Embargoed until 7.00 a.m. on Thursday 24 July 2014

HAMMERSON PLC – UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

Six months ended:	**30 June 2014**	30 June 2013	Increase	Like-for-like increase
Net rental income (continuing operations) (1)	**£146.9m**	£140.4m	+4.6%	+1.5%
Profit before tax (including valuation changes) (2)	**£362.9m**	£80.8m	n/a	
EPRA earnings per share (3)	**11.6p**	11.1p	+4.5%	
Interim dividend per share	**8.8p**	8.3p	+6.0%	
As at:	**30 June 2014**	31 December 2013		
EPRA net asset value per share (3)	**£6.12**	£5.73	+6.8%	
Loan to Value (1)	**38%**	38%		

(1) Includes the Group's share of joint ventures. From 1 January 2014, the Group has adopted IFRS 11 'Joint Arrangements', the impact of this is explained in note 1 to the Accounts on page 24.

(2) Valuation changes from the property portfolio and Value Retail portfolio were £289.7 million (June 2013: £18.8 million).

(3) Calculations for EPRA adjusted figures are shown in note 7 to the Accounts on page 31.

MAXIMISING INCOME THROUGH ACTIVE MANAGEMENT

- Strong demand for high-quality retail property, with new rents secured of £12 million (2013: £10 million) for 67,800m² (2013: 70,600m²).
- Leases signed overall at 7% above ERV and 6% above previous passing rents, providing confidence in future income growth.
- Improving UK shopping centre performance with tenant sales growth of 2.5% and ERVs increasing by 0.7%.
- Group occupancy of 97.2%, again exceeding our benchmark of 97%.
- Interim dividend increased by 6.0% to 8.8 pence per share (2013 interim: 8.3 pence).

CREATING HIGH-QUALITY RETAIL DESTINATIONS

- Les Terrasses du Port, Marseille, opened in May. The centre is now 98% let and has produced a 23% profit on cost.
- On site at five development schemes, with construction started at Victoria Gate, Leeds, in April.
- Planning approval received for major retail developments at Brent Cross, London, and Watermark WestQuay, Southampton.
- Submitted a planning application for 260,000m^2 mixed-use development at The Goodsyard, London.
- Completed 5,000m^2 extension at Abbotsinch Retail Park, Paisley, and due to start the redevelopment of Elliott's Field Retail Park, Rugby, in autumn 2014.

ENHANCING CAPITAL STRENGTH

- Property portfolio, including the Group's interest in Value Retail, generated revaluation gains of £289.7 million, equivalent to a 4.3% capital return.
- €500 million 2.0% bonds maturing in 2022 issued on 1 July 2014 increasing pro-forma liquidity to £980 million.
- Debt management initiatives reduced weighted average interest rate to 4.6%.
- 30 June 2014 loan to value of 38% and gearing of 54%.

David Atkins, Chief Executive of Hammerson, said: "This has been an encouraging first half in which we have successfully opened Les Terrasses du Port, signed an increased value of leases at levels above ERV and previous rents, and made operational and financial improvements to our business.

The consumer backdrop is improving in the UK and stabilising in France, against which we are providing the space for successful, expanding retailers, allowing us to grow rental values in selected locations. At the same time, global investors are increasingly seeking exposure to the benefits of high-quality retail assets, which has had a beneficial impact on capital values. We remain confident in our ability to deliver strong returns for shareholders."

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Results presentation today:

The results presentation is being held today at 9.30 a.m. at Deutsche Bank's offices at 1 Great Winchester Street, London EC2N 2DB.

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 3427 1909. Please quote confirmation code 6006239.

Financial calendar:

Ex-dividend date	20 August 2014
Record date	22 August 2014
Interim dividend payable	2 October 2014

Index to key data

Figures include the Group's share of joint ventures

Income and operational	**30 June 2014**	30 June 2013	**Page**
Portfolio total returns (including share of Value Retail portfolio)	**6.9%**	3.0%	1
Portfolio capital return (including share of Value Retail portfolio)	**4.3%**	0.4%	1
Occupancy	**97.2%**	97.4%	1
Like-for-like NRI growth	**1.5%**	2.5%	2
EPRA adjusted earnings per share	**11.6p**	11.1p	2
Leasing activity	**£12.1m**	£10.2m	7
Area of new lettings	**67,800m^2**	70,600m^2	7
Leasing v ERV	**+7%**	+1%	7
Leasing v previous passing rents	**+6%**	+12%	7
Retail sales – UK	**+2.5%**	-0.4%	7
Retail sales – France	**-2.4%**	-3.8%	7
Non-rental income	**£10.6m**	£9.9m	7
EPRA cost ratio	**24.1%**	25.3%	13
Interim dividend per share	**8.8p**	8.3p	14

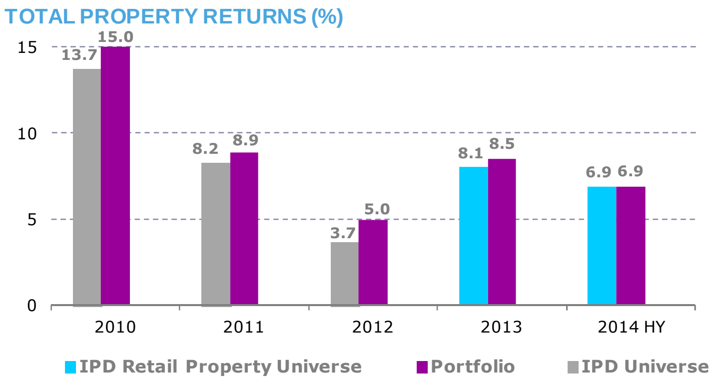
Capital and financing	**30 June 2014**	31 December 2013	
Portfolio value	**£6.3bn**	£5.9bn	8
Net debt	**£2.4bn**	£2.3bn	9
Gearing	**54%**	56%	9
Loan to value	**38%**	38%	9
Liquidity	**£584m**	£716m	9
Weighted average cost of finance	**4.6%**	4.8%	9
Interest cover	**2.8 times**	2.8 times	9
Net debt/EBITDA	**8.8 times**	8.2 times	9
Fixed rate debt	**77%**	70%	9
Portfolio currency hedge	**90%**	79%	10
Equity shareholders' funds	**£4.3bn**	£4.1bn	14
EPRA net asset value per share	**£6.12**	£5.73	14

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
www.hammerson.com — morgan.bone@hammerson.com

KEY PERFORMANCE INDICATORS

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

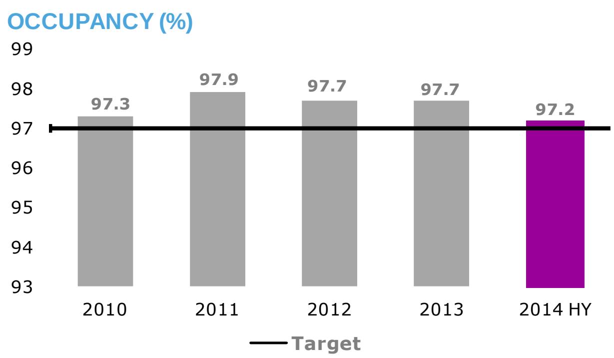


For 2013 and 2014, the IPD benchmark in the chart above is the IPD Retail Property Universe, while for earlier years it is the IPD Universe. The IPD benchmark has been weighted to be comparable with the Group's geographic portfolio allocation.

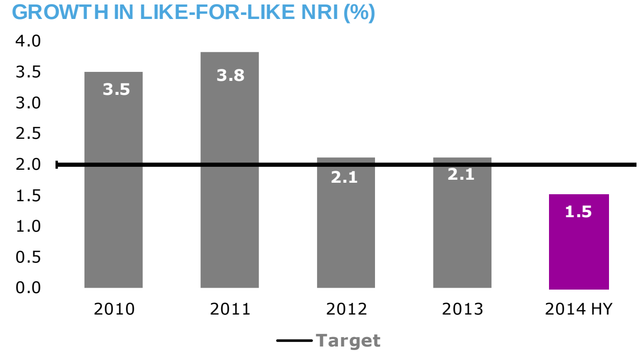
For the six months to 30 June 2014, the portfolio total return was 6.9%, the same as the benchmark. The total return for the UK portfolio was 7.8% which benefited from inward yield shift during 2014, whilst the French portfolio return was more subdued at 2.9%. The benchmark for 2014 is derived from the UK IPD quarterly index to March 2014 and monthly indices for the three months to June 2014, as the quarterly indices in the UK or France are not yet available.

As expected given the prime nature of Hammerson's assets, the portfolio's income return of 2.5% was below the IPD equivalent of 3.0%. However, our portfolio generated capital growth of 4.3%, compared with the IPD capital return of 3.8%.

For 2014 and 2013, the Group's total property return includes the total return generated by the Group's interests in Value Retail. This better represents the exposure which the Group has to its three areas of focus: experience; convenience; and luxury.

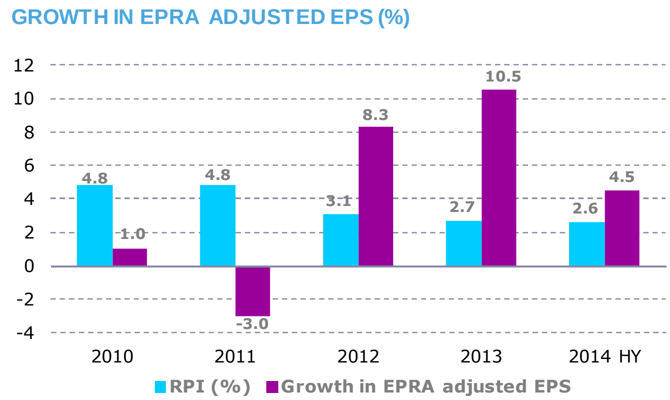


The occupancy level has been maintained above our target of 97.0%. At 30 June 2014, the portfolio was 97.2% occupied, a reduction of 0.5% compared to the beginning of the year and 0.2% lower than 30 June 2013. This reduction is primarily due to lower occupancy in France, which was adversely impacted by the inclusion of Les Terrasses du Port, which opened in May 2014 and the acquisition of Saint Sébastien in February 2014. Since 30 June, further lettings have been agreed at Les Terrasses du Port which is now 98% let.



For the six months ended 30 June 2014, on a like-for-like basis, net rental income grew by 1.5%, below our target of 2%. This is primarily due to increased tenant rotation and associated incentives compared with 2013.

Income from UK and French shopping centres grew by 2.0% and 1.1% respectively, the latter growth being impacted by low indexation of 0.8% in 2014. Income at UK retail parks increased by 1.2%.



EPRA adjusted earnings per share reflect the Group's underlying profit, and exclude non-recurring items such as property valuation changes, gains and losses on property sales, and movements in the fair value of derivatives. Supporting calculations of the Group's EPRA adjusted EPS are provided in note 7A to the Accounts on page 31.

In the six months to 30 June 2014, EPRA adjusted EPS increased by 0.5 pence, or 4.5% to 11.6 pence.The increase was principally due to growth in net rental income from the like-for-like portfolio and developments; lower financing expenses and additional Value Retail income. These were partly offset by reduced income associated with net disposals, and an increase in administration expenses which included one-off costs associated with restructuring the Group's cost base. We benchmark this KPI against the Retail Prices Index (RPI) and at June 2014 the Group's EPRA adjusted EPS growth exceeded RPI by 190bp.

BUSINESS REVIEW

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

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

Our activities in 2014 to deliver these priorities are detailed in the following pages.

RETAIL OVERVIEW

Retailers are concentrating their physical space requirements on high-quality, prime shopping centres, conveniently located retail parks and premium designer outlets. We are confident that the Group's property interests will benefit from this trend and deliver income growth. In addition to improving the physical environment and customer experience we are developing market leading technological solutions. The focus on these areas will drive footfall and retail sales, help maintain high occupancy levels and maximise future rental growth. The UK economic environment continues to strengthen which is encouraging consumer confidence and retailer demand, although recovery trends are less pronounced in France. Potential future increases in interest rates may act to temper these trends, but with the limited delivery of new high-quality retail space and retailers' emphasis on securing the optimal trading locations, our portfolio is well placed to deliver outperformance.

As the retail market evolves, there is an increasing recognition from retailers of the importance of physical space as part of a co-ordinated multi-channel offer. Consumers are becoming more informed and this is impacting their behaviour and spending patterns. Retailers are using flagship stores as brand support, and we continue to refresh the brands across our portfolio to ensure the consumer experience is optimised. Over recent years we have delivered leisure and catering enhancements at a number of properties, including Highcross, Leicester; Union Square, Aberdeen; WestQuay, Southampton; and Manor Walks, Cramlington. This is also the focus of the ongoing extensions at Silverburn, Glasgow, and O'Parinor, Paris. In addition, we are nearing completion of our £100 million French shopping centre refurbishment programme.

CONSUMER INSIGHT AND DIGITAL EXPERTISE

We continue to improve our ability to communicate with shoppers on platforms that influence their spending behaviour. Following the successful trial in 2013 of our Kudos mobile app at The Oracle, Reading, and Highcross, Leicester, we launched the first of our updated formats 'Plus' at Les Terrasses du Port, Marseille, in May.

The new mobile app allows us to communicate directly with shoppers in real-time, with personalised content and offers based on their interests, redemption history and stores visited. This innovative location technology incorporates low energy Bluetooth 'beacons', with the installation at Les Terrasses du Port being the largest in Europe.

The 'Plus' app forms part of a class-leading digital platform including websites, responsive mobile sites and analytical dashboards, and will be rolled out across all of our UK and French shopping centres. In addition to the new digital platform, our shopping centres continue to deliver engaging content across social media channels, as well as supporting successful core physical activities such as Autumn Fashion Fix, Student Nights and Love Food.

1. CREATING HIGH-QUALITY PROPERTY

Our strategy is based on the creation, through development, enhancement or acquisition, of compelling retail venues in successful locations. We focus our capital and human resources to deliver attractive returns over the medium and long term and manage the associated business risks to ensure a balance between improvements, extensions, refurbishments and major schemes.

DEVELOPMENTS AND EXTENSIONS

The Group's development programme will create vibrant retail destinations by delivering high-quality properties. We have continued to make good progress in advancing these schemes. Key milestones in 2014 are noted in the table below:

OVERVIEW OF RECENT PROGRESS IN ADVANCING THE DEVELOPMENT PROGRAMME

Planning	Letting	Construction
Achieved planning approval for:	Signed lettings at:	Completed works at:
• Brent Cross, Cricklewood	• Abbotsinch Retail Park, Paisley	• Abbotsinch Retail Park, Paisley
• Elliott's Field Retail Park, Rugby	• Elliott's Field Retail Park, Rugby	• Les Terrasses du Port, Marseille
• Watermark WestQuay, Southampton	• Le Jeu de Paume, Beauvais	Progressed construction at:
Council resolution for compulsory purchase order at:	• Les Terrasses du Port, Marseille	• Cyfarthfa Retail Park, Merthyr Tydfil
• Whitgift, Croydon	• Silverburn extension, Glasgow	• Le Jeu de Paume, Beauvais
Submitted planning application for:	• Victoria Gate, Leeds	• O'Parinor extension, Paris
• The Goodsyard, London	• Watermark WestQuay, Southampton	• Silverburn extension, Glasgow
		Started construction at:
		• Victoria Gate, Leeds

CURRENT AND FUTURE DEVELOPMENTS

Scheme	Ownership %	Lettable area m^2	Earliest start	Potential completion	Value at 30/6/14 £m	Estimated cost to complete[1] £m	Estimated annual income[2] £m	Let[3] %
On site								
O'Parinor extension, Aulnay-sous-bois, Paris	25	7,200	Commenced	Q4 2014	n/a	1	1	100
Silverburn extension, Glasgow	50	10,900	Commenced	Q1 2015	n/a	6	1	91
Cyfarthfa Retail Park extension, Merthyr Tydfil	100	14,500	Commenced	Q2 2015	n/a	16	2	38
Le Jeu de Paume, Beauvais	100	23,800	Commenced	Q3 2015	18	52	5	50
Victoria Gate, Leeds (Phase 1)	100	34,300	Commenced	Q3 2016	30	120	10	32
		90,700				**195**	**19**	
Major developments (>30,000m^2)								
Croydon town centre	50	200,000	2015	2018		500	35	–
The Goodsyard, London E1 [4]	50	260,000	2016	Phased		140	–	–
Brent Cross extension, London	41	90,000	2016	2019		350	26	–
		550,000				**990**	**61**	
Extensions/redevelopments (<30,000m^2)								
Elliott's Field Retail Park, Rugby	100	16,000	2014	2015		35	3	42
Watermark WestQuay, Southampton	100	17,000	2014	2016		75	5	45
Brent Cross Leisure, London	41	9,000	2016	2018		20	2	–
		42,000				**130**	**10**	
Pipeline								
SQY Ouest, Saint Quentin-en-Yvelines	50	31,700	2015	2016		11	2	–
Italie Deux, Paris 13ème	100	5,000	2015	2017		25	2	–
Victoria Gate, Leeds (Phase 2)	100	73,000	2018	2021		480	40	–
		109,700				**516**	**44**	
Total		**792,400**				**1,831**	**134**	

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 23 July 2014.
4. Cost reflects phase 1 only. Due to residential component of scheme, area is gross external and income is not applicable.
5. € converted at £1 = €1.249. Value, costs and income represent the Group's share for joint ventures.

Completed developments

Les Terrasses du Port, Marseille, our 61,000m^2 shopping and leisure destination opened in May with over 500,000 visitors during the first ten days of trading. The centre is part of Marseille's Euroméditerranée programme, which is the largest urban regeneration project in Southern Europe representing €7 billion of investment. The scheme is anchored by Printemps and comprises 190 shops and restaurants, 2,600 car parking spaces and a 260 metre restaurant terrace with stunning views over the Mediterranean Sea. The centre was valued at £468 million at June 2014, representing a 23% profit on cost and is now 98% let. 30 brands have opened their first stores in France's second city. Key tenants include Agatha, Fossil, Hugo Boss, Levi's, Monoprix and Zara; while Groupe SMCP has opened three stores: Sandro, Maje and Claudine Pierlot.

At Abbotsinch Retail Park, Paisley, which was acquired as part of the Junction Fund portfolio in October 2012, a 5,000m^2 terrace extension to create five new units was completed in June, and tenants include Wren, Dunelm, Maplin and ScS.

On site developments

Work continues on the 7,200m^2 extension of O'Parinor, Paris to create a 14-screen cinema and food court, as part of a wider refurbishment programme at the centre. The new space is fully pre-let or in solicitors' hands and the works are scheduled to complete towards the end of 2014.

Further catering tenants have been secured at the leisure-led extension of Silverburn, Glasgow where work started in 2013. Cineworld will operate a 14-screen cinema and the scheme will also feature nine new restaurants. To date, 12 restaurants have been let, the most recent being Chimichanga and Carluccio's. The majority of the restaurants are due to open in autumn 2014 with the remainder of the 10,900m^2 scheme open for business in early 2015.

We continue to progress the 14,500m^2 extension to Cyfarthfa Retail Park, Merthyr Tydfil. Marks & Spencer have signed to anchor the scheme with a 4,600m^2 full-line store offering clothing, homeware and a foodhall. The project will also provide 9,900m^2 of additional retail space, to which B&Q will be relocated and which will accommodate up to seven new fashion brands. B&Q's first eco learning store and two adjacent units will open in late summer, with the remainder opening in summer 2015. The scheme has generated over 250 jobs during the construction phase and will create the equivalent of up to 230 full-time jobs when complete.

Carrefour Market will anchor the 23,800m^2 Le Jeu de Paume, Beauvais, where construction works commenced in December 2013. The scheme is due to complete in autumn 2015, and leases representing 50% of the anticipated income have already been signed or are in solicitors' hands. The scheme will include 86 retail units and 37 residential apartments, and will include stores for H&M and Furet du Nord.

The construction work for the first phase of Victoria Gate, Leeds, commenced in April 2014. The 34,300m^2 luxury scheme is adjacent to Victoria Quarter, which we purchased in 2012, and consists of three main buildings: a 21,000m^2 flagship John Lewis store; a two-street arcade with more than 30 retailers and restaurants; and an 800-space multi-storey car park. The £150 million development will generate 1,000 construction jobs and up to a further 1,000 retail and hospitality jobs when it opens in autumn 2016. The estimated annual income from the scheme is £10 million, of which 32% has been let or is in solicitors' hands.

Major developments (> 30,000m^2)

We have continued to progress our three major London developments. In addition to creating modern, vibrant and exciting new destinations, these schemes offer the potential to achieve attractive financial returns over the longer term.

Following the formation of the Croydon Partnership, a 50:50 joint venture with Westfield, at the beginning of 2013, significant progress has been made towards the regeneration of the retail heart of Croydon, south London. The joint venture owns Centrale shopping centre and a 25% interest in the 155-year headlease of the Whitgift Centre. These will be redeveloped to create a 200,000m^2 mixed-use scheme to include retail, leisure and residential space, with the potential for hotels and offices. Over 5,000 new jobs will be created when the new centre opens. Planning permission was granted in late 2013 and in April 2014, Croydon Council resolved to make a compulsory purchase order to bring together the land to deliver the £1 billion scheme which could commence in 2015.

In conjunction with our joint venture partner, Ballymore Properties, a planning application to redevelop The Goodsyard, London E1 was submitted in July 2014. The 4.2ha site in Shoreditch has the potential to deliver a 260,000m^2 mixed-use development that will include 19,000m^2 of retail, 60,000m^2 of offices and up to 1,500 homes. The regeneration will also provide substantial public realm including a new park.

Work continues on the regeneration of Brent Cross Cricklewood in north-west London, following the approval by Barnet Council of a revised planning application in January. The submission, made with our partner Standard Life Investments, followed extensive consultation with local stakeholders and amended the outline planning permission granted for the scheme in 2010. A key element of the regeneration is a 90,000m^2 extension to Brent Cross shopping centre which will deliver a world-class retail, dining and leisure environment. The scheme will also provide new parks and community facilities as well as much enhanced transport connections. We are targeting being able to start work on the first phase of the project in 2016.

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

In March, our planning consent for the extension of Elliott's Field Retail Park, Rugby was successfully upheld following a Judicial Review. We anticipate starting on site in autumn 2014 and the scheme will be anchored by a 5,600m^2 full-line Debenhams store including a cafe/restaurant. The works will involve the construction of a new retail terrace accommodating 15 new fashion and homeware brands and also provide new catering space, improved car parking facilities and enhancements to the external environment. Completion is expected in autumn 2015 and 42% of the estimated annual income has been secured.

Following planning approval in June, we expect to start construction of the first phase of a mixed-use development at Watermark WestQuay in autumn 2014. The 4ha brownfield site in the centre of Southampton is next to our jointly owned WestQuay Shopping Centre. The £80 million first phase of 17,000m^2 is due to open in autumn 2016 and will include a 10-screen multiplex cinema, up to 20 restaurants, retail space and a new public piazza in front of the city's historic walls. The second phase has the potential to include a residential tower, hotel, offices, restaurants and additional public space. Estimated income from the first phase is £5 million per annum, of which 45% has been pre-let.

In addition to the wider regeneration of Brent Cross Cricklewood, we are advancing plans for a 9,000m^2 leisure and catering extension at Brent Cross. The cost of the project is estimated at £20 million and work is expected to start on site in 2016.

REFURBISHMENT

The £100 million refurbishment programme of our French centres, which began in 2013, is nearing completion. A highlight during the year was the successful opening of a 5,500m^2 Primark at O'Parinor in April. This is Primark's first store in Paris, and the centre has witnessed sales growth and a significant increase in footfall since the new store opened. The refurbishment programme has introduced renovated interiors, new services and improved leisure provision to the majority of our French centres.

ACQUISITIONS AND DISPOSALS

We continue to challenge the performance of our existing portfolio to ensure future performance can be delivered and properties meet our key strategic goals. Proceeds from disposals are reinvested into the property portfolio to generate higher future returns.

In January 2014, together with our 50% partner Aviva Investors, we sold Queensgate Shopping Centre in Peterborough. Hammerson's share of net rental income from the asset in 2013 was £6 million and we received proceeds, after costs, of £99 million.

In February 2014, we acquired Saint Sébastien shopping centre in Nancy, north-east France, for £111 million. The 24,000m^2 centre has passing rents of £7 million and we are working up plans to deliver identified asset management initiatives. The city has an affluent population and we plan to improve the centre's links with the Nancy Grand Coeur regeneration project.

2. MAXIMISING INCOME

Our approach to growing income from the property portfolio varies according to the characteristics of the markets in which we operate. However, we follow common themes to deliver outperformance across our portfolio:

- building strong retailer relationships, both locally and corporately
- predicting, monitoring and reacting to local market trends
- offering attractive commercial solutions for our tenants
- tailoring marketing activities to maximise their impact
- implementing new retailer and customer services to facilitate multi-channel sales
- improving the property environment to enhance the overall customer experience.

OPERATIONAL PERFORMANCE OVERVIEW

In this overview, 'the portfolio' refers to our directly-owned property portfolio, including properties held in joint ventures, and unless stated otherwise, excludes our investment in the Value Retail portfolio. The 2013 figures also exclude our office properties which were sold and treated as discontinued during that year.

The table below shows strong operational performance during the first six months of 2014, demonstrating our ability to adapt to the continual evolution of the retail environment.

Operational performance Includes the Group's share of joint ventures	**H1 2014**	H1 2013
Net rental income growth – like-for-like (%)	**1.5**	2.5
Occupancy (%)	**97.2**	97.4
Leasing activity – new rent from units leased (£m)	**12.1**	10.2
Area of new lettings (000m^2)	**67.8**	70.6
Leasing v ERV (% above 31 December 2013/2012 ERV)	**7**	1
Leasing v previous passing rents (%)	**6**	12
Retail sales change (%)		
UK shopping centres	**2.5**	(0.4)
France shopping centres	**(2.4)**	(3.8)
Footfall change (%)		
UK shopping centres	**(1.5)**	(1.5)
France shopping centres	**(0.1)**	(5.8)
Collection rates (% collected within 14 days of due date)		
UK	**99**	99
France	**84**	92
Non-rental income (£m)		
UK	**9.6**	9.2
France	**1.0**	0.7

Further portfolio analysis is provided in the tables on pages 40 to 44.

LIKE-FOR-LIKE NET RENTAL INCOME

On a like-for-like basis, net rental income grew by 1.5% during 2014 reflecting increased tenant rotation and associated incentives compared with 2013.

UK shopping centre growth of 2.0% was driven by leasing activity and rent reviews, most notably at Cabot Circus and Highcross which had suffered from retailer administrations in 2013. The French shopping centre portfolio achieved net rental income growth of 1.1%, which was in excess of the current indexation figure of 0.8%. Income growth at UK retail parks was 1.2% principally due to leasing activity.

Like-for-like net rental income growth (%)	UK shopping centres	France retail	UK retail parks	Other UK	Total portfolio
30 June 2014	2.0	1.1	1.2	(0.2)	1.5
31 December 2013	3.2	2.6	0.2	(4.0)	2.1
30 June 2013	2.8	3.9	2.8	(14.5)	2.5

Further analysis of like-for-like net rental income is included as Table 4 on page 42.

OCCUPANCY

At 30 June 2014, occupancy remained ahead of our 97.0% target at 97.2%. French occupancy has fallen marginally during the year due to the inclusion of Les Terrasses du Port, which opened in May and the acquisition of Saint Sébastien in February. Since 30 June, further lettings have been agreed at Les Terrasses du Port which is now 98% let.

Occupancy (%)	UK shopping centres	France retail	UK retail parks	Other UK	Total portfolio
30 June 2014	97.7	96.6	98.2	91.6	97.2
31 December 2013	98.1	97.4	98.4	91.3	97.7
30 June 2013	97.5	97.3	98.6	90.6	97.4

LEASING

During the first half of 2014, 192 leases were signed representing annual rental income of £12.1 million and 67,800m^2 of space. For principal leases across the Group, rents secured were 6% greater than previous passing rents and 7% greater than December 2013 ERVs.

We continue to be encouraged by improving retailer demand, demonstrated by pockets of ERV growth, in particular at the UK shopping centres where ERV growth was 0.7% in 2014. Growth across the rest of the portfolio was lower and average ERVs increased by 0.4% over the first six months of 2014. However, this was an improvement on the first six months of 2013 where there was no movement in average ERVs across the portfolio.

LEASE EXPIRIES AND RENT REVIEWS

Our prime property portfolio provides a secure income stream, with a weighted average unexpired lease term of eight years. However, there are a significant number of leases across the portfolio which will be subject to rent reviews, break clauses or expiry in the near term. These provide the opportunity to secure additional income for the Group, if reviews or new leases are agreed at above the prevailing rental level.

Over the period to 31 December 2016, leases with current rents passing of £72.7 million are due to expire, or are subject to tenants' break clauses. If these were renewed at current rental levels, additional annual rental income of £6.0 million would be secured. Over the same period, leases in the UK with rents passing of £138.8 million are subject to review and if reviewed to current rental values, would generate additional annual income of £8.4 million. Rents in our French portfolio are subject to annual indexation, which is 0.8% in 2014 for the majority of leases.

This is not a forecast and takes no account of void periods, lease incentives or potential changes to rental values.

Further information on lease expiries and rent reviews is included in Tables 2 and 3 on page 41.

RETAILER SALES AND FOOTFALL

The picture for sales at our UK shopping centres improved during the year, with tenant sales growth of 2.5%. This was driven by fashion sales performing strongly during the year. UK footfall reduced by 1.5%, but consumers are spending more time and money at each visit to our centres.

In France, the rate of sales decline slowed compared with 2013, although sales still fell by 2.4% in 2014. Footfall was almost unchanged, with a decline of 0.1% during the period.

NON-RENTAL INCOME

Non-rental income, being net income from our car parks and the sale of advertising and merchandising opportunities at our shopping centres, continues to grow across the portfolio. This is included within 'net rental income'. In the UK, non-rental income grew by 4% to £9.6 million, whilst France reported income of £1.0 million, the growth of £0.3 million principally due to new car park income at Les Terrasses du Port.

COLLECTION RATES

Our credit control function acts to ensure rent and service charge collection rates remain strong, and the performance demonstrates the underlying strength of the Group's income stream. 99% of UK billings and 84% of French billings were collected within 14 days of the June 2014 due date.

TENANT COVENANT STRENGTH

We assess the covenant strength of prospective tenants and monitor the credit standing of our key retailers using a credit rating agency. The agency has a four-point risk indicator scale which runs from one ('low') to four ('high'). As at 30 June 2014, weighted by passing rent, 85% of UK tenants and 88% of French tenants were rated within the two lowest risk categories and the average score was 1.6.

At 30 June 2014, 43 units were let to tenants in administration, of which 28 continued to trade. In total, income equating to 0.7% of the Group's total passing rents was derived from tenants in administration, and for those tenants no longer trading it was just 0.2%. The equivalent figures at 31 December 2013 were 1.2% and 0.5% respectively.

VALUE RETAIL

Our investment in Value Retail ("VR") has again delivered excellent returns in the first half of 2014. VR develops and operates luxury outlet Villages and currently has nine Villages in the UK and Western Europe, including Bicester Village, Oxfordshire and La Vallée Village near Paris. There have been no changes in our investments during 2014 and we continue to hold a 22% interest in the VR holding companies and direct investments in the Villages themselves.

Our investment in VR is the principal route to gain exposure to the luxury retail sector. We continue to benefit from our relationship with VR management and are utilising the knowledge shared to develop the luxury offer across the Group's portfolio, for example in leasing our Victoria Gate development in Leeds.

The nine VR European Villages were valued for Hammerson at a total of £2.6 billion at 30 June 2014 with the Group's share being £0.8 billion. The capital return of Hammerson's share of the portfolio was 8.5% and our share of operating profit before valuation gains was £12.9 million, an increase of 8.4% compared with the equivalent period in 2013.

VR continues to enhance their retail offer and brand sales exhibited 11% growth during the first six months of the year. During 2014, La Roca Village, Barcelona, opened a major extension and began Sunday trading. At Kildare Village, Dublin, progress continues on the 6,200m^2 extension which was granted planning permission in 2013, and at Fidenza Village, Milan, remerchandising efforts resulted in a boost to sales. The VR digital engagement programme benefited from the launch of the new Chic Outlet Shopping app which has received almost 400,000 downloads in 2014.

Page 13 in the Financial Review provides further information on how the investment in VR has impacted the Group's financial performance.

3. CAPITAL STRENGTH

We strive to operate within a prudent and flexible capital structure. The Group's balance sheet remains strong, with our prime property portfolio and unsecured financing strategy providing financial security as well as the flexibility to act swiftly and decisively when opportunities arise. At 30 June 2014, LTV and gearing remained low at 38% and 54% respectively.

PORTFOLIO OVERVIEW

In this overview, "the portfolio" refers to our directly owned property portfolio, including properties held in joint ventures, and unless stated otherwise, excludes our investment in the Value Retail portfolio.

At 30 June 2014, the portfolio included 22 prime shopping centres in the UK and France and 22 conveniently located retail parks, and provided 1.8 million m^2 of space. The portfolio was valued at £6.3 billion, with 71% of the portfolio by value located in the UK, with the balance in France. At 30 June 2014, 40% of the portfolio was held in joint ventures.

Following the completion of Les Terrasses du Port in May, the property was transferred to the investment portfolio, so that at 30 June 2014, developments comprised only 2% of the portfolio valuation compared with 8% at the beginning of the year. The average lot size for the portfolio was £92 million and the ten most valuable properties represented 53% of the total value.

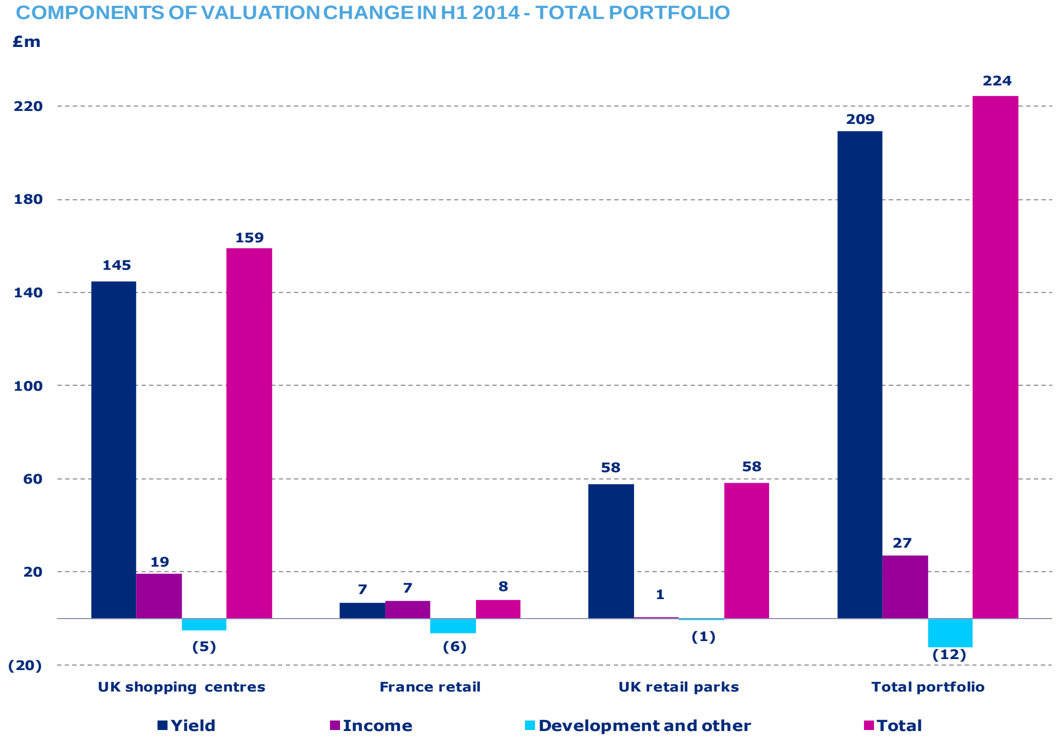
The movement in portfolio value during 2014 is set out below.

MOVEMENT IN PROPERTY PORTFOLIO VALUE IN THE SIX MONTHS TO 30 JUNE 2014

Includes the Group's share of joint ventures

	Investment £m	Development £m	Total £m
Portfolio value at 1 January 2014	5,434	497	5,931
Valuation increase	218	6	224
Capital expenditure			
Developments	–	120	120
Expenditure on existing portfolio	47	–	47
Acquisitions	111	–	111
Capitalised interest	–	7	7
Disposals	(101)	(1)	(102)
Exchange	(46)	(15)	(61)
Transfers	468	(468)	–
Portfolio value at 30 June 2014	**6,131**	**146**	**6,277**

The chart below analyses the sources of the valuation change for the property portfolio during 2014.



Note: The Total portfolio movement includes the movement in the UK Other portfolio where valuations declined by a total of £0.9 million during 2014.

During the first half of 2014, investment yields fell and increased valuations for the UK shopping centres, UK retail parks and to a lesser extent for French retail properties. The benefit of leasing and modest market rental value growth at shopping centres in the UK and France further boosted valuations. Across the portfolio, yield movement accounted for 93% of the total valuation change.

In France, the additional valuation surplus from Les Terrasses du Port was offset by increased purchasers' costs associated with higher property transaction taxes adversely impacting the French valuations.

Further valuation and yield analysis is included in Tables 7 and 8 in the Portfolio Analysis section on page 44.

FINANCING

Our financing strategy is to generally borrow on an unsecured basis on the strength of the Group's covenant in order to maintain operational flexibility. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short-term liquidity. Acquisitions may be financed initially using short-term funds before being refinanced for the longer term when market conditions are appropriate. Short-term funding is raised principally through syndicated revolving credit facilities from a range of banks and financial institutions with which we maintain strong working relationships. Long-term debt mainly comprises the Group's fixed rate unsecured bonds.

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

The Board approves financing guidelines against which it monitors the Group's financial structure. These guidelines, together with the relevant metrics, including the Group's share of joint ventures, are summarised in the table below which illustrates the Group's robust financial condition.

Key Financing Metric	Guideline	**30 June 2014**	31 December 2013
Net debt (£m)		**2,355**	2,252
Gearing (%)	maximum 85% for an extended period	**54**	56
Loan to value (%)	up to 40%	**38**	38
Liquidity (£m)*		**584**	716
Weighted average cost of finance (%)		**4.6**	4.8
Interest cover (times)	at least 2.0	**2.8**	2.8
Net debt/EBITDA (times)	less than 10.0	**8.8**	8.2
Debt fixed (%)*		**77**	70

* On a pro-forma basis reflecting the €500 million bond issue on 1 July 2014, the Group's liquidity increases to £980 million and the proportion of fixed rate debt to 90%.

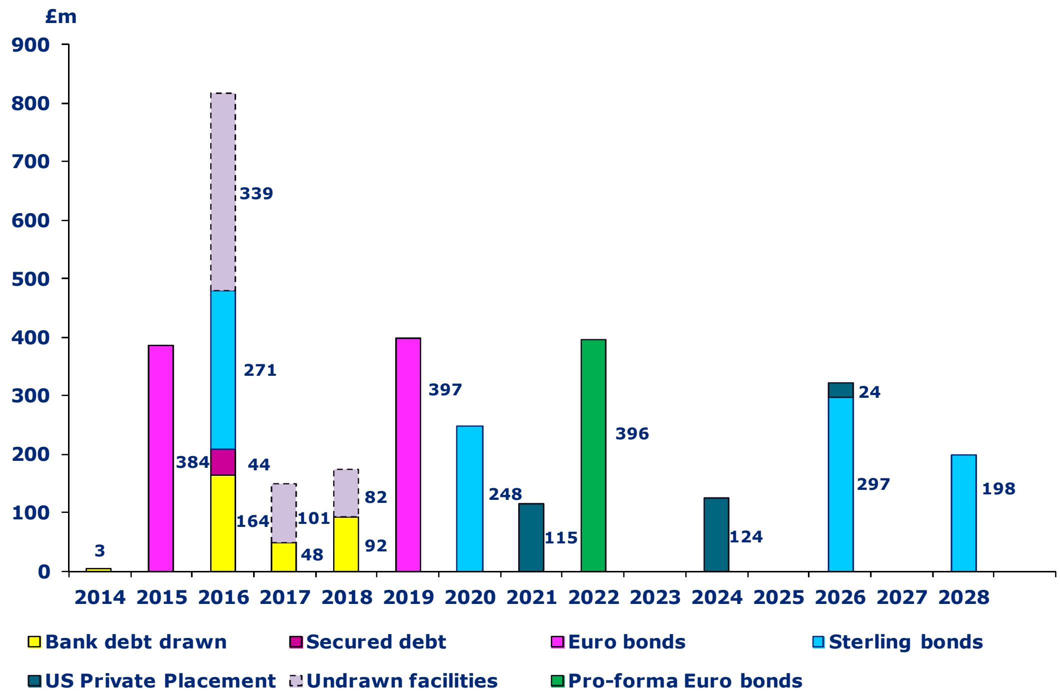
During the first half of the year, we received the funds from the $443 million US private placement signed in November 2013. The fixed rate notes mature in seven, ten and twelve years and are denominated in US Dollar, British Pound Sterling and Euro, with the US Dollar portion swapped to fixed rate Euro. The weighted average coupon is fixed at 3.6% and the proceeds have been used to repay existing floating rate debt and increase the proportion of fixed rate debt.

On 24 June 2014, we announced a new 8-year €500 million bond issue which funded on 1 July. This bond was issued at a coupon of 2.0% and will refinance the existing €480m bond maturing in June 2015 with a coupon of 4.875%, resulting in a saving of 2.875% or €14 million per annum. This transaction is in line with the Group's objectives to manage down the cost of debt and extend the debt maturity profile. We believe that the sterling and euro bond markets will be available in the medium term to replace existing bank borrowings and bonds as they mature and we will access these markets as appropriate. On a pro-forma basis, the bond issue increases the percentage of fixed rate debt from 77% to 90%.

Exposure to exchange translation differences on euro denominated assets is managed through a combination of euro borrowings and derivatives. Interest on euro debt also acts as a hedge against exchange differences arising on rental income from our French business. Approximately 90% of the relevant income was hedged in this way in the first half of the year. However, the increase of euro denominated rental income due to the opening of Les Terrasses du Port in May 2014 will reduce the percentage of income hedged. To compensate for this, the amount of euro denominated liabilities has been increased from 79% of the value of euro denominated assets at the beginning of the year, to 90% at 30 June 2014. We expect this to hedge around 80% of euro income.

At 30 June 2014, the average maturity of the Group's debt was 5.8 years. On a pro-forma basis, reflecting the issue of the new eight year €500 million bond, the average maturity increases by 0.7 years to 6.5 years. The pro-forma maturity profile of the Group's borrowings is shown in the chart below, including the new bond issued on 1 July 2014, but without reflecting any repayment of bank debt with the bond issue proceeds.

PRO-FORMA DEBT MATURITY PROFILE AT 30 JUNE 2014



The Group's unsecured bank facilities and the US private placement senior notes contain financial covenants, that the Group's gearing, defined as the ratio of net debt to shareholders' equity, should not exceed 150% and that interest cover, defined as net rental income divided by net interest payable, should not be less than 1.25 times. The same gearing covenant applies to three of the Company's unsecured bonds, whilst the remaining bonds, including the recently issued €500 million bond maturing in 2022, contain a covenant that gearing should not exceed 175%. These figures include the Group's share of joint ventures and the bonds have no covenant for interest cover. Hammerson's financial ratios are comfortably within these covenants.

Fitch and Moody's rate Hammerson's unsecured credit as A- and Baa2 (positive outlook) respectively. Moody's upgraded their outlook from stable to positive on 3 June 2014.

FINANCIAL REVIEW

PRESENTATION OF FINANCIAL INFORMATION

The Group's financial statements are prepared under IFRS and for 2014, the Group has adopted IFRS 11 'Joint Arrangements'. The new standard requires that all the Group's joint ventures, which were previously proportionally consolidated, are equity accounted. This presentation is consistent with the treatment for the Group's investment in Value Retail, which is classified as an associate. The income statement on page 17 and the balance sheet on page 19 include single lines showing the Group's share of post tax profit and the net investment in joint ventures respectively. The Group's profit for the period and equity shareholders' funds are unaffected by these presentational changes. Further details of the impact of adopting this accounting policy are given in note 1 to the Accounts on page 24.

Management reviews the performance of the business principally on a proportionally consolidated basis, except for its investment in Value Retail where the Group has less day-to-day involvement in operational activities. The commentary in this Financial Review is consistent with this approach.

EPRA adjusted earnings is a key measures of the Group's financial performance. It reflects the underlying profit of the Group derived from the financial statements but excludes a number of non-recurring items such as: property valuation changes; gains and losses on the sale of properties; the movement in the fair value of derivatives; deferred tax; and debt redemption costs. Further details of the calculation are given in note 7A to the Accounts. A summary of the presentational impact of the adoption of IFRS 11 on the Group's EPRA adjusted profit is shown in the table below.

EPRA Adjusted profit analysis		**Six months ended 30 June 2014**			Six months ended 30 June 2013		
	Notes to the Accounts	**Reported Group £m**	**Share of joint ventures £m**	**Total £m**	Reported Group £m	Share of joint ventures £m	Total £m
Gross rental income, after rents payable	2	**92.6**	**69.6**	**162.2**	87.1	69.8	156.9
Property outgoings	2	**(5.8)**	**(9.5)**	**(15.3)**	(6.6)	(9.9)	(16.5)
Net rental income	2	**86.8**	**60.1**	**146.9**	80.5	59.9	140.4
Administration expenses	2	**(23.3)**	**(0.5)**	**(23.8)**	(22.8)	(0.4)	(23.2)
Net finance costs	4	**(43.1)**	**(1.4)**	**(44.5)**	(45.4)	(1.4)	(46.8)
Share of results of joint ventures	9A	**58.2**	**(58.2)**	**–**	59.2	(59.2)	–
Share of results of associate	10A	**6.4**	**–**	**6.4**	5.5	–	5.5
Profit from discontinued operations	2	**–**	**–**	**–**	4.3	1.1	5.4
EPRA adjusted profit before tax	2	**85.0**	**–**	**85.0**	81.3	–	81.3
Tax charge	2	**(0.4)**	**–**	**(0.4)**	(0.2)	–	(0.2)
Non-controlling interests	2	**(1.9)**	**–**	**(1.9)**	(2.0)	–	(2.0)
EPRA adjusted profit for the period	7A	**82.7**	**–**	**82.7**	79.1	–	79.1
EPRA EPS, pence	7A	**11.6p**		**11.6p**	11.1p		11.1p
Interim dividend per share, pence	6	**8.8p**		**8.8p**	8.3p		8.3p

In 2013, the Group's London office portfolio was sold and the income and expenditure directly attributable to these discontinued operations is separately disclosed in the comparatives.

PROFIT BEFORE TAX

For the six months ended 30 June 2014, the Group's profit before tax was £362.9 million compared with £95.8 million in the prior year, and the differences between profit before tax and EPRA adjusted profit before tax are analysed in the table below.

Analysis of profit before tax Includes the Group's share of joint ventures and discontinued operations in 2013	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m
EPRA adjusted profit before tax	**85.0**	81.3
Adjustments:		
(Loss)/Gain on the sale of properties	**(2.2)**	7.0
Net revaluation gains/(losses) on property portfolio	**224.5**	(20.0)
Net revaluation and other gains in associate – Value Retail	**53.4**	39.3
Premium and costs on redemption of bonds	**–**	(3.9)
Change in fair value of derivatives	**2.2**	(7.9)
Profit before tax	**362.9**	95.8

Compared with 2013, the most significant change in 2014 relates to the net revaluation gains on the Group's property portfolio of £224.5 million compared with a net revaluation loss of £20.0 million in the prior period. Value Retail's contribution also increased from £39.3 million in 2013 to £53.4 million in 2014, predominantly due to revaluation gains on the property portfolio. A small disposal loss was recognised in 2014, principally relating to the sale of Queensgate, compared with a gain of £7.0 million in 2013 which reflected the sale of the Group's remaining office properties. Profit in 2014 was enhanced by an improved operational performance as well as gains from the change in the fair value of derivatives.

At £85.0 million, EPRA adjusted profit before tax for the six months ended 30 June 2014 was £3.7 million higher than the same period in 2013, an increase of 4.6%. The table below bridges EPRA adjusted profit before tax between the current and prior years. The increase was principally due to growth in net rental income from the like-for-like portfolio, reduced underlying financing costs and additional Value Retail income.

Reconciliation of EPRA adjusted profit before tax Includes the Group's share of joint ventures	**EPRA adjusted profit before tax £m**	EPRA EPS pence
EPRA adjusted profit before tax H1 2013	**81.3**	11.1
Net financing expense	**1.5**	0.2
One-off administration costs	**(2.8)**	(0.4)
Underlying administration expenses	**2.3**	0.3
Developments	**3.3**	0.4
Acquisitions and disposals	**(3.8)**	(0.5)
Like-for-like net rental income	**2.0**	0.3
Value Retail EPRA earnings	**0.9**	0.1
Exchange and other	**0.3**	0.1
EPRA adjusted profit before tax H1 2014	**85.0**	11.6

EPRA earnings per share increased by 4.5% to 11.6 pence for the period. Calculations for earnings per share are set out in note 7A to the Accounts on page 31.

NET RENTAL INCOME

Analysis of like-for-like net rental income Includes the Group's share of joint ventures and discontinued operations in 2013	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m	Change £m
Like-for-like investment properties	**135.5**	133.5	2.0
Acquisitions	**6.8**	1.5	5.3
Disposals	**0.3**	10.5	(10.2)
Developments	**4.3**	1.1	3.2
Exchange	**–**	1.1	(1.1)
Net rental income	**146.9**	147.7	(0.8)

In the six months ended 30 June 2014, net rental income decreased by £0.8 million, or 0.5%. Disposals, principally Queensgate in 2014 and office properties in 2013 reduced net rental income by £10.2 million. This offset additional income from the like-for-like portfolio, acquisitions and developments.

On a like-for-like basis, net rental income in the six months ended 30 June 2014 increased by 1.5%. Further analysis of net rental income is in Table 4 of the Property Analysis on page 42.

ADMINISTRATION EXPENSES

As announced at the time of the 2013 annual results, we intend to rebalance the Group's cost base to increase resources deployed to our development and digital marketing activities. A number of initiatives were highlighted to improve efficiency and target annual gross savings of £6 million by 2016.

To achieve this target we have: consolidated senior positions in London; contracted to relocate our London head office to Kings Cross in 2015; reduced employee share scheme benefits; closed the UK defined benefit pension scheme to future accrual; and arranged to transfer a number of head office roles to a new operations centre in Reading.

Whilst further work is required to finalise these initiatives, we are confident of achieving the cost base rebalancing and have incurred a £5.2 million one-off restructuring cost in the first half of 2014. £2.9 million of the charge relates to occupational changes, £1.3 million to staff restructuring and £1.0 million to the other initiatives.

The restructuring cost is partly offset by a curtailment gain of £2.4 million recognised on the closure to future accrual of the defined benefit pension scheme, resulting in a net one-off cost in 2014 of £2.8 million being recognised in the reported administration expenses in 2014.

Administration expenses are analysed in the following table.

Administration expenses Includes the Group's share of joint ventures and discontinued operations in 2013	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m
Employee and corporate costs	**26.6**	27.0
Management fees receivable	**(2.8)**	(3.7)
Administration expenses	**23.8**	23.3
Less:		
Restructuring cost	**(5.2)**	-
Pension curtailment gain	**2.4**	-
One-off administration expenses	**(2.8)**	-
Underlying administration expenses	**21.0**	23.3

In the period ended 30 June 2014, underlying administration expenses, net of management fees receivable, were £21.0 million, a decrease of £2.3 million, or 9.5%, compared with the same period in 2013. The reduction was principally due to lower staff costs, partly offset by reduced management fees associated with joint venture disposals and an outperformance fee received in 2013.

EPRA COST RATIO

The EPRA cost ratio calculation is shown in Table 5 on page 43.

The ratio at 30 June 2014 is 24.1%, a reduction of 120bp from 25.3% for the six months ending 30 June 2013. The ratio is calculated as total operating costs, including the cost of vacancy, as a percentage of gross rental income. The 2013 ratio is for continuing operations. The reduction in 2014 reflects a £0.6 million fall in operating costs and a £5.3 million increase in gross rental income.

The 2014 ratio includes £2.8 million of one-off administration expenses as explained above. Excluding these one-off items, the 2014 cost ratio would reduce to 22.4%. The ratio is not necessarily comparable between different companies as business models and expense accounting and classification practices vary.

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

VR's contribution to the Group's income statement and balance sheet is set out in the table below.

Value Retail	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m
Income statement		
Share of results of associate	**59.8**	44.8
Less: EPRA adjustments	**(53.4)**	(39.3)
EPRA adjusted earnings of associate	**6.4**	5.5
Interest receivable – *within net finance costs*	**3.0**	2.6
Total impact of VR on income statement – EPRA basis	**9.4**	8.1

	30 June 2014 £m	31 December 2013 £m
Balance sheet		
Investment in associate	**592.9**	545.4
Add: EPRA adjustments	**29.7**	19.7
EPRA adjusted investment in associate	**622.6**	565.1
Loans to VR - *within non-current receivables*	**65.8**	68.7
Total impact of VR on balance sheet – EPRA basis	**688.4**	633.8

EPRA adjusted earnings from our investment in the first half of 2014 was £6.4 million, or 0.9 pence per share, compared with £5.5 million, or 0.8 pence per share, in 2013. Including the Group's loans to VR, our net investment at 30 June 2014 was valued at £688.4 million on an EPRA basis, equivalent to 97 pence per share. The increase in the net investment in VR over the period principally reflects increases in the valuation of VR's property portfolio.

The operating performance of VR is described on page 8 of the Business Review and further details are in note 10 of the Accounts on pages 35 and 36.

FINANCE COSTS

During the first six months of 2014, we have reduced the Group's average cost of borrowings to 4.6%, compared with 4.8% for the full year 2013. This was primarily due to the increased use of floating rate debt during the first half of 2014. The recent debt issues of the €500 million bond on 1 July 2014 and the earlier €443 million US private placement have been retained at fixed rates of interest. The coupons on these new issues are lower than the existing bonds being refinanced and therefore our average cost of borrowing will fall as existing bonds mature. Underlying finance costs, comprising gross interest costs less finance income, including the Group's share of joint ventures, were £51.5 million compared with £53.2 million for the first half of 2013.

Interest capitalised during the period was £7.0 million and related principally to Les Terrasses du Port prior to its opening in May 2014.

TAX

The Group is a UK REIT and French SIIC for tax purposes and hence is exempt from corporation tax on rental income and gains arising on property sales. The tax charge at 30 June 2014 remained low at £0.4 million.

DIVIDEND

The Directors have declared an interim dividend of 8.8 pence per share, an increase of 6.0% compared with the 2013 interim dividend of 8.3 pence. The interim dividend is payable on 2 October 2014 to shareholders on the register at the close of business on 22 August 2014 and will be paid entirely as a cash PID, net of withholding tax where appropriate. For shareholders who prefer to receive their dividend as shares, the Company continues to offer a dividend reinvestment plan.

BALANCE SHEET

During the six months ended 30 June 2014, equity shareholders' funds increased by £266 million to £4,326 million.

Net assets, calculated on an EPRA basis, were £4,365 million, an increase of 6.9% during 2014. On a per share basis, net assets increased by 39 pence, or 6.8%, to £6.12 and the movement during 2014 is shown in the table below.

Movement in net asset value Includes the Group's share of joint ventures	Net assets* £m	EPRA NAV* £ per share
31 December 2013	4,083	5.73
Revaluation – investment portfolio	218	0.31
Revaluation – developments	6	0.01
Revaluation – investment in Value Retail	65	0.09
ERPA adjusted profit for the period	83	0.11
Dividends	(77)	(0.11)
Exchange and other	(13)	(0.02)
30 June 2014	**4,365**	**6.12**

* Excluding deferred tax and the fair value of derivatives, calculated in accordance with EPRA best practice as shown in note 7B.

The increase in EPRA net asset value was principally due to the valuation surplus on the property portfolio arising from valuation yield compression during 2014 and was augmented by the gains from our Value Retail investment and retained earnings.

FINANCING AND CASHFLOW

At 30 June 2014, net debt was £2,355 million, including our share of net debt held in joint ventures which totalled £6 million.

Total net debt comprised borrowings of £2,420 million and cash and deposits of £65 million as shown in note 15B to the Accounts. During the first half of the year, net debt increased by £103 million, and the movements are summarised in the table below.

Movement in net debt Includes the Group's share of joint ventures	£m
Net debt at 1 January 2014	2,252
Acquisitions	108
Disposals	(99)
Development and other capital expenditure	124
Net cash inflow from operations	(52)
Dividends paid	82
Exchange and other	(60)
Net debt at 30 June 2014	**2,355**

At 30 June 2014, liquidity, comprising cash, less a £3.2 million bank overdraft, and undrawn committed facilities, was £584 million, compared with £716 million at the end of 2013. On a pro-forma basis, including the new €500 million bond issue on 1 July 2014, liquidity increased to £980 million.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks of the business are set out on pages 55 to 59 of the 2013 Annual Report and include commentary on their potential impact, link to the Group's strategic priorities and the relevant mitigation factors.

Since the publication of the 2013 Annual Report, the Board believes that there has been no material change to the principal risks and the existing mitigation actions remain appropriate to manage the risks. The principal risks fall into six categories:

Business Strategy

- Property and financial markets: The Group's retail strategy results in underperformance relative to other sectors or markets.

Property and Corporate Investment

- Property valuations: Investment or divestment decisions are constrained by market conditions, adversely impacting returns.
- Tenant default: The Group suffers financial loss through tenant default.

Property Development

- Development and letting: The Group becomes over-exposed to developments increasing the impact of a market downturn and pressure on financing and cash flow. Poor control, or inadequate resourcing adversely impact returns from development projects.

Treasury, Tax and Regulatory

- Property valuations: Falling valuations result in a breach of borrowing covenants.
- Liquidity risk: Liquidity in the banking market contracts preventing the refinancing of the Group's debt.
- Interest rate and exchange risk: Adverse currency or interest rate movements result in financial losses.
- Tax and regulatory: Legislation changes adverse impact the Group.

Business Organisation and Human Resources

- The organisation structure or resourcing levels fail to support the achievement of business objectives.

Catastrophic Event

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

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 2014 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 and related notes 1 to 15. 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 2014 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
23 July 2014

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 1 to 15 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 23 July 2014

David Atkins	**Timon Drakesmith**
Director	Director

CONSOLIDATED INCOME STATEMENT

Restated[1] Year ended 31 December 2013 Unaudited £m	Continuing operations	Notes	**Six months ended 30 June 2014 Unaudited £m**	*Restated*[1] Six months ended 30 June 2013 Unaudited £m
176.0	**Gross rental income**	2	**92.9**	87.4
119.1	**Operating profit before other net gains/(losses) and share of results of joint ventures and associate**	2	**63.5**	57.7
86.3	Other net gains/(losses)	2	**97.7**	(13.7)
128.7	Share of results of joint ventures	9A	**183.0**	50.8
101.5	Share of results of associate	10A	**59.8**	44.8
435.6	**Operating profit**	2	**404.0**	139.6
(95.0)	Finance costs		**(47.5)**	(48.2)
(3.9)	Bond redemption – premium and costs		**–**	(3.9)
(16.8)	Change in fair value of derivatives		**2.0**	(9.5)
6.4	Finance income		**4.4**	2.8
(109.3)	Net finance costs	4A	**(41.1)**	(58.8)
326.3	**Profit before tax**		**362.9**	80.8
(0.7)	Tax charge	5	**(0.4)**	(0.2)
325.6	**Profit from continuing operations**		**362.5**	80.6
	Profit from discontinued operations			
5.4	Group	2	**–**	5.8
9.5	Share of results of joint ventures	9A	**–**	9.2
14.9			**–**	15.0
340.5	**Profit for the period**		**362.5**	95.6
	Attributable to:			
337.4	Equity shareholders		**361.5**	93.4
3.1	Non-controlling interests[2]		**1.0**	2.2
340.5	**Profit for the period**		**362.5**	95.6
	Basic and diluted earnings per share			
45.3p	Continuing operations		**50.8p**	11.0p
2.1p	Discontinued operations		**–**	2.1p
47.4p	**Total**	7A	**50.8p**	13.1p
23.1p	**EPRA earnings per share**	7A	**11.6p**	11.1p

Notes
1. Comparative figures have been restated following the change in accounting policy resulting from the adoption of IFRS 11 'Joint Arrangements' (see note 1 on page 24).
2. Non-controlling interests relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013 Unaudited £m	Continuing and discontinued operations	**Six months ended 30 June 2014 Unaudited £m**	Six months ended 30 June 2013 Unaudited £m
32.2	Foreign exchange translation differences*	**(72.5)**	83.8
(31.9)	Net gain/(loss) on hedging activities*	**49.9**	(63.2)
3.2	Revaluation gains on owner-occupied property held in joint venture	**2.0**	3.2
2.9	Revaluation gains on investment in associate	**0.3**	0.2
(2.4)	Actuarial losses on pension schemes	**(4.1)**	(1.1)
4.0	Net (loss)/gain recognised directly in equity	**(24.4)**	22.9
325.6	Profit for the period from continuing operations	**362.5**	80.6
14.9	Profit for the period from discontinued operations	**–**	15.0
340.5	Profit for the period	**362.5**	95.6
344.5	**Total comprehensive income for the period**	**338.1**	118.5
	Attributable to:		
339.6	Equity shareholders	**340.0**	112.2
4.9	Non-controlling interests	**(1.9)**	6.3
344.5	**Total comprehensive income for the period**	**338.1**	118.5

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

CONSOLIDATED BALANCE SHEET

Restated[1] 31 December 2013 Unaudited £m		Notes	**30 June 2014 Unaudited £m**	*Restated*[1] 30 June 2013 Unaudited £m
	Non-current assets			
3,447.8	Investment and development properties	8	**3,757.8**	3,277.2
35.1	Interests in leasehold properties		**34.2**	35.3
6.3	Plant and equipment		**5.7**	6.4
2,470.8	Investment in joint ventures	9B	**2,507.0**	2,444.8
545.4	Investment in associate	10B	**592.9**	503.4
1.4	Other investments		**1.4**	1.4
71.8	Receivables		**66.0**	50.6
6,578.6			**6,965.0**	6,319.1
	Current assets			
–	Assets held for sale		**–**	16.0
78.1	Receivables		**79.1**	91.6
15.7	Cash and deposits		**27.5**	37.5
93.8			**106.6**	145.1
6,672.4	**Total assets**		**7,071.6**	6,464.2
	Current liabilities			
–	Liabilities associated with assets held for sale		**–**	2.2
169.5	Payables		**187.8**	159.2
1.0	Tax		**0.2**	0.8
246.2	Borrowings	11A	**384.5**	151.4
416.7			**572.5**	313.6
	Non-current liabilities			
2,017.8	Borrowings	11A	**1,991.8**	2,078.8
0.4	Deferred tax		**0.4**	0.5
34.9	Obligations under finance leases		**34.1**	35.1
66.0	Payables		**75.2**	67.6
2,119.1			**2,101.5**	2,182.0
2,535.8	**Total liabilities**		**2,674.0**	2,495.6
4,136.6	**Net assets**		**4,397.6**	3,968.6
	Equity			
178.2	Share capital	13	**178.2**	178.2
1,222.4	Share premium		**1,222.7**	1,222.4
370.1	Translation reserve		**300.5**	419.4
(311.3)	Hedging reserve		**(261.4)**	(342.6)
7.2	Capital redemption reserve		**7.2**	7.2
10.0	Other reserves		**9.7**	9.1
2,588.2	Retained earnings		**2,870.4**	2,402.1
(4.9)	Investment in own shares		**(1.4)**	(5.2)
4,059.9	**Equity shareholders' funds**		**4,325.9**	3,890.6
76.7	Non-controlling interests[2]		**71.7**	78.0
4,136.6	**Total equity**		**4,397.6**	3,968.6
£5.70	**Diluted net asset value per share**	7B	**£6.07**	£5.47
£5.73	**EPRA net asset value per share**	7B	**£6.12**	£5.51

Notes
1. Comparative figures have been restated following the change in accounting policy resulting from the adoption of IFRS 11 'Joint Arrangements' (see note 1 on page 24).
2. Non-controlling interests relate to continuing operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2014

Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Investment in own shares £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2014 – restated[1]	178.2	1,222.4	370.1	(311.3)	7.2	10.0	2,588.2	(4.9)	4,059.9	76.7	4,136.6
Issue of shares	–	0.3	–	–	–	–	–	–	0.3	–	0.3
Share-based employee remuneration	–	–	–	–	–	2.4	–	–	2.4	–	2.4
Cost of shares awarded to employees	–	–	–	–	–	(3.5)	–	3.5	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	0.8	(0.8)	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	0.1	–	0.1	–	0.1
Dividends	–	–	–	–	–	–	(76.8)	–	(76.8)	(3.1)	(79.9)
Foreign exchange translation differences	–	–	(69.6)	–	–	–	–	–	(69.6)	(2.9)	(72.5)
Net gain on hedging activities	–	–	–	49.9	–	–	–	–	49.9	–	49.9
Revaluation gains on owner-occupied property held in joint venture	–	–	–	–	–	–	2.0	–	2.0	–	2.0
Revaluation gains on investment in associate	–	–	–	–	–	–	0.3	–	0.3	–	0.3
Actuarial losses on pension schemes	–	–	–	–	–	–	(4.1)	–	(4.1)	–	(4.1)
Profit for the period attributable to equity shareholders	–	–	–	–	–	–	361.5	–	361.5	1.0	362.5
Total comprehensive income/(loss) for the period	–	–	(69.6)	49.9	–	–	359.7	–	340.0	(1.9)	338.1
Balance at 30 June 2014	**178.2**	**1,222.7**	**300.5**	**(261.4)**	**7.2**	**9.7**	**2,870.4**	**(1.4)**	**4,325.9**	**71.7**	**4,397.6**

Notes

1. Comparative figures have been restated following the change in accounting policy resulting from the adoption of IFRS 11 'Joint Arrangements' (see note 1 on page 24).
2. Investment in own shares is stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2013

Restated[1] Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £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	2,378.3	(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 held in joint venture	–	–	–	–	–	–	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)	–	–	95.7	–	112.2	6.3	118.5
Balance at 30 June 2013	178.2	1,222.4	419.4	(342.6)	7.2	9.1	2,402.1	(5.2)	3,890.6	78.0	3,968.6

Notes

1. Comparative figures have been restated following the change in accounting policy resulting from the adoption of IFRS 11 'Joint Arrangements' (see note 1 on page 24).
2. Investment in own shares is stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

Restated[1] Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £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	2,378.3	(6.0)	3,851.2	74.5	3,925.7
Issue of shares	–	0.1	–	–	–	–	–	–	0.1	–	0.1
Share-based employee remuneration	–	–	–	–	–	3.9	–	–	3.9	–	3.9
Cost of shares awarded to employees	–	–	–	–	–	(6.0)	–	6.0	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	1.2	(1.2)	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	0.1	–	0.1	–	0.1
Purchase of own shares	–	–	–	–	–	–	–	(4.9)	(4.9)	–	(4.9)
Dividends	–	–	–	–	–	–	(130.1)	–	(130.1)	(2.7)	(132.8)
Foreign exchange translation differences	–	–	30.4	–	–	–	–	–	30.4	1.8	32.2
Net loss on hedging activities	–	–	–	(31.9)	–	–	–	–	(31.9)	–	(31.9)
Revaluation gains on owner-occupied property held in joint venture	–	–	–	–	–	–	3.2	–	3.2	–	3.2
Revaluation gains on investment in associate	–	–	–	–	–	–	2.9	–	2.9	–	2.9
Actuarial losses on pension schemes	–	–	–	–	–	–	(2.4)	–	(2.4)	–	(2.4)
Profit for the year attributable to equity shareholders	–	–	–	–	–	–	337.4	–	337.4	3.1	340.5
Total comprehensive income/(loss) for the year	–	–	30.4	(31.9)	–	–	341.1	–	339.6	4.9	344.5
Balance at 31 December 2013	178.2	1,222.4	370.1	(311.3)	7.2	10.0	2,588.2	(4.9)	4,059.9	76.7	4,136.6

Notes
1. Comparative figures have been restated following the change in accounting policy resulting from the adoption of IFRS 11 'Joint Arrangements' (see note 1 on page 24).
2. Investment in own shares is stated at cost.

CONSOLIDATED CASH FLOW STATEMENT

Restated[1] Year ended 31 December 2013 Unaudited £m		Notes	**Six months ended 30 June 2014 Unaudited £m**	*Restated*[1] Six months ended 30 June 2013 Unaudited £m
	Operating activities			
	Operating profit before other net gains/(losses) and share of results of joint ventures and associate			
119.1	– continuing operations	2	**63.5**	57.7
4.3	– discontinued operations		**–**	4.4
123.4			**63.5**	62.1
(5.7)	Increase in receivables		**(6.8)**	(8.6)
(23.3)	Increase/(Decrease) in payables		**11.3**	(5.0)
6.1	Adjustment for non-cash items		**(2.1)**	5.1
100.5	**Cash generated from operations**		**65.9**	53.6
(106.6)	Interest paid		**(64.8)**	(64.4)
6.4	Interest received		**4.4**	1.7
(1.0)	Tax paid		**(1.1)**	(0.5)
98.7	Distributions and other receivables from joint ventures		**47.6**	53.2
98.0	**Cash flows from operating activities**		**52.0**	43.6
	Investing activities			
–	Property acquisitions		**(107.6)**	–
(165.8)	Development and major refurbishments		**(93.5)**	(71.1)
(9.1)	Other capital expenditure		**(16.6)**	(6.7)
174.5	Sale of properties		**0.3**	154.8
(54.7)	Acquisition of interest in associate		**–**	(56.3)
45.0	Distribution from associate		**4.5**	36.7
(245.1)	Investment in joint ventures		**–**	(245.1)
76.3	Sale of interests in joint ventures		**99.0**	76.3
(2.1)	Increase in loans to joint ventures		**(1.7)**	(6.1)
(20.7)	Decrease/(Increase) in non-current receivables		**1.3**	0.3
(201.7)	**Cash flows from investing activities**		**(114.3)**	(117.2)
	Financing activities			
0.2	Issue of shares		**0.3**	0.1
0.1	Proceeds from award of own shares		**0.1**	0.1
(4.9)	Purchase of own shares		**–**	(4.9)
(3.9)	Bond redemption premium and costs paid		**–**	(3.9)
146.0	Increase in non-current borrowings		**11.8**	179.8
86.9	Increase/(Decrease) in current borrowings		**147.5**	(9.4)
(2.7)	Dividends paid to non-controlling interests		**(3.1)**	(2.8)
(129.4)	Equity dividends paid	6	**(82.2)**	(75.2)
92.3	**Cash flows from financing activities**		**74.4**	83.8
(11.4)	**Net increase/(decrease) in cash and deposits**		**12.1**	10.2
26.8	Opening cash and deposits		**15.7**	26.8
0.3	Exchange translation movement		**(0.3)**	0.5
15.7	**Closing cash and deposits**		**27.5**	37.5

Notes
1. Comparative figures have been restated following the change in accounting policy resulting from the adoption of IFRS 11 'Joint Arrangements' (see note 1 on page 24).
2. The cash flows above relate to continuing and discontinued operations.

NOTES TO THE ACCOUNTS

1. FINANCIAL INFORMATION

The information for the year ended 31 December 2013 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The annual financial statements of Hammerson plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half-year Report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in Hammerson's latest annual audited financial statements except for changes arising from the adoption of new accounting standards as detailed below:

IFRS 11 'Joint Arrangements' is effective for accounting periods beginning on or after 1 January 2014. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures, depending on the Company's rights to the assets and obligations for the liabilities of the arrangements. The amendments require joint ventures to be accounted for under the equity method and joint operations to be reported recognising the Company's share of assets, liabilities, revenues and expenses. The classification of the Group's joint arrangements has been evaluated and it has been concluded that the joint arrangements fall within the definition of joint ventures. As a result the Group's interests should be presented on an equity rather than on a proportionally consolidated basis. The consolidated balance sheet reflects the Group's share of joint ventures' as 'Investments in joint ventures' and the consolidated income statement incorporates the Group's share of joint ventures' profit or loss as 'Share of results of joint ventures'. The Group's profit for the period and equity shareholders' funds are unaffected by the change, but other income statement and balance sheet items in the consolidated financial statements, such as net rental income and investment and development properties have decreased reflecting the reclassification from those line items of the amounts relating to joint ventures.

The comparative figures have been restated to reflect the change in accounting policy. The impact of these changes on the income statement has been reflected in notes 2, 3 and 4. Note 15 provides details of the impact on the balance sheet and net debt. The share of results from joint ventures is separately disclosed in note 9. Previously reported cash flows have been reclassified within the cash flow statement, and the cumulative gains on owner-occupied property have been reclassified from the 'Revaluation reserve' to 'Retained earnings' within the statement of changes in equity.

Transactions with joint ventures including distributions, interest and management fees are eliminated on a proportionate basis.

Other new standards including IFRS 10 'Consolidated Financial Statements' and IFRS12 'Disclosure of Interests in Other Entities', and amendments to existing standards which came into effect during 2014, have not had a significant impact on the accounting policies, method of computation or presentation of the condensed 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 2013.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance Sheet: £1 = €1.249 (30 June 2013: £1 = €1.167; 31 December 2013: £1 = €1.202)
Income Statement: £1 = €1.218 (30 June 2013: £1 = €1.176; 31 December 2013: £1 = €1.178).

The Half-year Report was approved by the Board on 23 July 2014.

GOING CONCERN

Hammerson's business activities, together with factors likely to affect its future development, performance, and position are set out in the 'Business Review', the 'Financial Review' and the 'Principal Risks and Uncertainties'. The financial position of the Group, its liquidity position and borrowing facilities are described in the 'Business Review', the 'Financial Review' and in the Notes to the Accounts.

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

2. PROFIT FOR THE PERIOD

As a result of the change in accounting policy resulting from the adoption of IFRS 11 referred to in note 1, the Reported Group results, as presented in column A in the following tables, have been amended to show the share of results from joint ventures on a separate line. In order to show the impact that this change has had on the current and previously reported figures, the total share of results from joint ventures has been shown separately in column B, and reallocated to the relevant financial statement lines. Column C provides an aggregation on a proportionally consolidated basis, which is then allocated between 'EPRA Adjusted' and 'Capital and other' for the purposes of calculating figures in accordance with EPRA best practice.

					Six months ended 30 June 2014	
						Total
	Notes	Reported Group £m	Share of joint ventures £m	Total £m	EPRA Adjusted £m	Capital and other £m
Notes		A	B	C	D	D
Gross rental income	3A	92.9	70.2	163.1	163.1	–
Ground and equity rents payable		(0.3)	(0.6)	(0.9)	(0.9)	–
Gross rental income, after rents payable		92.6	69.6	162.2	162.2	–
Service charge income		15.2	12.3	27.5	27.5	–
Service charge expenses		(17.5)	(14.7)	(32.2)	(32.2)	–
Net service charge expenses		(2.3)	(2.4)	(4.7)	(4.7)	–
Other property outgoings		(3.5)	(7.1)	(10.6)	(10.6)	–
Property outgoings		(5.8)	(9.5)	(15.3)	(15.3)	–
Net rental income	3A	86.8	60.1	146.9	146.9	–
Management fees receivable/(payable)		3.1	(0.3)	2.8	2.8	–
Employee and corporate costs		(26.4)	(0.2)	(26.6)	(26.6)	–
Administration expenses		(23.3)	(0.5)	(23.8)	(23.8)	–
Operating profit before other net gains/(losses) and share of results of joint ventures and associate		63.5	59.6	123.1	123.1	–
Loss on the sale of investment properties		(0.3)	–	(0.3)	–	(0.3)
Loss on the sale of joint ventures		(1.9)	–	(1.9)	–	(1.9)
Revaluation gains on investment properties		94.1	124.4	218.5	–	218.5
Revaluation gains on development properties		5.8	0.2	6.0	–	6.0
Other net gains		97.7	124.6	222.3	–	222.3
Share of results of joint ventures	9A	183.0	(183.0)	–	–	–
Share of results of associate	10A	59.8	–	59.8	6.4	53.4
Operating profit		404.0	1.2	405.2	129.5	275.7
Net finance (costs)/income	4	(41.1)	(1.2)	(42.3)	(44.5)	2.2
Profit before tax		362.9	–	362.9	85.0	277.9
Current tax charge	5	(0.4)	–	(0.4)	(0.4)	–
Profit for the period from continuing operations		362.5	–	362.5	84.6	277.9
Non-controlling interests – continuing operations		(1.0)	–	(1.0)	(1.9)	0.9
Profit for the period attributable to equity shareholders	7A	361.5	–	361.5	82.7	278.8

Notes

A Reported Group results as shown in the consolidated income statement on page 17.
B Share of results of joint ventures as shown in note 9A.
C Aggregated results on a proportionally consolidated basis showing Reported Group together with share of joint ventures.
D Aggregated results on a proportionally consolidated basis allocated between 'EPRA Adjusted' and 'Capital and other' for the purposes of calculating EPRA earnings per share as shown in note 7A.

2. PROFIT FOR THE PERIOD (Continued)

		Six months ended 30 June 2013				
					Total	
	Notes	*Restated* Reported Group £m	Share of joint ventures £m	Total £m	EPRA Adjusted £m	Capital and other £m
Notes (see page 25)		A	B	C	D	D
Gross rental income	3A	87.4	70.5	157.9	157.9	–
Ground and equity rents payable		(0.3)	(0.7)	(1.0)	(1.0)	–
Gross rental income, after rents payable		87.1	69.8	156.9	156.9	–
Service charge income		14.6	15.1	29.7	29.7	–
Service charge expenses		(16.8)	(17.7)	(34.5)	(34.5)	–
Net service charge expenses		(2.2)	(2.6)	(4.8)	(4.8)	–
Other property outgoings		(4.4)	(7.3)	(11.7)	(11.7)	–
Property outgoings		(6.6)	(9.9)	(16.5)	(16.5)	–
Net rental income	3A	80.5	59.9	140.4	140.4	–
Management fees receivable/(payable)		3.8	(0.3)	3.5	3.5	–
Employee and corporate costs		(26.6)	(0.1)	(26.7)	(26.7)	–
Administration expenses		(22.8)	(0.4)	(23.2)	(23.2)	–
Operating profit before other net gains/(losses) and share of results of joint ventures and associate		57.7	59.5	117.2	117.2	–
(Loss)/Gain on the sale of investment properties		(1.0)	1.8	0.8	–	0.8
Revaluation losses on investment properties		(16.6)	(12.2)	(28.8)	–	(28.8)
Revaluation gains on development properties		3.9	1.9	5.8	–	5.8
Other net losses		(13.7)	(8.5)	(22.2)	–	(22.2)
Share of results of joint ventures	9A	50.8	(50.8)	–	–	–
Share of results of associate	10A	44.8	–	44.8	5.5	39.3
Operating profit		139.6	0.2	139.8	122.7	17.1
Net finance costs	4	(58.8)	(0.2)	(59.0)	(46.8)	(12.2)
Profit before tax		80.8	–	80.8	75.9	4.9
Current tax charge	5	(0.2)	–	(0.2)	(0.2)	–
Profit from continuing operations		80.6	–	80.6	75.7	4.9
Profit from discontinued operations		5.8	9.2	15.0	5.4	9.6
Share of results of joint ventures	9A	9.2	(9.2)	–	–	–
Profit for the period		95.6	–	95.6	81.1	14.5
Non-controlling interests – continuing operations		(2.2)	–	(2.2)	(2.0)	(0.2)
Profit for the period attributable to equity shareholders	7A	93.4	–	93.4	79.1	14.3
Profit for the period attributable to equity shareholders						
– continuing operations	7A	78.4	–	78.4	73.7	4.7
– discontinued operations	7A	15.0	–	15.0	5.4	9.6
		93.4	–	93.4	79.1	14.3

2. PROFIT FOR THE PERIOD (Continued)

	Notes	*Restated* Reported Group £m	Share of joint ventures £m	Total £m	EPRA Adjusted £m	Capital and other £m
				Year ended 31 December 2013		Total
Notes (see page 25)		A	B	C	D	D
Gross rental income	3A	176.0	145.2	321.2	321.2	–
Ground and equity rents payable		(0.5)	(1.4)	(1.9)	(1.9)	–
Gross rental income, after rents payable		175.5	143.8	319.3	319.3	–
Service charge income		28.7	29.4	58.1	58.1	–
Service charge expenses		(33.4)	(34.6)	(68.0)	(68.0)	–
Net service charge expenses		(4.7)	(5.2)	(9.9)	(9.9)	–
Other property outgoings		(10.6)	(16.0)	(26.6)	(26.6)	–
Property outgoings		(15.3)	(21.2)	(36.5)	(36.5)	–
Net rental income	3A	160.2	122.6	282.8	282.8	–
Management fees receivable/(payable)		7.5	(0.8)	6.7	6.7	–
Employee and corporate costs		(48.6)	(0.2)	(48.8)	(48.8)	–
Administration expenses		(41.1)	(1.0)	(42.1)	(42.1)	–
Operating profit before other net gains and share of results of joint ventures and associate		119.1	121.6	240.7	240.7	–
Gain on the sale of investment properties		2.6	1.6	4.2	–	4.2
Revaluation gains on investment properties		57.7	3.6	61.3	–	61.3
Revaluation gains on development properties		26.0	1.5	27.5	–	27.5
Other net gains		86.3	6.7	93.0	–	93.0
Share of results of joint ventures	9A	128.7	(128.7)	–	–	–
Share of results of associate	10A	101.5	–	101.5	13.4	88.1
Operating profit/(loss)		435.6	(0.4)	435.2	254.1	181.1
Net finance (costs)/income	4	(109.3)	0.4	(108.9)	(90.5)	(18.4)
Profit before tax		326.3	–	326.3	163.6	162.7
Current tax charge	5	(0.8)	–	(0.8)	(0.8)	–
Deferred tax credit	5	0.1	–	0.1	–	0.1
Profit from continuing operations		325.6	–	325.6	162.8	162.8
Profit from discontinued operations		5.4	9.5	14.9	5.3	9.6
Share of results of joint ventures	9A	9.5	(9.5)	–	–	–
Profit for the year		340.5	–	340.5	168.1	172.4
Non-controlling interests – continuing operations		(3.1)	–	(3.1)	(3.6)	0.5
Profit for the year attributable to equity shareholders	7A	337.4	–	337.4	164.5	172.9
Profit for the year attributable to equity shareholders						
– continuing operations	7A	322.5	–	322.5	159.2	163.3
– discontinued operations	7A	14.9	–	14.9	5.3	9.6
		337.4	–	337.4	164.5	172.9

3. SEGMENTAL ANALYSIS

The factors used to determine the Group's reportable segments are the geographic locations, UK and France, 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.

As stated in the Financial Review on page 11, management reviews the business principally on a proportionally consolidated basis, except for its investment in Value Retail where the Group has less day-to-day involvement in the financial performance. The segmental analysis has been prepared on this basis rather than in accordance with IFRS, although the Reported Group figures are shown on the following tables.

A. Revenue by segment – Rental income

Year ended 31 December 2013				**Six months ended 30 June 2014**			Six months ended 30 June 2013		
Gross rental income £m	Net rental income £m	Non-cash items within net rental income £m		**Gross rental income £m**	**Net rental income £m**	**Non-cash items within net rental income £m**	Gross rental income £m	Net rental income £m	Non-cash items within net rental income £m
			United Kingdom						
145.1	124.3	(7.5)	Retail: Shopping centres	**71.2**	**62.3**	**(2.5)**	70.1	60.3	(4.2)
86.6	82.1	0.2	Retail parks	**43.2**	**41.8**	**0.5**	43.6	41.6	(0.4)
231.7	206.4	(7.3)		**114.4**	**104.1**	**(2.0)**	113.7	101.9	(4.6)
14.9	12.1	(0.1)	Other UK	**7.3**	**5.7**	**(0.1)**	7.1	5.9	(0.1)
246.6	218.5	(7.4)	Total United Kingdom	**121.7**	**109.8**	**(2.1)**	120.8	107.8	(4.7)
71.6	63.2	(0.1)	**France: Retail**	**40.3**	**36.5**	**0.4**	36.2	32.4	–
			Group						
303.3	269.6	(7.4)	Retail	**154.7**	**140.6**	**(1.6)**	149.9	134.3	(4.6)
14.9	12.1	(0.1)	Other UK	**7.3**	**5.7**	**(0.1)**	7.1	5.9	(0.1)
318.2	281.7	(7.5)	Total investment portfolio	**162.0**	**146.3**	**(1.7)**	157.0	140.2	(4.7)
3.0	1.1	–	Developments	**1.1**	**0.6**	**–**	0.9	0.2	–
321.2	282.8	(7.5)	**Total continuing portfolio**	**163.1**	**146.9**	**(1.7)**	157.9	140.4	(4.7)
			Discontinued operations						
7.4	7.4	(0.8)	Other UK	**–**	**–**	**–**	7.4	7.3	(0.8)
328.6	290.2	(8.3)	**Total portfolio**	**163.1**	**146.9**	**(1.7)**	165.3	147.7	(5.5)
(148.0)	(125.4)	5.6	Less share of joint ventures	**(70.2)**	**(60.1)**	**1.1**	(73.5)	(62.8)	3.3
180.6	164.8	(2.7)	**Reported Group - total**	**92.9**	**86.8**	**(0.6)**	91.8	84.9	(2.2)
			Reported Group:						
176.0	160.2	(2.7)	- continuing operations	**92.9**	**86.8**	**(0.6)**	87.4	80.5	(2.2)
4.6	4.6	–	- discontinued operations	**–**	**–**	**–**	4.4	4.4	–
180.6	164.8	(2.7)	**Reported Group - total**	**92.9**	**86.8**	**(0.6)**	91.8	84.9	(2.2)

B. Property assets by segment

31 December 2013				**30 June 2014**			30 June 2013		
Property valuation £m	Capital expenditure £m	Revaluation gains/ (losses) £m		**Property valuation £m**	**Capital expenditure £m**	**Revaluation gains/ (losses) £m**	Property valuation £m	Capital expenditure £m	Revaluation gains/ (losses) £m
			United Kingdom						
2,534.4	169.7	54.4	Retail: Shopping centres	**2,608.1**	**15.7**	**159.0**	2,486.9	160.8	15.9
1,478.5	24.3	26.1	Retail parks	**1,559.4**	**22.7**	**58.1**	1,415.2	8.5	(21.2)
4,012.9	194.0	80.5		**4,167.5**	**38.4**	**217.1**	3,902.1	169.3	(5.3)
280.8	56.0	(25.7)	Other UK	**312.4**	**32.5**	**(0.9)**	271.1	39.9	(12.6)
4,293.7	250.0	54.8	Total United Kingdom	**4,479.9**	**70.9**	**216.2**	4,173.2	209.2	(17.9)
1,637.5	138.6	34.0	**France: Retail**	**1,796.8**	**206.5**	**8.3**	1,559.7	62.6	(5.1)
			Group						
5,650.4	332.6	114.5	Retail	**5,964.3**	**244.9**	**225.4**	5,461.8	231.9	(10.4)
280.8	56.0	(25.7)	Other UK	**312.4**	**32.5**	**(0.9)**	271.1	39.9	(12.6)
5,931.2	388.6	88.8	**Total non-current assets**	**6,276.7**	**277.4**	**224.5**	5,732.9	271.8	(23.0)
–	(0.6)	1.5	Assets held for sale	**–**	**–**	**–**	16.0	(0.6)	3.0
5,931.2	388.0	90.3	**Total property assets**	**6,276.7**	**277.4**	**224.5**	5,748.9	271.2	(20.0)
(2,483.4)	(212.8)	(5.1)	Less share of joint ventures	**(2,518.9)**	**(18.6)**	**(124.6)**	(2,455.7)	(195.7)	10.3
3,447.8	175.2	85.2	**Reported Group - total**	**3,757.8**	**258.8**	**99.9**	3,293.2*	75.5	(9.7)

* The Reported Group property value at 30 June 2013 of £3,293.2 million includes £3,277.2 million of investment and development properties and £16.0 million of assets held for sale.

4. NET FINANCE COSTS

A. Reported Group

Year ended 31 December 2013 £m		Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m
11.8	Interest on bank loans and overdrafts	**5.7**	4.8
94.8	Interest on other borrowings	**47.8**	48.4
–	Interest on obligations under finance leases	**0.2**	–
1.5	Other interest payable	**0.8**	1.4
108.1	Gross interest costs	**54.5**	54.6
(13.1)	Less: Interest capitalised	**(7.0)**	(6.4)
95.0	Finance costs	**47.5**	48.2
3.9	Bond redemption – premium and costs	**–**	3.9
16.8	Change in fair value of interest rate swaps	**(2.3)**	9.5
–	Change in fair value of currency swaps outside hedge accounting designation	**0.3**	–
16.8	Change in fair value of derivatives	**(2.0)**	9.5
(6.4)	Finance income	**(4.4)**	(2.8)
109.3	**Net finance costs**	**41.1**	58.8

B. Net finance costs including share of joint ventures

Year ended 31 December 2013 £m		Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m
110.1	Gross interest costs	**55.9**	56.1
(13.1)	Less: Interest capitalised	**(7.0)**	(6.4)
97.0	Finance costs	**48.9**	49.7
3.9	Bond redemption – premium and costs	–	3.9
14.5	Change in fair value of derivatives	**(2.2)**	8.3
(6.5)	Finance income	**(4.4)**	(2.9)
108.9	**Net finance costs**	**42.3**	59.0
	EPRA adjusted finance costs		
108.9	Net finance costs	**42.3**	59.0
(3.9)	Bond redemption – premium and costs	**–**	(3.9)
(14.5)	Change in fair value of derivatives	**2.2**	(8.3)
90.5	**EPRA adjusted finance costs***	**44.5**	46.8
13.1	Capitalised interest	**7.0**	6.4
103.6	**Net underlying finance costs**	**51.5**	53.2

* Includes £1.4 million (31 December 2013: £1.9 million; 30 June 2013: £1.4 million) in respect of joint ventures.

5. TAX CHARGE

Year ended 31 December 2013 £m		Six months ended 30 June 2014 £m	Six months ended 30 June 2013 £m
0.8	Current tax charge	**0.4**	0.2
(0.1)	Deferred tax credit	**–**	–
0.7	**Tax charge**	**0.4**	0.2

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

6. DIVIDENDS

The Directors have declared an interim dividend of 8.8 pence per share, payable on 2 October 2014 to shareholders on the register at the close of business on 22 August 2014. 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 2014 £m**	Year ended 31 December 2013 £m	Six months ended 30 June 2013 £m
Current period						
2014 interim dividend	8.8	–	8.8	**–**	–	–
Prior periods						
2013 final dividend	3.6	7.2	10.8	**76.8**	–	–
2013 interim dividend	8.3	–	8.3	**–**	59.0	–
	11.9	7.2	19.1			
2012 final dividend				**–**	71.1	71.1
Dividends as reported in the consolidated statement of changes in equity				**76.8**	130.1	71.1
2012 interim dividend withholding tax (paid January 2013)				**–**	8.7	8.7
2012 final dividend withholding tax (paid July 2013)				**–**	–	(4.6)
2013 interim dividend withholding tax (paid January 2014)				**9.4**	(9.4)	–
2013 final dividend withholding tax (paid July 2014)				**(4.0)**	–	–
Dividends paid as reported in the consolidated cash flow statement				**83.2**	129.4	75.2

7. 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 2013				**Six months ended 30 June 2014**			Six months ended 30 June 2013		
Earnings £m	Shares million	Pence per share		**Earnings £m**	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share
322.5	711.8	45.3	Basic – continuing operations	**361.5**	**712.0**	**50.8**	78.4	711.8	11.0
14.9		2.1	Basic – discontinued operations	**–**		**–**	15.0		2.1
337.4		47.4	**Basic – total**	**361.5**		**50.8**	93.4		13.1
–	0.2	–	Dilutive share options	**–**	**0.2**	**–**	–	0.3	–
337.4	712.0	47.4	**Diluted**	**361.5**	**712.2**	**50.8**	93.4	712.1	13.1
			Adjustments[1]:						
			Other net (gains)/ losses[2]						
(93.0)		(13.1)	continuing operations	**(222.3)**		**(31.3)**	22.2		3.1
(9.0)		(1.2)	discontinued operations	**–**		**–**	(9.2)		(1.3)
(102.0)		(14.3)		**(222.3)**		**(31.3)**	13.0		1.8
(88.1)		(12.3)	Adjustment for associate	**(53.4)**		**(7.5)**	(39.3)		(5.5)
			Change in fair value of derivatives[2]						
14.5		2.0	continuing operations	**(2.2)**		**(0.3)**	8.3		1.2
(0.6)		(0.1)	discontinued operations	**–**		–	(0.4)		–
13.9		1.9		**(2.2)**		**(0.3)**	7.9		1.2
3.9		0.5	Bond redemption – premium and costs	**–**		**–**	3.9		0.5
(0.1)		–	Deferred tax credit	**–**		**–**	–		–
(0.5)		(0.1)	Non-controlling interests in respect of the above[3]	**(0.9)**		**(0.1)**	0.2		–
164.5		23.1	**EPRA**	**82.7**		**11.6**	79.1		11.1

Notes
1. Adjustments include amounts relating to the Group's share of joint ventures.
2. The adjustments in respect of continuing operations are derived from note 2.
3. Non-controlling interests relate to continuing operations.

B. Net asset value per share

31 December 2013 Net asset value per share £		**Equity shareholders' funds £m**	**Shares million**	**30 June 2014 Net asset value per share £**	30 June 2013 Net asset value per share £
5.70	**Basic**	**4,325.9**	**713.0**	**6.07**	5.46
n/a	Company's own shares held in Employee Share Ownership Plan	**–**	**(0.3)**	**n/a**	n/a
n/a	Unexercised share options	**2.2**	**0.4**	**n/a**	n/a
5.70	**Diluted**	**4,328.1**	**713.1**	**6.07**	5.47
(0.29)	Fair value adjustment to borrowings[1]	**(238.4)**		**(0.33)**	(0.35)
5.41	**EPRA triple net**	**4,089.7**		**5.74**	5.12
–	Fair value of derivatives	**6.8**		**0.01**	–
0.29	Fair value adjustment to borrowings[1]	**238.4**		**0.33**	0.35
0.03	Adjustment for associate	**29.7**		**0.04**	0.04
–	Deferred tax	**0.4**		**–**	–
5.73	**EPRA**	**4,365.0**		**6.12**	5.51

Note
1. Adjustments include amounts relating to the Group's share of joint ventures.

8. INVESTMENT AND DEVELOPMENT PROPERTIES

Reported Group		**Investment properties**		**Development properties**		**Total**
Restated	**Cost £m**	**Valuation £m**	**Cost £m**	**Valuation £m**	**Cost £m**	**Valuation £m**
At 1 January 2014	2,667.6	2,988.7	457.1	459.1	3,124.7	3,447.8
Exchange adjustment	(22.4)	(40.1)	(12.1)	(14.9)	(34.5)	(55.0)
Additions						
– capital expenditure	33.6	33.6	114.6	114.6	148.2	148.2
– asset acquisitions	110.6	110.6	–	–	110.6	110.6
	144.2	144.2	114.6	114.6	258.8	258.8
Disposals	(0.4)	(0.6)	–	–	(0.4)	(0.6)
Transfers	380.9	467.9	(380.9)	(467.9)	–	–
Capitalised interest	0.2	0.2	6.7	6.7	6.9	6.9
Revaluation	–	94.1	–	5.8	–	99.9
Balance at 30 June 2014	**3,170.1**	**3,654.4**	**185.4**	**103.4**	**3,355.5**	**3,757.8**

Properties are stated at fair value as at 30 June 2014, 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 2014.

9. INVESTMENT IN JOINT VENTURES

A. Share of results of joint ventures

Year ended 31 December 2013 £m		**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m
145.2	**Gross rental income**	**70.2**	70.5
(1.4)	Ground and equity rents payable	**(0.6)**	(0.7)
143.8	Gross rental income, after rents payable	**69.6**	69.8
29.4	Service charge income	**12.3**	15.1
(34.6)	Service charge expenses	**(14.7)**	(17.7)
(5.2)	Net service charge expenses	**(2.4)**	(2.6)
(16.0)	Other property outgoings	**(7.1)**	(7.3)
(21.2)	Property outgoings	**(9.5)**	(9.9)
122.6	**Net rental income**	**60.1**	59.9
(0.8)	Management fees payable	**(0.3)**	(0.3)
(0.2)	Corporate expenses	**(0.2)**	(0.1)
(1.0)	Administration expenses	**(0.5)**	(0.4)
121.6	**Operating profit before other net gains/(losses)**	**59.6**	59.5
1.6	Gain on the sale of investment properties	**–**	1.8
3.6	Revaluation gains/(losses) on investment properties	**124.4**	(12.2)
1.5	Revaluation gains on development properties	**0.2**	1.9
6.7	**Other net gains/(losses)**	**124.6**	(8.5)
128.3	**Operating profit**	**184.2**	51.0
2.3	Change in fair value of derivatives	**0.2**	1.2
(1.9)	Other finance costs	**(1.4)**	(1.4)
0.4	Net finance (costs)/income	**(1.2)**	(0.2)
128.7	**Profit from continuing operations**	**183.0**	50.8
9.5	Profit from discontinued operations*	**–**	9.2
138.2	**Profit for the period**	**183.0**	60.0
3.2	Revaluation gains on owner-occupied property	**2.0**	3.2
3.2	Foreign exchange translation differences	**(4.6)**	6.7
144.6	**Total comprehensive income**	**180.4**	69.9

* Profit from discontinued operations for the year ended 31 December 2013 includes other net gains of £7.5 million (30 June 2013: £7.7 million) and £0.6 million (30 June 2013: £0.4 million) relating to changes in the fair value of derivatives.

Reconciliation to EPRA adjusted earnings

Year ended 31 December 2013 £m		**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m
138.2	Profit for the period	**183.0**	60.0
	Other net (gains)/losses		
(6.7)	- continuing operations	**(124.6)**	8.5
(7.5)	- discontinued operations	**–**	(7.7)
(14.2)		**(124.6)**	0.8
	Change in fair value of derivatives		
(2.3)	- continuing operations	**(0.2)**	(1.2)
(0.6)	- discontinued operations	**–**	(0.4)
(2.9)		**(0.2)**	(1.6)
121.1	**EPRA adjusted earnings of joint ventures**	**58.2**	59.2

9. INVESTMENT IN JOINT VENTURES (Continued)

B. Share of assets and liabilities of joint ventures

31 December 2013 £m		**30 June 2014 £m**	30 June 2013 £m
	Non-current assets		
2,483.4	Investment and development properties	**2,518.9**	2,455.7
9.8	Interests in leasehold properties	**9.8**	9.8
33.2	Owner-occupied property	**35.2**	33.2
0.5	Receivables	**0.4**	0.1
2,526.9		**2,564.3**	2,498.8
	Current assets		
35.0	Receivables	**31.6**	36.7
41.0	Cash and deposits	**37.5**	32.5
76.0		**69.1**	69.2
2,602.9	**Total assets**	**2,633.4**	2,568.0
	Current liabilities		
71.0	Payables	**67.5**	60.5
	Non-current liabilities		
45.0	Borrowings - secured	**43.5**	46.3
9.8	Obligations under finance leases	**9.8**	9.8
6.3	Payables	**5.6**	6.6
61.1		**58.9**	62.7
132.1	**Total liabilities**	**126.4**	123.2
2,470.8	**Net assets**	**2,507.0**	2,444.8

Represented by:

31 December 2013 £m		**30 June 2014 £m**	30 June 2013 £m
1,194.6	Shareholders' loans	**1,195.7**	1,201.8
244.6	Other amounts due to shareholders	**245.4**	243.0
1,031.6	Ordinary shareholders' funds/partner capital	**1,065.9**	1,000.0
2,470.8	**Net assets**	**2,507.0**	2,444.8

Security for secured borrowings as at 30 June 2014 is provided by a first legal charge on one property, which is included within investment and development properties above at a carrying value £89.8 million.

C. Reconciliation of movements in investment in joint ventures

Year ended 31 December 2013 £m		**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m
2,250.9	Balance at 1 January	**2,470.8**	2,250.9
245.1	Acquisitions	**–**	245.1
(76.3)	Disposals	**(100.9)**	(76.3)
138.2	Share of results of joint ventures	**183.0**	60.0
(103.4)	Distributions and other receivables	**(48.2)**	(51.4)
3.2	Revaluation gains on owner-occupied property	**2.0**	3.2
9.9	Other movements	**4.9**	6.6
3.2	Foreign exchange translation differences	**(4.6)**	6.7
2,470.8	**Net assets**	**2,507.0**	2,444.8

10. INVESTMENT IN ASSOCIATE

The Group has significant influence over Value Retail PLC and associated entities ("VR") and equity accounts for its investment.

A. Share of results of associate

Year ended 31 December 2013 100% £m	Year ended 31 December 2013 Hammerson share £m		**Six months ended 30 June 2014 100% £m**	**Six months ended 30 June 2014 Hammerson share £m**	Six months ended 30 June 2013 100% £m	Six months ended 30 June 2013 Hammerson share £m
231.4	66.5	Revenue	**114.1**	**35.0**	90.4	25.0
(155.4)	(40.8)	Net operating costs	**(78.7)**	**(22.1)**	(50.7)	(13.1)
76.0	25.7	**Operating profit before other net gains**	**35.4**	**12.9**	39.7	11.9
273.6	85.5	Revaluation gains on investment properties	**177.7**	**65.2**	121.8	38.8
349.6	111.2	**Operating profit**	**213.1**	**78.1**	161.5	50.7
(44.2)	(12.0)	Net finance costs	**(19.2)**	**(6.9)**	(24.5)	(6.8)
8.3	5.0	Change in fair value of financial instruments	**(14.4)**	**(3.6)**	11.9	4.6
–	7.1	Change in fair value of participative loans – revaluation movement	**–**	**0.3**	–	1.7
–	0.8	Change in fair value of participative loans – other movement	**–**	**0.9**	–	0.2
313.7	112.1	**Profit before tax**	**179.5**	**68.8**	148.9	50.4
(7.3)	(1.6)	Current tax charge	**(2.2)**	**(0.5)**	(1.7)	(0.3)
(43.8)	(9.0)	Deferred tax charge	**(34.1)**	**(8.5)**	(24.9)	(5.3)
262.6	101.5	**Profit for the period**	**143.2**	**59.8**	122.3	44.8
8.6	(0.4)	Foreign exchange translation differences	**(26.6)**	**(8.1)**	33.3	6.4
271.2	101.1	**Total comprehensive income**	**116.6**	**51.7**	155.6	51.2

Reconciliation to EPRA adjusted earnings

Year ended 31 December 2013 100% £m	Year ended 31 December 2013 Hammerson share £m		**Six months ended 30 June 2014 100% £m**	**Six months ended 30 June 2014 Hammerson share £m**	Six months ended 30 June 2013 100% £m	Six months ended 30 June 2013 Hammerson share £m
262.6	101.5	Profit for the period	**143.2**	**59.8**	122.3	44.8
(273.6)	(85.5)	Revaluation gains on investment properties	**(177.7)**	**(65.2)**	(121.8)	(38.8)
(8.3)	(5.0)	Change in fair value of financial instruments	**14.4**	**3.6**	(11.9)	(4.6)
–	(7.1)	Change in fair value of participative loans – revaluation movement	**–**	**(0.3)**	–	(1.7)
1.2	0.5	Capitalised loan finance fees written off	**–**	–	1.2	0.5
43.8	9.0	Deferred tax charge	**34.1**	**8.5**	24.9	5.3
(236.9)	(88.1)	EPRA adjustments	**(129.2)**	**(53.4)**	(107.6)	(39.3)
25.7	13.4	**EPRA adjusted earnings of associate**	**14.0**	**6.4**	14.7	5.5

When aggregated, the Group's share of VR's operating profit before other net gains amounted to 36.4% for the six months ended 30 June 2014 (31 December 2013: 33.8%; 30 June 2013: 30.0%).

10. INVESTMENT IN ASSOCIATE (Continued)

B. Share of assets and liabilities of associate

31 December 2013 100% £m	31 December 2013 Hammerson share £m		**30 June 2014 100% £m**	**30 June 2014 Hammerson share £m**	30 June 2013 100% £m	30 June 2013 Hammerson share £m
–	65.7	Goodwill on acquisition of associate	**–**	**65.7**	–	65.7
2,462.8	757.4	Investment properties	**2,590.2**	**811.8**	2,344.3	719.3
84.0	19.6	Other non-current assets	**94.1**	**24.1**	87.9	20.6
2,546.8	842.7	**Non-current assets**	**2,684.3**	**901.6**	2,432.2	805.6
169.6	33.4	Other current assets	**160.5**	**30.5**	152.7	29.9
110.3	30.0	Cash and deposits	**97.7**	**27.8**	118.3	33.3
279.9	63.4	**Current assets**	**258.2**	**58.3**	271.0	63.2
2,826.7	906.1	**Total assets**	**2,942.5**	**959.9**	2,703.2	868.8
(132.5)	(32.7)	**Current liabilities**	**(224.1)**	**(53.3)**	(49.1)	(12.6)
(912.6)	(281.4)	Borrowings	**(783.9)**	**(252.3)**	(995.4)	(300.3)
(190.8)	(42.6)	Other liabilities	**(210.9)**	**(50.1)**	(188.6)	(43.0)
(322.6)	(75.0)	Deferred tax	**(343.9)**	**(80.2)**	(313.0)	(74.4)
(1,426.0)	(399.0)	**Non-current liabilities**	**(1,338.7)**	**(382.6)**	(1,497.0)	(417.7)
(1,558.5)	(431.7)	**Total liabilities**	**(1,562.8)**	**(435.9)**	(1,546.1)	(430.3)
1,268.2	474.4	**Net assets**	**1,379.7**	**524.0**	1,157.1	438.5
	71.0	**Participative loans***		**68.9**		64.9
	545.4	**Investment in associate**		**592.9**		503.4

In addition to the above investment, non-current receivables includes: a loan of €58.0 million (£46.4 million) (31 December 2013: €58.0 million, £48.2 million) to Value Retail European Holdings BV; and a loan to VR Milan S.R.L of €24.2 million (£19.4 million) (31 December 2013: €24.6 million, £20.5 million).

The analysis in the table above, excludes liabilities in respect of distributions received in advance from VR amounting to £14.0 million (31 December 2013: £13.4 million) which are included within non-current liabilities within the Group's balance sheet.

When aggregated, the Group's share of VR's net assets amounted to 38.0% at 30 June 2014 (31 December 2013: 37.4%; 30 June 2013: 37.9%).

* 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 EPRA adjusted investment in associate

31 December 2013 Hammerson share £m		**30 June 2014 Hammerson share £m**	30 June 2013 Hammerson share £m
545.4	Investment in associate	**592.9**	503.4
(8.3)	Fair value of derivatives	**(3.5)**	(2.2)
75.0	Deferred tax	**80.2**	74.4
(47.0)	Goodwill as a result of deferred tax	**(47.0)**	(47.0)
19.7	EPRA adjustments	**29.7**	25.2
565.1	**EPRA adjusted investment in associate**	**622.6**	528.6

C. Reconciliation of movements in investment in associate

Year ended 31 December 2013 £m		**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m
428.4	Balance at 1 January	**545.4**	428.4
59.4	Acquisitions	**–**	61.1
101.5	Share of results of associate	**59.8**	44.8
(46.4)	Distributions	**(4.5)**	(37.5)
2.9	Revaluation movement on participative loan	**0.3**	0.2
(0.4)	Foreign exchange translation differences	**(8.1)**	6.4
545.4		**592.9**	503.4

11. BORROWINGS

Reported Group

A. Maturity

31 December 2013 £m		**30 June 2014 £m**	30 June 2013 £m
1,160.1	After five years	**1,413.3**	1,167.4
458.6	From two to five years	**414.4**	500.5
399.1	From one to two years	**164.1**	410.9
2,017.8	Due after more than one year	**1,991.8**	2,078.8
246.2	Due within one year	**384.5**	151.4
2,264.0		**2,376.3**	2,230.2

B. Analysis

31 December 2013 £m		**30 June 2014 £m**	30 June 2013 £m
	Unsecured		
197.9	£200 million 7.25% sterling bonds due 2028	**198.0**	197.9
297.2	£300 million 6% sterling bonds due 2026	**297.3**	297.2
248.2	£250 million 6.875% sterling bonds due 2020	**248.3**	248.0
412.2	€500 million 2.75% euro bonds due 2019	**396.9**	424.2
271.1	£272 million 5.25% sterling bonds due 2016	**271.3**	270.9
399.1	€480 million 4.875% euro bonds due 2015	**384.2**	411.0
–	Senior notes due 2026	**24.0**	–
–	Senior notes due 2024	**123.5**	–
–	Senior notes due 2021	**114.5**	–
415.7	Bank loans and overdrafts	**306.8**	358.1
2,241.4		**2,364.8**	2,207.3
22.6	Fair value of currency swaps	**11.5**	22.9
2,264.0		**2,376.3**	2,230.2

C. Undrawn committed facilities

31 December 2013 £m		**30 June 2014 £m**	30 June 2013 £m
–	Expiring between one and two years	**339.0**	–
659.0	Expiring after more than two years	**183.0**	616.0
659.0		**522.0**	616.0

D. Currency profile

31 December 2013 Total £m		Borrowings excluding currency swaps £m	Fair value of currency swaps £m	**30 June 2014 Total £m**	30 June 2013 Total £m
885.5	Sterling	1,365.7	(670.7)	**695.0**	908.9
1,378.5	Euro	828.9	852.4	**1,681.3**	1,321.3
–	US dollar	170.2	(170.2)	**–**	–
2,264.0		2,364.8	11.5	**2,376.3**	2,230.2

E. Bond issue

On 24 June 2014, the Company announced a new €500 million bond issue which funded on 1 July. This bond has a maturity of eight years and was issued at a coupon of 2.0%.

12. 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:

A. Reported Group

31 December 2013 Book value £m	31 December 2013 Fair value £m		**30 June 2014 Book value £m**	**30 June 2014 Fair value £m**	30 June 2013 Book value £m	30 June 2013 Fair value £m
2,241.4	2,451.7	Borrowings, excluding currency swaps	**2,364.8**	**2,602.9**	2,207.3	2,455.0
22.6	22.6	Currency swaps	**11.5**	**11.5**	22.9	22.9
2,264.0	2,474.3	**Total**	**2,376.3**	**2,614.4**	2,230.2	2,477.9
(2.0)	(2.0)	**Interest rate swaps**	**4.3**	**4.3**	0.1	0.1

B. Reported Group including share of joint ventures

31 December 2013 Book value £m	31 December 2013 Fair value £m		**30 June 2014 Book value £m**	**30 June 2014 Fair value £m**	30 June 2013 Book value £m	30 June 2013 Fair value £m
2,286.4	2,497.3	Borrowings, excluding currency swaps	**2,408.3**	**2,646.7**	2,253.6	2,501.9
22.6	22.6	Currency swaps	**11.5**	**11.5**	22.9	22.9
2,309.0	2,519.9	**Total**	**2,419.8**	**2,658.2**	2,276.5	2,524.8
0.8	0.8	**Interest rate swaps**	**6.8**	**6.8**	3.3	3.3

At 30 June 2014, the fair value of financial instruments exceeded their book value by £238.4 million (31 December 2013: £210.9 million) equivalent to 33 pence per share (31 December 2013: 29 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.

13. SHARE CAPITAL

31 December 2013 £m		**30 June 2014 £m**	30 June 2013 £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 2014	712,876,870
Share options exercised – Executive Share Option Scheme	20,676
Share options exercised – Savings-related Share Option Scheme	62,215
Number of shares in issue at 30 June 2014	**712,959,761**

14. ANALYSIS OF MOVEMENT IN NET DEBT

Reported Group

	Cash at bank £m	**Current borrowings including currency swaps £m**	**Non-current borrowings £m**	**Net debt £m**
At 1 January 2014	15.7	(246.2)	(2,017.8)	(2,248.3)
Cash flow	12.1	(147.5)	(11.8)	(147.2)
Exchange	(0.3)	9.2	37.8	46.7
Balance at 30 June 2014	**27.5**	**(384.5)**	**(1,991.8)**	**(2,348.8)**

The impact on net debt as a result of the adoption of IFRS 11 referred to in note 1, is presented in note 15B.

15. IMPACT OF CHANGE IN ACCOUNTING POLICY

A. Balance sheet

31 December 2013				**30 June 2014**			30 June 2013		
Reported Group £m	Share of joint ventures £m	Total £m		**Reported Group £m**	**Share of joint ventures £m**	**Total £m**	Reported Group £m	Share of joint ventures £m	Total £m
A	B	C	*Notes*	A	B	D	A	B	C
			Non-current assets						
3,447.8	2,483.4	5,931.2	Investment and development properties	**3,757.8**	**2,518.9**	**6,276.7**	3,277.2	2,455.7	5,732.9
35.1	9.8	44.9	Interests in leasehold properties	**34.2**	**9.8**	**44.0**	35.3	9.8	45.1
6.3	33.2	39.5	Plant, equipment and owner-occupied property	**5.7**	**35.2**	**40.9**	6.4	33.2	39.6
2,470.8	–	–	Investment in joint ventures	**2,507.0**	**–**	**–**	2,444.8	–	–
618.6	0.5	619.1	Other non-current assets	**660.3**	**0.4**	**660.7**	555.4	0.1	555.5
6,578.6	2,526.9	6,634.7		**6,965.0**	**2,564.3**	**7,022.3**	6,319.1	2,498.8	6,373.1
			Current assets						
–	–	–	Assets held for sale	**–**	**–**	**–**	16.0	–	16.0
78.1	35.0	113.1	Receivables	**79.1**	**31.6**	**110.7**	91.6	36.7	128.3
15.7	41.0	56.7	Cash and deposits	**27.5**	**37.5**	**65.0**	37.5	32.5	70.0
93.8	76.0	169.8		**106.6**	**69.1**	**175.7**	145.1	69.2	214.3
6,672.4	2,602.9	6,804.5	**Total assets**	**7,071.6**	**2,633.4**	**7,198.0**	6,464.2	2,568.0	6,587.4
			Current liabilities						
–	–	–	Liabilities associated with assets held for sale	**–**	**–**	**–**	2.2	–	2.2
169.5	71.0	240.5	Payables	**187.8**	**67.5**	**255.3**	159.2	60.5	219.7
1.0	–	1.0	Tax	**0.2**	**–**	**0.2**	0.8	–	0.8
246.2	–	246.2	Borrowings	**384.5**	**–**	**384.5**	151.4	–	151.4
416.7	71.0	487.7		**572.5**	**67.5**	**640.0**	313.6	60.5	374.1
			Non-current liabilities						
2,017.8	45.0	2,062.8	Borrowings	**1,991.8**	**43.5**	**2,035.3**	2,078.8	46.3	2,125.1
0.4	–	0.4	Deferred tax	**0.4**	**–**	**0.4**	0.5	–	0.5
34.9	9.8	44.7	Obligations under finance leases	**34.1**	**9.8**	**43.9**	35.1	9.8	44.9
66.0	6.3	72.3	Payables	**75.2**	**5.6**	**80.8**	67.6	6.6	74.2
2,119.1	61.1	2,180.2		**2,101.5**	**58.9**	**2,160.4**	2,182.0	62.7	2,244.7
2,535.8	132.1	2,667.9	Total liabilities	**2,674.0**	**126.4**	**2,800.4**	2,495.6	123.2	2,618.8
4,136.6	2,470.8	4,136.6	**Net assets**	**4,397.6**	**2,507.0**	**4,397.6**	3,968.6	2,444.8	3,968.6

B. Net debt

31 December 2013				**30 June 2014**			30 June 2013		
Reported Group £m	Share of joint ventures £m	Total £m		**Reported Group £m**	**Share of joint ventures £m**	**Total £m**	Reported Group £m	Share of joint ventures £m	Total £m
A	B	C	*Notes*	A	B	D	A	B	C
15.7	29.8	45.5	Cash at bank	**27.5**	**31.4**	**58.9**	37.5	24.5	62.0
–	11.2	11.2	Short-term deposits	**–**	**6.1**	**6.1**	–	8.0	8.0
15.7	41.0	56.7	Cash and deposits	**27.5**	**37.5**	**65.0**	37.5	32.5	70.0
(246.2)	–	(246.2)	Current borrowings including currency swaps	**(384.5)**	**–**	**(384.5)**	(151.4)	–	(151.4)
(2,017.8)	(45.0)	(2,062.8)	Non-current borrowings	**(1,991.8)**	**(43.5)**	**(2,035.3)**	(2,078.8)	(46.3)	(2,125.1)
(2,248.3)	(4.0)	(2,252.3)	**Net debt**	**(2,348.8)**	**(6.0)**	**(2,354.8)**	(2,192.7)	(13.8)	(2,206.5)

Notes

A Reported Group results as shown in the consolidated balance sheet on page 19.

B Share of results of joint ventures as shown in note 9B.

C Reported Group together with share of joint ventures as at 31 December 2013 and 30 June 2013, as previously reported on a proportionally consolidated basis.

D Reported Group together with share of joint ventures as at 30 June 2014 on a proportionally consolidated basis.

PORTFOLIO ANALYSIS

As explained in the Financial Review on page 11, management reviews the performance of the business including the Group's share of joint ventures on a proportionally consolidated basis, but excludes the Group's interest in Value Retail where the Group has less day-to-day involvement in operational performance. The information in the following tables has therefore been prepared on this basis and includes the Group's share of joint ventures.

TABLE 1: RENTAL INFORMATION

Rental data for investment portfolio for the six months ended 30 June 2014

Includes the Group's share of joint ventures		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	71.3	62.3	2.3	530	139.7	145.9	2.3
	Retail parks	43.1	41.8	1.8	185	88.3	89.1	(0.9)
		114.4	104.1	2.1	345	228.0	235.0	1.1
Other UK		7.2	5.7	8.4	215	14.2	16.0	3.1
Total United Kingdom		121.6	109.8	2.5	330	242.2	251.0	1.2
France: Retail		40.4	36.4	3.4	320	94.7	107.4	9.2
Group								
Retail		154.8	140.5	2.5	335	322.7	342.4	3.5
Other UK		7.2	5.7	8.4	215	14.2	16.0	3.1
Total investment portfolio		**162.0**	**146.2**	**2.8**	**330**	**336.9**	**358.4**	**3.5**
Developments		1.1	0.7					
Total		**163.1**	**146.9**					
Selected data for the year ended 31 December 2013								
Group								
Retail		303.3	269.6	2.0	340	305.6	317.5	1.9
Other UK		14.9	12.1	8.7	210	14.4	15.8	0.4
Total continuing investment portfolio		**318.2**	**281.7**	**2.3**	**330**	**320.0**	**333.3**	**1.8**

Notes

1. The ERV of the area in a property, or portfolio, excluding developments, which is currently available for letting, expressed as a percentage of the ERV of that property or portfolio.
2. Average rents passing at 30 June 2014 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 2014, after any rent-free periods and after deducting head and equity rents, but excluding the impact of future stepped rental income increases.
4. The estimated market rental value of the total lettable space in a property at 30 June 2014, after deducting head and equity rents, calculated by the Group's valuers. ERVs in the above table are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13.
5. The percentage by which the ERV exceeds, or falls short of, rents passing together with the estimated rental value of vacant space, all at 30 June 2014.

TABLE 2: LEASE EXPIRIES AND BREAKS AS AT 30 JUNE 2014

		Rents passing that expire/break in			ERV of leases that expire/break in			Weighted average unexpired lease term	
Includes the Group's share of joint ventures		2014 £m	2015 £m	2016 £m	2014 £m	2015 £m	2016 £m	to break years	to expiry years
Notes		1	1	1	2	2	2		
United Kingdom									
Retail:	Shopping centres	11.2	12.1	7.4	15.0	12.4	7.0	6.4	7.9
	Retail parks	6.5	4.9	2.3	7.7	4.6	2.0	8.6	9.6
		17.7	17.0	9.7	22.7	17.0	9.0	7.3	8.6
Other UK		2.8	2.7	0.7	3.2	3.2	0.7	6.8	8.5
Total United Kingdom		20.5	19.7	10.4	25.9	20.2	9.7	7.3	8.6
France: Retail		14.3	3.5	4.3	14.9	3.7	4.3	3.8	6.3
Group									
Retail		32.0	20.5	14.0	37.6	20.7	13.3	6.2	7.9
Other UK		2.8	2.7	0.7	3.2	3.2	0.7	6.8	8.5
Total Group		**34.8**	**23.2**	**14.7**	**40.8**	**23.9**	**14.0**	**6.3**	**7.9**

Notes

1. The amount by which rental income, based on rents passing at 30 June 2014, 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 2014 for leases that expire or break in each year and ignoring the impact of rental growth.

TABLE 3: RENT REVIEWS AS AT 30 JUNE 2014

		Rents passing subject to review in				Projected rents at current ERV of leases subject to review in			
Includes the Group's share of joint ventures		Outstanding £m	2014 £m	2015 £m	2016 £m	Outstanding £m	2014 £m	2015 £m	2016 £m
Notes		1	1	1	1	2	2	2	2
United Kingdom									
Retail:	Shopping centres	36.1	11.5	8.4	8.7	38.2	12.9	9.6	9.7
	Retail parks	19.3	6.1	24.6	15.6	20.0	6.5	25.2	16.0
		55.4	17.6	33.0	24.3	58.2	19.4	34.8	25.7
Other UK		3.5	0.7	3.4	0.9	3.6	0.9	3.7	0.9
Total United Kingdom		**58.9**	**18.3**	**36.4**	**25.2**	**61.8**	**20.3**	**38.5**	**26.6**

Notes

1. Rents passing at 30 June 2014, 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 2014 and ignoring the impact of changes in rental values before the review date.

TABLE 4: NET RENTAL INCOME

Net rental income for the six months ended 30 June 2014 Includes the Group's share of joint ventures	**Properties owned throughout 2013/14 £m**	**Increase/ (Decrease) for properties owned throughout 2013/14 %**	**Acquisitions £m**	**Disposals £m**	**Developments £m**	**Total net rental income £m**
United Kingdom						
Shopping centres	57.1	**2.0**	3.9	0.3	1.0	62.3
Retail parks	41.1	**1.2**	–	–	0.7	41.8
Other UK	5.3	**(0.2)**	0.4	–	0.6	6.3
Total United Kingdom	103.5	**1.5**	4.3	0.3	2.3	110.4
France: Retail	32.0	**1.1**	2.5	–	2.0	36.5
Group						
Retail	130.2	**1.5**	6.4	0.3	3.7	140.6
Other UK	5.3	**(0.2)**	0.4	–	0.6	6.3
Total	135.5	**1.5**	6.8	0.3	4.3	146.9

Net rental income for the six months ended 30 June 2013 Includes the Group's share of joint ventures	Properties owned throughout 2013/14 £m	Exchange £m	Acquisitions £m	Disposals £m	Developments £m	Total net rental income £m
United Kingdom						
Shopping centres	56.0	–	1.4	2.9	0.1	60.4
Retail parks	40.6	–	–	0.2	0.8	41.6
Other UK	5.3	–	0.4	0.8	0.6	7.1
Total United Kingdom	101.9	–	1.8	3.9	1.5	109.1
France: Retail	31.6	1.1	(0.3)	–	(0.4)	32.0
Group						
Retail	128.2	1.1	1.1	3.1	0.5	134.0
Other UK	5.3	–	0.4	0.8	0.6	7.1
Total continuing operations	133.5	1.1	1.5	3.9	1.1	141.1
Discontinued operations	–	–	–	6.6	–	6.6
Total	133.5	1.1	1.5	10.5	1.1	147.7

TABLE 5: EPRA COST RATIO

Includes the Group's share of joint ventures	**Six months ended 30 June 2014 £m**	Six months ended 30 June 2013 £m
Net service charge expenses – non-vacancy	**1.0**	1.1
Net service charge expenses – vacancy	**3.7**	3.7
Net service charge expenses – total	**4.7**	4.8
Other property outgoings	**10.6**	11.7
Employee and corporate costs	**26.6**	26.7
Management fees receivable	**(2.8)**	(3.5)
Total operating costs	**39.1**	39.7
Gross rental income (after rents payable)	**162.2**	156.9
EPRA cost ratio including net service charge expenses – vacancy (%)	**24.1**	25.3
EPRA cost ratio excluding net service charge expenses – vacancy (%)	**21.8**	22.9

2013 figures are for continuing operations only.

Staff costs amounting to £1.2 million (2013: £0.7 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.

TABLE 6: TOP TEN TENANTS

Tenants ranked by passing rent at 30 June 2014 Includes the Group's share of joint ventures	Passing rent £m	% of total passing rent
B&Q	13.1	3.9
Dixons Carphone	7.8	2.3
H&M	7.3	2.1
Home Retail Group	6.6	2.0
Next	6.0	1.8
Arcadia	5.5	1.6
Inditex	5.4	1.6
Boots	5.0	1.5
New Look	4.6	1.4
TK Maxx	4.1	1.2
Total	**65.4**	**19.4**

TABLE 7: VALUATION ANALYSIS

Valuation data for portfolio for the six months ended 30 June 2014 Includes the Group's share of joint ventures		Properties at valuation £m	Revaluation in the period £m	Capital return %	Total return %	Initial yield %	True equivalent yield %	Nominal equivalent yield %
Notes						1	2	3
United Kingdom								
Retail:	Shopping centres	2,597.6	163.0	6.6	9.3	4.7	5.4	5.2
	Retail parks	1,552.0	58.1	3.9	6.8	5.2	5.9	5.7
		4,149.6	221.1	5.6	8.3	4.9	5.6	5.4
Other UK		204.2	1.1	1.2	4.2	5.9	7.0	6.8
Total United Kingdom		4,353.8	222.2	5.4	8.1	4.9	5.7	5.5
France: Retail		1,776.6	(3.7)	(0.3)	2.4	4.8	5.4	5.2
Group								
Retail		5,926.2	217.4	4.2	6.9	4.8	5.5	5.4
Other UK		204.2	1.1	1.2	4.2	5.9	7.0	6.8
Total investment portfolio		**6,130.4**	**218.5**	4.1	6.8	**4.9**	**5.6**	**5.4**
Developments		146.3	6.0	1.9	2.4			
Total portfolio		**6,276.7**	**224.5**	**3.9**	**6.4**			
Value Retail[4]				8.5	11.6			
Total Group				**4.3**	**6.9**			

Notes

1. Annual cash rents receivable, net of head and equity rents and the cost of vacancy, as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV.
2. The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect the timing of future rents resulting from lettings, lease renewals and rent reviews based on current ERVs and assuming rents are received quarterly in advance. The property true equivalent yields are determined by the Group's external valuers.
3. Nominal equivalent yields, which are similar to the true equivalent yields but assume rents are received annually in arrears, are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13.
4. Represents the returns for the Group's share of the Value Retail property portfolio.
5. The weighted average remaining rent-free period is 0.6 years.

TABLE 8: YIELD ANALYSIS

Investment portfolio at 30 June 2014 Includes the Group's share of joint ventures	Income £m	Gross value £m	Net book value £m
Portfolio value (net of cost to complete)		6,459	6,459
Purchasers' costs[1]			(328)
Net investment portfolio valuation as reported in the financial statements			6,131
Income and yields			
Rent for valuers' initial yield (equivalent to EPRA Net Initial Yield)	316.7	4.9%	5.2%
Rent-free periods (including pre-lets)	15.2	0.2%	0.2%
Rent for 'topped-up' initial yield[2]	331.9	5.1%	5.4%
Non-recoverable costs (net of outstanding rent reviews)	5.0	0.1%	0.1%
Passing rents	336.9	5.2%	5.5%
ERV of vacant space	9.5	0.1%	0.2%
Reversions	12.0	0.2%	0.2%
Total ERV/Reversionary yield	358.4	5.5%	5.9%
True equivalent yield		5.6%	
Nominal equivalent yield		5.4%	

Notes

1. Purchasers' costs equate to 5.3% of the net portfolio value.
2. The yield of 5.1% based on passing rents and gross portfolio value is equivalent to EPRA's 'topped-up" Net Initial Yield.

GLOSSARY

Adjusted figures (per share)	Reported amounts adjusted in accordance with EPRA guidelines to exclude certain items as set out in note 7 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.
Dividend reinvestment plan (DRIP)	A scheme offered by the Company by which investors receive additional shares in lieu of cash dividends.
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.
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.

GLOSSARY

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, but excluding the impact of future stepped rental income increases. 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.
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.