Embargoed until 7.00 a.m. - Monday, 3 August 2009

HAMMERSON plc

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

Financial highlights

Six months to:	**30 June 2009**	30 June 2008	Change
Net rental income	**£156.4m**	£145.8m	+7.3%
Loss before tax	**£(818.5)m**	£(417.1)m	
Adjusted profit before tax (1)	**£65.6m**	£60.5m	+8.4%
Basic loss per share (1) (2)	**(136.8)p**	(98.8)p	
Adjusted earnings per share (1) (2)	**11.0p**	13.8p	-20.3%
Interim dividend per share (3)	**6.95p**	12.6p	
Return on shareholders' equity (4)	**(29.4)%**	(8.8)%	

As at:	**30 June 2009**	31 Dec 2008	
Total property assets	**£4,717m**	£6,457m	
Equity shareholders' funds	**£2,547m**	£2,821m	-9.7%
Net debt	**£2,061m**	£3,333m	
Adjusted net asset value per share (1) (2)	**£3.73**	£5.16	-27.7%
Gearing	**81%**	118%	

Key points

- **David Atkins to succeed John Richards as Chief Executive on his retirement:** The Company has announced today that John Richards will be retiring as Chief Executive on 30 September 2009, and that David Atkins has been appointed to succeed him. Further details have been provided in a separate announcement.
- **Prime UK yields now stabilising:** Whilst there was a 14% underlying decline in the portfolio capital value during the first half of 2009 (UK: -15%, France: -11%), yields on UK prime property are now stabilising.
- **Resilient operational results against tough economic backdrop:** The overall occupancy level at 30 June was 92.6%. Excluding recently completed developments the figure was 95.7%, compared with 97.2% at 31 December 2008. Our rent collection record remains good.
- **Financial position strengthened:** £584 million was raised through the rights issue, whilst disposals further reduced debt by £572 million. Hammerson had over £900 million of cash and undrawn facilities at 30 June, and only £60 million of debt matures before December 2011. 97% of debt is unsecured, providing considerable operational flexibility.
- **Dividend:** The Board has declared an interim dividend of 6.95 pence per share, with a scrip alternative. Taking account of the rights issue, this represents an effective 3% increase on the 2008 pro forma interim dividend.
- **Encouraging letting progress at recent developments:** Union Square in Aberdeen, due to open in Autumn 2009, is approximately 67% let or in solicitors' hands. Leases were signed with major retailers including Apple, Marks & Spencer and Zara. In the City of London, 60 Threadneedle Street and 125 Old Broad Street are respectively 23% and 75% let, with a further 44% of income at 60 Threadneedle Street in solicitors' hands. Gross income will grow substantially as a result of recently contracted leases at these and other developments.

Notes

(1) The calculations for basic and adjusted figures are shown on pages 11 and 13 and in note 7 on pages 34 and 35.
(2) Comparative figures have been restated following the rights issue referred to in notes 7 and 18 on pages 34, 35 and 40. Adjusted net asset value per share for 31 December 2008 is pro forma taking into account the rights issue.
(3) An interim dividend of 6.95 pence per share (2008: 12.6p) will be paid as a PID, net of withholding tax where appropriate. There is a scrip dividend alternative which will not be treated as a PID and will not be subject to withholding tax. Further details are shown in note 6 on page 34.
(4) Excluding deferred tax.

John Nelson, Chairman of Hammerson, said:

"The first half of the year was a period of vigorous activity following which the Company is now in a strong financial position.

Looking forward, we will focus on four key areas. First, our investment portfolio is of the very highest quality, comprising prime retail and office assets in the UK and France. We will actively manage the portfolio to improve the income and ensure it is well positioned to benefit from a recovery in markets. Second, our recent developments have the potential to be some of our best performing assets over the medium-term, and we will continue to focus on letting the remaining space. Third, we are pursuing the planning and design elements of the development pipeline to ensure we can exploit these projects when conditions permit. Fourth, we intend to take advantage of opportunities presented by the current markets, including recycling capital into investments offering higher returns."

Enquiries:

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Results presentation today:

Time	9.30 a.m.
Venue	City Presentation Centre 4 Chiswell Street Finsbury Square London EC1Y 4UP Tel: 020 7628 5646

Webcast:

A live webcast of Hammerson's results presentation will be broadcast today at 9.30 a.m. via the Company's website, www.hammerson.com.

Financial calendar:

Ex-dividend date	19 August 2009
Record date	21 August 2009
Latest date for receipt of scrip dividend election	4 September 2009
Interim dividend payable	2 October 2009

The terms used in this Half-year Report are defined in the glossary on pages 42 and 43.

CONTENTS

CHAIRMAN'S STATEMENT

INVESTMENT AND OCCUPATIONAL MARKETS

In both the UK and France, yields on commercial property increased in the first half of 2009, reflecting the weak economic background, a scarcity of debt finance and a lack of confidence on the part of investors. Having fallen in value for nearly two years, the yield on commercial property is now high relative to the cost of finance, and in recent weeks investor interest has improved. In the UK, property yields for certain assets are no longer increasing.

Consumer confidence has recently improved in the UK, however expenditure is expected to remain constrained as unemployment rises, wage growth is limited and savings rates increase. Accordingly, retail rental values are anticipated to decline in the short-term with prime property less affected than secondary. In France, consumer spending is expected to be more resilient, with less personal debt, higher savings ratios and more generous statutory redundancy packages. Although French retail spending has fallen, reflecting higher unemployment and low consumer confidence, rental values have increased modestly in the first half of the year.

RESULTS AND DIVIDEND

Hammerson demonstrated a robust operating performance in the first six months of 2009, with like-for-like rental income virtually unchanged against the first half of 2008. Adjusted profit before tax increased by 8.4% to £65.6 million, whilst adjusted earnings per share were 11.0 pence compared with 13.8 pence in the first half of 2008. This reduction arose principally because the average cost of borrowings repaid using the rights issue proceeds was lower than the earnings yield on the new shares issued.

The Board has declared an interim dividend of 6.95 pence per share, which will be paid entirely as a PID although there will be a scrip alternative, full details of which will be provided separately. Where shareholders elect for the scrip dividend alternative, this will not be treated as a PID and will not be subject to withholding tax.

Reflecting conditions in the commercial property market, the Group's portfolio showed an underlying decrease in value of 14% in the six months to 30 June 2009. This was the principal reason that Hammerson's adjusted net asset value per share fell to £3.73, from a pro forma figure of £5.16 at 31 December 2008.

PORTFOLIO

I am encouraged that, with both the UK and French economies in recession, our investment portfolio continued to experience good tenant demand. At 30 June the occupancy level in the established portfolio was 95.7%, a modest reduction from the level of 97.2% at the end of 2008. Following the sale of Bishops Square the weighted average unexpired lease term for the investment portfolio was just over eight years at 30 June 2009, compared with ten years at 31 December 2008.

Total income from tenants in administration is £8.4 million per annum, or approximately 3% of passing rent at 30 June 2009, and of this, units representing 1.5% of passing rent are still occupied and trading. Our rent collection record remains good.

In the first six months we sold Les Trois Quartiers in Paris and a 75% stake in Bishops Square in London. In addition we disposed of Victoria Retail Park in Nottingham. In aggregate these disposals reduced debt by £572 million in the period. Since 30 June, we have sold our retail park in St. Omer for £19 million, and have received the proceeds of £59 million from the sale of Forum Steglitz, our remaining property in Germany.

We are making encouraging progress in letting our major developments, the last of which, Union Square in Aberdeen, will open in the Autumn. Approximately 67% of the scheme's rental income has been secured or is in solicitors' hands. In the City of London, 60 Threadneedle Street and 125 Old Broad Street are respectively 23% and 75% let, with a further 44% of income at 60 Threadneedle Street in solicitors' hands. Gross income will grow substantially as a result of recently contracted leases at these and other developments. The valuation of our recent developments reflects higher than normal void levels and lower than anticipated rents. Accordingly, as markets and rental levels improve we anticipate that the value of these assets will recover strongly.

We continue to advance the pipeline of future development opportunities through site assembly, pre-letting and design. In the period we signed an option agreement with the City of London Corporation to acquire and develop the St Alphage House site on London Wall. We also achieved outline planning approval in April for an extension to the WestQuay shopping centre in Southampton. These and other schemes in the development pipeline offer the potential for significant future growth.

FINANCING

The rights issue and property disposals contributed to a reduction in net debt of £1.2 billion in the first half of the year. At 30 June, the Group's net debt totalled £2.1 billion, gearing was 81%, and we had over £900 million of cash and undrawn facilities.

Only £60 million of the Group's borrowings mature before the end of 2011, so the Company has no short-term refinancing requirements. At 30 June, 97% of the Group's borrowings were on an unsecured basis, a policy we have followed for many years and one which provides considerable operational flexibility.

BOARD CHANGES

We have announced today that John Richards will be retiring as Chief Executive on 30 September 2009. He has been with Hammerson for almost 30 years and has been Chief Executive for the last 10 years. The Board, after a thorough evaluation process, has appointed David Atkins to the role of Chief Executive from 1 October 2009. David is aged 43, has been with the Company for 11 years, and was appointed to the Board in 2007. He is currently Managing Director of Hammerson's UK business.

John has been an outstanding leader of the Company for many years. I want, on behalf of the Board, to record a huge debt of gratitude to him. He has been instrumental in the development of Hammerson into the company it is today. In David we are fortunate to have one of the strongest senior property executives in the industry, with a proven track record. He has the right qualities to lead the Company.

Christophe Clamageran, who succeeded Gerard Devaux as Managing Director France last September, was appointed to the Board on 9 June.

CONCLUSION

We are grateful for the strong support from our shareholders for the recent rights issue. In conjunction with asset disposals this has significantly strengthened the balance sheet. Despite weak occupational markets, the continuing efforts of our teams have ensured that our income remains robust and encouraging progress is being made on letting our developments.

Looking forward, we will focus on four key areas. First, our investment portfolio is of the very highest quality, comprising prime retail and office assets in the UK and France. We will actively manage the portfolio to improve the income and ensure it is well positioned to benefit from a recovery in markets. Second, our recent developments have the potential to be some of our best performing assets over the medium-term, and we will continue to focus on letting the remaining space. Third, we are pursuing the planning and design elements of the development pipeline to ensure we can exploit these projects when conditions permit. Fourth, we intend to take advantage of opportunities presented by the current markets, including recycling capital into investments offering higher returns.

John Nelson, Chairman
3 August 2009

PROPERTY MARKETS AND OUTLOOK

INVESTMENT MARKET

The global economy continued to contract sharply in the first part of 2009, weighing upon investor confidence. Latterly, with signs that the worst of the financial crisis is over, confidence has started to improve in the real estate market although the level of transactions remains low.

In the UK, the IPD all-property equivalent yield moved out 80 basis points over the first half of 2009 to 9.3%, but the rate of yield movement slowed through the period. Despite improved confidence, a lack of credit availability remains a constraint on the market. With yields moving above their historic average and the spread over government debt at historically high levels, demand for commercial property is expected to rise in the coming months, putting some downward pressure on yields and laying the foundations for positive total returns.

The French investment market has lagged the UK, with yields increasing and very few completed transactions. In the first three months of the year transaction volumes fell to the lowest quarterly level in the past ten years. Prime shopping centre yields moved out around 50 basis points, reaching 5.5% by the end of June. Given recent outward yield movements and a more resilient rental market, investment activity is expected to gradually increase through the remainder of 2009.

RETAIL OCCUPATIONAL MARKETS

In the last few months consumer confidence has improved in the UK, reaching its highest level in a year. However, retail spending on non-food goods, which had been surprisingly resilient, has been falling on an annualised basis. Consumer budgets are expected to remain stretched for some time as unemployment rises, wage growth remains flat and savings rates increase.

Against this background, the number of retailers going into administration each month has declined from the start of the year, but still remains relatively high. With additional retail space from 2008 developments still to be let, vacancy rates have risen in the sector, pushing overall retail rental values down 4% in the first half of 2009. Although this trend in rental values is expected to continue in the second half of the year, we anticipate that the impact will be less pronounced in our large, regionally dominant shopping centres.

In France, consumer spending has benefited from lower personal debt levels, higher savings ratios and a more generous statutory redundancy package. Nevertheless, annual non-food retail spending has fallen as higher unemployment and lower confidence have caused consumers to cut back. Overall there has been little evidence of retail rental value declines at prime shopping centres. With inflation and retail sales falling, the retail indexation rate fell to 2.73% in the first three months of the year. The ILC index is likely to remain positive in 2010 but lower than the 2009 rate of 3.85%.

OFFICE OCCUPATIONAL MARKETS

The UK banking and financial services sector has been severely affected by the financial crisis, so that take-up in Central London fell to its lowest level on record in the first quarter of 2009. An improved economic outlook and the relocation of a number of major occupiers have helped boost demand in the second quarter of the year. Completions of new developments will remain above their long-term average in 2009, increasing vacancy rates and reducing rental values.

Although the Paris office market is less exposed to the downturn in global financial markets, demand for space has been hit by the slowdown in the wider economy. Compared to the same period in 2008, take-up fell by 27% in the first six months of the year. Relatively short lease lengths in Paris have helped to support take-up with occupiers taking advantage of lower rents on better quality space. The overall vacancy level remains relatively low at 4.5%, but is expected to rise due to lower demand and new development completions.

PRINCIPAL RISKS AND UNCERTAINTIES

PROPERTY VALUATIONS

The value of Hammerson's property portfolio is affected by conditions prevailing in the property investment market and the general economic environment. Accordingly, the Group's net asset value can rise and fall due to external factors beyond management's control. The disruption in global financial markets has eased over recent months, but it is continuing to restrict the availability of finance to real estate investors. This may make investors cautious about property investment and cause values to weaken.

Our property portfolio is valued in compliance with international standards by external professionally qualified valuers. The primary source of evidence for valuations should be recent, comparable market transactions on arms' length terms. During the first half of 2009, there has been an increase in the number of property transactions in the UK. However, the current economic environment means that there have been relatively few transactions for the types of property owned by Hammerson in France. Consequently, there continues to be a degree of uncertainty in respect of the figures reported by the valuers of our French portfolio. Until the number and consistency of comparable transactions increases, this situation is likely to remain.

Nevertheless, Hammerson has a high quality portfolio which is diversified by country and sector, and this should help to mitigate the impact of the current state of the financial and property markets on the Group. 'Property markets and outlook' on page 6 provides further discussion of these issues.

TENANT DEFAULT

Some tenants, particularly in the UK retail sector, are facing difficult operating conditions which increases the risk that they may be unable to pay their rents. However, the large number of tenants and the Group's geographical diversity mean the risk of individual tenant default to Hammerson is low. Furthermore, our occupational leases are generally long-term contracts, making the income relatively secure. Additional information on the quality of income is provided on pages 16 to 18.

LIQUIDITY RISK

Since the year end, we have raised £584 million through the rights issue which has been used to repay drawn credit facilities. Disposals have reduced net debt by a further £572 million. At 30 June 2009 gearing stood at 81%, down from 118% at 31 December 2008, and compared with the most stringent of our borrowing covenants that gearing should not exceed 150%. The lower gearing will insulate the Group from the effects of further moderate falls in asset values.

However, in the event that property values were to fall significantly, there would be a risk that the Group could breach its borrowing covenants in the future. We estimate that a further 25% reduction in values would endanger our borrowing covenants. Depending on the circumstances prevailing, there are three principal alternatives which may be pursued to address this risk: the sale of properties; the renegotiation of the covenants in our bank facilities and bonds; and the raising of additional equity.

In addition, there is a risk that when borrowings mature, lenders or bond investors may not wish to renew facilities or subscribe for new bond issues. Lending and credit markets have improved somewhat in recent months, indicating that this risk is receding. As shown in the chart on page 14, it will not be until 2012 that significant borrowings mature. The average maturity of our borrowings is eight years.

PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

EXCHANGE RISK

At 30 June 2009, 38% of the Group's assets employed and 69% of its net debt was denominated in euros. A 1% strengthening of the euro relative to sterling would have the effect of increasing shareholders' funds by around £3 million whilst gearing would be virtually unchanged.

INTEREST RATES

Interest is a significant cost for Hammerson. We set guidelines for our exposure to fixed and floating interest rates and use interest rate and currency swaps to manage this risk. At 30 June 2009, 75% of the Group's gross debt was at fixed rates of interest. However, with the disruption to financial markets and the restricted availability of bank credit resulting in lenders seeking higher borrowing margins, there continues to be uncertainty over the future level of interest costs for borrowers.

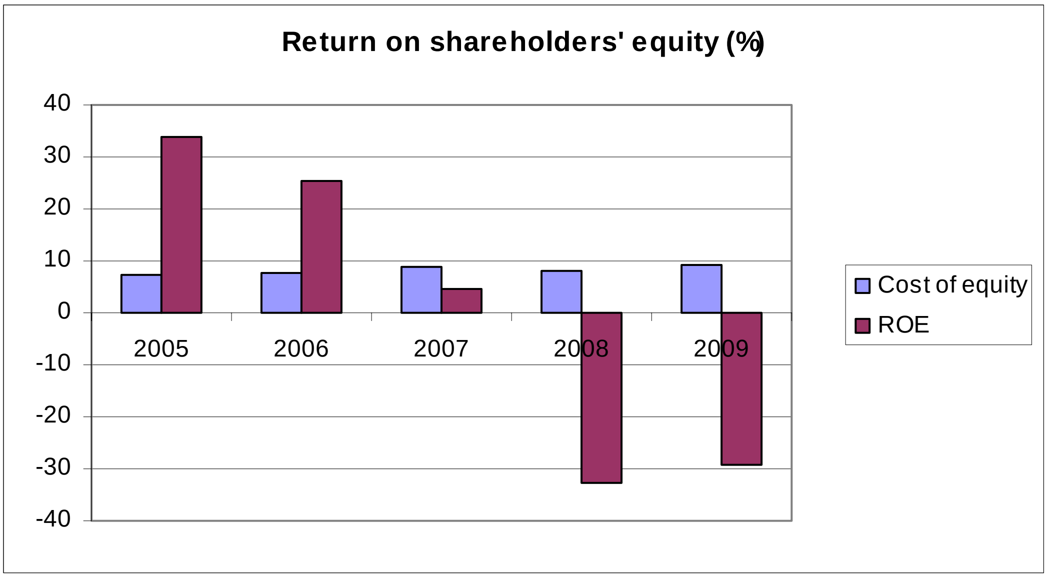
DEVELOPMENT AND LETTING

The present general economic weakness has made potential occupiers more cautious about entering into commitments to lease space. Therefore it is taking longer to agree new leases at our current and recently completed developments. We now have just one major development underway which is due to be completed towards the end of 2009.

KEY PERFORMANCE INDICATORS

- Return on shareholders' equity

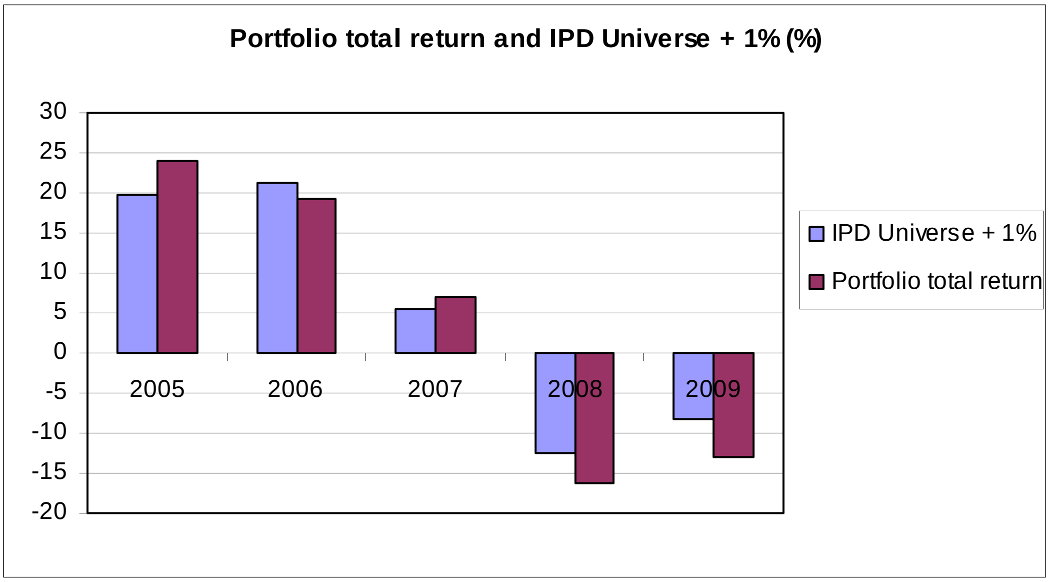
Our return on shareholders' equity for the six months ended 30 June 2009 was -29.4%, which reflected the reduction in the portfolio value. We estimate that our current cost of equity is 9.3% per annum.



The ROE for 2009 is for the first six months of the year only.

- Portfolio total returns relative to IPD

For the six months ended 30 June 2009, the total return for our UK portfolio was -12.9% compared with the IPD UK benchmark of -9.3%. Our target is to exceed the IPD benchmark by 1%. Our French portfolio provided a return of -9.1%. IPD does not publish an index for France for the first six months of the year.

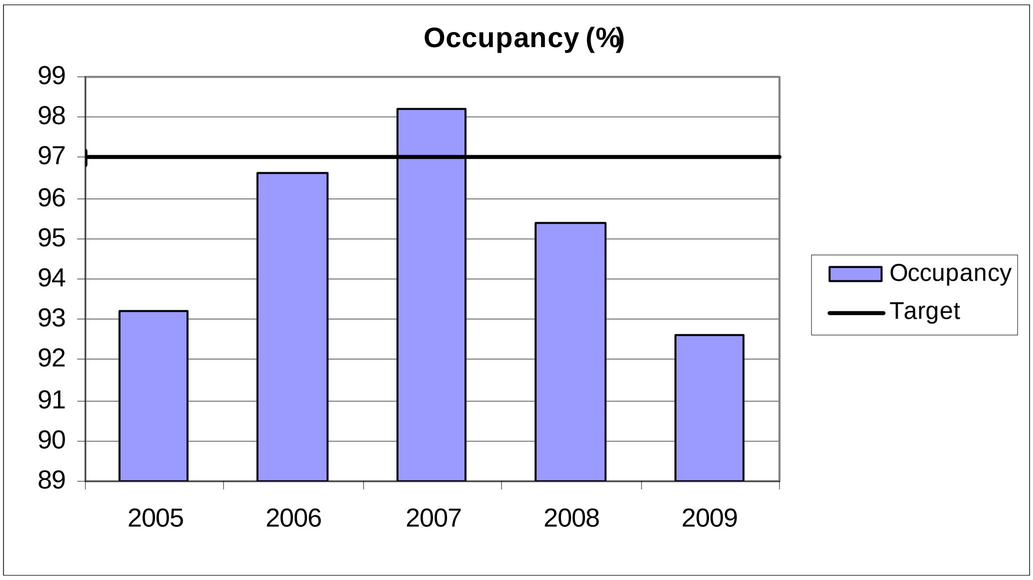


The chart above shows weighted returns and indices for 2005 to 2008 for the total portfolio.

KEY PERFORMANCE INDICATORS
CONTINUED

- Occupancy

At 30 June 2009, the overall occupancy level in the investment portfolio was 92.6%, compared with 95.4% at the end of 2008 and our target of 97.0%. The completion of 60 Threadneedle Street accounts for two percentage points of the reduction in occupancy since 31 December 2008. If all of the recently completed developments were excluded from the calculation, occupancy would have been 95.7% at the end of June 2009.



BUSINESS AND FINANCIAL REVIEW

The financial information contained in this review is extracted from or calculated using the attached condensed financial statements and the glossary of terms.

RESULT BEFORE TAX

For the six months ended 30 June 2009, there was a loss before tax of £818.5 million, which reflected a £766.2 million reduction in the value of the property portfolio. All development properties are now accounted for under IAS 40 'Investment Property' and revaluation changes for developments are recognised in the income statement.

Adjusted profit before tax was £65.6 million, some £5.1 million, or 8.4%, higher than for the first six months of 2008. This increase reflected lower borrowing costs following the repayment of debt, lower overhead costs and exchange translation gains. However, these increases were partly offset by a negative contribution from the development programme of £13.1 million.

Analysis of loss before tax	**Six months to 30 June 2009 £m**	Six months to 30 June 2008 £m
Adjusted profit before tax	**65.6**	60.5
Adjustments:		
Loss on the sale of investment properties	**(77.9)**	(2.1)
Loss on the sale of subsidiary	**(25.4)**	-
Revaluation losses on property portfolio	**(766.2)**	(462.6)
Share of revaluation losses and change in fair value of derivatives in associate	**(9.3)**	-
Asset impairment	**-**	(17.0)
Change in fair value of derivatives	**(5.3)**	4.1
Loss before tax	**(818.5)**	(417.1)

Adjusted earnings per share reduced from 13.8 pence in 2008 to 11.0 pence in 2009 principally because the average cost of the borrowings repaid using the rights issue proceeds was lower than the earnings yield on the new shares issued. The 2008 comparative figure has been restated to take account of the rights issue in March of this year. Note 7A to the accounts sets out detailed calculations for earnings per share.

NET RENTAL INCOME

Net rental income arising from recently completed developments, and the effects of exchange, more than offset that lost through disposals, with the result that total net rental income for the six months ended 30 June 2009, at £156.4 million, was £10.6 million higher than for the equivalent period last year. On a like-for-like basis, for properties owned throughout the first six months of both 2008 and 2009, net rental income was unchanged. The cost of bad debts for the first half of 2009 was £1.7 million. Further details on income security and quality are provided on pages 16 and 17.

Net rental income	**Six months to 30 June 2009 £m**	Six months to 30 June 2008 £m
Properties owned throughout	**121.3**	121.4
Acquisitions	**0.9**	0.7
Developments	**12.4**	0.7
Properties sold	**21.8**	30.8
Exchange translation and other	**-**	(7.8)
Total net rental income	**156.4**	145.8

ADMINISTRATION EXPENSES

Administration expenses were £19.4 million for the six months ended 30 June 2009, compared with £21.3 million for the first half of 2008. Cost savings of £3.3 million were partly offset by lower management fees receivable and the effects of exchange translation.

BUSINESS AND FINANCIAL REVIEW
CONTINUED

FINANCE COSTS

Excluding the change in fair value of derivatives and capitalised interest, net finance costs were £77.3 million in the first half of 2009, whilst the comparative figure for 2008 was £85.4 million. Proceeds from the rights issue and property disposals were used to reduce borrowings, although the resulting savings, and those from lower interest rates, were partly offset by interest on completed developments. Interest capitalised on the development programme was £5.8 million and principally related to the retail development at Union Square, Aberdeen. The Group's average cost of borrowing in the first half of 2009 was 4.6% compared with 5.9% for the corresponding period in 2008.

TAX

The Group bears minimal current tax as a result of its UK REIT and French SIIC status.

A deferred tax provision is made for the UK tax that could arise on dividends to be received, under the SIIC rules, by Hammerson plc from French subsidiaries. However, this year, the UK Government has introduced a corporation tax exemption for foreign dividends. This was enacted in July and virtually all of the £61 million deferred tax provision at 30 June 2009 will be written back in the second half of the year. The decline in values in the French portfolio was the main reason for the £27.8 million deferred tax credit in the income statement.

The tax case relating to capital gains incurred by Grantchester prior to its acquisition by Hammerson in 2002, for which the Group paid a total of £52.0 million in tax and interest in 2008, has been settled in favour of HM Revenue & Customs.

DIVIDEND

An interim dividend of 6.95 pence per share has been declared by the Directors, and is payable on 2 October 2009 to shareholders on the register at the close of business on 21 August. The 2008 interim dividend was 12.6 pence per share and the current year's interim dividend reflects the increased number of shares in issue following the rights issue.

It is intended that the interim dividend will be paid as a PID, net of withholding tax where appropriate. Shareholders are also being offered the opportunity to participate in a scrip dividend scheme and will have until 4 September 2009 to elect for a scrip dividend alternative for the 2009 interim dividend. Full details of the scheme will be provided in a circular to be sent to shareholders shortly. Where shareholders elect for the scrip dividend alternative, this will not be treated as a PID and will not be subject to withholding tax.

Shareholders should note that, whilst the creation of the scrip dividend scheme enables the Directors to offer shareholders a scrip dividend alternative to the cash dividend, there is no guarantee that the Board will offer a scrip dividend alternative for any particular future interim or final dividend.

BUSINESS AND FINANCIAL REVIEW
CONTINUED

BALANCE SHEET

Our property portfolio was valued at £4.7 billion at 30 June 2009, a decrease of £1.7 billion since the end of 2008. Disposals and revaluation deficits, each of £766 million, and exchange losses were partly offset by capital additions of £98 million.

Following changes to IFRS, all developments are now accounted for under IAS 40 'Investment properties'. Properties on which development is ongoing have been separately identified within the investment and development properties note. Income generating properties which were acquired with the intention of being developed have been reclassified as investment properties within the note. These properties will be categorised as developments in the event that a development commences.

Following the sale of a 75% interest in Bishops Square, London EC2, our 25% interest in the company which holds the property is accounted for as an associate and the property is no longer included within the property portfolio.

In the first half of 2009, equity shareholders' funds decreased by £274 million to £2.5 billion. After adjusting for deferred tax and other items, adjusted net asset value per share was £3.73. Note 7B to the accounts shows how net asset value per share is calculated.

The decline in property values was the main contributor to the fall in adjusted net asset value per share in the six months to 30 June 2009.

Movement in net asset value	Equity shareholders' funds* £m	Adjusted NAV* £ per share
31 December 2008**	3,591	5.16
Revaluation	(765)	(1.09)
Disposals	(125)	(0.18)
Profit for the period (excluding revaluation changes)	61	0.09
Dividends	(44)	(0.06)
Exchange and other movements	(120)	(0.19)
30 June 2009	**2,598**	**3.73**

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

** Equity shareholders' funds and adjusted NAV per share at 31 December 2008 are the pro forma figures after taking account of the effects of the rights issue.

FINANCING

At 30 June 2009, borrowings were £2,325 million and cash and deposits totalled £264 million, so that net debt stood at £2,061 million, compared with £3,333 million at the beginning of the year. The rights issue, the proceeds from which were received in March, and property disposals in the first half of the year reduced net debt by a total of £1.2 billion. Hammerson's share of the debt secured on Bishops Square is included within 'investments in associate' in the balance sheet.

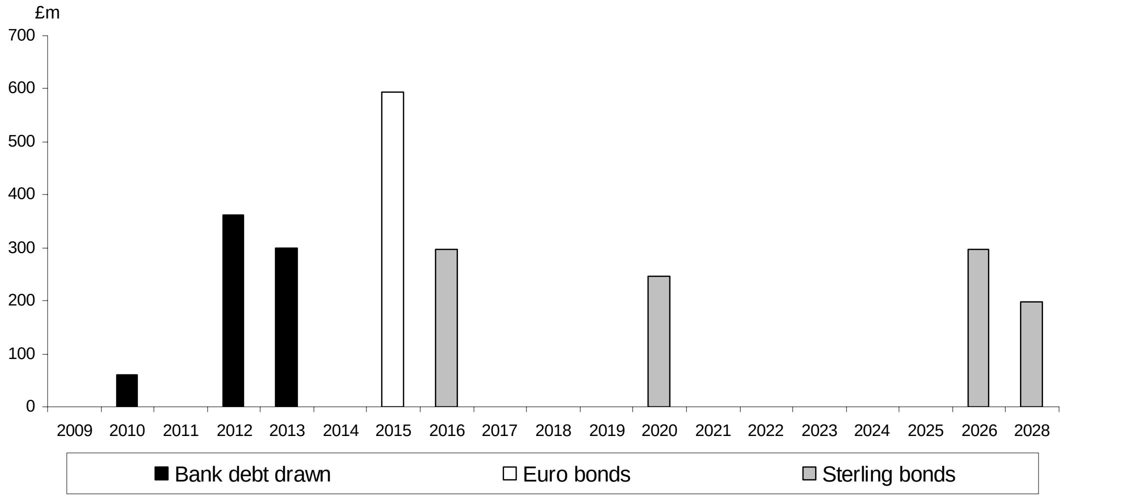
At the end of June gearing was 81%, down from 118% at 31 December 2008, with the reduction reflecting lower levels of debt, partly offset by the reduction in shareholders' equity arising from the fall in the value of the property portfolio.

The Group's unsecured bank facilities contain financial covenants that the Group's gearing, defined as the ratio of net debt to shareholders' equity, should not exceed 150% and that interest cover, defined as net rental income divided by net interest payable, should be not less than 1.25 times. Three of the Company's unsecured bonds contain the same gearing covenant and two contain a covenant that gearing should not exceed 175%. The bonds do not contain an interest cover covenant. Further discussion of financing risk is included within 'Principal risks and uncertainties' on pages 7 and 8.

BUSINESS AND FINANCIAL REVIEW
CONTINUED

Cash and undrawn committed facilities provided liquidity of £906 million at 30 June, whilst committed expenditure on current developments amounted to £139 million. The average maturity of the Group's borrowings at 30 June 2009, was eight years and the chart below shows the maturity profile of our debt portfolio. Since the end of June, we have repaid a further £253 million of the bank facilities that mature in 2012.

Debt maturity profile at 30 June 2009



We monitor the Group's financial structure against guidelines approved by the Board. These guidelines currently include: gearing of no more than 85% for an extended period; minimum interest cover of 2.0 times; and a net debt to EBITDA ratio of less than ten times.

CASH FLOW

Cash generated from operations in the first half of 2009 was £130 million, £30 million lower than for the same period in 2008, reflecting disposals and the timing of VAT recoveries and rent collection in prior periods. After taking account of £116 million of net interest paid and tax receipts of £2 million, there was a cash inflow from operating activities of £16 million in the six months to 30 June 2009. The final instalments of the tax due on conversion to REIT status in the UK were paid in 2008.

Capital expenditure was £106 million and a net £185 million was received in respect of asset sales. There was a net cash inflow before financing activities of £95 million in the first half of 2009.

CAPITAL RETURNS

For the six months ended 30 June 2009, the total return for the portfolio was -11.7%, comprising a capital return of -14.1% and an income return of 2.7%.

Capital returns – total portfolio
For the six months ended 30 June 2009

	Shopping centres		Retail parks		Offices		Total	
	Value £m	Capital return %	Value £m	Capital return %	Value £m	Capital return %	**Value £m**	**Capital return %**
UK	1,620	(15.1)	720	(16.8)	546	(14.5)	2,886	(15.3)
France	1,550	(8.8)	139	(9.0)	83	(24.6)	1,772	(11.4)
Germany	59	(26.2)	-	-	-	-	59	(26.2)
Total	**3,229**	**(12.5)**	**859**	**(15.7)**	**629**	**(16.8)**	**4,717**	**(14.1)**

In the first half of the year, more than two thirds of the valuation movement in the UK retail portfolio resulted from increased investment yields, with the majority of the remainder resulting from lower rental values. Conversely, the predominant factor in the decline in UK office values was a reduction in rental values.

In the French retail portfolio, the impact of increased investment yields was offset slightly by rent indexation, whilst French offices felt the effects of both increased yields and lower rental values.

INVESTMENT PORTFOLIO

At 30 June 2009, the investment portfolio represented 97% of the total portfolio and was valued at £4.6 billion. Our objective for the investment portfolio is to outperform the appropriate benchmark indices for capital and income growth. We actively manage our investment properties to maximise occupancy rates and enhance rental values.

In May we exchanged contracts for the sale of our remaining German asset, Forum Steglitz in Berlin. The net proceeds for the 32,000m^2 shopping centre, which were received in July, were £59 million and its comparable book value at 31 December 2008 was £79 million. The sale will reduce administration costs by approximately £0.5 million per annum.

There were three further disposals in June. Our freehold interest in Les Trois Quartiers, the 29,700m^2 retail and office building in Paris 1er, was sold for net proceeds of £180 million and its comparable book value at 31 December 2008 was £238 million. The purchaser was loaned £26 million by Hammerson for a two year term, extendable at the option of the purchaser for a further two years.

We disposed of a 75% interest in Bishops Square, London E1. The 71,900m^2 office property is let to international law firm Allen & Overy and is now held in a 25:75 joint venture between Hammerson and the Oman Investment Fund, an investment arm of the Government of Oman. The consideration for the property was £445 million compared with a book value at the end of 2008 of £486 million. Hammerson's interest in the property, including its secured debt, is accounted for as an associate at Hammerson's share of the associate's net asset value. We will receive an asset management fee of £300,000 per annum from the joint venture.

Victoria Retail Park, Nottingham, was sold for £35 million, of which £1m is being held in escrow as a rental guarantee. At 31 December 2008, the property was valued at £45 million.

Since the end of June, we have sold the recently completed retail park in France, Les Rives de l'Aa, St Omer, for £19 million.

The extension of East Kent Retail Park in Thanet was completed in June and was 100% pre-let to Bhs Homestore, Brantano and Dunelm. In July, the extension to Cleveland Retail Park, Middlesbrough was completed and it is substantially pre-let. The extension of Fife Central Retail Park at Kirkcaldy will be completed in August. We have pre-let all units but one and discussions with retailers are progressing in respect of the available unit.

At the end of June, the vacancy rate in the investment portfolio was 7.4% compared with 4.6% at 31 December 2008. The increase in vacancy over the first half of the year was primarily the result of the transfer of 60 Threadneedle Street, the office development completed in January, to the investment portfolio. This accounted for two percentage points of the increase in vacancy. If the recently completed developments were excluded from the calculation, the vacancy rate would have been 4.3% at the end of June 2009.

BUSINESS AND FINANCIAL REVIEW

CONTINUED

We are making progress in letting our recently completed shopping centre developments, although we have also suffered from tenants going into administration in the UK. Cabot Circus in Bristol and Highcross in Leicester, both of which opened in September 2008, were respectively 92% and 89% let at the end of June. At O'Parinor, the major shopping centre to the north of Paris, the final phase of which also completed last September, occupancy was 98%.

Following further lettings to Gatehouse Bank, AMCO Commodities LLP and Landmark Business Centres, the office building at 125 Old Broad Street, London EC2, is now 75% let. The adjacent office property, 60 Threadneedle Street, London EC2, which was completed in January of this year, is now 23% let following the lease of the seventh and eight floors to Talbot Underwriting. There is significant further interest from other potential occupiers and leases for a further 44% of income are in solicitors' hands. The 19,400m^2 nine-storey office building with 1,200m^2 of retail space, provides prime accommodation in one of the best locations in the City of London.

INCOME SECURITY AND QUALITY

Hammerson's investment portfolio provides a secure income stream with potential for growth and benefits from leases with long terms. The weighted average unexpired lease term for the investment portfolio was just over eight years at 30 June 2009.

During the first half of 2009, indexation in France increased annual rents by £4.6 million, whilst rent reviews in the UK added a further £0.6 million per annum.

Our rent collection record remains very good. In the UK, for the most recent quarter, 98% of the total rent was received within 14 days of the due date, compared with 97% for the first quarter. The equivalent figures for the French portfolio were 88% and 90% respectively.

As at 30 June, 80 retail units, from a total of nearly 1,600 in the UK, were let to tenants in administration, and of these, 44 are still trading. In France, there are 17 units in administration of which ten continue to trade. For the Group as a whole, total income from tenants in administration is £8.4 million per annum, or approximately 3% of passing rent at 30 June 2009, and of this, units representing 1.5% of passing rent are still occupied and trading.

Within the retail portfolio, only 25% of the UK rents passing expire in the next five years. In France, reflecting shorter lease lengths, approximately one-third of French retail rents passing expires before 2012. However, due to the nature of leases in France, most retail tenants renew their leases on expiry. Over the last 18 months, income from new lettings in France has exceeded rents previously passing on terminations and expiries.

Hammerson's largest tenants by passing rent are listed in the table below. In the retail portfolio, the ten largest tenants account for £48 million or 15.9% of the Group's total passing rent at 30 June 2009. The five largest office tenants represent £24 million or 7.9% of passing rent.

Retail		**Office**	
Tenant	**% of total passing rent**	**Tenant**	**% of total passing rent**
B&Q	2.9	Deutsche Bank	3.4
H&M Hennes Limited	2.4	Latham & Watkins LLP	1.6
Arcadia	1.7	HM Government	1.2
Home Retail Group	1.6	Barclays Bank	1.0
New Look Retailers	1.5	DTZ Debenham Tie Leung	0.7
DSG Retail Limited	1.3		
Inditex	1.2		
Vivarte	1.2		
Next Group	1.1		
Boots	1.0		
Total	**15.9**		**7.9**

BUSINESS AND FINANCIAL REVIEW

All new leases are assessed for the covenant strength of the tenants and our credit control team monitors the credit ratings of all key tenants, using a credit rating agency. Eight of our top ten retail tenants were rated as low risk at 30 June 2009, whilst one was rated as lower than average risk and one was unrated due to insufficient information being available.

Although we also monitor the risk ratings of our office tenants, they are generally of lower risk than retailers. Two of the top five office tenants at 30 June 2009 were rated as low risk, two were rated as lower than average risk and their rents guaranteed, and one was unrated due to insufficient information being available.

In addition to the tenants shown in the table on page 16, we have a 25% interest in Bishops Square, London E1, where the principal tenant, international law firm Allen & Overy, pays annual rent of £34.6 million.

CURRENT DEVELOPMENTS

Our development portfolio was valued at £161 million at the end of June 2009, and represented 3% of the total portfolio. The revaluation deficit on the development portfolio at 30 June was £167 million.

Current developments

	Notes	Union Square Aberdeen £m	Other developments £m	**Total development properties (note 8 to the accounts) £m**
Cost to 30 June 2009	1	205	123	328
Value at 30 June 2009		77	84	161
Cost to complete	2	65		
Estimated future interest capitalised		5		
Forecast total cost to complete	1	70		
Forecast total cost	1	275		
Estimated annual income when fully let	3	14		
Let	4	67%		

Notes
(1) Capital cost including capitalised interest.
(2) Capital cost to complete excluding estimated future capitalised interest.
(3) Includes estimates of non-rental income.
(4) Amount let or in solicitors' hands by income at 20 July 2009.

Union Square, Aberdeen, our only major development currently underway, is nearing completion. The nine-hectare site next to the railway station is being developed into 49,000m^2 of mixed-use space including retail units, leisure and catering, a 200 bedroom hotel and 1,700 car parking spaces. The scheme is due to open at the end of October this year and 67% of the £14 million projected income from the scheme has been contracted or is in solicitors' hands. A 4,830m^2 Marks & Spencer store will anchor the development. The estimated total development cost of the project is £275 million of which approximately £70 million remains to be spent.

BUSINESS AND FINANCIAL REVIEW
CONTINUED

ADDITIONAL CONTRACTED INCOME

In 2010, our cashflow will increase substantially from leases contracted at recently completed and current developments. The additional gross income on both cash and accounting bases is shown in the table below.

Rents passing	2008 £m	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m
Offices - UK	0.5	2.2	3.4	4.9	5.7	7.7
Shopping centres - UK	1.5	14.9	24.3	27.1	27.4	27.4
Retail parks - UK	-	1.1	3.8	3.9	3.9	3.9
Shopping centres - France	3.9	7.5	8.1	9.1	9.4	9.4
Retail parks - France	-	2.0	2.6	2.8	2.8	2.9
Total - cash flow	**5.9**	**27.7**	**42.2**	**47.8**	**49.2**	**51.3**
- accounting basis	**11.4**	**39.0**	**47.5**	**48.3**	**48.6**	**48.7**

Figures include Hammerson's share of rents for joint ventures.

The vacancy in the portfolio, particularly at the recently completed developments, provides the potential for further income growth as the empty units are let.

FUTURE DEVELOPMENTS

We have, over several years, secured a substantial pipeline of potential future development opportunities. We do not intend to start construction of any major new projects until market conditions improve, although we continue to progress the planning, design and site assembly phases of these schemes so that they could be started when appropriate.

In April, Southampton City Council granted outline planning consent for Watermark WestQuay, a project set on a four hectare brownfield site adjacent to our existing WestQuay Shopping Centre. The mixed-use scheme will include up to 24,000m^2 of retail space, a hotel, a residential building with up to 240 apartments and other leisure facilities.

We have entered into an agreement with The City of London Corporation, which provides us with a development option for the St Alphage House, London EC2 site. We intend to follow a full consultation process and work up a scheme design over the course of the next two years.

A planning application has been submitted for the redevelopment of Bishops Place, London EC2. The proposed scheme includes two office buildings providing a total of 66,000m^2 of accommodation with mixed use space located to the north of the site comprising a 50-storey tower with a hotel, serviced apartments and private residential units. Two separate buildings would house 50 affordable homes.

PROPERTY PORTFOLIO INFORMATION
RENTAL DATA FOR INVESTMENT PROPERTY
For the six months ended 30 June 2009

		Gross rental income £m	Net rental income £m	Vacancy rate %	Average rent passing £/m^2	Rents passing £m	Estimated rental value £m	Reversion/ (over-rented) %
Notes				1	2	3	4	5
United Kingdom								
Retail:	Shopping centres	58.0	44.6	6.7	450	108.1	122.2	6.2
	Retail parks	26.7	25.3	5.8	185	49.9	56.5	6.7
		84.7	69.9	6.4	340	158.0	178.7	6.3
Office:	City	26.8	22.0	26.5	460	21.9	25.4	(23.4)
	Other	8.4	8.1	9.1	290	17.2	18.5	(2.2)
		35.2	30.1	20.4	375	39.1	43.9	(14.5)
Total United Kingdom		119.9	100.0	10.0	345	197.1	222.6	2.0
Continental Europe								
France								
Retail		50.2	44.7	2.2	320	96.7	105.7	7.0
Office		10.8	9.9	-	710	7.3	5.4	(34.9)
Total France		61.0	54.6	2.0	335	104.0	111.1	4.7
Germany								
Retail		2.7	1.2	n/a	n/a	n/a	n/a	n/a
Total Continental Europe		63.7	55.8	2.0	335	104.0	111.1	4.7
Group								
Retail		137.6	115.8	4.8	335	254.7	284.4	6.6
Office		46.0	40.0	18.0	400	46.4	49.3	(16.7)
Total investment portfolio		**183.6**	**155.8**	**7.4**	**345**	**301.1**	**333.7**	**2.9**
Income from developments and other sources not analysed above		0.6	0.6					
As disclosed in note 2 to the accounts		**184.2**	**156.4**					

Selected data for the year ended 31 December 2008

	Gross rental income £m	Net rental income £m	Vacancy rate %	Average rent passing £/m^2	Rents passing £m	Estimated rental value £m	Reversion/ (over-rented) %
Group							
Retail	238.9	206.4	4.1	365	276.3	311.1	7.8
Office	98.6	90.6	6.2	445	91.8	89.7	(8.9)
Total investment portfolio	**337.5**	**297.0**	**4.6**	**380**	**368.1**	**400.8**	**3.8**

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 total ERV of the property or portfolio.

(2) Average rent passing at 30 June 2009 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 2009, after any rent-free periods and after deducting head and equity rents.

(4) The estimated market rental value of the total lettable space in a property at 30 June 2009, after deducting head and equity rents, calculated by the Group's external valuers.

(5) The percentage by which the ERV exceeds, or falls short of, rents passing together with the estimated rental value of vacant space.

PROPERTY PORTFOLIO INFORMATION
VALUATION DATA FOR INVESTMENT PROPERTY
For the six months ended 30 June 2009

		Properties at valuation £m	Revaluation in the period £m	Capital return %	Total return %	Initial yield %	True equivalent yield %
Notes						1	2
United Kingdom							
Retail:	Shopping centres	1,532	(249)	(14.0)	(11.6)	6.3	7.8
	Retail parks	714	(134)	(16.4)	(13.7)	7.0	8.4
		2,246	(383)	(14.8)	(12.3)	6.5	8.0
Office:	City	297	(70)	(11.9)	(9.4)	5.4	7.1
	Other	187	(37)	(17.5)	(14.2)	8.6	8.7
		484	(107)	(13.2)	(10.5)	6.6	7.7
Total United Kingdom		2,730	(490)	(14.3)	(11.8)	6.5	7.9
Continental Europe							
France							
Retail		1,684	(164)	(8.9)	(6.6)	5.0	5.8
Office		83	(19)	(24.6)	(21.7)	8.1	6.0
Total France		1,767	(183)	(11.4)	(9.1)	5.1	5.8
Germany							
Retail		59	(21)	(26.2)	(25.0)	-	-
Total Continental Europe		1,826	(204)	(11.9)	(9.7)	5.1	5.8
Group							
Retail		3,989	(568)	(12.7)	(10.3)	5.8	7.1
Office		567	(126)	(15.9)	(13.1)	6.9	7.5
Total investment portfolio		**4,556**	**(694)**	**(13.5)**	**(11.0)**	**6.0**	**7.1**
Developments[3]		161	(72)	(33.5)	(33.6)		
Total Group		**4,717**	**(766)**	**(14.1)**	**(11.7)**		

Selected data for the year ended 31 December 2008

	Properties at valuation £m	Revaluation in the period £m	Capital return %	Total return %	Initial yield %	True equivalent yield %
Group						
Retail	4,669	(1,077)	(18.9)	(15.6)	5.1	6.3
Office	1,360	(397)	(22.7)	(18.6)	6.5	6.5
Total investment portfolio	**6,029**	**(1,474)**	**(19.9)**	**(16.4)**	**5.5**	**6.3**

Notes

(1) 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 4.75%, primarily for management fees) as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable of £11.1 million 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 renewal and rent reviews based on current ERVs and assuming rents are received quarterly in advance. The property true equivalent yields are determined by the Group's external valuers.

(3) Further analysis of development properties by segment is provided in note 3B on page 32.

INDEPENDENT REVIEW REPORT TO HAMMERSON plc

INTRODUCTION
We have been engaged by the Company to review the condensed set of financial statements in the Half-year Report for the six months ended 30 June 2009, which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, the analysis of movement in net debt and related notes 1 to 19. We have read the other information contained in the Half-year 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 the International Standard on Review Engagements 2410 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 them 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-year Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-year Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half-year 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-year 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-year Report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
3 August 2009
London, UK

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 4 to 20 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 3 August 2009

John Richards	**Simon Melliss**
Director	Director

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2008 Audited £m		Notes	**Six months ended 30 June 2009 Unaudited £m**	Six months ended 30 June 2008 Unaudited £m
344.2	**Gross rental income**	2	**184.2**	165.3
257.5	**Operating profit before other net losses**	2	**137.0**	124.5
(1,698.3)	Other net losses	2	**(869.5)**	(481.7)
-	Share of results of associate	2	**(9.2)**	-
(1,440.8)	**Operating loss**	2	**(741.7)**	(357.2)
(153.8)	Finance costs		**(73.5)**	(69.4)
(26.9)	Change in fair value of derivatives		**(5.3)**	4.1
10.0	Finance income		**2.0**	5.4
(170.7)	Net finance costs	4	**(76.8)**	(59.9)
(1,611.5)	**Loss before tax**		**(818.5)**	(417.1)
(0.6)	Current tax	5A	**(0.4)**	(0.1)
38.3	Deferred tax	5A	**27.8**	2.3
37.7	Tax credit		**27.4**	2.2
(1,573.8)	**Loss for the period**		**(791.1)**	(414.9)
	Attributable to:			
(1,572.6)	Equity shareholders		**(786.1)**	(421.0)
(1.2)	Minority interests		**(5.0)**	6.1
(1,573.8)	**Loss for the period**		**(791.1)**	(414.9)
(368.9)p	**Basic loss per share**	7A	**(136.8)p**	(98.8)p
(368.4)p	**Diluted loss per share**	7A	**(136.6)p**	(98.7)p

Comparative per share data has been restated following the rights issue in March 2009 (see note 7). Adjusted earnings per share are shown in note 7A.

All results derive from continuing operations.

CONSOLIDATED BALANCE SHEET

31 December 2008 Audited £m		Notes	**30 June 2009 Unaudited £m**	30 June 2008 Unaudited £m
	Non-current assets			
6,456.8	Investment and development properties	8	**4,716.8**	7,092.9
25.6	Interests in leasehold properties		**23.0**	20.6
38.5	Plant, equipment and owner-occupied property		**29.7**	41.5
-	Investment in associate	9B	**2.0**	-
112.1	Other investments	10	**117.8**	112.0
19.7	Receivables	11	**73.1**	28.4
6,652.7			**4,962.4**	7,295.4
	Current assets			
123.6	Receivables	12	**110.5**	116.2
119.9	Cash and deposits	13	**264.2**	74.1
243.5			**374.7**	190.3
6,896.2	**Total assets**		**5,337.1**	7,485.7
	Current liabilities			
296.5	Payables	14	**210.7**	216.8
3.8	Tax	5B	**3.5**	4.0
6.0	Provision		**6.0**	-
32.5	Borrowings	15A	**60.6**	33.0
338.8			**280.8**	253.8
	Non-current liabilities			
3,420.1	Borrowings	15A	**2,294.5**	3,046.6
108.4	Deferred tax	5B	**60.7**	110.6
0.4	Tax	5B	**0.3**	3.5
25.5	Obligations under finance leases		**22.8**	20.5
93.1	Payables	17	**60.3**	43.2
-	Provision		**-**	6.0
3,647.5			**2,438.6**	3,230.4
3,986.3	**Total liabilities**		**2,719.4**	3,484.2
2,909.9	**Net assets**		**2,617.7**	4,001.5
	Equity			
72.7	Share capital	18	**174.2**	72.7
742.2	Share premium		**1,225.2**	742.1
707.6	Translation reserve		**427.7**	237.5
(580.1)	Hedging reserve		**(328.3)**	(191.8)
7.2	Capital redemption reserve		**7.2**	7.2
11.5	Other reserves		**9.9**	9.9
100.0	Revaluation reserve		**81.6**	234.4*
1,775.6	Retained earnings		**961.2**	2,824.0*
(4.5)	Investment in own shares		**(0.4)**	(4.9)
(11.6)	Treasury shares		**(11.6)**	(11.6)
2,820.6	**Equity shareholders' funds**		**2,546.7**	3,919.5
89.3	Equity minority interests		**71.0**	82.0
2,909.9	**Total equity**		**2,617.7**	4,001.5
£6.61	**Diluted net asset value per share**	7B	**£3.66**	£9.17
£7.03	**EPRA net asset value per share**	7B	**£3.73**	£9.44

* See note 1.

Comparative per share data has been restated following the rights issue in March 2009 (see note 7).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2008 Audited £m		Notes	**Six months ended 30 June 2009 Unaudited £m**	Six months ended 30 June 2008 Unaudited £m
644.5	Foreign exchange translation differences		**(290.6)**	157.0
(508.7)	Net gain/(loss) on hedge of net investment in foreign subsidiaries		**251.8**	(120.4)
(24.8)	Revaluation losses on development properties		**-**	(31.1)
(5.9)	Revaluation losses on owner-occupied property		**(7.6)**	(1.9)
29.9	Revaluation gains on investments		**8.1**	31.4
0.4	Actuarial (losses)/gains on pension schemes		**(4.4)**	(2.2)
(0.2)	Deferred tax on items taken directly to equity	5A	**1.2**	(2.1)
135.2	Net (loss)/gain recognised directly in equity		**(41.5)**	30.7
(1,573.8)	Loss for the period		**(791.1)**	(414.9)
(1,438.6)	**Total comprehensive loss for the period**		**(832.6)**	(384.2)
	Attributable to:			
(1,460.3)	Equity shareholders		**(816.9)**	(395.8)
21.7	Minority interests		**(15.7)**	11.6
(1,438.6)	**Total comprehensive loss for the period**		**(832.6)**	(384.2)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2009

Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Treasury shares £m	Equity shareholders' funds £m	Equity minority interests £m	Total equity £m
Balance at 1 January 2009	72.7	742.2	707.6	(580.1)	7.2	11.5	100.0	1,775.6	(4.5)	(11.6)	2,820.6	89.3	2,909.9
Rights issue	101.5	507.2	-	-	-	-	-	-	-	-	608.7	-	608.7
Expenses of rights issue	-	(24.3)	-	-	-	-	-	-	-	-	(24.3)	-	(24.3)
Issue of other shares	-	0.1	-	-	-	-	-	-	-	-	0.1	-	0.1
Share-based employee remuneration	-	-	-	-	-	2.7	-	-	-	-	2.7	-	2.7
Cost of shares awarded to employees	-	-	-	-	-	(4.1)	-	-	4.1	-	-	-	-
Transfer on award of own shares to employees	-	-	-	-	-	(0.2)	-	0.2	-	-	-	-	-
Transfer on sale of investments	-	-	-	-	-	-	(0.4)	0.4	-	-	-	-	-
Transfer on change in accounting policy relating to development properties (note 1)	-	-	-	-	-	-	(18.5)	18.5	-	-	-	-	-
Proceeds on award of own shares to employees	-	-	-	-	-	-	-	0.1	-	-	0.1	-	0.1
Dividends	-	-	-	-	-	-	-	(44.3)	-	-	(44.3)	(2.6)	(46.9)
Exchange adjustment	-	-	(279.9)	-	-	-	-	-	-	-	(279.9)	(10.7)	(290.6)
Net gain on hedging activities	-	-	-	251.8	-	-	-	-	-	-	251.8	-	251.8
Revaluation losses on owner-occupied property	-	-	-	-	-	-	(7.6)	-	-	-	(7.6)	-	(7.6)
Revaluation gains on investments	-	-	-	-	-	-	8.1	-	-	-	8.1	-	8.1
Actuarial losses on pension schemes	-	-	-	-	-	-	-	(4.4)	-	-	(4.4)	-	(4.4)
Deferred tax on items taken directly to equity	-	-	-	-	-	-	-	1.2	-	-	1.2	-	1.2
Loss for the period attributable to equity shareholders	-	-	-	-	-	-	-	(786.1)	-	-	(786.1)	(5.0)	(791.1)
Total comprehensive (loss)/gain for the period	-	-	(279.9)	251.8	-	-	0.5	(789.3)	-	-	(816.9)	(15.7)	(832.6)
Balance at 30 June 2009	**174.2**	**1,225.2**	**427.7**	**(328.3)**	**7.2**	**9.9**	**81.6**	**961.2**	**(0.4)**	**(11.6)**	**2,546.7**	**71.0**	**2,617.7**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

Year ended 31 December 2008

Audited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Treasury shares £m	Equity shareholders' funds £m	Equity minority interests £m	Total equity £m
Balance at 1 January 2008	72.6	740.0	86.0	(71.4)	7.2	10.6	238.7	3,291.5	(3.8)	(16.8)	4,354.6	70.4	4,425.0
Issue of shares	0.1	2.2	-	-	-	-	-	-	-	-	2.3	-	2.3
Share-based employee remuneration	-	-	-	-	-	4.6	-	-	-	-	4.6	-	4.6
Cost of shares awarded to employees	-	-	-	-	-	(4.5)	-	-	4.5	-	-	-	-
Transfer of treasury shares	-	-	-	-	-	-	-	-	(5.2)	5.2	-	-	-
Transfer on award of own shares to employees	-	-	-	-	-	0.8	-	(0.8)	-	-	-	-	-
Transfer of revaluation on completion of development properties	-	-	-	-	-	-	(141.8)	141.8	-	-	-	-	-
Transfer of deferred tax on completed properties	-	-	-	-	-	-	3.9	(3.9)	-	-	-	-	-
Proceeds on award of own shares to employees	-	-	-	-	-	-	-	0.1	-	-	0.1	-	0.1
Dividends	-	-	-	-	-	-	-	(80.7)	-	-	(80.7)	(2.8)	(83.5)
Exchange adjustment	-	-	621.6	-	-	-	-	-	-	-	621.6	22.9	644.5
Net loss on hedging activities	-	-	-	(508.7)	-	-	-	-	-	-	(508.7)	-	(508.7)
Revaluation losses on development properties	-	-	-	-	-	-	(24.8)	-	-	-	(24.8)	-	(24.8)
Revaluation losses on owner-occupied property	-	-	-	-	-	-	(5.9)	-	-	-	(5.9)	-	(5.9)
Revaluation gains on investments	-	-	-	-	-	-	29.9	-	-	-	29.9	-	29.9
Actuarial gains on pension schemes	-	-	-	-	-	-	-	0.4	-	-	0.4	-	0.4
Deferred tax on items taken directly to equity	-	-	-	-	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Loss for the period attributable to equity shareholders	-	-	-	-	-	-	-	(1,572.6)	-	-	(1,572.6)	(1.2)	(1,573.8)
Total comprehensive (loss)/gain for the year	-	-	621.6	(508.7)	-	-	(0.8)	(1,572.4)	-	-	(1,460.3)	21.7	(1,438.6)
Balance at 31 December 2008	72.7	742.2	707.6	(580.1)	7.2	11.5	100.0	1,775.6	(4.5)	(11.6)	2,820.6	89.3	2,909.9

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

Six months ended 30 June 2008

Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m	Other reserves £m	Revaluation reserve £m	Retained earnings £m	Investment in own shares £m	Treasury shares £m	Equity shareholders' funds £m	Equity minority interests £m	Total equity £m
Balance at 1 January 2008													
- as previously reported	72.6	740.0	86.0	(71.4)	7.2	10.6	156.3	3,373.9	(3.8)	(16.8)	4,354.6	70.4	4,425.0
- reclassification (note 1)	-	-	-	-	-	-	82.4	(82.4)	-	-	-	-	-
Balance at 1 January 2008 as restated	72.6	740.0	86.0	(71.4)	7.2	10.6	238.7	3,291.5	(3.8)	(16.8)	4,354.6	70.4	4,425.0
Issue of shares	0.1	2.1	-	-	-	-	-	-	-	-	2.2	-	2.2
Share-based employee remuneration	-	-	-	-	-	2.6	-	-	-	-	2.6	-	2.6
Cost of shares awarded to employees	-	-	-	-	-	(4.1)	-	-	4.1	-	-	-	-
Transfer of treasury shares	-	-	-	-	-	-	-	-	(5.2)	5.2	-	-	-
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	-	-	-	-	-	-	-	(44.2)	-	-	(44.2)	-	(44.2)
Exchange adjustment	-	-	151.5	-	-	-	-	-	-	-	151.5	5.5	157.0
Net loss on hedging activities	-	-	-	(120.4)	-	-	-	-	-	-	(120.4)	-	(120.4)
Revaluation losses on development properties	-	-	-	-	-	-	(31.1)	-	-	-	(31.1)	-	(31.1)
Revaluation losses on owner-occupied property	-	-	-	-	-	-	(1.9)	-	-	-	(1.9)	-	(1.9)
Revaluation gains on investments	-	-	-	-	-	-	31.4	-	-	-	31.4	-	31.4
Actuarial losses on pension schemes	-	-	-	-	-	-	-	(2.2)	-	-	(2.2)	-	(2.2)
Deferred tax on items taken directly to equity	-	-	-	-	-	-	(2.7)	0.6	-	-	(2.1)	-	(2.1)
(Loss)/Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	(421.0)	-	-	(421.0)	6.1	(414.9)
Total comprehensive (loss)/gain for the period	-	-	151.5	(120.4)	-	-	(4.3)	(422.6)	-	-	(395.8)	11.6	(384.2)
Balance at 30 June 2008	72.7	742.1	237.5	(191.8)	7.2	9.9	234.4	2,824.0	(4.9)	(11.6)	3,919.5	82.0	4,001.5

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2008 Audited £m		Notes	**Six months ended 30 June 2009 Unaudited £m**	Six months ended 30 June 2008 Unaudited £m
	Operating activities			
257.5	Operating profit before other net losses	2	**137.0**	124.5
19.5	Decrease in receivables		**27.8**	31.7
50.8	(Decrease)/Increase in payables		**(25.2)**	(4.1)
18.5	Adjustment for non-cash items	19	**(9.4)**	7.5
346.3	**Cash generated from operations**		**130.2**	159.6
(209.7)	Interest paid		**(116.7)**	(137.8)
9.4	Interest received		**0.6**	4.8
(116.2)	Tax repaid/(paid)	5B	**2.0**	(112.2)
29.8	**Cash flows from operating activities**		**16.1**	(85.6)
	Investing activities			
(123.5)	Property and corporate acquisitions		**-**	(122.5)
(376.7)	Development and major refurbishments		**(98.8)**	(181.8)
(13.9)	Other capital expenditure		**(7.3)**	(9.4)
245.3	Sale of properties		**186.2**	72.6
-	Sale of subsidiary		**33.9**	-
-	Investment in associate		**(5.0)**	-
-	Sale of investments		**1.3**	-
-	Increase in non-current receivables		**(31.0)**	-
(268.8)	**Cash flows from investing activities**		**79.3**	(241.1)
	Financing activities			
-	Rights issue		**584.4**	-
2.3	Issue of other shares		**0.1**	2.2
0.1	Proceeds from award of own shares		**0.1**	0.1
1,050.0	(Decrease)/Increase in non-current borrowings		**(549.5)**	854.8
(635.1)	Increase/(Decrease) in current borrowings		**66.4**	(438.8)
(2.8)	Dividends paid to minorities		**(2.6)**	-
(86.7)	Equity dividends paid		**(42.7)**	(46.7)
327.8	**Cash flows from financing activities**		**56.2**	371.6
88.8	**Net increase in cash and deposits**		**151.6**	44.9
28.6	Opening cash and deposits		**119.9**	28.6
2.5	Exchange translation movement		**(7.3)**	0.6
119.9	**Closing cash and deposits**	13	**264.2**	74.1

ANALYSIS OF MOVEMENT IN NET DEBT

For the six months ended 30 June 2009

	Short-term deposits £m	**Cash at bank £m**	**Current borrowings including currency swaps* £m**	**Non-current borrowings £m**	**Net debt £m**
Balance at 1 January 2009	40.5	79.4	(32.5)	(3,420.1)	(3,332.7)
Sale of subsidiary	-	(0.7)	-	388.0	387.3
Cash flow	157.5	(5.2)	(66.4)	549.5	635.4
Exchange	(2.5)	(4.8)	68.5	188.1	249.3
Balance at 30 June 2009	**195.5**	**68.7**	**(30.4)**	**(2,294.5)**	**(2,060.7)**

* At 30 June 2009, the fair value of currency swaps was an asset of £30.2 million which is included in current receivables (see note 12).

NOTES TO THE ACCOUNTS

1. FINANCIAL INFORMATION

The financial information contained in this Half-year Report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The results for the year ended 31 December 2008 are an abridged version of the full accounts for that year, which received an unqualified report from the auditors, did not contain a statement under s237(2) or (3) of the Companies Act 1985 or include a reference to any matter to which the auditors drew attention by way of emphasis without qualifying their report, and have been filed with the Registrar of Companies. 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, with the exception that the Group has adopted the IASB's Annual Improvements to IFRSs as they relate to development properties and IAS 1 'Presentation of Financial Statements' (revised 2007).

Previously, development properties were accounted for under IAS 16, but are now accounted for under IAS 40. This change has meant that with effect from 1 January 2009, revaluation surpluses and deficits on development properties are now recognised in the income statement rather than in equity. There is no impact on previously reported figures in respect of this change. The cumulative balance included within the revaluation reserve in respect of development properties at 1 January 2009 of £18.5 million has been transferred to retained earnings in the current period.

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a consolidated statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each period presented.

The accounts for the year ended 31 December 2008 included a reclassification of £82.4 million from the revaluation reserve to retained earnings in respect of deferred tax on properties that were transferred from development to investment properties in prior years. This deferred tax matched the amounts previously transferred in respect of the revaluation of these properties. The revaluation reserve and retained earnings balances as at 30 June 2008 included in this Half-year Report reflect this reclassification.

The Group's financial performance does not suffer materially from seasonal fluctuations. 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 2008.

The management fees receivable in note 2 are fees paid to Hammerson in respect of joint ventures and an associate for investment and development management services. Loans to an associate are disclosed in note 11. All other related party transactions, with the exception of Directors' remuneration, are eliminated on consolidation.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance sheet: £1 = €1.174 (30 June 2008: £1 = €1.263; 31 December 2008: £1 = €1.034)
Income statement: £1 = €1.119 (30 June 2008: £1 = €1.291; 31 December 2008: £1 = €1.258).

The Half-year Report was approved by the Board on 3 August 2009.

GOING CONCERN

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

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half-year Report.

NOTES TO THE ACCOUNTS

CONTINUED

2. OPERATING PROFIT

Year ended 31 December 2008 £m		Notes	**Six months ended 30 June 2009 £m**	Six months ended 30 June 2008 £m
344.2	**Gross rental income**	3A	**184.2**	165.3
(6.2)	Ground and equity rents payable		**(3.1)**	(3.0)
338.0	Gross rental income, after rents payable		**181.1**	162.3
59.8	Service charge income		**31.9**	28.9
(65.8)	Service charge expenses		**(37.7)**	(31.5)
(6.0)	Net service charge expenses		**(5.8)**	(2.6)
(32.2)	Other property outgoings		**(18.9)**	(13.9)
(38.2)	Property outgoings		**(24.7)**	(16.5)
299.8	**Net rental income**	3A	**156.4**	145.8
4.5	Management fees receivable		**1.5**	2.3
(29.7)	Cost of property activities		**(13.2)**	(14.8)
(17.1)	Corporate expenses		**(7.7)**	(8.8)
(42.3)	Administration expenses		**(19.4)**	(21.3)
257.5	**Operating profit before other net losses**		**137.0**	124.5
(32.5)	Loss on the sale of investment properties		**(77.9)**	(2.1)
-	Loss on the sale of subsidiary		**(25.4)**	-
(1,473.4)	Revaluation losses on investment properties		**(693.9)**	(407.4)
(176.5)	Revaluation losses on development properties		**(72.3)**	(55.2)
(15.9)	Asset impairment		**-**	(17.0)
(1,698.3)	**Other net losses**		**(869.5)**	(481.7)
-	**Share of results of associate**	9A	**(9.2)**	-
(1,440.8)	**Operating loss**		**(741.7)**	(357.2)

NOTES TO THE ACCOUNTS
CONTINUED

3. SEGMENTAL ANALYSIS

The Group's reportable segments are the geographic locations and sectors in which it operates, which are generally managed by separate teams. Gross rental income represents the Group's revenue from external customers or tenants. Net rental income is the principal profit measure used to determine the performance of each sector. Total assets are not monitored by segment and resource allocation is based on the distribution of property assets between segments.

A. REVENUE AND PROFIT BY SEGMENT

Year ended 31 December 2008				**Six months ended 30 June 2009**			Six months ended 30 June 2008		
Gross rental income £m	Net rental income £m	Non-cash items £m		**Gross rental income £m**	**Net rental income £m**	**Non-cash items £m**	Gross rental income £m	Net rental income £m	Non-cash items £m
			United Kingdom						
99.8	81.7	1.9	Retail: Shopping centres	**58.0**	**44.6**	**2.2**	46.5	39.2	(0.5)
53.1	48.9	(0.4)	Retail parks	**26.7**	**25.3**	**(0.1)**	25.8	24.1	(0.3)
152.9	130.6	1.5		**84.7**	**69.9**	**2.1**	72.3	63.3	(0.8)
63.7	57.9	0.1	Office: City	**26.8**	**22.0**	**0.3**	32.7	29.0	0.2
15.2	14.4	(0.2)	Other	**8.4**	**8.1**	**(0.1)**	7.3	6.9	-
78.9	72.3	(0.1)		**35.2**	**30.1**	**0.2**	40.0	35.9	0.2
231.8	202.9	1.4	**Total United Kingdom**	**119.9**	**100.0**	**2.3**	112.3	99.2	(0.6)
			Continental Europe						
			France						
81.3	72.8	0.9	Retail	**50.2**	**44.7**	**0.6**	37.2	33.3	-
19.7	18.3	(1.3)	Office	**10.8**	**9.9**	**(0.6)**	9.6	9.1	(0.5)
101.0	91.1	(0.4)	**Total France**	**61.0**	**54.6**	**-**	46.8	42.4	(0.5)
			Germany						
4.7	3.0	-	Retail	**2.7**	**1.2**	**(0.5)**	2.2	1.3	-
105.7	94.1	(0.4)	**Total Continental Europe**	**63.7**	**55.8**	**(0.5)**	49.0	43.7	(0.5)
			Group						
238.9	206.4	2.4	Retail	**137.6**	**115.8**	**2.2**	111.7	97.9	(0.8)
98.6	90.6	(1.4)	Office	**46.0**	**40.0**	**(0.4)**	49.6	45.0	(0.3)
337.5	297.0	1.0	**Total investment portfolio**	**183.6**	**155.8**	**1.8**	161.3	142.9	(1.1)
6.7	2.8	-	Developments and other sources not analysed above	**0.6**	**0.6**	**-**	4.0	2.9	0.3
344.2	299.8	1.0	**Total portfolio**	**184.2**	**156.4**	**1.8**	165.3	145.8	(0.8)
2	2	19	As disclosed in note	2	2	19	2	2	19

NOTES TO THE ACCOUNTS
CONTINUED

3. SEGMENTAL ANALYSIS *continued*

B. PROPERTY ASSETS BY SEGMENT

31 December 2008 Investment properties £m	Development properties £m	Total £m	Capital expenditure £m			**30 June 2009 Investment properties £m**	**Development properties £m**	**Total £m**	**Capital expenditure £m**	30 June 2008 Investment properties £m	Development properties £m	Total £m	Capital expenditure £m
				United Kingdom									
1,683	155	1,838	234	Retail:	Shopping centres	**1,532**	**87**	**1,619**	**65**	1,581	604	2,185	114
845	46	891	50		Retail parks	**714**	**7**	**721**	**15**	1,031	66	1,097	34
2,528	201	2,729	284			**2,246**	**94**	**2,340**	**80**	2,612	670	3,282	148
753	174	927	73	Office:	City	**297**	**56**	**353**	**9**	909	293	1,202	45
224	5	229	-		Other	**187**	**6**	**193**	**-**	262	6	268	-
977	179	1,156	73			**484**	**62**	**546**	**9**	1,171	299	1,470	45
3,505	380	3,885	357	**Total United Kingdom**		**2,730**	**156**	**2,886**	**89**	3,783	969	4,752	193
				Continental Europe									
				France									
2,051	48	2,099	64	Retail		**1,684**	**5**	**1,689**	**4**	1,681	175	1,856	20
383	-	383	(1)	Office		**83**	**-**	**83**	**-**	393	-	393	-
2,434	48	2,482	63	**Total France**		**1,767**	**5**	**1,772**	**4**	2,074	175	2,249	20
				Germany									
90	-	90	3	Retail		**59**	**-**	**59**	**-**	92	-	92	-
2,524	48	2,572	66	**Total Continental Europe**		**1,826**	**5**	**1,831**	**4**	2,166	175	2,341	20
				Group									
4,669	249	4,918	351	Retail		**3,989**	**99**	**4,088**	**84**	4,385	845	5,230	168
1,360	179	1,539	72	Office		**567**	**62**	**629**	**9**	1,564	299	1,863	45
6,029	428	6,457	423	**Total**		**4,556**	**161**	**4,717**	**93**	5,949	1,144	7,093	213

NOTES TO THE ACCOUNTS
CONTINUED

4. NET FINANCE COSTS

Year ended 31 December 2008 £m		**Six months ended 30 June 2009 £m**	Six months ended 30 June 2008 £m
73.6	Interest on bank loans and overdrafts	**26.0**	26.2
110.7	Interest on other borrowings	**51.9**	61.1
2.3	Interest on obligations under finance leases	**1.1**	1.2
3.1	Other interest payable	**0.3**	2.3
189.7	Gross interest costs	**79.3**	90.8
(35.9)	Less: Interest capitalised	**(5.8)**	(21.4)
153.8	Finance costs	**73.5**	69.4
33.3	Change in fair value of interest rate swaps	**(1.7)**	(6.4)
(6.4)	Change in fair value of currency swaps outside hedge accounting designation	**7.0**	2.3
26.9	Change in fair value of derivatives	**5.3**	(4.1)
(10.0)	Finance income	**(2.0)**	(5.4)
170.7	**Net finance costs**	**76.8**	59.9

5. TAX
A. TAX CREDIT

Year ended 31 December 2008 £m		**Six months ended 30 June 2009 £m**	Six months ended 30 June 2008 £m
(0.3)	UK current tax	**0.1**	-
0.9	Foreign current tax	**0.3**	0.1
0.6	**Total current tax charge**	**0.4**	0.1
(38.3)	**Deferred tax credit**	**(27.8)**	(2.3)
(37.7)	**Tax credit**	**(27.4)**	(2.2)
0.2	**Deferred tax on items taken directly to equity**	**(1.2)**	2.1

B. CURRENT AND DEFERRED TAX MOVEMENTS

	1 January 2009 £m	Recognised in income £m	Recognised in equity £m	Net tax repaid £m	Exchange movements £m	**30 June 2009 £m**
Current tax						
UK tax	-	0.1	-	0.1	-	**0.2**
Foreign tax	1.5	0.3	-	1.9	(0.4)	**3.3**
	1.5	0.4	-	2.0	(0.4)	**3.5**
Deferred tax						
Dividends receivable from France (note 5C)	156.9	(24.2)	-	-	(18.7)	**114.0**
Revenue tax losses	(48.6)	(2.9)	-	-	-	**(51.5)**
Other timing differences	0.1	(0.7)	(1.2)	-	-	**(1.8)**
	108.4	(27.8)	(1.2)	-	(18.7)	**60.7**
	109.9	(27.4)	(1.2)	2.0	(19.1)	**64.2**

The net current tax liability at 30 June 2009 of £3.5 million is analysed as: £3.5 million in current liabilities; £0.3 million in non-current liabilities; and £0.3 million in current receivables.

NOTES TO THE ACCOUNTS
CONTINUED

5. TAX *continued*
C. COMMENTARY

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

Although legislation has been enacted to exempt foreign dividends from UK tax from July 2009, as at 30 June 2009, the Group is required to provide for the UK tax that would arise on dividends required to be paid under SIIC rules following French property disposals. The Group expects to release virtually all the net deferred tax balance before 31 December 2009.

6. DIVIDENDS

The interim dividend of 6.95 pence per share (30 June 2008: 12.6 pence per share) was approved by the Board on 3 August 2009 and is payable on 2 October 2009 to shareholders on the register at the close of business on 21 August 2009. The interim dividend will be paid as a PID, net of withholding tax where appropriate, although there is a scrip alternative. Shareholders have until 4 September 2009 to elect to participate in the scrip dividend scheme. Any scrip dividend will not be treated as a PID and will not be subject to withholding tax.

The £44.3 million dividend included in the 'Statement of changes in equity' on page 25 is the 2008 final dividend which was paid on 22 May 2009, part of which was paid as a PID and was subject to withholding tax of £1.6 million which was paid on 14 July 2009.

7. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

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

A. EARNINGS PER SHARE

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

Year ended 31 December 2008 Earnings £m	Shares million*	Pence per share		**Six months ended 30 June 2009 Earnings £m**	**Shares million**	**Pence per share**	Six months ended 30 June 2008 Earnings £m	Shares million*	Pence per share
(1,572.6)	426.3	(368.9)	**Basic**	**(786.1)**	**575.0**	**(136.8)**	(421.0)	426.0	(98.8)
-	0.6	0.5	Dilutive share options	**-**	**0.3**	**0.2**	-	0.6	0.1
(1,572.6)	426.9	(368.4)	**Diluted**	**(786.1)**	**575.3**	**(136.6)**	(421.0)	426.6	(98.7)
			Adjustments:						
1,473.4		345.1	Revaluation losses on investment properties	**693.9**		**120.6**	407.4		95.5
32.5		7.6	Loss on the sale of investment properties	**77.9**		**13.5**	2.1		0.5
176.5		41.4	Revaluation losses on development properties	**72.3**		**12.6**	55.2		12.9
-		-	Loss on sale of subsidiary	**25.4**		**4.4**	-		-
26.9		6.3	Change in fair value of derivatives	**5.3**		**0.9**	(4.1)		(1.0)
(38.3)		(9.0)	Deferred tax credit	**(27.8)**		**(4.8)**	(2.3)		(0.5)
-		-	Adjustment for associate (note 9A)	**9.3**		**1.6**	-		-
(4.0)		(0.9)	Minority interests in respect of the above	**(6.9)**		**(1.2)**	4.6		1.1
94.4		22.1	**EPRA**	**63.3**		**11.0**	41.9		9.8
15.9		3.7	Asset impairment	**-**		**-**	17.0		4.0
110.3		25.8	**Adjusted**	**63.3**		**11.0**	58.9		13.8

***** In March 2009 the Company issued 405,796,774 new shares through a rights issue. Further details are provided in note 18. To reflect the rights issue, the numbers of shares previously used to calculate the basic, diluted and adjusted per share data have been amended in the above earnings per share table and net asset value per share table in note 7B. An adjustment factor of 1.47 has been applied, based on the ratio of the Company's share price of 334 pence per share on 19 February 2009, the day before the Record Date for the rights issue, and the theoretical ex-rights price at that date of 227 pence per share. The number of treasury shares is not affected as they were not eligible to subscribe for new shares under the terms of the rights issue.

NOTES TO THE ACCOUNTS
CONTINUED

7. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE *continued*
B. NET ASSET VALUE PER SHARE

31 December 2008 Net asset value per share* £		Equity shareholders' funds £m	Shares million	30 June 2009 Net asset value per share £	30 June 2008 Net asset value per share* £
6.58	**Basic**	**2,546.7**	**696.7**	**3.66**	9.15
n/a	Company's own shares held in Employee Share Ownership Plan	**-**	**-**	**n/a**	n/a
n/a	Treasury shares	**-**	**(1.0)**	**n/a**	n/a
n/a	Unexercised share options	**4.7**	**1.0**	**n/a**	n/a
6.61	**Diluted**	**2,551.4**	**696.7**	**3.66**	9.17
1.03	Fair value adjustment to borrowings (net of tax)	**290.6**		**0.42**	0.42
7.64	**EPRA triple net**	**2,842.0**		**4.08**	9.59
0.17	Fair value of derivatives	**(20.7)**		**(0.03)**	0.01
(1.03)	Fair value adjustment to borrowings (net of tax)	**(290.6)**		**(0.42)**	(0.42)
0.25	Deferred tax	**60.7**		**0.09**	0.26
-	Adjustment for associate (note 9B)	**6.2**		**0.01**	-
7.03	**EPRA**	**2,597.6**		**3.73**	9.44

***** The numbers of shares previously used to calculate the net asset value per share data have been amended to reflect the rights issue as set out in note 7A.

Taking account of the rights issue, the pro forma net asset value per share at 31 December 2008 was £5.16.

8. INVESTMENT AND DEVELOPMENT PROPERTIES

	Investment properties Valuation £m	Investment properties Cost £m	Development properties Valuation £m	Development properties Cost £m	Total Valuation £m	Total Cost £m
Balance at 1 January 2009	6,028.6	4,835.6	428.2	626.8	**6,456.8**	**5,462.4**
Exchange adjustment	(301.1)	(183.7)	(5.6)	(6.7)	**(306.7)**	**(190.4)**
Additions - capital expenditure	33.2	33.2	59.4	59.4	**92.6**	**92.6**
Disposals	(765.5)	(656.6)	-	(0.1)	**(765.5)**	**(656.7)**
Other transfers	254.1	356.8	(254.1)	(356.8)	**-**	**-**
Capitalised interest	0.5	0.5	5.3	5.3	**5.8**	**5.8**
Revaluation adjustment	(693.9)	-	(72.3)	-	**(766.2)**	**-**
Balance at 30 June 2009	4,555.9	4,385.8	160.9	327.9	**4,716.8**	**4,713.7**

Properties are stated at market value as at 30 June 2009, valued by professionally qualified external valuers. In the United Kingdom, the Group's properties were valued by DTZ Debenham Tie Leung, Chartered Surveyors. In France the Group's properties were valued by Cushman & Wakefield, Chartered Surveyors. The valuations have been prepared in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (the Standards) and with IVA 1 of the International Valuation Standards.

In their valuation report, the valuers of the French portfolio have noted, in accordance with Guidance Note 5 of the Standards, that the primary source of evidence for valuations should be recent, comparable market transactions on arms' length terms. The current economic environment means that there have been few transactions for the types of property owned by Hammerson in France. Consequently, there is a greater degree of uncertainty in respect of the figures reported by the valuers of our French portfolio. Until the number and consistency of comparable transactions increases, this situation is likely to remain. Further discussion of this issue is set out in 'Principal risks and uncertainties' on page 7.

Included in the table above is property held for sale valued at £78.0 million as at 30 June 2009.

At 30 June 2009 the total amount of interest included in development properties was £17.4 million (31 December 2008: £22.0 million), calculated using the Group's average cost of borrowings.

NOTES TO THE ACCOUNTS
CONTINUED

9. INVESTMENT IN ASSOCIATE

On 4 June 2009, the Group sold its interest in Hammerson (Bishops Square) Limited to Bishops Square Holdings Limited, a company in which the Group holds a 25% interest and which is accounted for as an associate. Further information on this transaction is included in the 'Business and financial review'.

A. SHARE OF RESULTS OF ASSOCIATE

Year ended 31 December 2008 £m		**Six months ended 30 June 2009 £m**	Six months ended 30 June 2008 £m
-	**Gross rental income**	**0.7**	-
-	Other operating profits and finance costs	**0.1**	-
-	Revaluation losses on investment properties	**(10.1)**	-
-	Change in fair value of derivatives	**0.8**	-
-		**(9.3)**	-
-	**Loss after tax**	**(9.2)**	-

B. SHARE OF ASSETS AND LIABILITIES OF ASSOCIATE

31 December 2008 £m		**30 June 2009 £m**	30 June 2008 £m
-	Investment properties	**111.3**	-
-	Other assets	**5.1**	-
-	Total assets	**116.4**	-
-	Borrowings	**(88.8)**	-
-	Fair value of derivatives	**(6.2)**	-
-	Other liabilities	**(19.4)**	-
-	Total liabilities	**(114.4)**	-
-	**Net assets**	**2.0**	-

10. OTHER INVESTMENTS

Available for sale investments

31 December 2008 £m		**30 June 2009 £m**	30 June 2008 £m
52.5	Value Retail Investors Limited Partnerships	**60.6**	51.9
58.3	Investments in Value Retail plc and related companies	**57.2**	58.9
1.3	Other investments	**-**	1.2
112.1		**117.8**	112.0

NOTES TO THE ACCOUNTS
CONTINUED

11. RECEIVABLES: NON-CURRENT ASSETS

31 December 2008 £m		**30 June 2009 £m**	30 June 2008 £m
15.5	Loans receivable	**39.3**	12.7
-	Loans to associate	**31.0**	-
2.4	Other receivables	**2.8**	0.5
1.8	Fair value of interest rate swaps	**-**	15.2
19.7		**73.1**	28.4

Loans receivable includes £25.7 million (31 December 2008: £nil) representing a loan of €30.0 million to SCI Quantum, the purchaser of a property in France. The loan is secured by way of a second charge on the property, bears interest at 6.1% and is for a term of two years from June 2009, extendable at the option of the purchaser for a further two years.

Loans receivable also includes £13.6 million (31 December 2008: £15.5 million) representing a loan of €16.0 million to Value Retail plc bearing interest based on EURIBOR and maturing on 22 August 2010.

The loans to associate of £31.0 million (31 December 2008: £nil) comprises £10.0 million loaned to Bishops Square Holdings Limited which is non-interest bearing and repayable at the earlier of the termination of the shareholder agreement; the sale of the property at Bishops Square, London EC1; or as agreed between Hammerson and the company, and a mezzanine loan of £21.0 million to Hammerson (Bishops Square) Limited, which bears interest at 6.27%, matures in April 2013 and is secured by way of a second charge on the property.

The loans are classified as ‘available for sale’.

12. RECEIVABLES: CURRENT ASSETS

31 December 2008 £m		**30 June 2009 £m**	30 June 2008 £m
48.1	Trade receivables	**33.4**	44.9
69.4	Other receivables	**42.0**	64.4
2.7	Corporation tax	**0.3**	3.3
3.4	Prepayments	**4.6**	3.3
-	Fair value of currency swaps	**30.2**	-
-	Fair value of interest rate swaps	**-**	0.3
123.6		**110.5**	116.2

13. CASH AND DEPOSITS

31 December 2008 £m		**30 June 2009 £m**	30 June 2008 £m
79.4	Cash at bank	**68.7**	38.3
40.5	Short-term deposits	**195.5**	35.8
119.9		**264.2**	74.1
	Currency profile		
58.3	Sterling	**97.4**	53.0
61.6	Euro	**166.8**	21.1
119.9		**264.2**	74.1

Short-term deposits principally comprise deposits placed on money markets with rates linked to LIBOR. Included in the cash balance is £4.0 million (31 December 2008: £14.9 million) which may be used only in relation to certain development projects or in respect of secured borrowings.

NOTES TO THE ACCOUNTS
CONTINUED

14. PAYABLES: CURRENT LIABILITIES

31 December 2008 £m		30 June 2009 £m	30 June 2008 £m
92.3	Trade payables	**79.0**	60.8
178.2	Other payables	**108.0**	123.7
26.0	Accruals	**21.3**	21.6
-	Fair value of interest rate swaps	**2.4**	10.7
296.5		**210.7**	216.8

15. BORROWINGS

A. MATURITY

31 December 2008 £m		30 June 2009 £m	30 June 2008 £m
32.5	Current borrowings	**60.6**	33.0
3,420.1	Non-current borrowings	**2,294.5**	3,046.6
3,452.6		**2,355.1**	3,079.6

B. ANALYSIS

31 December 2008 £m			30 June 2009 £m	30 June 2008 £m
1,255.5	Bank loans and overdrafts:	Unsecured	**660.7**	1,012.3
449.8		Secured	**60.6**	474.0
1,714.0	Other borrowings:	Unsecured	**1,633.8**	1,590.8
3,419.3			**2,355.1**	3,077.1
33.3	Fair value of currency swaps - payable		**-**	2.5
3,452.6			**2,355.1**	3,079.6
-	Fair value of currency swaps - receivable (note 12)		**(30.2)**	-
3,452.6			**2,324.9**	3,079.6

C. CURRENCY PROFILE

31 December 2008 Total £m		Borrowings excluding currency swaps £m	Fair value of currency swaps £m	30 June 2009 Total £m	30 June 2008 Total £m
1,308.3	Sterling	**1,241.6**	**(516.1)**	**725.5**	1,330.5
2,144.3	Euro	**1,113.5**	**485.9**	**1,599.4**	1,749.1
3,452.6		**2,355.1**	**(30.2)**	**2,324.9**	3,079.6

As part of the Group's foreign currency hedging programme, at 30 June 2009 the Group had currency swaps of £516.1 million, included above, being €570.4 million sold forward against sterling: €304.2 million for value in September 2009 at a rate of £1 = €1.088, and €266.2 million for value in December 2009 at a rate of £1 = €1.125. At 31 December 2008 the Group had currency swaps of £533.8 million, being €594.2 million sold forward against sterling: €304.2 million for value in March 2009 and €290.0 million for value in June 2009. Previously reported figures for 2008 have been reanalysed in the table above, to reflect the sterling and euro elements of currency swaps.

NOTES TO THE ACCOUNTS
CONTINUED

15. BORROWINGS *continued*

D. UNDRAWN COMMITTED FACILITIES

31 December 2008 £m		**30 June 2009 £m**	30 June 2008 £m
200.0	Expiring within one year	**14.2**	-
117.5	Expiring between one and two years	**150.0**	328.1
50.0	Expiring after more than two years	**477.8**	75.8
367.5		**642.0**	403.9

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

31 December 2008			**30 June 2009**		30 June 2008	
Book value £m	Fair value £m		**Book value £m**	**Fair value £m**	Book value £m	Fair value £m
0.2	0.2	Current borrowings	**60.8**	**60.8**	31.3	31.3
3,438.4	2,824.6	Non-current borrowings	**2,308.4**	**1,904.8**	3,065.3	2,815.9
(19.3)	(19.3)	Unamortised borrowing costs	**(14.1)**	**(14.1)**	(19.5)	(19.5)
33.3	33.3	Currency swaps	**(30.2)**	**(30.2)**	2.5	2.5
3,452.6	2,838.8	**Total borrowings**	**2,324.9**	**1,921.3**	3,079.6	2,830.2
39.7	39.7	**Interest rate swaps**	**9.5**	**9.5**	-	-

The fair values of the Group's borrowings have been estimated on the basis of quoted market prices. The fair values of the Group's outstanding interest rate swaps have been estimated by calculating the present value of future cash flows using appropriate market discount rates.

Details of the Group's cash and short-term deposits are set out in note 13. Their fair values and those of other financial assets and liabilities equate to their book values. At 30 June 2009, the book value of financial liabilities exceeded their fair value by £403.6 million (31 December 2008: £613.8 million) equivalent to 58 pence per share (31 December 2008: 144 pence per share) on an adjusted net asset value per share basis. On a post-tax basis, the difference was equivalent to 42 pence per share (31 December 2008: 103 pence per share).

17. PAYABLES: NON-CURRENT LIABILITIES

31 December 2008 £m		**30 June 2009 £m**	30 June 2008 £m
9.6	Net pension liability	**11.1**	5.9
42.0	Other payables	**42.1**	32.5
41.5	Fair value of interest rate swaps	**7.1**	4.8
93.1		**60.3**	43.2

NOTES TO THE ACCOUNTS
CONTINUED

18. SHARE CAPITAL

31 December 2008 £m		**30 June 2009 £m**	30 June 2008 £m
72.7	Called up, allotted and fully paid	**174.2**	72.7

Ordinary shares of 25p each	**Number**
Movements in issued share capital	
Number of shares in issue at 1 January 2009	290,854,839
Rights issue	405,796,774
Share options exercised - Share option schemes	29,557
Number of shares in issue at 30 June 2009	**696,681,170**

On 23 March 2009 the Company issued 405,796,774 new shares at an issue price of 150 pence per new share through a rights issue, on the basis of 7 new shares for every 5 existing shares. Proceeds of £584.4 million, net of expenses, were used to reduce the Company's indebtedness.

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

Year ended 31 December 2008 £m		**Six months ended 30 June 2009 £m**	Six months ended 30 June 2008 £m
3.1	Amortisation of lease incentives and other costs	**3.0**	0.6
(4.1)	(Increase)/Decrease in accrued rents receivable	**(4.8)**	0.2
(1.0)	Non-cash items included within net rental income	**(1.8)**	0.8
1.3	Depreciation	**0.7**	0.6
4.6	Share-based employee remuneration	**2.7**	2.6
13.6	Exchange and other items	**(11.0)**	3.5
18.5		**(9.4)**	7.5

OTHER INFORMATION

DIRECTORS
John Nelson* FCA, Chairman
John Richards BSc, FRICS, Chief Executive
David Atkins BSc, MRICS
Christophe Clamageran
John Clare* CBE, BSc, Senior Independent Director
Peter Cole BSc, MRICS
David Edmonds* CBE, BA, D.Litt
Jacques Espinasse* BBA, MBA
John Hirst* BA, FCA, ACT, CCMI
Simon Melliss BA, FCA
Tony Watson* CBE, BSc (Econ), Barrister at Law, ASIP, FSI (Hon)
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SECRETARY
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WEBSITE
This Half-year Report, the most recent Annual Report and other information are available on the Company's website, www.hammerson.com. The Company operates a service whereby all registered users can choose to receive, via e-mail, notice of all Company announcements which can be viewed on the website.

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

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

Where a shareholder elects for the scrip dividend alternative, this will not be treated as a PID and will not be subject to withholding tax.

FINANCIAL CALENDAR

Ex-dividend date	19 August 2009
Record date	21 August 2009
Latest date for receipt of scrip dividend election	4 September 2009
Interim dividend payable	2 October 2009

GLOSSARY OF TERMS

Adjusted figures (per share)	Reported amounts adjusted 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 value during the period for properties held at the balance sheet date, 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.
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.
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 and car parks and commercial income.
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 4.75%, 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 the 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.
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 and car parks and commercial income, after deducting head and equity rents payable, and other property related costs.
Over-rented	The amount by which the ERV falls short of rents passing, together with the estimated rental value of vacant space.

GLOSSARY OF TERMS
CONTINUED

Pre-let	A lease signed with a tenant prior to the completion of a development.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempted property rental business and which is taxable for UK-resident shareholders at their marginal tax rate.
REIT	Real Estate Investment Trust. A tax regime which in the UK exempts participants from corporation tax both on UK rental income and gains arising on UK investment property sales, subject to certain requirements.
Rents passing or passing rents	The annual rental income receivable from an investment property, after any rent-free periods and after deducting head and equity rents. This may be more or less than the ERV (see over-rented and reversionary or under-rented).
Return on shareholders' equity (ROE)	Capital growth and profit for the period expressed as a percentage of equity shareholders' funds at the beginning of the period, all excluding deferred tax and certain non-recurring items.
Reversionary or under-rented	The amount by which the ERV exceeds the rents passing, together with the estimated rental value of vacant space.
Scrip dividend	A dividend received in the form of shares.
SIIC	Sociétés d'Investissements Immobiliers Côtées. A French tax-exempt regime available to property companies listed in France.
Total development cost	All capital expenditure on a development project, including capitalised interest.
Total return	Net rental income and capital return expressed as a percentage of the opening book value of property adjusted for capital expenditure and exchange translation movements, calculated on a monthly time-weighted basis.
True equivalent yield	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.
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 total ERV of the property or portfolio.