: occupancy; growth in like-for-like net rental income; growth in adjusted earnings per share; and portfolio total returns. These KPIs illustrate how successful the implementation of our strategic priorities has been. Management reporting systems and IPD are the sources of the information used to calculate KPIs.

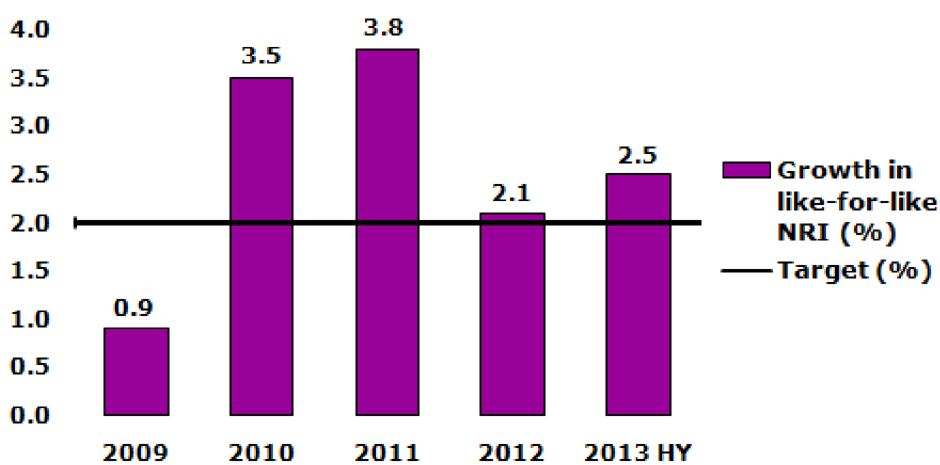
Occupancy



In the chart above, occupancy is for the whole portfolio for 2009 and 2010 and for the continuing portfolio only for 2011 to 2013.

The continuing portfolio was 97.4% occupied at 30 June 2013, remaining ahead of our target of 97.0%. For the Group as a whole, the impact of tenant administrations was largely offset by a strong letting performance. As noted in Security and Quality of Income on page 29, tenants in administration represent a small proportion of the Group's total income. Occupancy is analysed further in the Business Review on page 15.

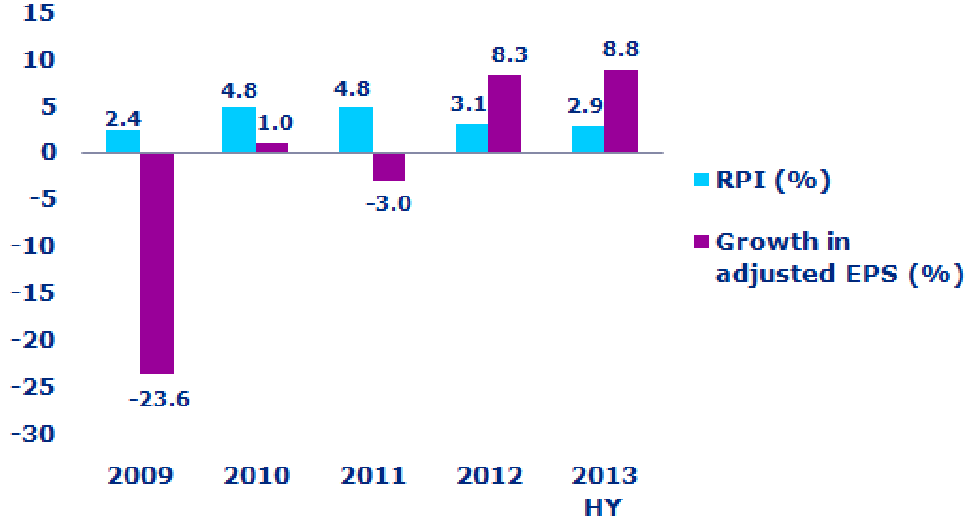
Growth in like-for-like net rental income



Like-for-like net rental income growth is 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. We target growth in excess of 2% per annum. For the six months ended 30 June 2013, net rental income for the continuing portfolio grew by 2.5% compared with 2.1% for the year ended 31 December 2012. Shopping centre income grew by 3.2%, comprising 2.8% in the UK and 3.9% in France. For the UK retail park portfolio, income increased by 2.8% on a like-for-like basis.

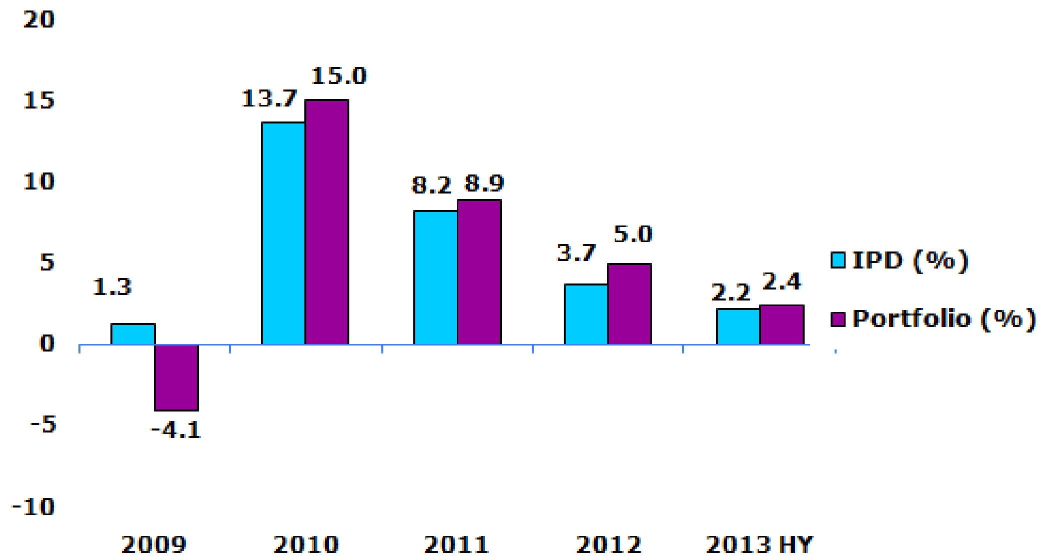
KEY PERFORMANCE INDICATORS
CONTINUED

Growth in adjusted earnings per share (EPS)



Adjusted EPS is derived from earnings reported in the financial statements under IFRS, adjusted to exclude certain items, mainly those relating to valuation changes. The relevant calculations are shown in note 8A on page 49. For the first half of 2013, adjusted EPS was 11.1 pence, an increase of 0.9 pence, or 8.8% compared with the comparative period. The growth principally resulted from higher net rental income and an increased contribution from our investment in Value Retail. EPS growth is benchmarked against the Retail Prices Index (RPI) and our target is to grow adjusted EPS by more than RPI plus 3%. We significantly outperformed the target in the first half of 2013. A commentary on profit, earnings, and earnings per share is provided in the Financial Review on page 20.

Portfolio total returns



The chart shows returns and weighted indices for 2009 to 2012 for the total portfolio. The return for 2013 is for the total portfolio for the first half of the year and the related IPD figure is the June UK monthly All Retail index. No index is available for France for this period.

For the six months to 30 June 2013, the portfolio total return of 2.4% outperformed the IPD benchmark of 2.2%. The prime nature of our portfolio is evident from the income return of 2.6% which is low relative to the benchmark of 3.3%. However the portfolio capital return of -0.2% outperformed the benchmark of -1.1% by 90 basis points, demonstrating the underlying quality of the portfolio. We aim to outperform IPD by 100 basis points.

BUSINESS REVIEW

OVERVIEW OF FOCUS AND STRATEGY

We focus on winning locations that cater to consumer preference for:

- **Experience** - prime shopping centres which offer exciting brands, full-line stores, high-quality catering and leisure facilities in a safe, digital-enabled environment

- **Convenience** - convenient, well-managed retail parks in out-of-town locations are securing an increasing number of fashion and catering tenants, due to their accessibility

- **Luxury** - affinity to high-quality brands and increased tourism have driven impressive sales growth at premium designer outlets in major cities throughout Europe

We have three strategic priorities which guide our capital deployment, operating model and financial management:

- creating high-quality properties
- maximising income from the portfolio
- utilising the Group's capital strength, whilst maintaining a prudent capital structure

CREATING HIGH-QUALITY PROPERTIES

Our strategy is underpinned by high-quality real estate. We create compelling retail venues in successful locations with services and experiences tailored to the local consumer demographic. The quality of our portfolio is enhanced through:

- development – creating vibrant, modern retail destinations, often involving urban regeneration
- refurbishment – refreshing or repositioning existing assets to increase their appeal to tenants and consumers
- extensions – meeting the increased demand from tenants and consumers at successful retail locations
- investment activity – recycling capital from mature assets into properties offering the potential to generate higher returns

Development, refurbishment and extensions

Our experience in managing complex urban regeneration schemes such as: Bullring, Birmingham; WestQuay, Southampton; and Les Terrasses du Port in Marseille has earned Hammerson a reputation as a leading retail real estate developer. Our substantial pipeline of future developments has the potential to provide Hammerson's shareholders with good returns and we have forged strong relationships with the local authorities and major retail groups who have interests in these schemes.

BUSINESS REVIEW
CONTINUED

Going forward, we must 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 main focus of Hammerson's strategic UK development projects will be on its major retail schemes in Leeds and London, including Croydon and Brent Cross, which in total will deliver circa 327,000m² of new retail space over the coming years. This is in addition to the refurbishment programme of existing centres and retail park extensions. Consequently, Hammerson has reached mutual agreement with Sheffield City Council not to progress Sevenstone, the proposed new retail quarter for Sheffield city centre.

Recent progress on our major projects includes the submission of detailed planning applications for Victoria Gate in Leeds, and consultation on improvements to the Brent Cross Cricklewood regeneration scheme ahead of submitting a revised planning application. Planning determination on the outline application for the redevelopment of the Whitgift Centre in Croydon is expected this autumn.

During the first half of 2013, we have achieved several milestones in advancing development projects, as noted in the table below.

Overview of recent progress			
Site assembly	**Planning**	**Letting**	**Construction**
• Acquired the site at Le Jeu de Paume, Beauvais • Acquired a 25% leasehold interest in Whitgift, Croydon • Entered into a 50/50 joint venture with Westfield for the redevelopment of central Croydon	• Achieved planning approval for: - Silverburn extension, Glasgow - Cyfarthfa Retail Park, Merthyr Tydfil - Elliott's Field Retail Park, Rugby - Watermark WestQuay, Southampton • Submitted planning applications for: - Whitgift, Croydon - Victoria Gate, Leeds	• 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	• Progressed construction at: - Les Terrasses du Port, Marseille - Monument Mall, Newcastle • Completed the extension of Manor Walks shopping centre, Cramlington • Started on site at: - The retail park at Manor Walks, Cramlington - Silverburn extension, Glasgow - Cyfarthfa Retail Park, Merthyr Tydfil

Note: Further information on these schemes is set out on pages 9 to 12.

The table on page 9 summarises the developments for which we are on site, or which we expect to start over the next few years. Our development programme comprises:

- On site projects: 110,400m^2 of lettable space at a cost to complete of £206 million and generate an estimated £35 million of income per annum
- Major developments > 30,000m^2: annual income estimated at £71 million, involving the development, refurbishment or extension of 327,000m^2 at a cost of £970 million
- Extensions/developments < 30,000m^2: creating 71,100m^2 of accommodation, generating income of £16 million per annum and costing £194 million
- Pipeline: our development pipeline provides longer term opportunities for large retail and leisure developments in the UK and France involving the creation of 159,150m^2 of new space, at a total development cost of £784 million and estimated income of £55 million per annum when fully let.

BUSINESS REVIEW
CONTINUED

Developments

Scheme	Lettable area m²	Earliest start	Potential completion	Value at 30/06/13 £m	Estimated cost to complete[1] £m	Estimated annual income[2] £m	Let[3] %
ON SITE							
Les Terrasses du Port, Marseille	61,000	Commenced	Q2 2014	300	150	29	89
Cyfarthfa, Merthyr Tydfil	14,500	Commenced	Q4 2014	n/a	26	2	46
Monument Mall, Newcastle	11,400	Commenced	Q3 2013	41	7	1	77
Silverburn extension, Glasgow [4]	10,900	Commenced	Q1 2015	n/a	12	1	75
O'Parinor, Aulnay-sous-bois, Paris[5]	7,200	Commenced	Q4 2014	n/a	3	1	100
Manor Walks, Cramlington	5,400	Commenced	Q4 2013	n/a	8	1	66
	110,400				**206**	**35**	
MAJOR DEVELOPMENTS (>30,000m²)							
Victoria Gate, Leeds (Phase 1)	37,000	2014	2016		120	10	18
Croydon town centre [4]	200,000	2015	2018		500	35	-
Brent Cross Extension, London[6]	90,000	2016	2019		350	26	-
	327,000				**970**	**71**	
EXTENSIONS/REDEVELOPMENTS (<30,000m²)							
Abbotsinch, Paisley	5,000	2013	2014		9	1	60
Le Jeu de Paume, Beauvais	23,400	2013	2015		60	5	34
Elliott's Field, Rugby	16,000	2014	2015		35	3	13
Watermark WestQuay, Southampton	17,700	2014	2016		70	5	-
Brent Cross Leisure, London[6]	9,000	2015	2016		20	2	-
	71,100				**194**	**16**	
PIPELINE							
Halle en Ville, Mantes	32,000	2014	2016		120	9	30
SQY Ouest, Saint Quentin-en-Yvelines [4]	31,700	2014	2015		16	1	-
Italie 2, Paris 13ème	5,700	2015	2017		28	2	-
Orchard Centre, Didcot	11,000	2015	2016		40	3	-
The Goodsyard, London E1 [4, 7]	5,750	2015	Phased		100	-	-
Victoria Gate, Leeds (Phase 2)	73,000	2018	2021		480	40	-
	159,150				**784**	**55**	
Total	**667,650**				**2,154**	**177**	

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 24 July 2013.

(4) 50% ownership.

(5) 25% ownership.

(6) 41% ownership.

(7) Area reflects phase 1 of retail space only.

(8) € converted at £1 = €1.167. Costs and income represent Hammerson share for joint ventures.

On site developments

Les Terrasses du Port, Marseille, the 61,000m^2 shopping and leisure destination currently under development, is on budget and scheduled to complete in May 2014. Featuring 194 shops and 2,600 car parking spaces, the development was valued at £300 million at the end of June 2013, some £50 million above cost. Printemps will anchor the scheme with a 8,700m^2 department store carrying high-end fashion and accessories from designer ranges. Michael Kors and Gant are opening their first shops in France's second city with Bose and G-Star taking flagship stores. French fashion brand Sandro has also secured space, with Groupe SMCP (Sandro, Maje and Claudine Pierlot) now opening three stores within the scheme. The new retailers joining the centre have taken space on the top floor, which is dedicated to high-end and designer brands and has stunning views over the Mediterranean. Monoprix, Zara, Levi's, Agatha and Fossil are also in the tenant line-up. Vinci Park will operate the car park, and the scheme as a whole is now 89% let or in solicitors' hands. We are selectively targeting a number of well-known international retailers to lease the remaining space. Les Terrasses du Port is just part of the impressive regeneration of the wider port area of Marseille. Several new important buildings have opened in the vicinity of the shopping centre, including: MUCEM, a new museum which was opened in June by Francois Hollande; Le Silo, a new theatre; and the Euromed centre which includes a new 4 star hotel and 48,000m^2 of office space for which works have started. Marseille is the European Capital of Culture in 2013, and as such is hosting a number of festivals to celebrate urban art, film, dance and cuisine. Tourist numbers are expected to reach 12 million this year, up from 4 million in 2011.

In March, Merthyr Tydfil County Borough Council approved our planning application to extend Cyfarthfa Retail Park and bring Marks & Spencer to the town. Marks & Spencer will anchor the 14,500m^2 extension with a 4,600m^2 full-line store offering clothing, homeware and a food hall. The scheme 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 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 has started on the extension with some stores, including the new B&Q, trading early in 2014 and the remainder open by Christmas 2014.

The redevelopment of Monument Mall in Newcastle is expected to be completed in August and some 77% of the anticipated rental income from the £20 million scheme has been secured. TK Maxx will occupy a 3,300m^2 flagship store over the first and second floors with a glazed triple-height entrance onto Northumberland Street. We have also signed Jack Wills, Reiss and Rox to the scheme.

Our leisure-led expansion of Silverburn, Glasgow has commenced. We have signed Cineworld to operate the cinema and Gala Bingo and to date 75% of the anticipated rental income of £1 million has been secured. We expect the 10,900m^2 extension to be open for business in early 2015 at an estimated cost of £12 million.

We have recently signed Primark to the 7,200m^2 extension at O'Parinor, which will be one of the retailer's first stores in Paris. The scheme is now fully pre-let or in solicitors' hands and scheduled for completion towards the end of 2014.

The 5,400m^2 shopping centre extension at Manor Walks, Cramlington opened in July. Vue Cinema is now welcoming customers to its 2,600m^2 nine-screen cinema with Dolby 'Atmos' 3D sound, VIP seating and super-sized screens. Restaurant brands Prezzo and Frankie & Benny's have signed as part of the family restaurant line-up at the scheme.

BUSINESS REVIEW
CONTINUED

Major developments (> 30,000m^2)

In June, a detailed planning application was submitted for Victoria Gate, the 37,000m^2 first phase of our development in Leeds. The scheme will introduce two new retail streets drawing on Leeds' thriving arcade heritage and create a direct route from Victoria Quarter which we acquired in 2012. John Lewis will anchor the centre with a 24,000m^2 flagship store and the project will also provide up to 30 additional retail units for aspirational brands, six restaurants, new leisure space and a 800 space multi-storey car park. The estimated annual income from the scheme is £10 million, and we expect work to commence in spring 2014 with an autumn 2016 opening.

In January, we formed a 50:50 joint venture with Westfield 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 now shares ownership with Westfield. In March, the joint venture also acquired for £65 million the 155-year headlease of the Whitgift Centre, representing a 25% interest. Together with Westfield, we intend to redevelop and combine the Whitgift Centre and Centrale. The 200,000m^2 mixed-use scheme will include retail, leisure and residential space, with the potential for hotels and offices, and will create over 5,000 new jobs. A planning application was registered in February and is expected to be determined in the autumn. Subject to consent, construction on the £1 billion scheme could start in 2015.

Together with our partner Standard Life Investments we released in June updated details of the Brent Cross Cricklewood regeneration in north-west London. The plans have been shown to local stakeholders before being finalised and submitted to Barnet Council later this year as an amendment to the outline planning permission granted in 2010. The updated scheme 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. It will deliver a world class retail, dining and leisure environment and some of the proposed transport improvements will be accelerated. The regeneration will support 27,000 full-time jobs, with retail and leisure accounting for 5,500 of these. Local residents will also benefit from new parks and community facilities as well as much improved transport connections.

We anticipate work on the 9,000m^2 leisure and catering extension at Brent Cross will start on site in 2015. The cost of the project is estimated at £20 million.

Extensions/redevelopments (< 30,000m²)

Abbotsinch Retail Park, Paisley was acquired as part of The Junction Fund portfolio in October 2012 and work is due to start imminently to develop a 5,000m^2 terrace comprising five new units. Of the anticipated income, 60% has been secured.

In January we acquired the land for our proposed development of Le Jeu de Paume, Beauvais and leases signed or in solicitors' hands already represent 34% of the expected income. Carrefour Market will anchor the centre with a 3,000m^2 store and a further 83 retail units and 37 residential apartments will complete the 23,400m^2 city centre scheme, 60 km to the north of Paris. The line-up includes H&M as the fashion anchor and Furet du Nord as the culture and leisure anchor. Discussions continue with retailers interested in the remaining larger units and we are planning to start construction before the end of this year.

Plans for the redevelopment of Elliott's Field Retail Park in Rugby were approved by Rugby Borough Council in May. Debenhams will anchor the scheme operating from a 5,600m^2 full-line store with cosmetics, clothing and homeware departments and a cafe/restaurant. The £35 million extension will include a new retail terrace to accommodate 15 new fashion and homeware brands. New catering space, improved car parking facilities and major improvements to the external environment also feature in the scheme. We have secured 13% of the estimated annual income from the project for which work is due to start in early 2014 with expected completion by spring 2015.

Proposals for the leisure-led development at Watermark WestQuay were approved by Southampton City Council in July. The four hectare brownfield site in the centre of Southampton is immediately adjacent to Hammerson's jointly owned 76,800m^2 WestQuay Shopping Centre. The mixed-use scheme will be delivered in two phases with the first phase of 17,700m^2 comprising a landmark cinema building, up to 15 restaurants and additional retail space, alongside newly created public space in front of the city's historic walls. The second phase has the potential to include a residential tower, a hotel, flexible office space, restaurants and additional public space. Estimated development costs for the first phase of £70 million would provide £5 million of income per annum.

ENHANCING QUALITY THROUGH PORTFOLIO MANAGEMENT

We have completed our rebalancing of the portfolio to focus exclusively on the retail sector, recycling the proceeds from mature properties and reinvesting in acquisitions and developments with prospects for income and capital growth. We completed the sales of our remaining office properties and acquired further interests in two of our chosen retail sub-sectors of 'experience', in the form of Bullring, Birmingham, and 'luxury', represented by Value Retail.

Acquisition - Experience

We acquired in May an additional 16.7% stake in Bullring, and the Group's ownership now stands at 50%. 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. This acquisition underlines our commitment to prime retail destinations and generating income growth through investment in winning sectors of the retail property market. Bullring is one of Europe's leading shopping centres, attracting 40 million visitors per annum, and is 99% occupied. Since opening, passing rents at the centre have grown at a compound rate of 5.5% per annum. Following the successful Spiceal Street restaurant extension in 2011, there are a number of asset management and development opportunities to drive future growth at the centre including the introduction of a cinema and additional catering. Passing rents for Bullring as a whole are £53 million per annum and after taking into account purchase costs the net initial yield on the purchase was 5.7%. Hammerson will continue to have responsibility for asset management and development of the centre.

BUSINESS REVIEW
CONTINUED

Disposals

In June the sales to Brookfield of the Group's 50% interest in 125 Old Broad Street, London EC2 and 1 Leadenhall Court, London EC3 were completed for aggregate proceeds of £189 million. Net rental income generated by the properties in the year to the date of disposal was £6.4 million.

LUXURY - PREMIUM DESIGNER OUTLETS

Hammerson's exposure to the luxury retail sector is predominantly through Value Retail ('VR'), the developer and operator of luxury retail outlet Villages in the UK and Western Europe, achieved through our 22% interest in the VR holding companies and through investments in the Villages themselves. VR's portfolio includes Bicester Village, Oxfordshire and La Vallée Village near Paris.

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

At 30 June 2013, VR's nine European Villages were valued for Hammerson at a total of €2.9 billion, an underlying increase of 5.7% since the end of 2012. There was encouraging double digit growth in the portfolio's brand sales in the first half of 2013. At €51.5 million EBITDA, as prepared under IFRS, increased by 15.2% from €44.7 million in the first half of 2012, whilst gross profit margin, before administration costs, grew from 59.9% to 64.4%.

So far in 2013, an average of 9.4% of the selling space in the Villages was remerchandised, of which around a third related to the introduction of new brands, with the balance reflecting unit refitting or the relocation of existing brands. At La Roca Village construction work has started on an extension which will increase the gross lettable area of the Village by around a third. The extension will be open for trading in the first half of 2014.

During the period VR refinanced senior debt facilities at Bicester and Maasmechelen Villages and repaid a working capital facility. As a result of these and other initiatives, total external debt increased by 7.2% to €1.25 billion or 43% of the June 2013 property portfolio value. Page 22 of the Financial Review provides further information on how our investment in VR has impacted Hammerson's financial performance.

MAXIMISING INCOME

Against a background of challenging trading environments in the UK and France, retailers continue to focus their space requirements on high-quality, prime shopping centres and conveniently located retail parks of the types operated by Hammerson. We aim to maximise income growth from the portfolio by optimising occupancy and footfall at our properties. The characteristics of each of the markets in which we operate dictates our approach to meeting these objectives, but there are some common themes:

- foster close, long-standing relationships with existing and prospective retailers
- predict, monitor and respond to local market trends
- offer attractive commercial solutions to tenants' occupational requirements
- tailor marketing campaigns to maximise footfall at each destination
- innovate new formats for our tenants to facilitate multi-channel sales
- provide an enhanced customer experience at our properties

Our responses to emerging consumer trends are set out in the following paragraphs.

Brand loyalty

The globalisation of brands, combined with the ability to research product availability and provenance online, means that shoppers increasingly know what they want before arriving in 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.

Catering and leisure

The desire to use shopping centres as an experience is evidenced by the increasing demand for catering and leisure facilities; 10% of our retail floorspace is now dedicated to leisure and catering, and a third of all our shoppers visit our cinemas or restaurants. We have leisure extensions completed in Cramlington and underway at O'Parinor and Silverburn to capitalise on this trend, and have further similar extensions scheduled to start on site next year.

Multi-channel

Last year Hammerson introduced free wifi to all UK centres and provided mobile-enabled websites. This was in addition to the bespoke social media promotional activity already being undertaken by the individual centres. This has proved highly successful with website visitors and social media followers growing strongly, the latter by 38% year-on-year. Our strategy is to use multi-channel initiatives to support our core rental business. We use digital technologies to drive footfall, improve the customer experience and increase dwell time, all of which support retail sales. Our next initiative is an integrated mobile app which will enable product search, customer loyalty, centre services and promotions. We will launch the first iteration of this app at some centres in September this year.

BUSINESS REVIEW
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Operational performance

Given the economic backdrop, the operating performance of the retail portfolio has been strong in the first six months of 2013 as shown in the table below. The sales and footfall figures for the French centres 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	**H1 2013**	H1 2012
Occupancy (%)	**97.4**	97.5
Net rental income growth - like-for-like (%)	**2.5**	2.4
Leasing activity - new rent from units leased (£m)	**10.2**	7.4
Area of new lettings (‘000m^2)	**70.6**	45.5
Leasing v ERV (% above 31 December 2012/2011 ERV)	**1**	4
Retail sales change (%)		
UK shopping centres	**(0.4)**	0.4
France shopping centres	**(3.8)**	(3.9)
Footfall change (%)		
UK shopping centres	**(1.5)**	(2.0)
France shopping centres	**(5.8)**	(3.3)
Non-rental income (£m)		
UK	**9.2**	8.3
France	**0.7**	1.0

Occupancy

At the end of June 2013 occupancy was 97.4% for the continuing portfolio, remaining ahead of our target of 97.0%. For the Group as a whole, the impact of tenant administrations was largely offset by a strong letting performance. As noted in Security and Quality of Income on page 29, tenants in administration represent a small proportion of the Group’s total income. The components of portfolio occupancy are analysed in the table below.

Occupancy (%)	**UK shopping centres**	**France retail**	**UK retail parks**	**Other UK**	**Total continuing portfolio**
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**
30 June 2012	97.4	97.6	98.7	91.6	**97.5**

BUSINESS REVIEW
CONTINUED

Like-for-like net rental income

Compared with the first half of 2012, like-for-like net rental income for the continuing portfolio was 2.5% higher in the period to 30 June 2013. Income from shopping centres increased by 3.2%. In the UK, a 2.8% uplift was driven by strong growth in turnover rents and car park and commercial income, notably at Union Square, WestQuay and Brent Cross. Indexation was the primary factor in French shopping centre net rental income growth of 3.9%. UK retail parks like-for-like income grew by 2.8% largely as a result of leasing activity.

Like-for-like net rental income for the six months ended 30 June 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	55.4	2.8	4.9	-	0.1	60.4
Retail parks	32.1	2.8	9.3	0.2	-	41.6
Other UK	3.3	(14.5)	0.4	2.1	0.6	6.4
Total United Kingdom	90.8	2.1	14.6	2.3	0.7	108.4
Continental Europe						
France retail	32.4	3.9	0.5	-	(0.9)	32.0
Group						
Retail	119.9	3.1	14.7	0.2	(0.8)	134.0
Other UK	3.3	(14.5)	0.4	2.1	0.6	6.4
Total continuing operations	**123.2**	**2.5**	**15.1**	**2.3**	**(0.2)**	**140.4**
Discontinued operations	0.7	29.7	-	6.6	-	7.3
Total	**123.9**	**2.7**	**15.1**	**8.9**	**(0.2)**	**147.7**

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

	Properties owned throughout 2012/13 £m	Exchange £m	Acquisitions £m	Disposals £m	Developments £m	Total net rental income £m
United Kingdom						
Shopping centres	53.9	-	(0.2)	-	-	53.7
Retail parks	31.2	-	-	-	-	31.2
Other UK	3.9	-	-	6.6	0.9	11.4
Total United Kingdom	89.0	-	(0.2)	6.6	0.9	96.3
Continental Europe						
France retail	31.2	(1.1)	-	2.0	(0.6)	31.5
Group						
Retail	116.3	(1.1)	(0.2)	2.0	(0.6)	116.4
Other UK	3.9	-	-	6.6	0.9	11.4
Total continuing operations	120.2	(1.1)	(0.2)	8.6	0.3	127.8
Discontinued operations	0.5	-	-	13.3	-	13.8
Total	120.7	(1.1)	(0.2)	21.9	0.3	141.6

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.

BUSINESS REVIEW
CONTINUED

Leasing activity

We signed 147 leases representing 70,600m^2 of space and annual rental income of £10.2 million in the six months to 30 June. For the Group as a whole, rents secured were around 1% greater than December 2012 ERVs and 12% greater than the previous passing rents.

Average ERVs were broadly unchanged over the first half of the year.

Retailer sales and footfall

In the UK sales from our centres were broadly flat, despite the impact of poor weather at the start of the year. The electricals and media sector was once again weak, compensated by a strong performance from department stores. In France, sales fell 3.8% partly due to the impact of our €100 million refurbishment programme, and the additional two days trading in the prior year. We estimate that these factors account for approximately 2.5% of the decline.

Non-rental income

Rental income from our portfolio is supplemented by revenue from car parks and from the sale of advertising and merchandising opportunities at our centres. This is included within 'net rental income' and makes a growing contribution to the Group's earnings. Increased car park income, particularly at Bullring, Union Square and WestQuay were the principal factors behind the increase of £0.6 million in total non-rental income to £9.9 million.

CAPITAL STRENGTH

We operate within a prudent and flexible financial structure which provides financial security whilst allowing us to act swiftly and decisively.

Portfolio overview

In this overview, 'the portfolio' refers to the continuing portfolio and excludes the office properties sold during the first half of 2013. The portfolio was valued at £5.7 billion at the end of June 2013, provided 1.7 million m^2 of space and included 20 prime shopping centres in the UK and France and 22 conveniently located retail parks.

At 30 June 2013, 73% of the portfolio by value was located in the UK, with the balance in France, whilst developments comprised 7%. Approximately 43% of the portfolio was held in joint ventures and included eight major shopping centres in the UK and two in France. Our ten most valuable properties represented 50% of the portfolio value whereas the average lot size for the portfolio as a whole was £86 million. A reconciliation of the movement in portfolio value over the first six months of the year is shown in the table below.

Movement in portfolio value to 30 June 2013	**£m**
Portfolio value at 1 January	5,458
Valuation decrease	(23)
Capital expenditure	
Developments	55
Expenditure on existing portfolio	25
Acquisitions	192
Capitalised interest	6
Disposals	(61)
Exchange	81
Portfolio value at 30 June - continuing operations*	**5,733**

*Includes developments

The prime nature of the portfolio is reflected in income yields which are low relative to other property classes. The table below sets out net and gross valuations, income and yields for the investment portfolio.

At 30 June 2013 the net initial yield of the continuing portfolio, based on the gross portfolio value, was 5.3%, unchanged since the beginning of the year. The components of the portfolio valuation are analysed in more detail in 'Capital returns' on page 19.

Continuing investment portfolio at 30 June 2013	**Income £m**	**Gross value £m**	**Net book value £m**
Portfolio value (net of cost to complete)		5,627	5,627
Purchasers' costs[(1)]			(296)
Net investment portfolio valuation as reported in the financial statements			5,331
Income and yields			
Rent for valuers' initial yield (equivalent to EPRA Net Initial Yield)	296.5	5.3%	5.6%
Rent-free periods (including pre-lets)	7.1	0.1%	0.1%
Rent for 'topped-up' initial yield[(2)]	303.6	5.4%	5.7%
Non-recoverable costs (net of outstanding rent reviews)	11.6	0.2%	0.2%
Passing rents	315.2	5.6%	5.9%
ERV of vacant space	8.0	0.2%	0.2%
Reversions	6.5	0.1%	0.1%
Total ERV/Reversionary yield	329.7	5.9%	6.2%
True equivalent yield		6.0%	
Nominal equivalent yield		5.8%	

Notes

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

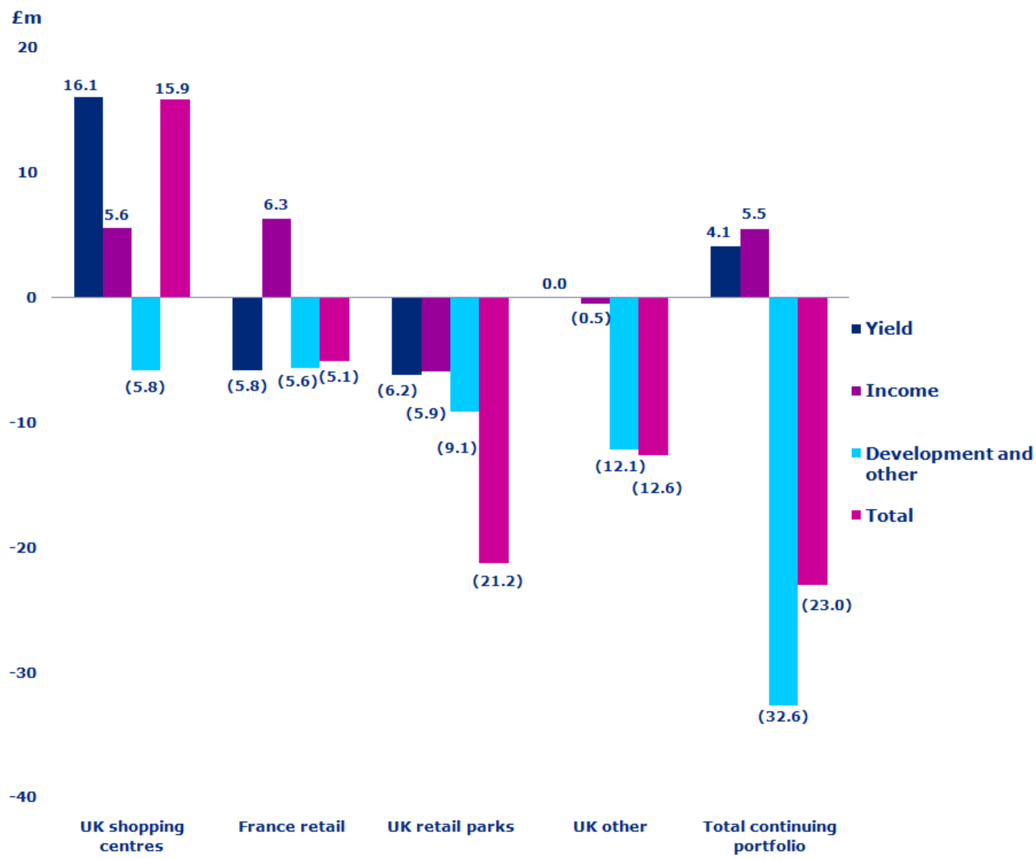
(2) The yield of 5.4% based on passing rents and the gross portfolio value is equivalent to EPRA 'topped-up' Net Initial Yield.

Capital returns

The total return of the whole portfolio for the six months ended 30 June 2013, was 2.4%, comprising capital and income returns of -0.2% and 2.6% respectively. Returns for the continuing portfolio were 2.2%, -0.3% and 2.5% respectively. The valuation data table on page 29 analyses total and capital returns by segment and the components of the changes in valuation for the continuing portfolio for the first six months of 2013 are analysed in the chart below.

Over the first half of the year, investment yields reduced slightly in the UK shopping centre portfolio, contributing positively to valuations, but rose marginally for UK retail parks and French retail properties. Valuations benefited from rising rental values at shopping centres in the UK and France whilst at the UK retail park assets rental values fell marginally. The net effect of yields and rents on the valuation of the continuing portfolio is positive on the whole. However the impact has been more than offset by capital expenditure incurred to reposition the French shopping centres and on advancing the development pipeline.

Components of valuation change for H1 2013 – Continuing portfolio



FINANCIAL REVIEW

Discontinued operations

In compliance with IFRS, the income and expenditure directly attributable to discontinued operations 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 consolidated balance sheet. Note 6B on page 47 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 are funded from the Group's unsecured debt, and so no finance costs have been attributed to these assets within the profit related to discontinued operations.

Profit before tax

For the six months ended 30 June 2013, the Group's total profit before tax was £95.8 million compared with £48.8 million in the prior year. The recognition under equity accounting of the Group's share of the net revaluation gains for our investment in Value Retail and a strong operational performance were the main reasons for the year-on-year increase. The positive impact of lower bond redemption costs was more than offset by the losses on revaluation of derivatives. The table below reconciles profit before tax on adjusted and unadjusted bases.

Analysis of profit before tax	Notes	**Six months ended 30 June 2013 £m**	Six months ended 30 June 2012 £m
Adjusted profit before tax	2,6B	**81.3**	74.0
Adjustments:			
Gain on the sale of investment properties	2,6B	**7.0**	7.3
Net revaluation losses on property portfolio	2,6B	**(20.0)**	(22.0)
Net revaluation gains in associate – Value Retail	2	**39.3**	-
Premium and costs on redemption of bond	4	**(3.9)**	(13.8)
Change in fair value of derivatives	4,6B	**(7.9)**	3.3
Profit before tax – continuing and discontinued operations	2,6B	**95.8**	48.8

Adjusted profit before tax at £81.3 million was £7.3 million, or 9.9% up on 2012. A year-on-year reconciliation is shown in the table below. The impact of acquisitions, growth in income from the like-for-like portfolio and an improved operating performance at Value Retail were the key components of the increase in profit.

Reconciliation of adjusted profit before tax	**Adjusted profit before tax £m**	**EPRA EPS pence**
Adjusted profit before tax for H1 2012	74.0	10.2
Net financing expense	(3.7)	(0.5)
Administration expenses increase	(2.8)	(0.4)
Net investment activity	7.0	1.0
Like-for-like net rental income increase	3.2	0.4
Additional income from Value Retail	4.2	0.6
Exchange and other	(0.6)	(0.2)
Adjusted profit before tax for H1 2013	**81.3**	**11.1**

EPRA earnings per share were 11.1 pence for the period, an increase of 0.9 pence, or 8.8%, over the equivalent figure for 2012. Calculations for earnings per share are set out in note 8A to the accounts on page 49.

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Net rental income

For the portfolio as a whole, net rental income for the period ended 30 June 2013 was £147.7 million. For continuing operations only the figure was £140.4 million for 2013 and £127.8 million for the comparative period. Growth of 2.5% in income from the like-for-like portfolio and income from acquisitions more than offset the income lost from disposals. The tables on page 16 provide more information on like-for-like net rental income.

Administration expenses

Administration costs are analysed in the table below.

Administration expenses	Notes	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m
Continuing operations	2		
Cost of property activities		**17.5**	15.5
Corporate expenses		**9.2**	7.5
		26.7	23.0
Management fees receivable		**(3.5)**	(2.8)
		23.2	20.2
Discontinued operations	6B		
Cost of property activities		**0.3**	0.7
Management fees receivable		**(0.2)**	(0.4)
		0.1	0.3
Total administration expenses		**23.3**	20.5

In the period to 30 June 2013 administration expenses for continuing operations, at £23.2 million, were £3.0 million higher than in the previous year. The increase principally reflected a higher level of variable remuneration, particularly in relation to share plans which vested this year.

Administration expenses for discontinued operations represent the costs of staff made redundant as a result of the sale of the office portfolio. Management fees receivable are in respect of the joint ventures for 125 Old Broad Street and 10 Gresham Street.

Cost ratio

EPRA has published standard calculations for cost ratios as part of its best practice recommendations and the table below follows this guidance. The ratios are not necessarily comparable between different companies as business models and expense accounting and classification practices vary. For continuing operations the ratio including the cost of vacancy has fallen by 30 bp from 25.6% for the first half of 2012 to 25.3% in 2013. The table shows that our total operating costs increased from £37.1 million in 2012 to £39.7 million in 2013 due to higher net service charge and administration expenses. We continue to focus on cost management and together with a growing income stream from the completion of refurbishments, extensions and developments, we anticipate that the ratio will fall further over time.

Cost ratio – continuing operations	Notes	**Six months ended 30 June 2013 £m**	Six months ended 30 June 2012 £m
Net service charge expenses – non-vacancy		**1.1**	0.8
Net service charge expenses – vacancy		**3.7**	2.9
Net service charge expenses – total	2	**4.8**	3.7
Other property outgoings	2	**11.7**	13.2
Cost of property activities	2	**17.5**	15.5
Corporate expenses	2	**9.2**	7.5
Management fees receivable	2	**(3.5)**	(2.8)
Total operating costs		**39.7**	37.1
Gross rental income (after rents payable)	2	**156.9**	144.7
Cost ratio including net service charge expenses - vacancy(%)		**25.3**	25.6
Cost ratio excluding net service charge expenses - vacancy (%)		**22.9**	23.6

Staff costs amounting to £0.7 million (2012: £0.4 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.

Share of results and net assets of associate – Value Retail (VR)

We have equity accounted for the Group's investment in VR since August 2012. Page 13 of the Business Review describes the operating performance of VR over the period.

Prior to August 2012, our interests were treated as investments and income was recognised as distributions were received. The table below compares how our investment in VR has impacted the Group's income statement and balance sheet. On an EPRA basis, net income from our investment for the six months ended 30 June 2013 was £8.1 million, or 1.1 pence per share, as compared with £3.9 million, equivalent to 0.5 pence per share, for the same period in 2012. Including the Group's loan to VR our net interest at 30 June 2013 was valued at £578.3 million on an EPRA basis, equivalent to 81 pence per share. The changes reflect the revised accounting basis as well as the acquisition of additional interests in VR over the last year. Excluding our share of VR's income for the period, our investment contributed £39 million, or 6 pence per share, to the increase in the Group's equity shareholders' funds in the first half of 2013, principally as a result of property valuation increases.

Value Retail	Notes	**Six months ended 30 June 2013 £m**	Six months ended 30 June 2012 £m
Income statement			
Distributions received	Within net rental income	**-**	2.6
Share of results of associate	10A	**44.8**	-
Interest receivable	Within net finance costs	**2.6**	1.3
Less: EPRA adjustments	10A	**(39.3)**	-
Total impact of VR on income statement – EPRA basis		**8.1**	3.9
		30 June 2013 £m	31 December 2012 £m
Balance sheet			
Investment in associate	10B	**503.4**	428.4
Add: EPRA adjustments	10B	**25.2**	16.2
EPRA adjusted investment in associate		**528.6**	444.6
Loan to VR	12	**49.7**	47.0
Total impact of VR on balance sheet – EPRA basis		**578.3**	491.6

Finance costs

During the first half of 2013, we have maintained the average cost of the Group's borrowings at 5.0% and remain alert to the capital markets for further opportunities for savings.

Note 4 to the accounts analyses net finance costs and shows that underlying finance costs, comprising gross interest costs less finance income, were £53.2 million for the first six months of 2013 compared with £48.8 million for the equivalent period in 2012. The increase principally resulted from a higher level of net debt, commitment fees on new borrowing facilities and the adverse impact of exchange.

Interest capitalised of £6.4 million in the first six months of the year related almost exclusively 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

An interim dividend of 8.3 pence per share has been declared by the Directors, an increase of 7.8% compared with the 2012 interim dividend of 7.7 pence. The interim dividend is payable on 3 October 2013 to shareholders on the register at the close of business on 23 August 2013 and will be paid entirely as a PID, net of withholding tax where appropriate. Consistent with the case in recent years, there will be no scrip alternative although the dividend reinvestment plan remains available to shareholders.

Balance sheet

During the period to 30 June 2013, equity shareholders' funds increased by £39 million to £3.9 billion. EPRA net assets rose by £62 million in the half-year as shown in the table below and this was reflected in a 1.7% increase in EPRA net asset value per share which stood at £5.51 at the end of the period. A modest valuation deficit on the investment property portfolio, principally in respect of UK retail parks, was more than offset by positive contributions from our investment in Value Retail, developments and retained earnings.

Movement in net asset value	**Equity shareholders' funds* £m**	**EPRA NAV* £ per share**
31 December 2012	3,860	5.42
Revaluation - continuing investment portfolio	(29)	(0.04)
Revaluation - continuing developments	6	0.01
Revaluation - investments in Value Retail	39	0.06
Profit on disposals	7	0.01
Premium and costs on redemption of bonds	(4)	(0.01)
Adjusted profit for the period	79	0.11
Dividends	(71)	(0.10)
Exchange	20	0.03
Other	15	0.02
30 June 2013	**3,922**	**5.51**

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

Financing and cashflow

Borrowings of £2.3 billion and cash and deposits of £70 million meant that net debt was £2.2 billion at 30 June 2013. The increase of £170 million over the figure of £2.0 billion at the beginning of the year principally resulted from expenditure on acquisitions and developments, which exceeded proceeds from disposals, and dividends and exchange. The £39 million cash inflow from operating activities during the period, together with £331 million of capital expenditure and acquisition outflows, disposal proceeds of £239 million, £37 million of distributions received from Value Retail and a £19 million inflow in respect of financing activities led to an increase in cash and deposits of £3 million. Liquidity at 30 June 2013 was £686 million and comprised cash and undrawn committed facilities.

We have a policy of maintaining a minimum of 50% of fixed rate debt, although this may be increased at higher gearing levels. At the end of 2012, 80% of debt was at fixed rates of interest but the proportion has fallen to 72% at 30 June 2013 as floating rate bank facilities have been used to fund capital expenditure. 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 terms and our fixed/floating profile will partly mitigate that risk.

We use a combination of euro borrowings and derivatives to hedge our exposure to exchange translation differences on euro denominated assets. At 30 June 2013, 80% of the value of euro-denominated assets was hedged, in line with our policy. Interest on euro debt also acts as a hedge against exchange differences arising on rental income from our French portfolio and all of the relevant income was hedged in this way in the first half of the year.

FINANCIAL REVIEW
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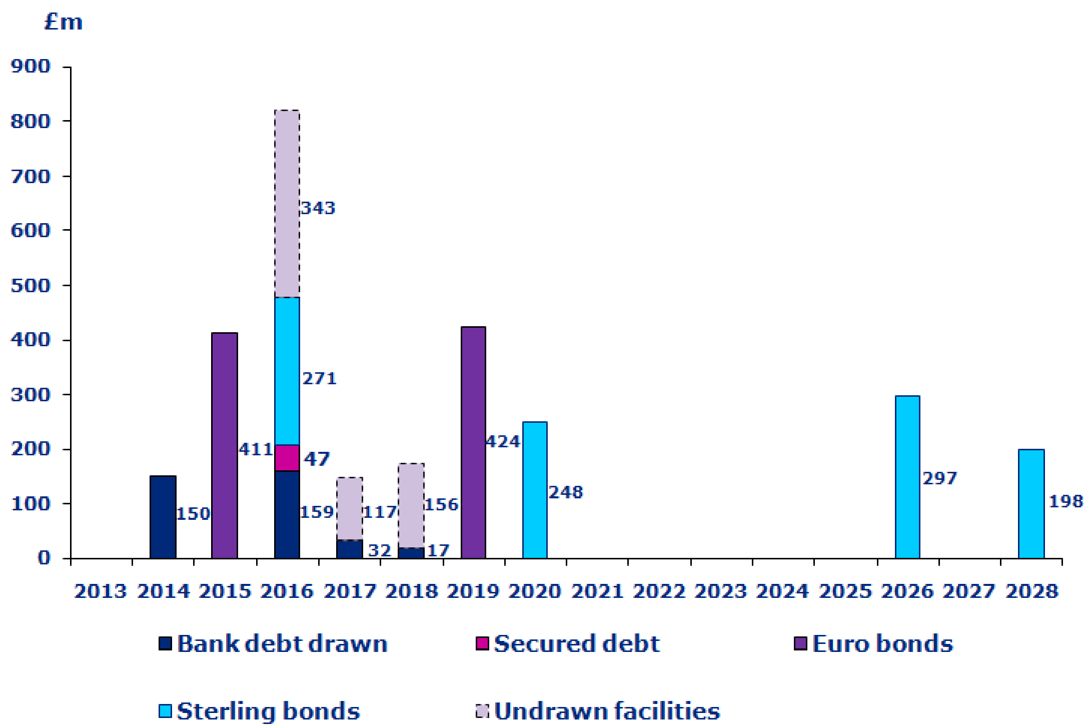
The chart below sets out the maturity profile of the Group's bank facilities and bonds. The average maturity of the Group's debt at 30 June 2013 was more than six years and we monitor the capital markets with a view to managing short-term maturities. We completed in May a tender offer for £28 million of the Group's £300 million 5.25% unsecured bonds due in 2016. An exceptional charge of £3.9 million represented the premium and costs paid on the repurchased bonds. As the interest cost of the bond was at 5.25% and the debt was refinanced at an incremental finance cost of 1.4%, a lower running cost of debt was secured. We expect this to result in a saving of approximately £1.0 million per annum.

In the first half of 2013 two new credit facilities became available: 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 £150 million loan became effective in June for a term of one year which increased our access to low floating rates of interest. In addition, an existing £125 million facility maturing in 2017 increased to £150 million in April. We believe that the sterling, euro and private placement bond markets will be available to Hammerson in the medium term to replace existing bank borrowings and bonds as they mature. We will continue to monitor these markets and consider accessing them as appropriate.

Debt maturity profile at 30 June 2013



FINANCIAL REVIEW
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The Group's financial condition is robust, as illustrated in the table of key financing metrics below. The guidelines referred to in the table are approved by the Board and used to monitor the Group's financial structure.

The financial covenants of the Group's unsecured bank facilities are that the Group's gearing, defined as the ratio of net debt to shareholders' equity, should not exceed 150% and that interest cover, defined as net rental income divided by net interest payable, should be not less than 1.25 times. 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. Financing risk is discussed further within Principal Risks and Uncertainties on pages 31 and 32.

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

Key Financing Metrics	**Guideline**	**30 June 2013**	31 December 2012
Net debt (£m)		**2,207**	2,036
Gearing (%)	maximum 85% for an extended period	**57**	53
Loan to value (%)	up to 40%	**38**	36
Liquidity (£m)		**686**	696
Weighted average cost of finance (%)		**5.0**	5.0
Interest cover (times)	at least 2.0	**2.7**	2.8
Net debt/EBITDA (times)	less than 10.0	**7.9**	7.9
Debt fixed / floating (%)		**72**	80

PROPERTY PORTFOLIO INFORMATION

SECURITY AND QUALITY OF INCOME

Our retail portfolio has a weighted average unexpired lease term of eight years, providing a secure income stream with opportunities for growth. At 30 June 2013 the continuing portfolio was 2.0% reversionary, unchanged since the end of 2012. The UK and French portfolios were respectively 1.0% and 5.4% reversionary. On the assumption that leases are renewed or re-let and rent reviews are agreed at current ERVs we estimate that £16.2 million of additional income per annum could be secured from the portfolio by 2015.

Lease expiries and breaks

Over the period from 2013 to 2015, leases with current rents passing of £77.1 million will expire or are subject to tenants' break clauses, as shown in the table below. Additional rental income of £7.0 million per annum could be secured in respect of expiries. We have assumed renewals take place at current rental value levels and have excluded tenant break options from this estimate, as we consider the probability that they will be exercised to be low. 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 30 June 2013

		Rents passing that expire/break in			ERV of leases that expire/break in			Weighted average unexpired lease term	
		2013 £m	**2014 £m**	**2015 £m**	**2013 £m**	**2014 £m**	**2015 £m**	**to break years**	**to expiry years**
Notes		1	1	1	2	2	2		
United Kingdom									
Retail:	Shopping centres	12.6	9.1	12.3	15.1	9.9	12.4	6.8	8.3
	Retail parks	5.8	2.1	4.9	9.1	2.3	4.7	9.2	10.1
		18.4	11.2	17.2	24.2	12.2	17.1	7.8	9.1
Other UK		2.7	1.3	2.7	2.8	1.4	3.0	7.0	8.8
Total United Kingdom		**21.1**	**12.5**	**19.9**	**27.0**	**13.6**	**20.1**	**7.8**	**9.0**
France: Retail		**14.9**	**4.9**	**3.8**	**15.7**	**5.1**	**3.8**	**1.2**	**4.9**
Group									
Retail		33.3	16.1	21.0	39.9	17.3	20.9	6.1	8.0
Other UK		2.7	1.3	2.7	2.8	1.4	3.0	7.0	8.8
Total Group		**36.0**	**17.4**	**23.7**	**42.7**	**18.7**	**23.9**	**6.2**	**8.0**

Notes
1 The amount by which rental income, based on rents passing at 30 June 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 30 June 2013 for leases that expire or break in each year and ignoring the impact of rental growth and any rent-free periods.

PROPERTY PORTFOLIO INFORMATION
CONTINUED

Rent reviews

Rent reviews
as at 30 June 2013

		Rents passing subject to review in				Projected rents at current ERV of leases subject to review in			
		Outstanding £m	**2013 £m**	**2014 £m**	**2015 £m**	**Outstanding £m**	**2013 £m**	**2014 £m**	**2015 £m**
Notes		1	1	1	1	2	2	2	2
United Kingdom									
Retail:	Shopping centres	44.7	4.3	15.5	9.4	47.5	5.3	17.2	10.5
	Retail parks	22.1	4.7	9.3	24.9	22.6	5.1	9.7	25.5
		66.8	9.0	24.8	34.3	70.1	10.4	26.9	36.0
Other UK		4.0	1.2	2.0	3.3	4.2	1.3	2.1	3.6
Total United Kingdom		**70.8**	**10.2**	**26.8**	**37.6**	**74.3**	**11.7**	**29.0**	**39.6**

Notes
1 Rents passing at 30 June 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 30 June 2013 and ignoring the impact of changes in rental values before the review date.

Additional annual rental income amounting to £3.5 million could be secured from the UK portfolio, assuming that outstanding rent review negotiations are concluded at rental values prevailing at the time of review. Over the period to 2015, leases with rents passing of £74.6 million are subject to review and if reviewed to current rental values, rents estimated at £80.3 million per annum would be secured, generating additional rents of £5.7 million per annum. This is not a forecast and takes no account of potential changes in rental values before the relevant review dates.

Rents from the majority of leases in our French portfolio increase annually by indexation, which was 3.1% for 2013.

Tenant covenant strength

The top ten retail occupiers in the portfolio accounted for £63.2 million, or 20.0%, of rents passing from the continuing portfolio as at the end of June 2013.

Tenant	**% of total passing rent**
B&Q	3.9
H&M	2.2
Home Retail Group	2.1
Arcadia	2.0
DSG Retail	2.0
Next	1.9
Boots	1.7
New Look	1.5
Inditex	1.4
TK Maxx	1.3
Total	**20.0**

We monitor the credit standing of our key retailers and assess the covenant strength of prospective tenants using a credit rating agency. The agency's five-point risk indicator scale runs from one ('low') to five ('high') risk. All of the top ten retail tenants were rated at 'low' or 'lower than average' risk at the end of June 2013. For the portfolio as a whole, tenants rated within these lowest risk categories represented 82% of the passing rents of the UK retail portfolio and the average score was 1.6.

The proportion of tenants in the French portfolio with equivalent lower risk scores was 82% and the average score was also 1.6.

PROPERTY PORTFOLIO INFORMATION
CONTINUED

In the UK at 24 July 2013, 38 retail units were let to tenants in administration, and 13 of those continued to trade. All of the 25 units in our French portfolio let to tenants in administration continued to trade. Income from tenants in administration for the portfolio as a whole represented 1.6% of the Group's total passing rents. The figure for tenants in administration and no longer trading, however, was just 0.6%. At the end of December 2012, the comparative data was 1.2% and 0.5% respectively.

Collection rates

Our rent collection rates remain strong despite the challenging economic backdrop and demonstrate the underlying strength of the Group's income stream. In the UK and France 99% and 92% of the respective rents were collected within 14 days of the June 2013 due date.

Investment portfolio

Valuation data for investment property
for the six months ended 30 June 2013

		Properties at valuation £m	Revaluation in the period £m	Capital return %	Total return %	Initial yield %	True equivalent yield %
Notes						1	2
United Kingdom							
Retail:	Shopping centres	2,475.9	16.4	0.7	3.3	5.3	5.9
	Retail parks	1,409.9	(21.3)	(1.5)	1.5	5.4	6.3
		3,885.8	(4.9)	(0.1)	2.6	5.3	6.0
Other UK		193.8	(11.4)	(5.0)	(2.1)	6.1	7.5
Total United Kingdom		4,079.6	(16.3)	(0.4)	2.3	5.4	6.1
Continental Europe							
France: Retail		1,251.0	(12.5)	(1.1)	1.5	5.1	5.6
Group							
Retail		5,136.8	(17.4)	(0.3)	2.4	5.3	6.0
Other UK		193.8	(11.4)	(5.0)	(2.1)	6.1	7.5
Total investment portfolio		5,330.6	(28.8)	(0.6)	2.1	5.3	6.0
Developments		402.3	5.8	3.4	3.4		
Total continuing operations		**5,732.9**	**(23.0)**	**(0.3)**	**2.2**		
Discontinued operations		15.9	3.0	5.0	9.8		
Total Group		**5,748.8**	**(20.0)**	**(0.2)**	**2.4**		

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 Further analysis of development properties by segment is provided in note 3B on page 44.
4 The weighted average remaining rent-free period is 0.4 years.

PROPERTY PORTFOLIO INFORMATION
CONTINUED

Rental data for investment portfolio
for the six months ended 30 June 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	70.1	60.3	2.5	500	144.7	149.4	1.0
Retail parks	43.6	41.6	1.4	185	85.1	87.6	1.3
	113.7	101.9	2.1	340	229.8	237.0	1.1
Other UK	7.1	5.9	9.4	210	14.2	15.4	(1.2)
Total United Kingdom	120.8	107.8	2.5	325	244.0	252.4	1.0
Continental Europe							
France: Retail	36.2	32.4	2.7	345	71.2	77.3	5.4
Group							
Retail	149.9	134.3	2.2	340	301.0	314.3	2.1
Other UK	7.1	5.9	9.4	210	14.2	15.4	(1.2)
Total continuing investment portfolio	**157.0**	**140.2**	**2.6**	**325**	**315.2**	**329.7**	**2.0**
Income from developments and other sources not analysed above	0.9	0.2	n/a	n/a	n/a	n/a	n/a
Total continuing operations	**157.9**	**140.4**	n/a	n/a	n/a	n/a	n/a
Discontinued operations	7.4	7.3	0.0	320	0.6	0.7	10.4
Total Group - as disclosed in note 3A to the accounts	**165.3**	**147.7**					

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	2.7
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 rent passing at 30 June 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 30 June 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 30 June 2013, after deducting head and equity rents, calculated by the Group's valuers.
5 The percentage by which the ERV exceeds, or falls short of, rents passing together with the estimated rental value of vacant space, all at 30 June 2013.

PRINCIPAL RISKS AND UNCERTAINTIES

Property and financial markets

Financial markets are currently relatively stable, but remain subject to shocks arising from, for example, uncertainty in the eurozone, governments' austerity measures, the withdrawal of quantitative easing and slowing growth in major global economies. Lenders continue to be cautious and economic growth in the UK and eurozone is constrained. A full or partial break-up of the euro-community remains a risk and if realised could lead to a prolonged global recession. We are exposed to the euro and the specifics of the French economy through our shopping centre investments in France.

Our business model has been stress-tested against a severe downside economic scenario and the results of those tests confirmed that the financial condition of the Group is robust. This reflected low gearing, long-term secure income streams from our leases, the currency hedging of the value of our French portfolio, a favourable spread of debt maturities and the flexibility to phase or halt our development programme should it be appropriate to do so.

Property valuations

The value of Hammerson's property portfolio reflects prevailing conditions in the general economic environment and, more specifically, in the property investment market. The Group's net asset value may therefore rise or fall due to external factors beyond management's control. Global financial markets have stabilised since the peak of the financial crisis, and investors have become more active in the real estate investment market, resulting in a rise in values for prime property over the last few years. However, as noted above, changing macroeconomic conditions could cause significant volatility in financial markets in the short to medium terms.

The property portfolio is the most significant component of the value of the Hammerson Group. Deterioration of financial markets may put downward pressure on property values which would increase gearing and could ultimately result in the breach of borrowing covenants.

The Group's property portfolio is of high quality, geographically diversified and let to a large number of tenants. These factors should help mitigate negative impacts which may arise from changes in the financial and property markets. At 30 June 2013, gearing was 57%, significantly lower than the Group's most stringent borrowing covenant that gearing should not exceed 150%. We estimate that values could fall by 42% from their June 2013 levels before covenants would be endangered.

Tenant default

Retailers in the UK and France are facing a challenging operating environment, and this increases the risk that they may be unable to pay their rents or could enter into administration. The impact of individual tenant default for Hammerson is low reflecting the Group's geographical diversity and its large number of tenants. Our occupational leases are also long-term contracts in general, making our income stream relatively secure.

Development and letting

We have a substantial development pipeline but have the flexibility to progress developments only when the relevant markets are sufficiently robust, when we have the right level of interest from retailers and on the basis that sound financial analysis demonstrates appropriate returns.

Potential occupiers remain cautious about committing to lease space, although demand is strong for the right product. We have only one major development under way, Les Terrasses du Port in Marseille, for which 89% of the income has been contracted or is in solicitors' hands. We will progress other significant developments only when substantial pre-lets are secured.

PRINCIPAL RISKS AND UNCERTAINTIES
CONTINUED

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. Consequently our recent focus has been to address near-term maturities early. In June 2013 a new £150 million one-year term loan became effective which increased our available bank facilities. Excluding this facility, the nearest debt maturity is £411 million in respect of the 4.875% 2015 euro bonds. Our funding strategy includes the potential to access the sterling, euro and private placement bond markets if appropriate.

Interest rate and exchange risk

Interest charged on borrowings is the most significant item of cost for the Group. The short-term outlook for interest rates is that they will remain low, but recent market pricing indicates that they will rise in the medium to long term. To manage the risk of changes in interest rates, we set guidelines for our exposure to fixed and floating interest rates, using interest rate and currency swaps as appropriate. At 30 June 2013, 72% of the Group's gross debt was at fixed rates of interest.

The Group is exposed to movements in the sterling/euro exchange rate through its investment in France. Exchange risk is managed principally by matching foreign currency assets with foreign currency borrowings or derivatives. At 30 June 2013, 80% 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 operating businesses and the industry could be adversely affected by misdirected regulation designed to stabilise financial markets.

We monitor closely developments in the fields of tax and regulation and contribute to the debate through trade bodies such as EPRA and BPF which lobby on behalf of their members.

INDEPENDENT REVIEW REPORT TO HAMMERSON plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2013 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the analysis of movement in net debt and related notes 1 to 20. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

DIRECTORS' RESPONSIBILITIES

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

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

OUR RESPONSIBILITY

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
26 July 2013

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;
- the Interim Management Report, comprising pages 3 to 32 of this Half-year Report, includes a fair review of the information required by DTR 4.2.7R; and
- a fair review of related party transactions, as required by DTR 4.2.8R, is disclosed in note 1 to the accounts.

Signed on behalf of the Board on 26 July 2013

David Atkins	**Timon Drakesmith**
Director	Director

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012 Audited £m	CONTINUING OPERATIONS	Notes	**Six months ended 30 June 2013 Unaudited £m**	Six months ended 30 June 2012 Unaudited £m
297.6	**Gross rental income**	2	**157.9**	145.7
215.9	**Operating profit before other net losses and share of results of associate**	2	**117.2**	107.6
(36.3)	Other net losses	2	**(22.2)**	(38.3)
47.5	Share of results of associate	10A	**44.8**	-
227.1	**Operating profit**	2	**139.8**	69.3
(94.0)	Finance costs		**(49.7)**	(47.8)
(13.8)	Bond redemption - premium and costs		**(3.9)**	(13.8)
(41.7)	Floating rate reset bonds redemption - premium and costs		**-**	-
9.4	Change in fair value of derivatives		**(8.3)**	3.5
6.5	Finance income		**2.9**	2.7
(133.6)	Net finance costs	4	**(59.0)**	(55.4)
93.5	**Profit before tax**		**80.8**	13.9
(0.4)	Tax charge	5A	**(0.2)**	-
93.1	**Profit from continuing operations**		**80.6**	13.9
48.7	**Profit from discontinued operations**	6B	**15.0**	34.9
141.8	**Profit for the period**		**95.6**	48.8
	Attributable to:			
138.4	Equity shareholders		**93.4**	47.2
3.4	Non-controlling interests*		**2.2**	1.6
141.8	**Profit for the period**		**95.6**	48.8
	Basic and diluted earnings per share			
12.6p	Continuing operations		**11.0p**	1.7p
6.8p	Discontinued operations		**2.1p**	4.9p
19.4p	**Total**	8A	**13.1p**	6.6p
20.9p	**EPRA earnings per share**	8A	**11.1p**	10.2p

* Non-controlling interests relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012 Audited £m	Continuing and discontinued operations	**Six months ended 30 June 2013 Unaudited £m**	Six months ended 30 June 2012 Unaudited £m
(43.6)	Foreign exchange translation differences	**83.8**	(45.9)
27.3	Net (loss)/gain on hedging activities	**(63.2)**	33.5
0.1	Revaluation gains on owner-occupied property	**3.2**	0.5
-	Revaluation gains on investment in associate	**0.2**	-
74.4	Revaluation gains on other investments	-	61.2
(0.7)	Actuarial losses on pension schemes	**(1.1)**	(1.3)
57.5	Net gain recognised directly in equity	**22.9**	48.0
93.1	Profit for the period from continuing operations	**80.6**	13.9
48.7	Profit for the period from discontinued operations	**15.0**	34.9
141.8	Profit for the period	**95.6**	48.8
199.3	**Total comprehensive income for the period**	**118.5**	96.8
	Attributable to:		
198.1	Equity shareholders	**112.2**	97.6
1.2	Non-controlling interests	**6.3**	(0.8)
199.3	**Total comprehensive income for the period**	**118.5**	96.8

CONSOLIDATED BALANCE SHEET

31 December 2012 Audited £m		Notes	**30 June 2013 Unaudited £m**	30 June 2012 Unaudited £m
	Non-current assets			
5,458.4	Investment and development properties*	9	**5,732.9**	4,978.2
42.3	Interests in leasehold properties*		**45.1**	10.0
36.7	Plant, equipment and owner-occupied property		**39.6**	36.2
428.4	Investment in associate	10B	**503.4**	-
1.4	Other investments	11	**1.4**	290.4
66.6	Receivables	12	**50.7**	28.8
6,033.8			**6,373.1**	5,343.6
	Current assets			
212.6	Assets held for sale	6D	**16.0**	634.7
102.7	Receivables*	13	**128.3**	115.8
57.1	Cash and deposits*	14	**70.0**	79.6
372.4			**214.3**	830.1
6,406.2	**Total assets**		**6,587.4**	6,173.7
	Current liabilities			
90.4	Liabilities associated with assets held for sale	6D	**2.2**	87.9
243.7	Payables*	15	**219.7**	206.0
1.4	Tax	5B	**0.8**	0.6
158.0	Borrowings*	16A	**151.4**	251.7
493.5			**374.1**	546.2
	Non-current liabilities			
1,880.1	Borrowings*	16A	**2,125.1**	1,671.1
0.5	Deferred tax	5B	**0.5**	0.5
-	Tax		**-**	0.3
42.3	Obligations under finance leases*		**44.9**	9.8
64.1	Payables*	18	**74.2**	67.2
1,987.0			**2,244.7**	1,748.9
2,480.5	**Total liabilities**		**2,618.8**	2,295.1
3,925.7	**Net assets**		**3,968.6**	3,878.6
	Equity			
178.2	Share capital	19	**178.2**	178.2
1,222.3	Share premium		**1,222.4**	1,222.2
339.7	Translation reserve		**419.4**	337.6
(279.4)	Hedging reserve		**(342.6)**	(273.2)
7.2	Capital redemption reserve		**7.2**	7.2
10.9	Other reserves		**9.1**	9.5
18.0	Revaluation reserve		**21.2**	223.4
2,360.3	Retained earnings		**2,380.9**	2,104.5
(6.0)	Investment in own shares		**(5.2)**	(3.3)
3,851.2	**Equity shareholders' funds**		**3,890.6**	3,806.1
74.5	Non-controlling interests**		**78.0**	72.5
3,925.7	**Total equity**		**3,968.6**	3,878.6
£5.41	**Diluted net asset value per share**	8B	**£5.47**	£5.35
£5.42	**EPRA net asset value per share**	8B	**£5.51**	£5.35

* Assets and liabilities relating to discontinued operations have been reclassified as held for sale. See note 6.
** Non-controlling interests relate to continuing operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2013

Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	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	-	-	-	-	-	3.0	-	-	-	3.0	-	3.0
Cost of shares awarded to employees	-	-	-	-	-	(5.7)	-	-	5.7	-	-	-
Transfer on award of own shares to employees	-	-	-	-	-	0.9	-	(0.9)	-	-	-	-
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	-	-	-	-	-	-	-	(71.1)	-	(71.1)	(2.8)	(73.9)
Foreign exchange translation differences	-	-	79.7	-	-	-	-	-	-	79.7	4.1	83.8
Net loss on hedging activities	-	-	-	(63.2)	-	-	-	-	-	(63.2)	-	(63.2)
Revaluation gains on owner-occupied property	-	-	-	-	-	-	3.2	-	-	3.2	-	3.2
Revaluation gains on investment in associate	-	-	-	-	-	-	-	0.2	-	0.2	-	0.2
Actuarial losses on pension schemes	-	-	-	-	-	-	-	(1.1)	-	(1.1)	-	(1.1)
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	93.4	-	93.4	2.2	95.6
Total comprehensive income/(loss) for the period	-	-	79.7	(63.2)	-	-	3.2	92.5	-	112.2	6.3	118.5
Balance at 30 June 2013	**178.2**	**1,222.4**	**419.4**	**(342.6)**	**7.2**	**9.1**	**21.2**	**2,380.9**	**(5.2)**	**3,890.6**	**78.0**	**3,968.6**

Investment in own shares are stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

Audited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Treasury shares £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 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 in 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 STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2012

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

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2012 Audited £m		Notes	**Six months ended 30 June 2013 Unaudited £m**	Six months ended 30 June 2012 Unaudited £m
	Operating activities			
	Operating profit before other net (losses)/gains and share of results of associate			
215.9	- continuing operations	2	**117.2**	107.6
23.7	- discontinued operations	6B	**7.2**	13.5
239.6			**124.4**	121.1
(14.5)	(Increase)/Decrease in receivables		**(6.7)**	0.8
13.5	(Decrease)/Increase in payables		**(19.5)**	(9.0)
14.0	Adjustment for non-cash items	20	**8.5**	7.1
252.6	**Cash generated from operations**		**106.7**	120.0
(117.6)	Interest paid		**(70.5)**	(84.4)
5.7	Interest received		**2.8**	1.8
(0.8)	Tax paid	5B	**(0.5)**	(0.4)
139.9	**Cash flows from operating activities**		**38.5**	37.0
	Investing activities			
(397.3)	Property acquisitions		**(189.2)**	-
(122.9)	Development and major refurbishments		**(73.3)**	(67.0)
(48.0)	Other capital expenditure		**(12.2)**	(9.9)
585.0	Sale of properties		**239.1**	152.4
(80.0)	Acquisition of interest in associate		**(56.3)**	-
-	Purchase of other investments		-	(0.4)
2.4	Distribution received from associate		**36.7**	-
5.2	Decrease in non-current receivables		**0.1**	0.2
(55.6)	**Cash flows from investing activities**		**(55.1)**	75.3
	Financing activities			
0.5	Issue of shares		**0.1**	0.3
0.2	Proceeds from award of own shares		**0.1**	0.1
(3.4)	Purchase of own shares		**(4.9)**	-
(5.2)	Interest rate swap cancellation costs paid		**-**	(5.2)
(13.8)	Bond redemption premium and costs paid	4	**(3.9)**	(13.8)
(41.7)	Floating rate reset bonds redemption premium and costs paid	4	**-**	-
(20.0)	Increase/(Decrease) in non-current borrowings		**116.7**	(224.5)
87.1	(Decrease)/Increase in current borrowings		**(10.6)**	183.0
(3.2)	Dividends paid to non-controlling interests		**(2.8)**	(3.2)
(118.4)	Equity dividends paid	7	**(75.2)**	(64.3)
(117.9)	**Cash flows from financing activities**		**19.5**	(127.6)
(33.6)	**Net increase/(decrease) in cash and deposits**		**2.9**	(15.3)
100.7	Opening cash and deposits		**66.4**	100.7
(0.7)	Exchange translation movement		**0.7**	(0.7)
66.4	**Closing cash and deposits**		**70.0**	84.7
(9.3)	Cash and deposits classified as assets held for sale	6D	**-**	(5.1)
57.1	**Cash and deposits as stated on balance sheet**	14	**70.0**	79.6

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

ANALYSIS OF MOVEMENT IN NET DEBT

	Short-term deposits £m	**Cash at bank £m**	**Current borrowings including currency swaps £m**	**Non-current borrowings £m**	**Net debt £m**
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	(4.0)	6.9	10.6	(116.7)	(103.2)
Exchange	-	0.7	(2.7)	(65.0)	(67.0)
Balance at 30 June 2013	**8.0**	**62.0**	**(151.4)**	**(2,125.1)**	**(2,206.5)**

NOTES TO THE ACCOUNTS

1. FINANCIAL INFORMATION

The information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The annual financial statements of Hammerson plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half-year Report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union.

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

The Group's financial performance is not seasonal. There have been no changes in estimates of amounts reported in prior periods which have a material impact on the current half-year period. There have been no material changes in contingent liabilities since 31 December 2012.

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. All other related party transactions, with the exception of Directors' remuneration, are eliminated on consolidation.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance sheet: £1 = €1.167 (30 June 2012: £1 = €1.236; 31 December 2012: £1 = €1.233)
Income statement: £1 = €1.176 (30 June 2012: £1 = €1.216; 31 December 2012: £1 = €1.233).

The Half-year Report was approved by the Board on 26 July 2013.

GOING CONCERN

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

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

NOTES TO THE ACCOUNTS
CONTINUED

2. RESULT FOR THE PERIOD

Year ended 31 December 2012 Adjusted £m	Capital and other £m	Total £m		Notes	**Six months ended 30 June 2013 Adjusted £m**	**Capital and other £m**	**Total £m**	Six months ended 30 June 2012 Adjusted £m	Capital and other £m	Total £m
297.6	-	297.6	**Gross rental income**	3A	**157.9**	**-**	**157.9**	145.7	-	145.7
(1.9)	-	(1.9)	Ground and equity rents payable		**(1.0)**	**-**	**(1.0)**	(1.0)	-	(1.0)
295.7	-	295.7	Gross rental income, after rents payable		**156.9**	**-**	**156.9**	144.7	-	144.7
54.5	-	54.5	Service charge income		**29.7**	**-**	**29.7**	26.7	-	26.7
(62.7)	-	(62.7)	Service charge expenses		**(34.5)**	**-**	**(34.5)**	(30.4)	-	(30.4)
(8.2)	-	(8.2)	Net service charge expenses		**(4.8)**	**-**	**(4.8)**	(3.7)	-	(3.7)
(28.7)	-	(28.7)	Other property outgoings		**(11.7)**	**-**	**(11.7)**	(13.2)	-	(13.2)
(36.9)	-	(36.9)	Property outgoings		**(16.5)**	**-**	**(16.5)**	(16.9)	-	(16.9)
258.8	-	258.8	**Net rental income**	3A	**140.4**	**-**	**140.4**	127.8	-	127.8
5.9	-	5.9	Management fees receivable		**3.5**	**-**	**3.5**	2.8	-	2.8
(31.4)	-	(31.4)	Cost of property activities		**(17.5)**	**-**	**(17.5)**	(15.5)	-	(15.5)
(17.4)	-	(17.4)	Corporate expenses		**(9.2)**	**-**	**(9.2)**	(7.5)	-	(7.5)
(42.9)	-	(42.9)	Administration expenses		**(23.2)**	**-**	**(23.2)**	(20.2)	-	(20.2)
215.9	-	215.9	**Operating profit before other net losses and share of results of associate**		**117.2**	**-**	**117.2**	107.6	-	107.6
-	12.2	12.2	Gain on the sale of investment properties		**-**	**0.8**	**0.8**	-	8.3	8.3
-	(68.3)	(68.3)	Revaluation losses on investment properties		**-**	**(28.8)**	**(28.8)**	-	(55.8)	(55.8)
-	19.8	19.8	Revaluation gains on development properties		**-**	**5.8**	**5.8**	-	9.2	9.2
-	(36.3)	(36.3)	**Other net losses**		**-**	**(22.2)**	**(22.2)**	-	(38.3)	(38.3)
4.3	43.2	47.5	**Share of results of associate**	10A	**5.5**	**39.3**	**44.8**	-	-	-
220.2	6.9	227.1	**Operating profit**		**122.7**	**17.1**	**139.8**	107.6	(38.3)	69.3
(87.5)	(46.1)	(133.6)	Net finance costs	4	**(46.8)**	**(12.2)**	**(59.0)**	(45.1)	(10.3)	(55.4)
132.7	(39.2)	93.5	**Profit before tax**		**75.9**	**4.9**	**80.8**	62.5	(48.6)	13.9
(0.4)	-	(0.4)	Current tax charge	5A	**(0.2)**	**-**	**(0.2)**	-	-	-
132.3	(39.2)	93.1	**Profit/(Loss) from continuing operations**		**75.7**	**4.9**	**80.6**	62.5	(48.6)	13.9
19.8	28.9	48.7	Profit from discontinued operations	6B	**5.4**	**9.6**	**15.0**	11.5	23.4	34.9
152.1	(10.3)	141.8	**Profit/(Loss) for the period**		**81.1**	**14.5**	**95.6**	74.0	(25.2)	48.8
(3.3)	(0.1)	(3.4)	Non-controlling interests – continuing operations		**(2.0)**	**(0.2)**	**(2.2)**	(1.7)	0.1	(1.6)
148.8	(10.4)	138.4	**Profit/(Loss) for the period attributable to equity shareholders**	8A	**79.1**	**14.3**	**93.4**	72.3	(25.1)	47.2
			Profit/(Loss) for the period attributable to equity shareholders							
129.0	(39.3)	89.7	- continuing operations	8A	**73.7**	**4.7**	**78.4**	60.8	(48.5)	12.3
19.8	28.9	48.7	- discontinued operations	8A	**5.4**	**9.6**	**15.0**	11.5	23.4	34.9
148.8	(10.4)	138.4			**79.1**	**14.3**	**93.4**	72.3	(25.1)	47.2

NOTES TO THE ACCOUNTS
CONTINUED

3. SEGMENTAL ANALYSIS
The factors used to determine the Group's reportable segments are the geographic locations (UK and Continental Europe) and sectors in which it operates, which are generally managed by separate teams and are the basis on which performance is assessed and resources allocated. Gross rental income represents the Group's revenue from its 'customers', or tenants. Net rental income is the principal profit measure used to determine the performance of each sector. Total assets are not monitored by segment and resource allocation is based on the distribution of property assets between segments.

A. REVENUE AND PROFIT BY SEGMENT

Year ended 31 December 2012					**Six months ended 30 June 2013**				Six months ended 30 June 2012			
		Non-cash items					**Non-cash items**				Non-cash items	
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**	Gross rental income £m	Net rental income £m	Within net rental income £m	Revaluation gains/ (losses) on properties £m
				United Kingdom								
141.2	117.0	(7.2)	(21.2)	Retail: Shopping centres	**70.1**	**60.3**	**(4.2)**	**16.4**	68.5	57.8	(3.4)	(13.0)
70.9	66.8	(0.9)	(30.6)	Retail parks	**43.6**	**41.6**	**(0.4)**	**(21.3)**	33.2	31.1	(0.5)	(29.4)
212.1	183.8	(8.1)	(51.8)		**113.7**	**101.9**	**(4.6)**	**(4.9)**	101.7	88.9	(3.9)	(42.4)
16.2	13.9	(0.2)	(17.3)	Other UK	**7.1**	**5.9**	**(0.1)**	**(11.4)**	8.3	7.3	(0.1)	(9.3)
228.3	197.7	(8.3)	(69.1)	**Total United Kingdom**	**120.8**	**107.8**	**(4.7)**	**(16.3)**	110.0	96.2	(4.0)	(51.7)
				Continental Europe								
69.1	61.3	-	0.8	France: Retail	**36.2**	**32.4**	**-**	**(12.5)**	35.6	32.1	-	(4.1)
				Group								
281.2	245.1	(8.1)	(51.0)	Retail	**149.9**	**134.3**	**(4.6)**	**(17.4)**	137.3	121.0	(3.9)	(46.5)
16.2	13.9	(0.2)	(17.3)	Other UK	**7.1**	**5.9**	**(0.1)**	**(11.4)**	8.3	7.3	(0.1)	(9.3)
297.4	259.0	(8.3)	(68.3)	**Total investment portfolio**	**157.0**	**140.2**	**(4.7)**	**(28.8)**	145.6	128.3	(4.0)	(55.8)
0.2	(0.2)	-	19.8	Developments and other sources not analysed above	**0.9**	**0.2**	**-**	**5.8**	0.1	(0.5)	-	9.2
297.6	258.8	(8.3)	(48.5)	**Total continuing operations**	**157.9**	**140.4**	**(4.7)**	**(23.0)**	145.7	127.8	(4.0)	(46.6)
2	*2*	*20*	*2*	*As disclosed in note*	*2*	*2*	*20*	*2, 9*	*2*	*2*	*20*	*2*
				Discontinued operations								
28.0	24.1	1.5	(1.4)	- Other UK	**7.4**	**7.3**	**(0.8)**	**3.0**	16.9	13.8	1.0	24.6
6B	*6B*	*20*	*6B*	*As disclosed in note*	*6B*	*6B*	*20*	*6B, 9*	*6B*	*6B*	*20*	*6B*
325.6	282.9	(6.8)	(49.9)	**Total portfolio**	**165.3**	**147.7**	**(5.5)**	**(20.0)**	162.6	141.6	(3.0)	(22.0)

NOTES TO THE ACCOUNTS
CONTINUED

3. SEGMENTAL ANALYSIS (Continued)

B. INVESTMENT AND DEVELOPMENT PROPERTY ASSETS BY SEGMENT

31 December 2012 Investment properties £m	31 December 2012 Development properties £m	31 December 2012 Total £m	31 December 2012 Capital expenditure £m		**30 June 2013 Investment properties £m**	**30 June 2013 Development properties £m**	**30 June 2013 Total £m**	**30 June 2013 Capital expenditure £m**	30 June 2012 Investment properties £m	30 June 2012 Development properties £m	30 June 2012 Total £m	30 June 2012 Capital expenditure £m
				United Kingdom								
2,412.9	11.5	2,424.4	159.2	Retail: Shopping centres	**2,475.9**	**11.0**	**2,486.9**	**160.8**	2,267.1	11.5	2,278.6	6.0
1,422.6	5.2	1,427.8	273.0	Retail parks	**1,409.9**	**5.3**	**1,415.2**	**8.5**	1,154.1	18.2	1,172.3	3.1
3,835.5	16.7	3,852.2	432.2		**3,885.8**	**16.3**	**3,902.1**	**169.3**	3,421.2	29.7	3,450.9	9.1
158.9	27.5	186.4	3.7	Other UK	**193.8**	**77.3**	**271.1**	**39.9**	165.3	27.3	192.6	2.1
3,994.4	44.2	4,038.6	435.9	**Total United Kingdom**	**4,079.6**	**93.6**	**4,173.2**	**209.2**	3,586.5	57.0	3,643.5	11.2
				Continental Europe								
1,188.3	231.5	1,419.8	104.5	France: Retail	**1,251.0**	**308.7**	**1,559.7**	**62.6**	1,157.8	176.9	1,334.7	42.3
				Group								
5,023.8	248.2	5,272.0	536.7	Retail	**5,136.8**	**325.0**	**5,461.8**	**231.9**	4,579.0	206.6	4,785.6	51.4
158.9	27.5	186.4	3.7	Other UK	**193.8**	**77.3**	**271.1**	**39.9**	165.3	27.3	192.6	2.1
5,182.7	275.7	5,458.4	540.4	**Total non-current assets**	**5,330.6**	**402.3**	**5,732.9**	**271.8**	4,744.3	233.9	4,978.2	53.5
194.5	-	194.5	18.7	Assets held for sale	**15.9**	**-**	**15.9**	**(0.6)**	548.1	69.8	617.9	17.7
5,377.2	275.7	5,652.9	559.1	**Total property assets**	**5,346.5**	**402.3**	**5,748.8**	**271.2**	5,292.4	303.7	5,596.1	71.2

NOTES TO THE ACCOUNTS
CONTINUED

4. NET FINANCE COSTS

Year ended 31 December 2012 £m		**Six months ended 30 June 2013 £m**	Six months ended 30 June 2012 £m
11.6	Interest on bank loans and overdrafts	**5.5**	5.9
89.2	Interest on other borrowings	**48.5**	44.4
0.6	Interest on obligations under finance leases	**0.3**	0.3
1.4	Other interest payable	**1.8**	0.9
102.8	Gross interest costs	**56.1**	51.5
(8.8)	Less: Interest capitalised	**(6.4)**	(3.7)
94.0	Finance costs	**49.7**	47.8
13.8	Bond redemption - premium and costs*	**3.9**	13.8
41.7	Floating rate reset bonds redemption - premium and costs*	**-**	-
(8.3)	Change in fair value of interest rate swaps	**8.3**	(2.4)
(1.1)	Change in fair value of currency swaps outside hedge accounting designation	**-**	(1.1)
(9.4)	Change in fair value of derivatives*	**8.3**	(3.5)
(6.5)	Finance income	**(2.9)**	(2.7)
133.6	**Net finance costs**	**59.0**	55.4
	Underlying finance costs		
102.8	Gross interest costs	**56.1**	51.5
(6.5)	Finance income	**(2.9)**	(2.7)
96.3	**Net underlying finance costs**	**53.2**	48.8

* Total of £12.2 million (31 December 2012: £46.1 million; 30 June 2012: £10.3 million) included in 'Capital and other' in note 2.

5. TAX

A. TAX CHARGE

Year ended 31 December 2012 £m		**Six months ended 30 June 2013 £m**	Six months ended 30 June 2012 £m
0.4	**Current tax charge**	**0.2**	-

B. CURRENT AND DEFERRED TAX MOVEMENTS

	1 January 2013 £m	Recognised in income £m	Tax paid £m	Acquisitions £m	**30 June 2013 £m**
Current tax	1.2	0.2	(0.5)	(0.2)	**0.7**
Deferred tax	0.5	-	-	-	**0.5**
	1.7	0.2	(0.5)	(0.2)	**1.2**

Analysed as:	1 January 2013 £m	**30 June 2013 £m**
Current assets: Corporation tax	(0.2)	**(0.1)**
Current liabilities: Tax	1.4	**0.8**
Non-current liabilities: Deferred tax	0.5	**0.5**
	1.7	**1.2**

C. COMMENTARY

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

NOTES TO THE ACCOUNTS
CONTINUED

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

A. DISPOSALS

As part of the Group's strategy to focus on the retail sector, the following entities and office properties were disposed of between July 2012 and June 2013:

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

In anticipation that they will be disposed of by 31 December 2013, properties which remain as held for sale at 30 June 2013 include:

Victoria Station, SW1
Spitalfields, E1

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

NOTES TO THE ACCOUNTS
CONTINUED

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

B. RESULT FOR THE PERIOD

Year ended 31 December 2012 Adjusted £m	Capital and other £m	Total £m		Notes	**Six months ended 30 June 2013 Adjusted £m**	**Capital and other £m**	**Total £m**	Six months ended 30 June 2012 Adjusted £m	Capital and other £m	Total £m
28.0	-	28.0	**Gross rental income**	3A	**7.4**	**-**	**7.4**	16.9	-	16.9
(0.3)	-	(0.3)	Ground and equity rents payable		**-**	**-**	**-**	(0.2)	-	(0.2)
27.7	-	27.7	Gross rental income, after rents payable		**7.4**	**-**	**7.4**	16.7	-	16.7
4.0	-	4.0	Service charge income		**0.9**	**-**	**0.9**	2.1	-	2.1
(6.7)	-	(6.7)	Service charge expenses		**(0.9)**	**-**	**(0.9)**	(4.2)	-	(4.2)
(2.7)	-	(2.7)	Net service charge expenses		**-**	**-**	**-**	(2.1)	-	(2.1)
(0.9)	-	(0.9)	Other property outgoings		**(0.1)**	**-**	**(0.1)**	(0.8)	-	(0.8)
(3.6)	-	(3.6)	Property outgoings		**(0.1)**	**-**	**(0.1)**	(2.9)	-	(2.9)
24.1	-	24.1	**Net rental income**	3A	**7.3**	**-**	**7.3**	13.8	-	13.8
0.7	-	0.7	Management fees receivable		**0.2**	**-**	**0.2**	0.4	-	0.4
(1.1)	-	(1.1)	Cost of property activities		**(0.3)**	**-**	**(0.3)**	(0.7)	-	(0.7)
(0.4)	-	(0.4)	Administration expenses		**(0.1)**	**-**	**(0.1)**	(0.3)	-	(0.3)
23.7	-	23.7	**Operating profit before other net gains**		**7.2**	**-**	**7.2**	13.5	-	13.5
-	30.4	30.4	Gain/(Loss) on the sale of investment properties		**-**	**6.2**	**6.2**	-	(1.0)	(1.0)
-	(1.4)	(1.4)	Revaluation gains/(losses) on investment properties		**-**	**3.0**	**3.0**	-	7.7	7.7
-	-	-	Revaluation gains on development properties		**-**	**-**	**-**	-	16.9	16.9
-	29.0	29.0	**Other net gains**		**-**	**9.2**	**9.2**	-	23.6	23.6
23.7	29.0	52.7	**Operating profit**		**7.2**	**9.2**	**16.4**	13.5	23.6	37.1
(3.9)	(0.1)	(4.0)	Net finance costs		**(1.8)**	**0.4**	**(1.4)**	(2.0)	(0.2)	(2.2)
19.8	28.9	48.7	**Profit before and after tax and profit for the period attributable to equity shareholders**	2, 8A	**5.4**	**9.6**	**15.0**	11.5	23.4	34.9

NOTES TO THE ACCOUNTS
CONTINUED

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

C. CASHFLOWS FROM DISCONTINUED OPERATIONS

Year ended 31 December 2012 £m		**Six months ended 30 June 2013 £m**	Six months ended 30 June 2012 £m
26.5	Cash flows from operating activities	**(6.6)**	14.3
352.5	Cash flows from investing activities	**187.1**	1.6
(0.7)	Cash flows used in financing activities	**(64.6)**	(1.8)
378.3	**Net cash inflow from discontinued operations**	**115.9**	14.1

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

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
194.5	Investment properties	**15.9**	548.1
-	Development properties	**-**	69.8
7.0	Interests in leasehold properties	**-**	7.5
1.8	Current receivables	**0.1**	4.2
9.3	Cash and deposits	**-**	5.1
212.6	**Assets held for sale**	**16.0**	634.7
63.3	Non-current borrowings	**-**	63.8
6.9	Obligations under finance leases	**-**	7.5
3.7	Payables	**-**	3.9
15.2	Current payables	**2.2**	11.4
1.3	Current borrowings	**-**	1.3
90.4	**Liabilities associated with assets held for sale**	**2.2**	87.9
122.2	**Net assets associated with assets held for sale**	**13.8**	546.8

7. DIVIDENDS

The Directors have declared an interim dividend of 8.3 pence per share, payable on 3 October 2013 to shareholders on the register at the close of business on 23 August 2013. The dividend will be paid as a PID, net of withholding tax where appropriate. There will be no scrip alternative although the dividend reinvestment plan remains available to shareholders.

				Equity dividends		
	PID pence per share	**Non-PID pence per share**	**Total pence per share**	**Six months ended 30 June 2013 £m**	Year ended 31 December 2012 £m	Six months ended 30 June 2012 £m
Current period						
2013 interim dividend	8.3	-	8.3	**-**	-	-
Prior periods						
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				**-**	66.1	66.1
Dividends as reported in the consolidated statement of changes in equity				**71.1**	120.9	66.1
2012 final dividend withholding tax (paid July 2013)				**(4.6)**	-	-
2012 interim dividend withholding tax (paid January 2013)				**8.7**	(8.7)	-
2011 final dividend withholding tax (paid July 2012)				**-**	-	(8.0)
2011 interim dividend withholding tax (paid January 2012)				**-**	6.2	6.2
Dividends paid as reported in the consolidated cash flow statement				**75.2**	118.4	64.3

NOTES TO THE ACCOUNTS
CONTINUED

8. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

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

A. EARNINGS PER SHARE

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

Year ended 31 December 2012				**Six months ended 30 June 2013**			Six months ended 30 June 2012		
Earnings £m	Shares million	Pence per share		**Earnings £m**	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share
89.7	711.7	12.6	Basic – continuing operations	**78.4**	**711.8**	**11.0**	12.3	711.3	1.7
48.7		6.8	Basic – discontinued operations	**15.0**		**2.1**	34.9		4.9
138.4		19.4	**Basic – total**	**93.4**		**13.1**	47.2		6.6
-	0.2	-	Dilutive share options	**-**	**0.3**	**-**	-	0.2	-
138.4	711.9	19.4	**Diluted**	**93.4**	**712.1**	**13.1**	47.2	711.5	6.6
			Adjustments:						
			Other net losses/(gains) [1]						
36.3		5.1	- continuing operations	**22.2**		**3.1**	38.3		5.4
(29.0)		(4.1)	- discontinued operations	**(9.2)**		**(1.3)**	(23.6)		(3.3)
7.3		1.0		**13.0**		**1.8**	14.7		2.1
(43.2)		(6.1)	Adjustment for associate	**(39.3)**		**(5.5)**	-		-
			Change in fair value of derivatives [1]						
(9.4)		(1.3)	- continuing operations	**8.3**		**1.2**	(3.5)		(0.5)
0.1		-	- discontinued operations	**(0.4)**		**-**	0.2		-
(9.3)		(1.3)		**7.9**		**1.2**	(3.3)		(0.5)
13.8		2.0	Bond redemption - premium and costs	**3.9**		**0.5**	13.8		2.0
41.7		5.9	Floating rate reset bonds redemption - premium and costs	**-**		**-**	-		-
0.1		-	Non-controlling interests in respect of the above [2]	**0.2**		**-**	(0.1)		-
148.8		20.9	**EPRA**	**79.1**		**11.1**	72.3		10.2

Notes
1 The adjustments in respect of continuing and discontinued operations are derived from notes 2 and 6B respectively.
2 Non-controlling interests relate to continuing operations.

B. NET ASSET VALUE PER SHARE

31 December 2012 Net asset value per share £		**Equity shareholders' funds £m**	**Shares million**	**30 June 2013 Net asset value per share £**	30 June 2012 Net asset value per share £
5.40	**Basic**	**3,890.6**	**712.9**	**5.46**	5.34
n/a	Company's own shares held in Employee Share Ownership Plan	**-**	**(1.0)**	**n/a**	n/a
n/a	Unexercised share options	**2.5**	**0.4**	**n/a**	n/a
5.41	**Diluted**	**3,893.1**	**712.3**	**5.47**	5.35
(0.41)	Fair value adjustment to borrowings	**(248.3)**		**(0.35)**	(0.34)
5.00	**EPRA triple net**	**3,644.8**		**5.12**	5.01
(0.02)	Fair value of derivatives	**3.3**		**-**	-
0.41	Fair value adjustment to borrowings	**248.3**		**0.35**	0.34
0.03	Adjustment for associate	**25.2**		**0.04**	-
-	Deferred tax	**0.5**		**-**	-
5.42	**EPRA**	**3,922.1**		**5.51**	5.35

NOTES TO THE ACCOUNTS
CONTINUED

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	38.3	67.2	11.1	13.1	**49.4**	**80.3**
Additions						
- capital expenditure	25.0	25.0	54.8	54.8	**79.8**	**79.8**
- asset acquisitions	192.0	192.0	-	-	**192.0**	**192.0**
	217.0	217.0	54.8	54.8	**271.8**	**271.8**
Disposals	(59.2)	(61.0)	-	-	**(59.2)**	**(61.0)**
Transfers	(94.5)	(47.3)	94.5	47.3	**-**	**-**
Capitalised interest	0.8	0.8	5.6	5.6	**6.4**	**6.4**
Revaluation	-	(28.8)	-	5.8	**-**	**(23.0)**
Balance at 30 June 2013	4,648.7	5,330.6	432.5	402.3	**5,081.2**	**5,732.9**

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	**(162.3)**	**(181.0)**
Revaluation	**-**	**3.0**
Balance at 30 June 2013	**13.7**	**15.9**

* Shown as assets held for sale. See note 6D.

Properties are stated at fair value as at 30 June 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.

NOTES TO THE ACCOUNTS
CONTINUED

10. INVESTMENT IN ASSOCIATE

On 21 August 2012 the Group gained significant influence over Value Retail PLC and associated entities and equity accounted for its investment from that date. See also note 11.

A. Share of results of associate

Year ended 31 December 2012 100% £m	Year ended 31 December 2012 Hammerson share £m		Six months ended 30 June 2013 100% £m	**Six months ended 30 June 2013 Hammerson share £m**
61.9	18.1	Revenue	90.4	**25.0**
(1.7)	(0.6)	Depreciation and amortisation	(2.1)	**(0.6)**
60.2	17.5	**Operating profit before other net gains**	88.3	**24.4**
124.3	38.1	Revaluation gains on investment properties	121.8	**38.8**
(35.9)	(9.1)	Other net operating costs	(48.6)	**(12.5)**
148.6	46.5	**Operating profit**	161.5	**50.7**
1.3	0.4	Interest income	1.7	**0.3**
(15.7)	(4.2)	Interest expense	(26.2)	**(7.1)**
(17.6)	(3.4)	Change in fair value of financial instruments	11.9	**4.6**
-	12.0	Change in fair value of participative loans – revaluation movement	-	**1.7**
-	-	Change in fair value of participative loans – other movement	-	**0.2**
116.6	51.3	**Profit before tax**	148.9	**50.4**
(1.7)	(0.3)	Current tax charge	(1.7)	**(0.3)**
(23.3)	(3.5)	Deferred tax charge	(24.9)	**(5.3)**
91.6	47.5	**Profit for the period**	122.3	**44.8**
12.7	1.6	Foreign exchange translation differences	33.3	**6.4**
104.3	49.1	**Total comprehensive income**	155.6	**51.2**

Reconciliation to note 8A

Year ended 31 December 2012 100% £m	Year ended 31 December 2012 Hammerson share £m		Six months ended 30 June 2013 100% £m	**Six months ended 30 June 2013 Hammerson share £m**
91.6	47.5	Profit for the period	122.3	**44.8**
(124.3)	(38.1)	Revaluation gains on investment properties	(121.8)	**(38.8)**
17.6	3.4	Change in fair value of financial instruments	(11.9)	**(4.6)**
-	(12.0)	Change in fair value of participative loans – revaluation movement	-	**(1.7)**
-	-	Capitalised loan finance fees written off	1.2	**0.5**
23.3	3.5	Deferred tax charge	24.9	**5.3**
(83.4)	(43.2)	Adjustment for associate	(107.6)	**(39.3)**
8.2	4.3	**EPRA adjusted earnings of associate**	14.7	**5.5**

10. INVESTMENT IN ASSOCIATE (Continued)

B. Share of assets and liabilities of associate

31 December 2012 100% £m	31 December 2012 Hammerson share £m		**30 June 2013** 100% £m	**30 June 2013 Hammerson share £m**
-	58.5	Goodwill on acquisition of associate	-	**65.7**
2,224.6	579.1	Other non-current assets	2,432.2	**739.9**
2,224.6	637.6	**Non-current assets**	2,432.2	**805.6**
140.3	43.5	Other current assets	152.7	**29.9**
87.3	21.7	Cash and deposits	118.3	**33.3**
227.6	65.2	**Current assets**	271.0	**63.2**
2,452.2	702.8	**Total assets**	2,703.2	**868.8**
(40.8)	(9.8)	**Current liabilities**	(49.1)	**(12.6)**
(944.3)	(235.2)	Other liabilities	(1,056.7)	**(314.8)**
(132.8)	(33.0)	Fair value of financial instruments	(127.3)	**(28.5)**
(273.6)	(39.2)	Deferred tax	(313.0)	**(74.4)**
(1,350.7)	(307.4)	**Non-current liabilities**	(1,497.0)	**(417.7)**
(1,391.5)	(317.2)	**Total liabilities**	(1,546.1)	**(430.3)**
1,060.7	385.6	**Net assets**	1,157.1	**438.5**
	42.8	**Participative loans***		**64.9**
	428.4	**Total investment in associate**		**503.4**

The analysis above excludes liabilities in respect of distributions received in advance from VR amounting to £14.7 million (31 December 2012: £10.2 million) which are included within non-current liabilities in note 18.

* 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 8B

31 December 2012 Hammerson share £m		**30 June 2013 Hammerson share £m**
428.4	Total investment in associate	**503.4**
5.7	Fair value of derivatives	**(2.2)**
39.2	Deferred tax	**74.4**
(28.7)	Goodwill as a result of deferred tax	**(47.0)**
16.2	Adjustment for associate	**25.2**
444.6	**EPRA adjusted total investment in associate**	**528.6**

C. Reconciliation of movements in investment in associate

Year ended 31 December 2012 £m		**Six months ended 30 June 2013 £m**
-	Balance at 1 January	**428.4**
381.7	Transfer from other investments on 21 August 2012	**-**
-	Acquisitions	**61.1**
47.5	Share of results of associate	**44.8**
(2.4)	Dividends	**(37.5)**
-	Revaluation movement on participative loan	**0.2**
1.6	Foreign exchange translation differences	**6.4**
428.4		**503.4**

NOTES TO THE ACCOUNTS
CONTINUED

11. OTHER INVESTMENTS

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
-	Value Retail PLC and associated entities ('VR')	**-**	288.9
1.4	Other investments	**1.4**	1.5
1.4		**1.4**	290.4

Prior to 21 August 2012, the Group had concluded that it did not have significant influence over any of the investments in Value Retail PLC and associated entities as, despite holding certain limited voting rights, the Group had no means to influence financial and operating policies through its voting rights or otherwise. The interests were therefore classified as available for sale investments.

On 21 August 2012, the Group acquired additional stakes in the sponsor entities of Bicester Investors Limited Partnership, Bicester Investors II LP, VR European Holdings BV and Value Retail PLC, increasing its interest in these Value Retail holding companies to 22%. These investments have been equity accounted from the date of acquisition of the additional stakes, and disclosed as Investment in Associate (see note 10), as the Group has significant influence through its ownership interest from this date. In addition to the interests in the holding companies, the Group has non-equity interests of differing proportions in the entities which own VR's outlet Villages. When aggregated the Group's share of VR's operating profit before other net gains amounts to 27.6% for the period ended 30 June 2013.

12. RECEIVABLES: NON-CURRENT ASSETS

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
47.0	Loans receivable	**49.7**	22.7
1.1	Other receivables	**1.0**	2.8
18.5	Fair value of interest rate swaps	**-**	3.3
66.6		**50.7**	28.8

Loans receivable comprises a loan of €58 million (£49.7 million) (31 December 2012: £47.0 million) to Value Retail European Holdings BV bearing interest at 10% and maturing on 11 September 2016. This loan is classified as available for sale. At 30 June 2012, loans receivable comprised a loan to Value Retail PLC of €28 million (£22.7 million).

13. RECEIVABLES: CURRENT ASSETS

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
53.2	Trade receivables	**54.9**	38.5
-	Loans receivable	**-**	29.1
38.6	Other receivables	**68.7**	36.3
0.2	Corporation tax	**0.1**	0.1
10.7	Prepayments	**4.6**	11.6
-	Fair value of currency options	**-**	0.2
102.7		**128.3**	115.8

NOTES TO THE ACCOUNTS

CONTINUED

14. CASH AND DEPOSITS

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
45.1	Cash at bank	**62.0**	48.3
12.0	Short-term deposits	**8.0**	31.3
57.1		**70.0**	79.6
	Currency profile		
43.3	Sterling	**45.4**	66.5
13.8	Euro	**24.6**	13.1
57.1		**70.0**	79.6

15. PAYABLES: CURRENT LIABILITIES

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
36.3	Trade payables	**27.1**	31.6
132.3	Other payables	**117.9**	108.0
25.3	Accruals	**22.3**	20.3
49.8	Deferred income	**52.4**	46.1
243.7		**219.7**	206.0

16. BORROWINGS

A. MATURITY

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
1,142.4	After five years	**1,167.4**	742.7
737.7	From two to five years	**546.8**	928.4
-	From one to two years	**410.9**	-
1,880.1	Due after more than one year	**2,125.1**	1,671.1
158.0	Due within one year	**151.4**	251.7
2,038.1		**2,276.5**	1,922.8

NOTES TO THE ACCOUNTS
CONTINUED

16. BORROWINGS (Continued)

B. ANALYSIS

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
	Unsecured		
197.9	£200 million 7.25% sterling bonds due 2028	**197.9**	197.8
297.1	£300 million 6% sterling bonds due 2026	**297.2**	297.0
247.9	£250 million 6.875% sterling bonds due 2020	**248.0**	247.9
401.2	€500 million 2.75% euro bonds due 2019	**424.2**	-
298.7	£272 million (2012: £300 million) 5.25% sterling bonds due 2016	**270.9**	298.5
388.9	€480 million 4.875% euro bonds due 2015	**411.0**	387.8
151.6	Bank loans and overdrafts	**358.1**	448.5
1,983.3		**2,207.3**	1,877.5
11.1	Fair value of currency swaps	**22.9**	1.7
1,994.4		**2,230.2**	1,879.2
	Secured		
43.7	Euro variable rate mortgage due 2016	**46.3**	43.6
64.6	Sterling variable rate mortgage due 2015*	**-**	65.1
2,102.7		**2,276.5**	1,987.9

* Associated with assets previously held for sale.

Security for secured euro borrowings as at 30 June 2013 is provided by a first legal charge on a property, for which the Group's share of the carrying value was £102.4 million.

C. UNDRAWN COMMITTED FACILITIES

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
630.0	Expiring after more than two years	**616.0**	426.0

D. CURRENCY PROFILE

31 December 2012 Total £m		**Borrowings excluding currency swaps £m**	**Fair value of currency swaps £m**	**30 June 2013 Total £m**	30 June 2012 Total £m
913.7	Sterling	**1,372.1**	**(463.2)**	**908.9**	959.0
1,189.0	Euro	**881.5**	**486.1**	**1,367.6**	1,028.9
2,102.7		**2,253.6**	**22.9**	**2,276.5**	1,987.9

NOTES TO THE ACCOUNTS
CONTINUED

17. 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:

31 December 2012 Book value £m	31 December 2012 Fair value £m		**30 June 2013 Book value £m**	**30 June 2013 Fair value £m**	30 June 2012 Book value £m	30 June 2012 Fair value £m
2,091.6	2,381.1	Borrowings, excluding currency swaps	**2,253.6**	**2,501.9**	1,986.2	2,227.7
11.1	11.1	Currency swaps	**22.9**	**22.9**	1.7	1.7
2,102.7	2,392.2	**Total**	**2,276.5**	**2,524.8**	1,987.9	2,229.4
-	-	Currency options	**-**	**-**	(0.2)	(0.2)
(11.6)	(11.6)	Interest rate swaps	**3.3**	**3.3**	3.2	3.2
(11.6)	(11.6)		**3.3**	**3.3**	3.0	3.0
		Financial instruments associated with assets held for sale included in above table				
64.6	64.6	Borrowings, excluding currency swaps	**-**	**-**	65.1	65.1
3.0	3.0	Interest rate swaps	**-**	**-**	3.1	3.1

At 30 June 2013, the fair value of financial instruments exceeded their book value by £248.3 million (31 December 2012: £289.5 million) equivalent to 35 pence per share (31 December 2012: 41 pence per share) on an EPRA net asset value per share basis.

The fair values of the Group's borrowings have been estimated on the basis of quoted market prices, representing Level 1 fair value measurements as defined by IFRS 7 Financial Instruments: Disclosures. The fair values of the Group's outstanding interest rate swaps have been estimated by calculating the present values of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements. The fair value of the Group's currency swaps has been estimated on the basis of the prevailing forward rates at the half-year, also representing Level 2 fair value measurements.

18. PAYABLES: NON-CURRENT LIABILITIES

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
29.7	Net pension liability	**31.6**	30.9
30.5	Other payables	**39.3**	32.9
3.9	Fair value of interest rate swaps	**3.3**	3.4
64.1		**74.2**	67.2

19. SHARE CAPITAL

31 December 2012 £m		**30 June 2013 £m**	30 June 2012 £m
178.2	Called up, allotted and fully paid	**178.2**	178.2

Ordinary shares of 25p each	**Number**
Movements in issued share capital	
Number of shares in issue at 1 January 2013	712,830,959
Share options exercised – Executive Share Option Scheme	9,699
Share options exercised – Savings-related Share Option Scheme	22,396
Number of shares in issue at 30 June 2013	712,863,054

NOTES TO THE ACCOUNTS
CONTINUED

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

Year ended 31 December 2012 £m		Note	**Six months ended 30 June 2013 £m**	Six months ended 30 June 2012 £m
7.3	Amortisation of lease incentives and other costs		**5.2**	3.1
(0.5)	Increase in accrued rents receivable		**0.3**	(0.1)
6.8	Non-cash items included within net rental income	3A	**5.5**	3.0
1.5	Depreciation		**0.7**	0.8
4.9	Share-based employee remuneration		**3.0**	2.3
0.8	Exchange and other items		**(0.7)**	1.0
14.0			**8.5**	7.1

OTHER INFORMATION

DIRECTORS

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

*Non-Executive Director

GENERAL COUNSEL AND COMPANY SECRETARY
Sarah Booth

PRINCIPAL GROUP ADDRESSES
United Kingdom
Hammerson plc, 10 Grosvenor Street, London W1K 4BJ
Tel +44 (0) 20 7887 1000 Fax +44 (0) 20 7887 1010

France
Hammerson France SAS, 48 rue Cambon, Paris 75000, France
Tel +33 (1) 56 69 30 00 Fax +33 (1) 56 69 30 01

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

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

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

The 2013 interim dividend is being paid as a PID to enable the Company to meet its PID obligations. For most shareholders, PIDs will be paid after deducting withholding tax at the basic rate. However, certain categories of shareholder are entitled to receive PIDs without withholding tax, principally UK resident companies, UK public bodies, UK pension funds and managers of ISAs, PEPs and Child Trust Funds. Hammerson's website includes a form to be used by shareholders to certify if they qualify to receive PIDs without withholding tax. Further information on UK REITs is available on the Company's website.

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

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

ADVISERS
J.P. Morgan Cazenove and Deutsche Bank are joint broker and financial adviser to the Company, and Lazard is its financial adviser.

FINANCIAL CALENDAR

Ex-dividend date	21 August 2013
Record date	23 August 2013
Election date for DRIP	8 September 2013
Interim dividend payable	3 October 2013

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

GLOSSARY OF TERMS

Adjusted figures (per share)	Reported amounts adjusted to exclude certain items as set out in note 8 to the accounts.
Anchor store	A major store, usually a department, variety or DIY store or supermarket, occupying a large unit within a shopping centre or retail park, which serves as a draw to other retailers and consumers.
Average cost of borrowing	The cost of finance expressed as a percentage of the weighted average of borrowings during the period.
Capital return	The change in property value during the period after taking account of capital expenditure and exchange translation movements, calculated on a monthly time-weighted basis.
DTR	Disclosure and Transparency Rules, issued by the United Kingdom Listing Authority.
Dividend cover	Adjusted earnings per share divided by dividend per share.
Earnings per share (EPS)	Profit for the period attributable to equity shareholders divided by the average number of shares in issue during the period.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EPRA	European Public Real Estate Association. This organisation has issued recommended bases for the calculation of earnings per share and net asset value per share.
Equivalent yield (true and nominal)	The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect the timing of future rents resulting from lettings, lease renewals and rent reviews based on current ERVs. The true equivalent yield assumes rents are received quarterly in advance. The nominal equivalent yield assumes rents are received annually in arrears. The property true and nominal equivalent yields are determined by the Group's external valuers.
ERV	The estimated market rental value of the total lettable space in a property, after deducting head and equity rents, calculated by the Group's external valuers.
Gearing	Net debt expressed as a percentage of equity shareholders' funds.
Gross property value	Property value before deduction of purchaser's costs, as provided by the Group's external valuers.
Gross rental income	Income from rents, car parks and commercial income, after accounting for the net effect of the amortisation of lease incentives.
IAS	International Accounting Standard.
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standard.
Initial yield	Annual cash rents receivable (net of head and equity rents and the cost of vacancy, and, in the case of France, net of an allowance for costs of approximately 5.2%, primarily for management fees), as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV.
Interest cover	Net rental income divided by net cost of finance before capitalised interest and change in fair value of derivatives.
Interest rate or currency swap (or derivatives)	An agreement with another party to exchange an interest or currency rate obligation for a pre-determined period of time.
IPD	Investment Property Databank. An organisation supplying independent market indices and portfolio benchmarks to the property industry.
Like-for-like/underlying net rental income	The percentage change in net rental income for completed investment properties owned throughout both current and prior periods, after taking account of exchange translation movements.
LTV (Loan to value)	Net debt expressed as a percentage of the property portfolio value.

GLOSSARY OF TERMS
CONTINUED

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

DISCLAIMER

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

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

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