



Hammerson

HALF-YEAR RESULTS 2008

John Richards – Chief Executive

Thursday, 7 August 2008

FINANCIAL PERFORMANCE

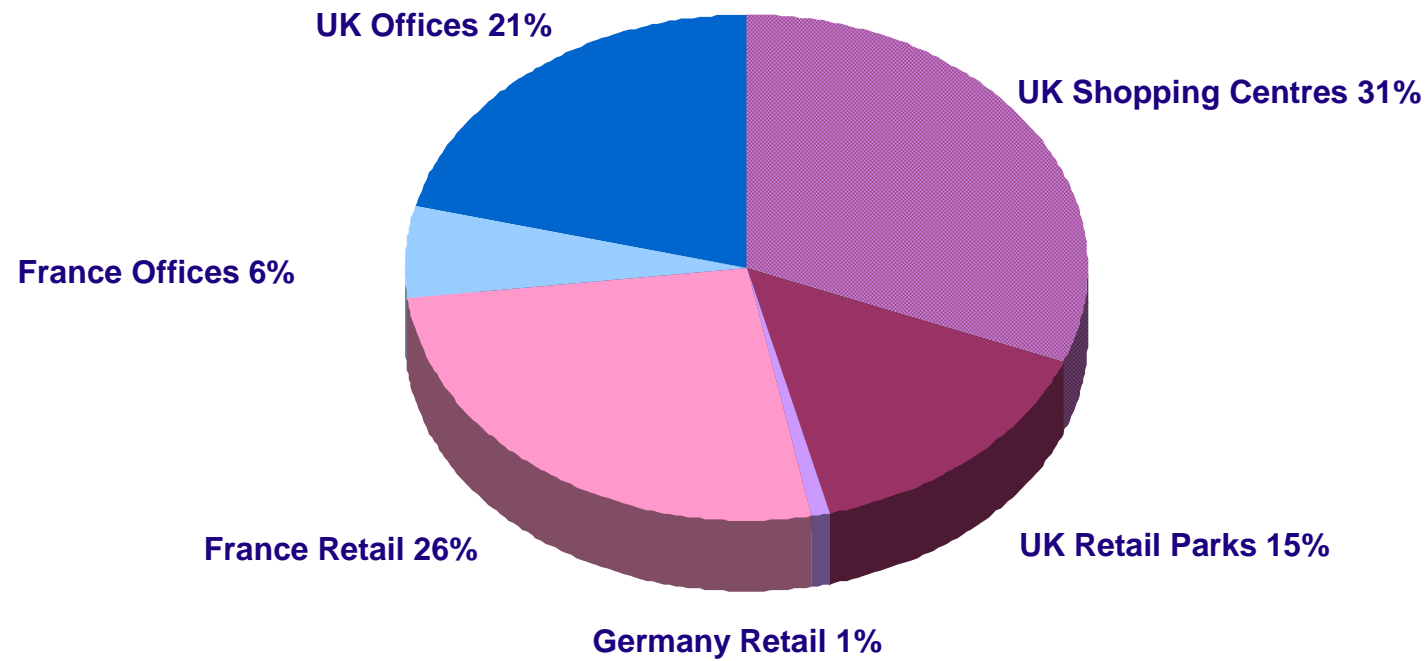
Six months to 30 June 2008

▪ Adjusted profit before tax	£60.5 million	+10.4%
▪ Adjusted earnings per share	20.3 pence	+10.3%
▪ Interim dividend per share	12.6 pence	+5.0%
▪ NAV per share (EPRA basis)	£13.92	- 9.9%

PORTFOLIO

As at 30 June 2008

Total portfolio: £7.1 billion



PORTFOLIO DATA

As at 30 June 2008

		Occupancy %	Unexpired lease term years
UK	Shopping Centres	98.0	10.4
	Retail Parks	97.1	14.2
	Offices	99.6	14.2
France	Retail	97.0	4.5
	Offices	93.7	5.4
Group		97.7	10.1

CURRENT MAJOR DEVELOPMENTS

- Six schemes underway – total cost £960 million
- Costs to 30 June £700 million
- Value at 30 June £864 million
- Forecast income £72 million
- Estimated yield on cost 7.5%
- Five projects completing in H2 2008; one in H2 2009



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FINANCIAL REVIEW

Simon Melliss – Group Finance Director

NET RENTAL INCOME

	(£million)	
Six months to 30 June	2008	2007
Properties owned throughout	134.6	128.9
Acquisitions	8.4	2.2
Developments	1.9	1.0
Properties sold	0.9	11.6
Exchange translation and other	-	(5.4)
Net rental income	<u>145.8</u>	<u>138.3</u>

ADJUSTED EARNINGS

	(£ million)	
Six months to 30 June	2008	2007
(Loss)/Profit before tax	(417.1)	367.8
Adjustments:		
Loss on the sale of investment properties	2.1	0.5
Revaluation losses/(gains) on investment properties	407.4	(323.4)
Revaluation losses on development properties	55.2	-
Bond redemption costs	-	0.1
Asset impairment	17.0	-
Change in fair value of derivatives	(4.1)	9.8
	<u>477.6</u>	<u>(313.0)</u>
Adjusted profit before tax	60.5	54.8
Current tax and minority interests	(1.6)	(1.7)
	<u>58.9</u>	<u>53.1</u>
Adjusted earnings	<u>58.9</u>	<u>53.1</u>
Adjusted earnings per share	20.3p	18.4p
Dividend per share	12.6p	12.0p

CASH FLOW

	(£ million)	
Six months to 30 June	2008	2007
Cash generated from operations	160	150
Net interest	(134)	(103)
Tax	(112)	(1)
Cash flows from operating activities	<u>(86)</u>	<u>46</u>
Property and corporate acquisitions	(123)	(112)
Capital expenditure	(191)	(153)
Investments	-	(20)
Disposals	<u>73</u>	<u>-</u>
	(241)	(285)
Dividend	(47)	(44)
Net cash flow before financing	<u><u>(374)</u></u>	<u><u>(283)</u></u>

BALANCE SHEET

(£ million)

	30 June 2008	31 Dec 2007
Property assets	7,093	7,275
Net debt	(3,006)	(2,496)
Other net liabilities	(56)	(324)
	<u>4,031</u>	<u>4,455</u>
Deferred tax	(111)	(100)
Equity shareholders' funds	<u>3,920</u>	<u>4,355</u>
EPRA NAV per share	£13.92	£15.45
Gearing	77%	57%

CAPITAL RETURNS

Six months to 30 June 2008

	Shopping Centres		Retail Parks		Offices		Total	
	Value £m	Capital return %	Value £m	Capital return %	Value £m	Capital return %	Value £m	Capital return %
UK	2,185	(8.0)	1,097	(13.1)	1,470	(8.1)	4,752	(9.2)
France	1,712	2.9	144	(4.0)	393	(7.8)	2,249	0.3
Germany	92	(4.0)	-	-	-	-	92	(4.0)
Total	3,989	(3.6)	1,241	(12.1)	1,863	(8.1)	7,093	(6.4)

INVESTMENT PORTFOLIO YIELD MOVEMENTS

		Yield Change H1 2008	Yield Change H2 2007	Equivalent Yield 30 June 2008
UK	Shopping Centres	+50 b.p.	+35 b.p.	5.6%
	Retail Parks	+75 b.p.	+55 b.p.	6.0%
	Offices	+45 b.p.	+75 b.p.	6.2%
France	Retail	unchanged	unchanged	4.5%
	Offices	+40 b.p.	unchanged	4.8%
Group		+35 b.p.	+40 b.p.	5.4%

NAV ANALYSIS

	EPRA shareholders' funds ⁽¹⁾ (£ million)	EPRA NAV ⁽¹⁾ (£ per share)
31 December 2007	4,474	15.45
Revaluation - equity changes	(2)	(0.01)
- income changes	(463)	(1.60)
Retained profit (excl. revaluations)	36	0.12
Dividend	(44)	(0.15)
Exchange and other movements	37	0.11
30 June 2008	<u>4,038</u>	<u>13.92</u>

Notes

1) Excluding deferred tax and fair value of derivatives

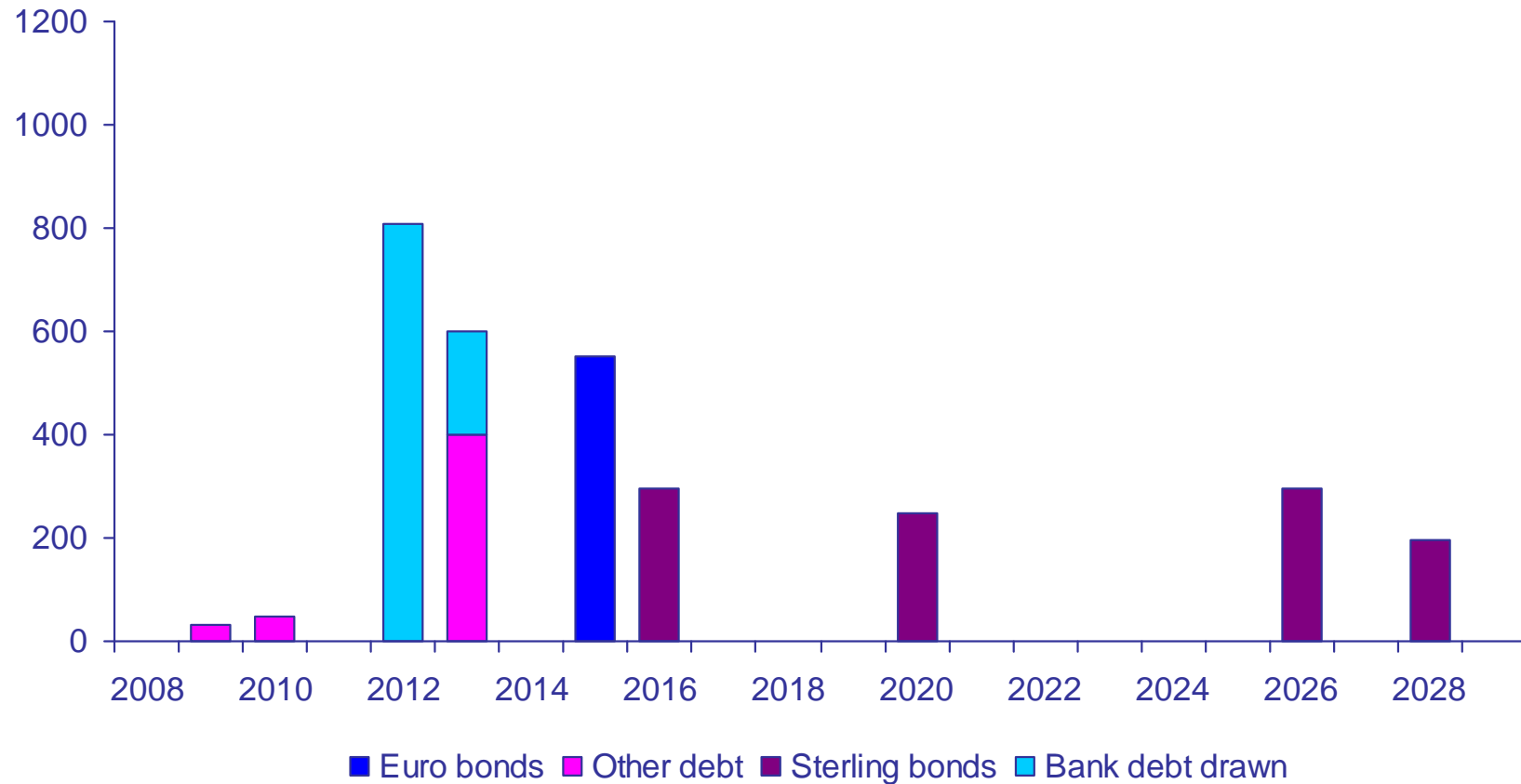
FINANCING

- Unsecured medium term bank facilities totalling £350 million arranged in H1 2008
- £400 million non-recourse facility secured on Bishops Square signed April 2008
- Redemption of the €500 million 6.25% bonds in June 2008
- 57% of gross borrowings at fixed rates at 30 June 2008
- Weighted average maturity of debt approximately eight years
- Cash, deposits and undrawn facilities of £478 million at 30 June 2008
- Additional £100 million bank facility arranged since 30 June 2008

DEBT MATURITY PROFILE

At 30 June 2008

£ million





MARKETS AND PORTFOLIO REVIEW

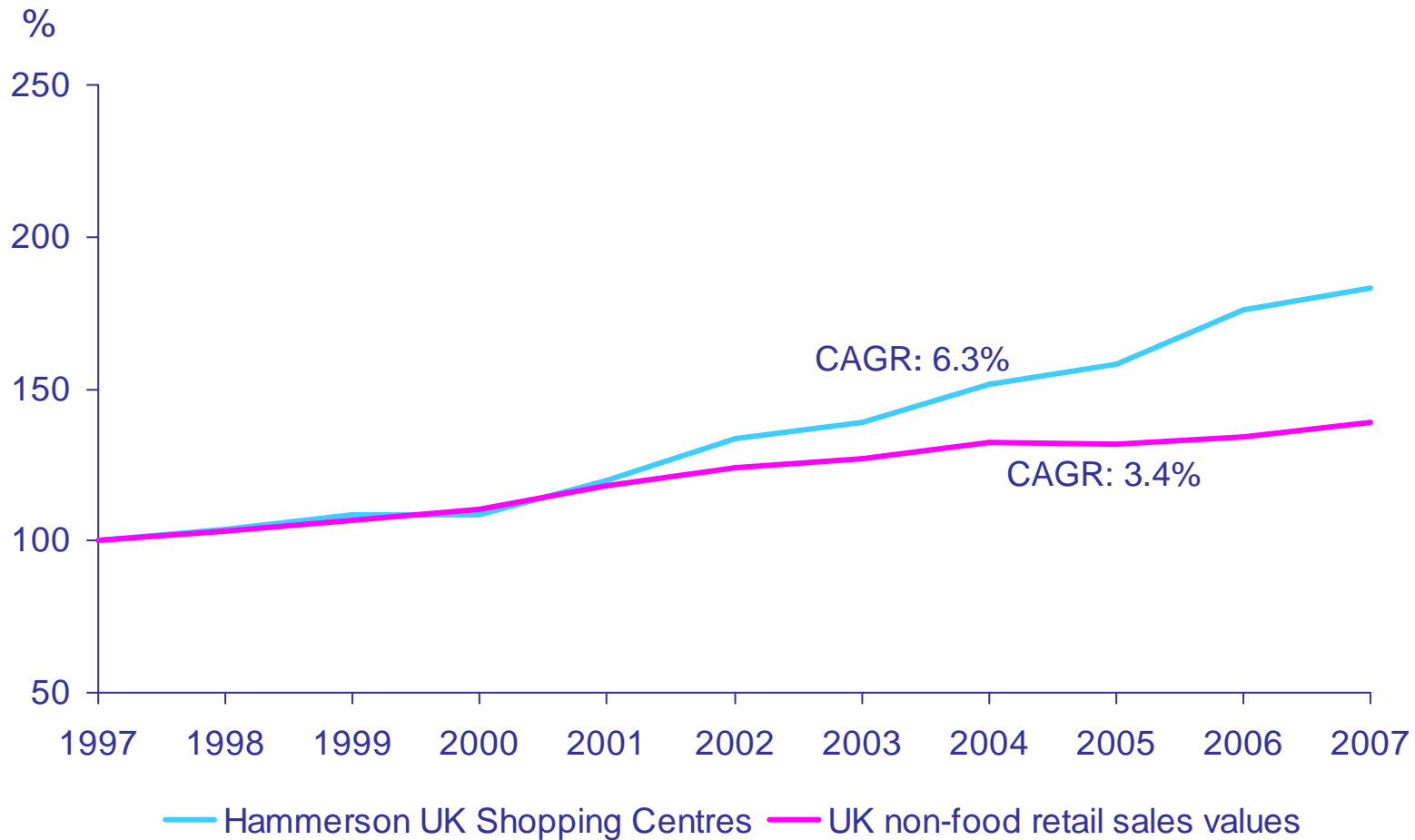
John Richards



UK RETAIL PROPERTY MARKET

- Higher cost of living straining household budgets
- Consumer confidence declining
- Conditions for retailers remain challenging
- Retailers continue to seek space in dominant regional locations
- Rental resilience at the best shopping centres and retail parks

HAMMERSON SHOPPING CENTRE INCOME GROWTH vs NON FOOD SALES – UK

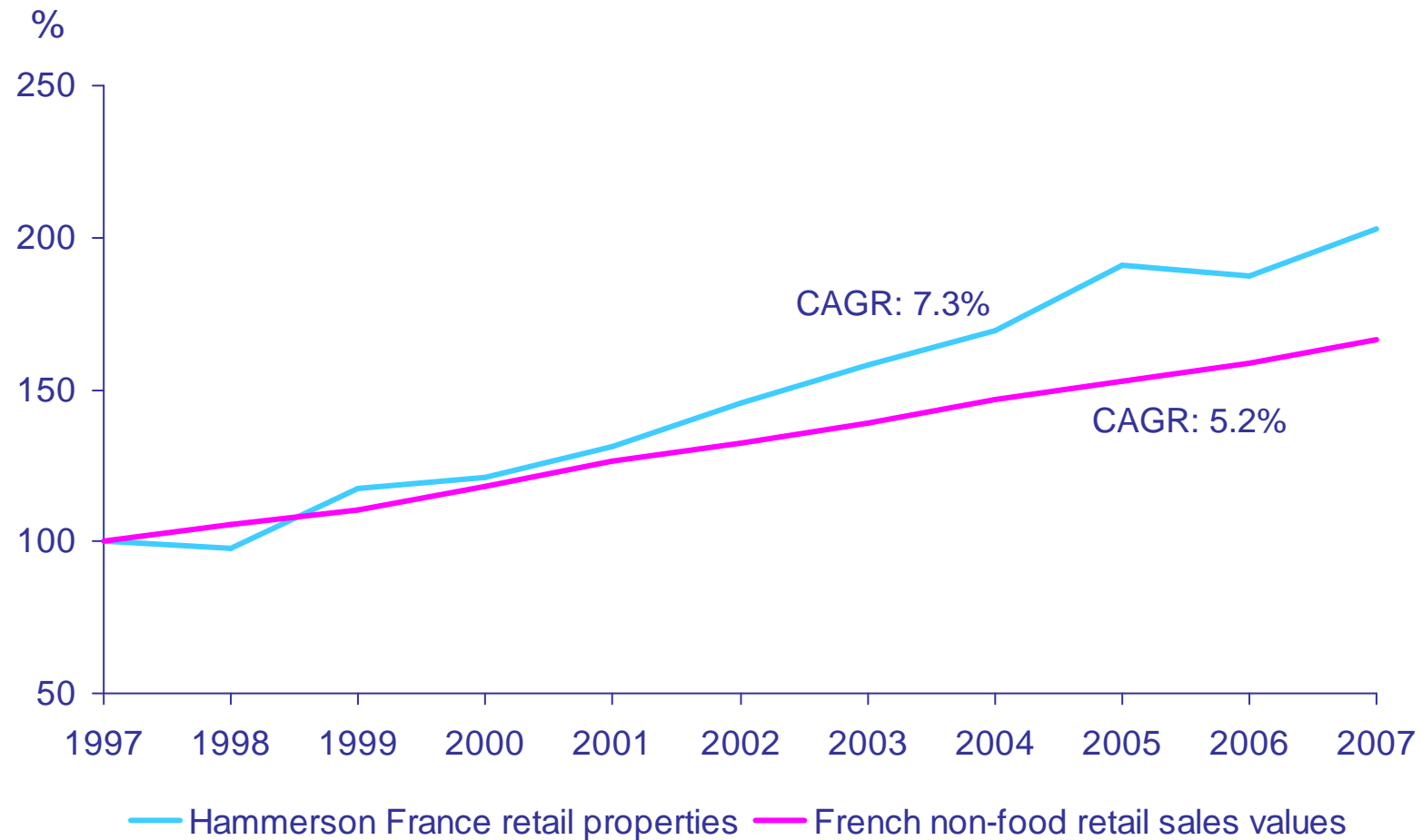


Source: Hammerson data and DataStream

FRENCH RETAIL MARKET

- Fewer economic imbalances but not immune from global problems
- Consumer confidence suffering from higher prices
- Retail rents benefiting from 5.1% indexation rate

HAMMERSON SHOPPING CENTRE INCOME GROWTH vs NON FOOD SALES - FRANCE



Source: Hammerson data and DataStream

OFFICE MARKETS

CITY OF LONDON


- Close link with international banking and finance
- Take-up down nearly 40% on H1 2007
- Continued occupier demand for well located prime space
- Prime rents down over 10% in H1 to £60 ft²
- Completions will peak in 2008 but few new starts

PARIS CBD

- Office take-up less exposed to global banking and finance
- Prime CBD rents increased in H1 2008 to around €770/m²
- Vacancy rate 4%

INVESTMENT MARKETS

- Continuing problems in the international debt markets
- Debt finance available on more restrictive terms
- Equity investors generally on sidelines
- UK values have fallen by around 20% since June 2007
- France less affected but values softening



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DEVELOPMENTS



LONDON OFFICE DEVELOPMENT



125 Old Broad Street, London EC2



60 Threadneedle Street, London EC2

SHOPPING CENTRE DEVELOPMENT COMPLETIONS



Highcross, Leicester



O'Parinor, near Paris



Cabot Circus, Bristol

UNION SQUARE, ABERDEEN



- Mall/open retail scheme totalling 49,000m²
- Estimated total development cost £245 million
- Projected income £16 million
- Completion Oct 2009
- 32% let or under offer

FIFE CENTRAL RETAIL PARK, KIRKCALDY

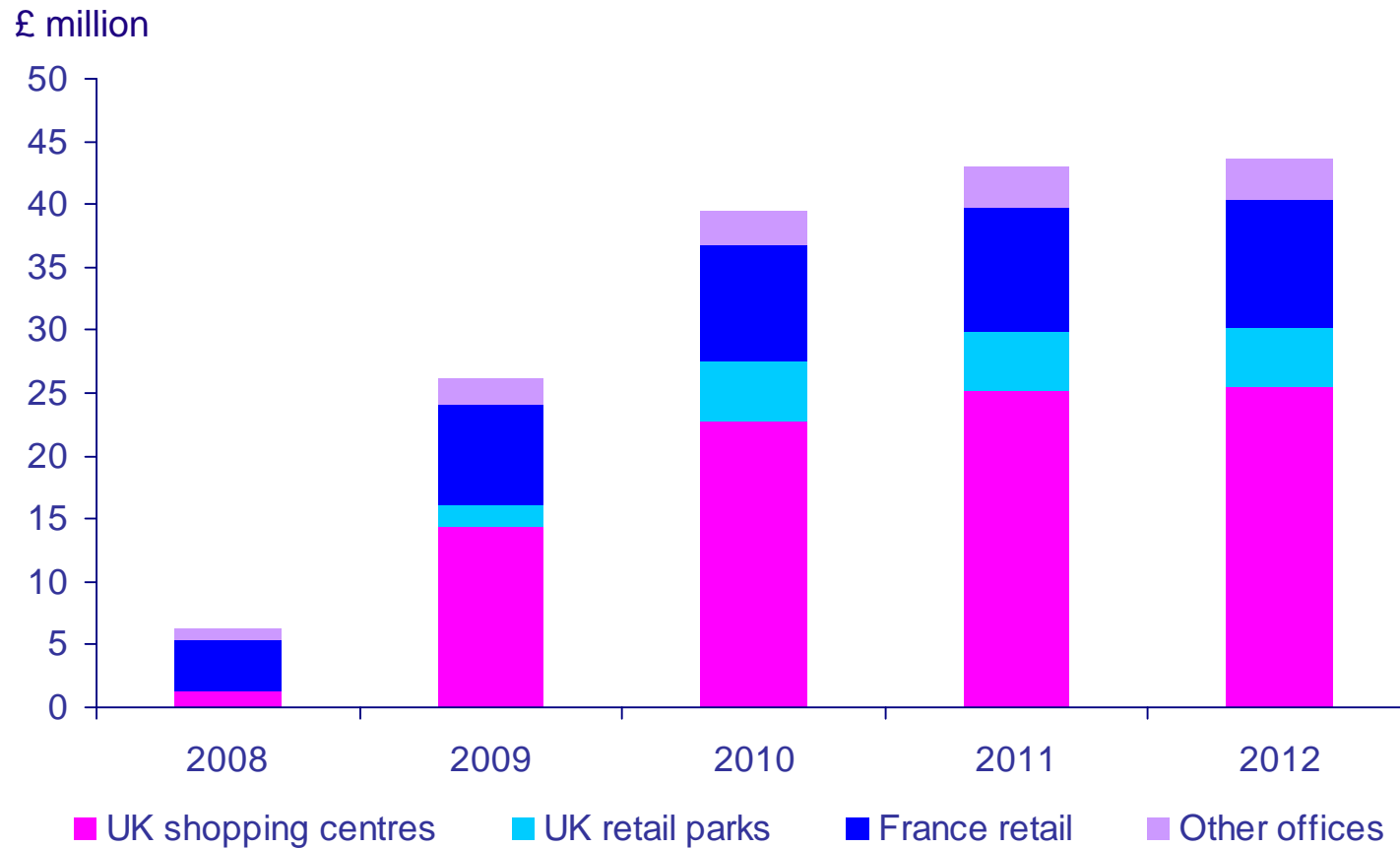


- Phase 2 Extension – 11,000m² opening autumn 2009
- Restricted open A1 retail consent
- Anchored by J Sainsbury's, Homebase, B&Q, Next and Boots
- Estimated costs £24 million
- Estimated income £1.8 million
- Extension over 80% let or in solicitors' hands

DEVELOPMENT PIPELINE

- Current investment £261 million
- Current income £6 million
- Secure planning consents
- Control capital expenditure

ADDITIONAL CONTRACTED INCOME



Notes:

- 1) Hammerson's share of income shown for joint ventures
- 2) The bar chart shows cash rent receivable and not income smoothing under IFRS

SUMMARY

- Continued good operating performance in first six months of 2008
- Robust income stream from high quality £5.9 billion investment portfolio
- Current development programme nearing completion
- Income growth from new leases
- Excellent development pipeline but cautious approach to new starts
- Strong balance sheet



APPENDICES

EARNINGS PER SHARE (EPS)

Six months to 30 June 2008

Pence per share

Adjusted EPS	20.3
Revaluation movement on investment and development properties	(159.7)
Loss on disposal of investment properties	(0.7)
Change in fair value derivatives	1.4
Deferred tax	0.8
Asset impairment	(5.9)
Minority interests in respect of the above	(1.6)
Diluted loss per share	(145.4)

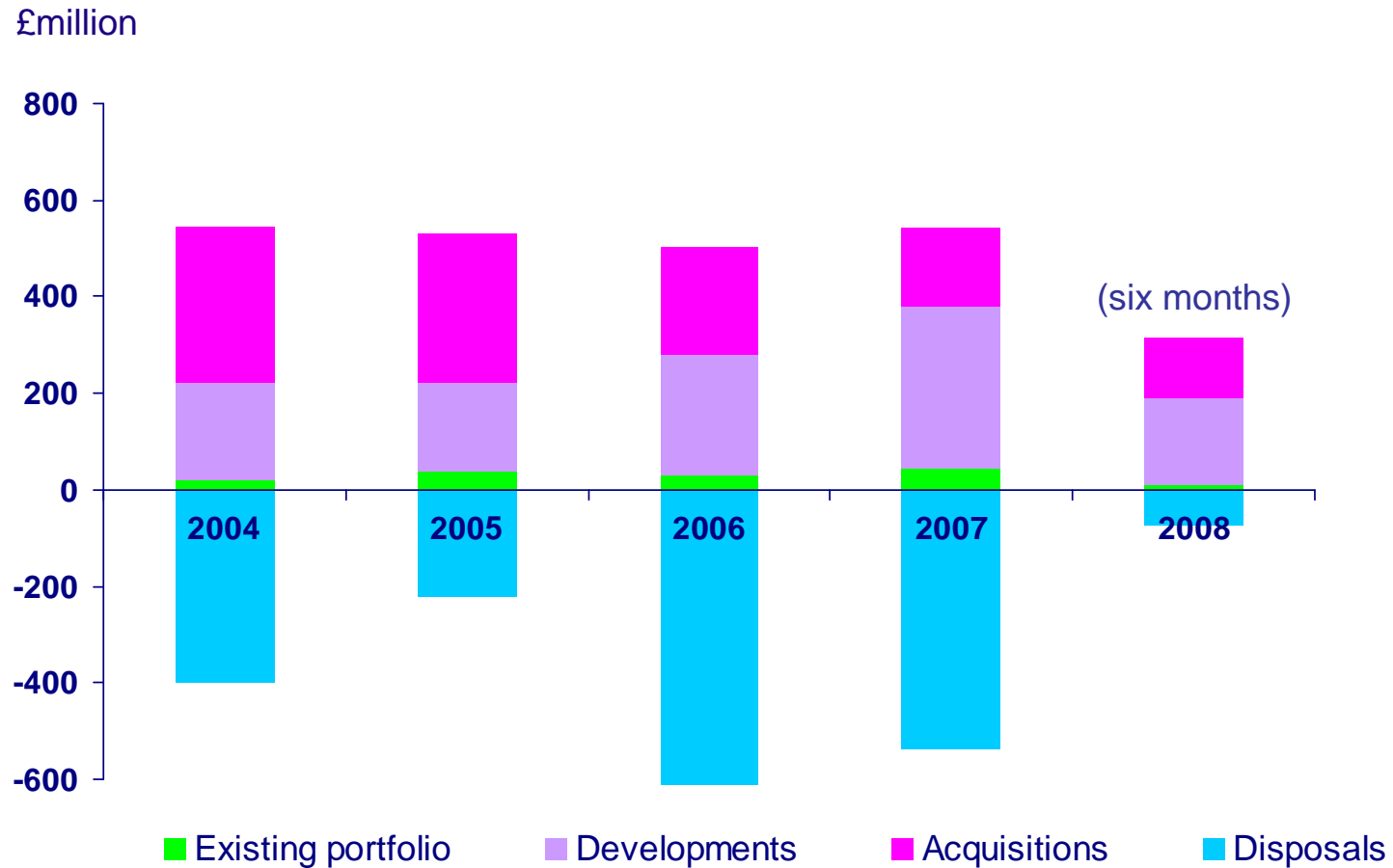
NET ASSET VALUE (NAV)

As at 30 June 2008

£ per share

Basic NAV per share	13.48
Effect of exercise of options and ESOP shares	0.05
Diluted NAV	13.53
Fair value of derivatives	0.01
Deferred tax	0.38
EPRA NAV	13.92
EPRA triple net NAV	14.15

CAPITAL ALLOCATION AND RECYCLING



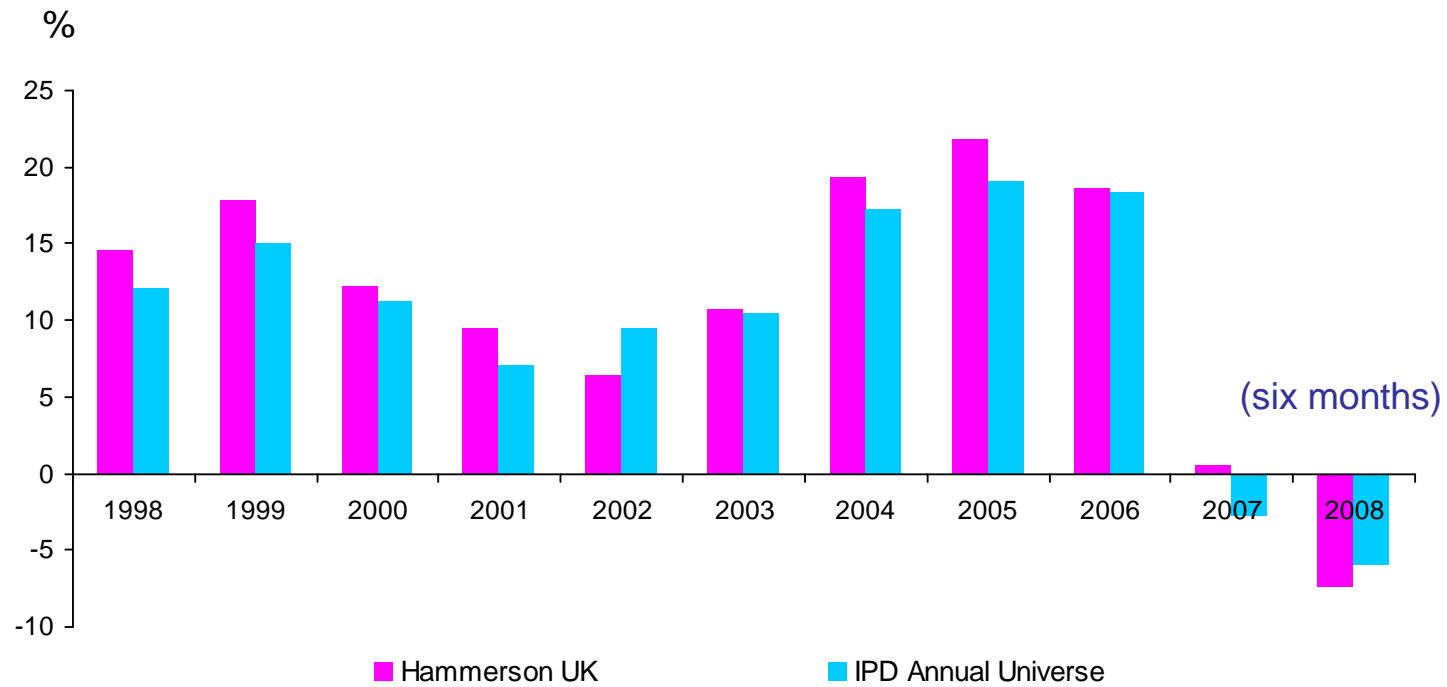
TOP TEN PROPERTIES

Property	Valuation 30/6/08 ⁽¹⁾ £m	Valuation 31/12/07 ^{(1) (2)} £m	Passing rent ⁽¹⁾⁽³⁾ £m	Let by income ⁽⁴⁾ %
Bishops Square, London E1	560	597	34.6	100
Italie 2, Paris 13ème	396	389	17.2	99
Brent Cross, London NW4	357	394	18.0	99
Bullring, Birmingham	288	313	15.4	97
Les 3 Quartiers, Paris 1er	275	297	14.4	93
O'Parinor, Paris (excl. extension)	270	265	11.8	96
The Oracle, Reading	257	275	13.6	98
WestQuay, Southampton	256	280	13.4	99
Espace St. Quentin, St Quentin-en-Yvelines	232	230	10.8	97
Les 3 Fontaines, Cergy-Pontoise	217	212	10.0	100

Notes

- (1) Hammerson's share of valuation and passing rent shown in respect of joint ventures
- (2) Valuations for French properties restated at 30/6/08 exchange rates
- (3) Passing rents are following rent free periods
- (4) Percentage let or in solicitor's hands at 30 June 2008

HAMMERSON UK PERFORMANCE vs IPD



CURRENT MAJOR DEVELOPMENTS

	Ownership interest %	Lettable area m ²	Forecast completion date	Cost to 30/6/08 £m ⁽¹⁾	Value at 30/6/08 £m	Cost to complete £m ⁽¹⁾	Forecast total cost £m ⁽¹⁾	Let at 1 August 2008 % ⁽²⁾	Estimated annual income when fully let £m ⁽⁴⁾
Retail									
Cabot Circus, Bristol	50	92,000	Sept 2008	225	254	25	250	88	18
Highcross, Leicester	60	61,000	Sept 2008	171	171	39	210	86	11
Union Square, Aberdeen	100	49,000	Oct 2009	108	74	137	245	32	16
O'Parinor extension, Aulnay-sous-Bois	100	24,000	Sept 2008	73	150	12	85	87	7
Offices									
125 Old Broad Street, London EC2 ⁽³⁾	50	30,900	July 2008	33	111	12	45	35	9
60 Threadneedle Street, London EC2	100	20,600	Nov 2008	90	104	35	125	-	11
TOTAL				700	864	260	960	55	72

Notes

- (1) Capital cost including capitalised interest
- (2) Amount let or in solicitors' hands by income at 1 August 2008
- (3) Cost shown net of £46 million profit arising on disposal of 50% interest in 2006
- (4) Includes estimates of non-rental income.
- (5) Hammerson's share of costs, value and income for joint ventures

ADDITIONAL CONTRACTED INCOME

Rents Passing	2008 £m	2009 £m	2010 £m	2011 £m	2012 £m
Offices – UK	0.9	2.1	2.7	3.2	3.2
Shopping centres - UK	1.3	14.4	22.8	25.2	25.5
Retail parks - UK	-	1.9	4.7	4.7	4.7
Shopping centres – France	4.0	6.3	7.2	7.9	8.2
Retail parks - France	-	1.7	2.0	2.0	2.0
Total - cash flow	6.2	26.4	39.4	43.0	43.6
- accounting basis	11.6	35.6	41.6	41.7	41.7

Note: Figures show Hammerson's share of rents for joint ventures.

FUTURE DEVELOPMENT PIPELINE

Major retail-led schemes

- Brent Cross and Cricklewood, NW London
- Central Area, Milton Keynes
- Eastgate Quarters, Leeds
- Martineau Galleries, Birmingham
- Sevenstone, Sheffield
- Swansea City Centre

Retail extensions

- Espace St Quentin, St Quentin-en-Yvelines
- Italie 2, Paris
- Les 3 Fontaines, Cergy Pontoise
- North Westgate, Peterborough
- Watermark WestQuay, Southampton

Retail parks

- Abbey Retail Park, Belfast
- Manor Walks, Cramlington
- Nice Lingostière, Nice
- Parc Tawe, Swansea
- The Orchard Centre, Didcot
- Cleveland Retail Park, Middlesbrough
- Westwood Retail Park, Thanet

Office-led mixed-use

- Bishopsgate Goodsyard, London E1
- Bishops Place, London E1
- Shoreditch High Street, London E1
- Victoria Regeneration, London SW1

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