

2008 HALF-YEAR REPORT



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Ronald Spinney: April 1941 - July 2008

Shareholders will be saddened to learn of the recent death of Hammerson's former Chairman, Ron Spinney.

Ron joined Hammerson as Chief Executive in 1993 and served as Chairman from 1999 until his retirement in 2005. He was a man of great vision, energy and enthusiasm who set Hammerson on the successful path it continues to follow today. Ron will be greatly missed by his former colleagues at Hammerson and by his many friends in the property industry.

Hammerson has been creating and managing some of the most exciting retail destinations and office buildings in Europe for over 50 years. We create value by developing and actively managing high quality properties to meet the needs of our occupiers, our partners and our shareholders.

With a real estate portfolio in the UK and France valued at £7.1 billion, Hammerson has investments in 14 major shopping centres and 19 retail parks providing a total of 1.3 million m² of retail space. We also own eight office buildings, in central London and Paris, which provide over 235,000m² of prime accommodation.

Benefiting from tax-efficient REIT status in the UK and SIIC status in France, Hammerson is listed on both the London Stock Exchange and Euronext Paris and is a FTSE 100 company.

ANNUAL
PASSING
RENT

£320m

PROPERTY
ASSETS

£7.1bn

EQUITY
SHAREHOLDERS'
FUNDS

£3.9bn

FINANCIAL HIGHLIGHTS

The Group continued to show a robust operating performance, with growth in net rental income of 4.4% on a like-for-like basis.

PERFORMANCE DATA

(Six months to 30 June 2008)

Net rental income

£146m

(2007: £138m)

Loss before tax

£(417)m

(2007: Profit £368m)

Adjusted profit before tax⁽¹⁾

£61m

(2007: £55m)

PER SHARE DATA

(Six months to 30 June 2008)

Interim dividend per share

12.6p

(2007: 12.0p)

Basic loss per share

(145.6)p

(2007: Earnings 126.8p)

Adjusted earnings per share⁽¹⁾

20.3p

(2007: 18.4p)

Adjusted net asset value per share,
EPRA basis ⁽¹⁾ (30 June 2008)

£13.92

(31 December 2007: £15.45)

RATIOS

Return on shareholders' equity

(Six months to 30 June 2008)

-8.8%

(2007: 10.5%)

Gearing

(30 June 2008)

77%

(31 December 2007: 57%)

Note

(1) The calculations for basic and adjusted figures are shown on page 8 and in note 7 on pages 27 and 28.

Asset management



Overall, we maintained a high occupancy rate which stood at 97.7% at the end of June. In the retail investment portfolio, we signed 24 new leases in the UK and 17 in France in the first half of 2008, resulting in a £2.2 million increase in rental income.

Developments



Good progress was made on the current development programme. Five of the six schemes will complete in the second half of 2008, and will generate substantial additional income.

Financing

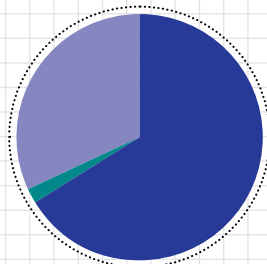


Hammerson raised a total of £750 million of additional medium-term committed bank facilities in the first six months of 2008.

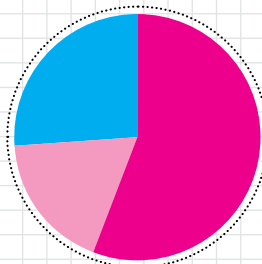
Portfolio

Total £7.1 billion
at 30 June 2008

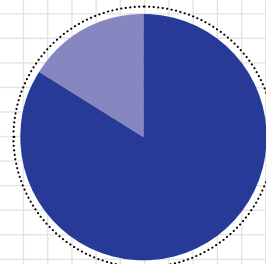
We operate in two sectors, retail and offices, in both the UK and France, providing diversification of risk.



■ UK 67%
■ France 32%
■ Germany 1%



■ Shopping centres 56%
■ Retail parks 18%
■ Offices 26%



■ Investments 84%
■ Developments 16%

CHAIRMAN'S STATEMENT



RESULTS AND DIVIDEND

The problems which emerged a year ago within the international banking sector are continuing to have a major impact on real estate investment markets, where liquidity depends in large measure on the availability of debt finance. As a consequence, commercial property values in the UK remained under pressure in the first six months of 2008, although the market in France continued to show resilience.

Against this background, Hammerson's portfolio in the UK fell in value by 9.2% whilst the French portfolio increased by 0.3%. Overall, the Group's portfolio showed an underlying decrease in value of 6.4% in the six months to 30 June 2008. This contributed to a reduction of 9.9% in Hammerson's adjusted net asset value per share to £13.92.

The Group continued to show a robust operating performance, with growth in net rental income of 4.4% on a like-for-like basis in the first six months of the year. The very high quality of Hammerson's portfolio was reflected in the low vacancy rate, which stood at only 2.3% at 30 June 2008, and an average unexpired lease term of ten years. We have continued to be successful in securing tenants for the current developments, the majority of which complete this year.

Adjusted earnings per share increased by 10.3% to 20.3 pence. The Board has declared an interim dividend of 12.6 pence per share, which will be paid entirely as a PID. This represents an increase of 5% on that for last year.

BUSINESS ACTIVITY

Although real estate investment markets continue to show weakness, occupational markets have, to date, demonstrated greater resilience.

Within our retail investment portfolio we are continuing to experience good demand from retailers. In the UK, a typical incentive package is a modest rent-free period of around six months for a 10-15 year lease, whilst in France rent-free periods rarely exceed three months.

At our new retail developments, tenants' incentives have generally been around 21 to 24 months compared with 12 months at the beginning of 2007. We continue to make good progress in letting our four major retail developments, three of which complete in September this year and we are achieving rents at or very close to those in our appraisals. At Highcross in Leicester and Cabot Circus in Bristol we are 86% and 88% let by rental income respectively. At the major extension of O'Parinor, our regional shopping centre to the north of Paris, 87% of the rental income has been secured or is in solicitors' hands. In Aberdeen at Union Square, which opens in autumn 2009, around 32% of the scheme rental income has been secured or is in solicitors' hands.

The redevelopment of 125 Old Broad Street, London EC2, in which Hammerson has a 50% interest was completed in July this year. Currently this building is 35% let or in solicitors' hands by income and we are in discussions with other potential tenants. The rents achieved are close to those in our appraisal but the rent-free periods for a 15 year lease have moved out to around 30 months. At our adjacent development, 60 Threadneedle Street, there is also encouraging occupier interest.

At 30 June 2008, development properties accounted for 16% of the total portfolio. Following completions in the second half of 2008, we anticipate that this percentage will fall to around 8% by the end of the year, consisting of our retail scheme in Aberdeen and the development pipeline.

“The fundamentals of the Company’s business remain very sound. Our portfolio is of the highest quality, is focused on prime retail and office assets in the UK and France, and generates a robust and growing income stream.”

John Nelson

Hammerson has been successful in recent years in securing a pipeline of future development opportunities for a relatively modest initial investment. We have achieved this through the skills of our acquisitions team and by our reputation for creating some of the most exciting retail and office environments, which has led to Hammerson being a “partner of choice” for local authorities, other landowners and retail anchors. We are continuing to advance several of these schemes through site assembly, pre-letting and design. At 30 June 2008, £261 million was invested in the future pipeline, which currently produces an annual income of £6 million. In July 2008, JPMorgan Chase terminated discussions regarding the development of a new headquarters building for the bank. Accordingly Hammerson has written off costs of £17 million, which are reflected in these financial statements.

We are continuing to take a prudent approach to new development. It is unlikely that any major new schemes will start before summer 2009. However, we have a number of smaller projects in the retail parks portfolio that could start in the next 12 months.

FINANCING

For many years Hammerson has followed a policy of maintaining a strong balance sheet and avoiding undue concentration of debt maturities in a particular year. This has been accompanied by our building long-term relationships with a number of leading international banks. I am therefore pleased to report that, in the first six months of this year, Hammerson has raised a total of £750 million of additional medium-term committed bank facilities.

Following the maturity and repayment of the €500 million 6.25% bonds in June, Hammerson had cash and undrawn facilities

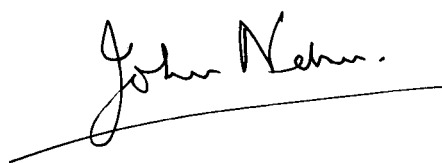
of £478 million at 30 June 2008. The weighted average maturity of the Group’s debt was eight years.

CONCLUSION

Hammerson reported another good operating performance in the first six months of the year with an increase in adjusted earnings per share of 10.3% to 20.3 pence.

The fundamentals of the Company’s business remain very sound. Our portfolio is of the highest quality, is focused on prime retail and office assets in the UK and France, and generates a robust and growing income stream. Our income will increase significantly over the next few years following the completion of five major developments this year and one in 2009.

The conditions in the international debt markets are the most difficult to have been experienced for many years. This has led to falls in real estate values in a number of markets and it is difficult to predict when conditions will improve. However, given the strength of our business and our experienced management team, I believe we are in a good position to exploit these more difficult market conditions.



John Nelson, Chairman
7 August 2008



At a time when there is uncertainty in markets it is important to remember the fundamentals of our business.

First, we operate in two sectors, retail and offices, in both the UK and France, providing diversification of risk.

Second, Hammerson focuses on prime real estate. This typically provides a lower initial yield than secondary property, but offers the potential for higher rental growth over the medium-term. I believe that prime property will continue to show greater resilience than secondary assets, both in the UK and France.

In particular, our retail portfolio is focused on dominant shopping centres and retail parks. The former provide a broad and attractive mix of retailers, together with restaurants and leisure facilities and these locations are typically amongst the most successful in retailers' chains, enabling them to build their brands. Hammerson's portfolio in the UK and France includes interests in 14 major shopping centres. We also own 19 retail parks. In recent years retail parks, with their lower rents, have also proved attractive to retailers enabling them to expand their presence in convenient locations popular with shoppers.

Third, around 75% of our business is in retail real estate. Over the long-term, prime retail rents have shown a consistent upward trend. In the short-term, weakness in retail spending does not materially affect the rents we receive from our retail occupiers. The UK lease structure insulates the property owner from the economic impact of the month-to-month fluctuations in sales experienced by individual retailers. In France we also benefit from indexation of rents.

Fourth, offices, with their greater volatility, provide us with the potential to exploit market cycles in London and Paris, often through development.

Fifth, our development skills make us one of the few companies able to carry out major urban regeneration projects. The schemes we are currently carrying out will provide a substantial boost to the Group's income over the next few years as they are completed and let. Projects of this nature are capital intensive, complex and long-term. As such, the barriers to entry for potential competitors are high.

By consistently following these principles over the longer term, our experienced team has achieved good performance relative to our peers and we anticipate that this will be maintained in the future.

John Richards, Chief Executive
7 August 2008

RETAIL PROPERTY

In the UK, weaker consumer confidence and the rising cost of some essential goods have started to affect consumers' ability and willingness to spend. Consumer spending is expected to remain constrained during the second half of 2008. Historically UK shopping centres and retail parks, particularly those which are dominant in their area, have proven resilient in periods of weaker economic growth.

In France, consumer confidence has also fallen, reflecting higher food, fuel and energy prices. Consequently, non-food retail sales growth softened in the first half of 2008. However, with recent falls in unemployment and a higher savings rate, French consumers may be better placed to maintain spending in a period of economic weakness. Rent indexation in France, running at 5.1% from 1 January 2008, means that French retail rents will continue to grow.

OFFICE PROPERTY

London remains one of the key global financial and business centres, making it an essential location for many multinational corporations. As such the performance of the London office market is influenced by the performance of the world economy.

The problems being experienced by the financial sector are having a direct adverse impact upon the London office market, particularly in the City of London. However, despite weakening demand and a peak in new supply, high quality office space in the best City locations continues to attract occupiers. With little vacant space and a constrained development pipeline, prime West End properties are showing more resilience.

With less exposure to the financial sector, demand for space in central Paris has been less affected than London, and prime rents increased in the first half of 2008. The relatively short duration of French office leases also encourages turnover as occupiers seek to move to better quality space. In central Paris, little new space has come onto the market and vacancy rates remain low.

INVESTMENT MARKETS

In the UK, the first half of 2008 has seen the limited availability of capital and falling property prices discouraging investor demand. Transaction volumes recorded in the first six months of 2008 were only 40% of those for the same period in 2007. Investors are increasingly focusing on the initial income from a property and its security, attributing less value to the potential for increased income through rent reviews and asset management.

With demand for commercial property falling, the quarterly IPD all-property equivalent yield moved out a further 60 basis points to 6.7% over the first half of the year, contributing to a fall in capital values of approximately 8%. Large shopping centres with dominant regional catchments, which offer investors a secure income stream, have declined in value by less than the all-property average.

In France, although commercial property has received some support from rising rents and a more stable economy, it has not been immune from the problems of international financial markets. Yields for CBD Paris offices increased by around 85 basis points in the first six months of the year, and there are indications that the values of French shopping centres are beginning to soften.

Both in the UK and France conditions in the commercial property market remain uncertain. It is anticipated that the higher cost of borrowing and scarcity of debt finance will continue to restrict investor demand for commercial property in the second half of the year.

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.

LOSS BEFORE TAX

Reflecting the reduction in value of the investment portfolio, there was a loss before tax for the six months ended 30 June 2008 of £417.1 million, compared with a profit of £367.8 million for the equivalent period in 2007. Adjusted profit before tax rose by £5.7 million, or 10.4%, from £54.8 million to £60.5 million, due largely to the disposal in 2007 of low yielding properties, lettings in the UK and indexation in France.

Analysis of (loss)/profit before tax	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m
Adjusted profit before tax	60.5	54.8
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)	–
Asset impairment	(17.0)	–
Bond redemption costs	–	(0.1)
Change in fair value of derivatives	4.1	(9.8)
(Loss)/Profit before tax	(417.1)	367.8

The higher adjusted profit in the first half of 2008 resulted in a 10.3% increase in adjusted earnings per share from 18.4 pence in 2007 to 20.3 pence. Note 7A to the accounts sets out detailed calculations for earnings per share.

The Directors have declared an interim dividend of 12.6 pence per share which is payable on 30 September 2008 to shareholders on the register at the close of business on 15 August. The interim dividend, which will be paid as a PID, represents an increase of 5.0% on the interim dividend for 2007.

NET RENTAL INCOME

Total net rental income was £7.5 million higher than for the first six months of 2007. Properties owned throughout the first six months of both 2007 and 2008 generated an increase in net rental income of £5.7 million, or 4.4%. Additional income from acquisitions and developments, and the effects of exchange, more than offset the net rental income lost through disposals.

Net rental income	Six months to 30 June 2008 £m	Six months to 30 June 2007 £m
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)
Total net rental income	145.8	138.3

Our rent collection record remains very good. For the most recent quarter, 96.5% of the total rent was received within seven days of the due date, marginally better than for the same period last year. For the first half of 2008 the cost of bad debts was £957,000.

ADMINISTRATION EXPENSES

For the six months ended 30 June 2008, administration expenses were virtually unchanged at £21.3 million compared with £21.4 million for the first half of 2007. However, at constant exchange rates, overhead costs were £1.0 million lower.

FINANCE COSTS

Net finance costs of £64.0 million, excluding the change in fair value of derivatives, were £1.8 million greater than for the first six months of 2007. The retranslation of the 2007 accrual for euro-denominated bond interest resulted in a £2.3 million exchange loss which increased net finance costs in the first half of 2008. Borrowings increased to fund the development programme, but the impact of this on profit was reduced as £21.4 million of interest was capitalised on developments. The average cost of borrowing for the Group in the first half of 2008 was 5.9% compared with 6.1% for the corresponding period in 2007.

TAX

As a result of its UK REIT and French SIIC status, the Group now bears minimal current tax.

ASSET IMPAIRMENT

Following the termination by JPMorgan Chase of discussions relating to the development of their new European headquarters building, we have written off £17.0 million in respect of the costs incurred on the project.

BALANCE SHEET AND FINANCING

At 30 June 2008, our property portfolio was valued at £7.1 billion, a decrease of £182 million since the end of 2007. The principal reasons for the movement were revaluation deficits of £494 million and disposals of £91 million. These were partly offset by capital additions of £235 million and exchange gains of £168 million.

In the first six months of 2008, equity shareholders' funds decreased by £435 million to £3.9 billion. After adjusting for deferred tax and other items, adjusted net asset value per share was £13.92. Note 7B to the accounts sets out detailed calculations for net asset value per share.

The decline in asset values caused adjusted net asset value per share to fall by £1.61 in the first six months of 2008.

Movement in net asset value	Equity shareholders' funds* £m	EPRA NAV* £ per share
31 December 2007	4,474	15.45
Revaluation:		
– equity changes	(2)	(0.01)
– income changes	(463)	(1.60)
Retained profit (excluding revaluation changes)	36	0.12
Dividends	(44)	(0.15)
Exchange and other movements	37	0.11
30 June 2008	4,038	13.92

*Excluding deferred tax and the fair value of derivatives.

During the first half of 2008, we arranged a total of £750 million of additional committed financing comprising unsecured bank facilities of £350 million and a £400 million loan, the latter secured on the office building at Bishops Square. The loan has a five-year term and carries a fixed rate of interest of 6.3% per annum. The €500 million 6.25% bonds which matured in June were redeemed.

Net debt was £3,006 million at 30 June 2008 and comprised borrowings of £3,080 million less cash and deposits of £74 million. Gearing was 77%, with the increase from 57% at the end of 2007 reflecting the reduction in shareholders' equity due to the fall in value of the portfolio and capital expenditure.

At 30 June 2008, the average maturity of the Group's borrowings was eight years. Cash and undrawn committed facilities totalled £478 million at 30 June and since then a further £100 million five-year facility has been arranged.

CASH FLOW

At £160 million, cash generated from operations in the first half of 2008 was £9 million higher than for the same period last year. Net interest paid was £30 million more than that for 2007 and included £14 million of interest on the settlement of overdue tax. After taking account of £112 million of tax paid covering the UK REIT entry charge and previously provided prior-year tax, there was a cash outflow from operating activities of £86 million in the six months to 30 June 2008.

Capital expenditure was £314 million and £73 million was received in respect of property sales. Before taking account of financing activities, there was a net cash outflow of £327 million in the first half of 2008.

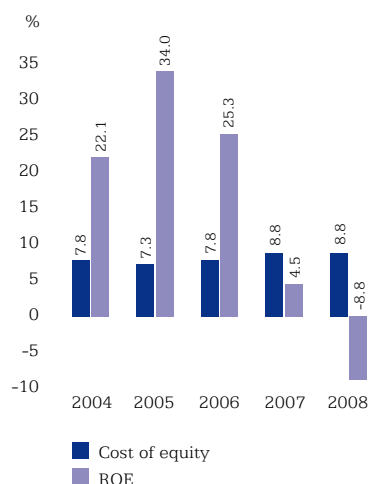
KEY PERFORMANCE INDICATORS

RETURN ON SHAREHOLDERS' EQUITY	UNGEARED PORTFOLIO RETURNS RELATIVE TO IPD	OCCUPANCY
For the first half of 2008, our return on shareholders' equity was -8.8%, compared with our estimated cost of equity of 8.8% per annum. The negative return was due to the reduction in the portfolio value.	The total ungeared property return for the six months ended 30 June 2008 for our UK portfolio was -7.4%, compared with the IPD UK benchmark of -6.0%. Our target is to exceed the IPD benchmark by 1%. Our French portfolio provided a return of 2.2%. The IPD index for France was not available at the time of publication.	The overall occupancy level in the investment portfolio at 30 June 2008 was 97.7%, compared with our target of 97.0% and 98.2% at the end of 2007.

FIVE YEAR RECORD FOR KEY PERFORMANCE INDICATORS

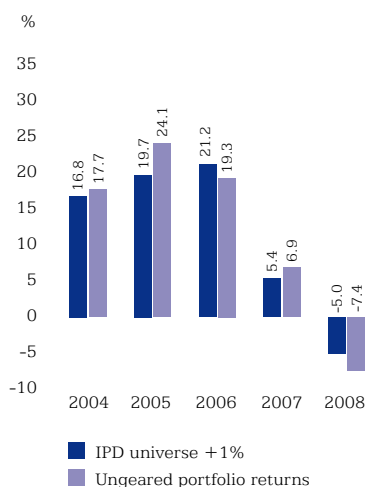
To 30 June 2008

Return on shareholders' equity and cost of equity



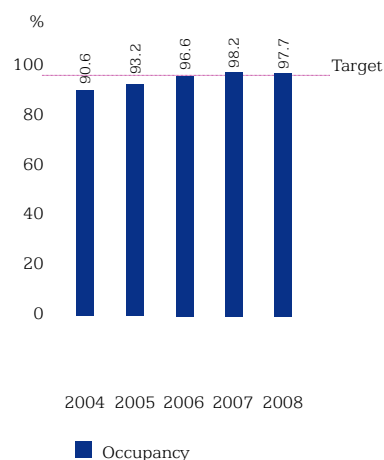
For 2008, the ROE is for the first six months of the year only. The figure for cost of equity is per annum.

Ungeared portfolio returns and IPD Universe



The chart above shows returns and indices for 2004 to 2007 for the UK and French portfolios weighted 70:30 respectively. The data for 2008 is for the UK only as the IPD index for France was not available at the time of publication.

Occupancy and 97% target



BUSINESS AND FINANCIAL REVIEW continued

PRINCIPAL RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF 2008

PROPERTY VALUATIONS	INTEREST RATES
The value of Hammerson's property portfolio is affected by the 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 uncertainties in global financial markets look set to continue and investors remain cautious about property investment in the short-term. We have a high quality portfolio which is diversified by country and sector which should help to mitigate the impact of this on the Group. The 'Property markets and outlook' section of this report provides further discussion of these issues.	Reflecting increased inflationary pressures, disruption to financial markets and the current restricted availability of bank credit, there is uncertainty over the level of interest rates. Interest is a significant cost for Hammerson and 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 2008, 57% of the Group's gross debt was at fixed rates of interest, and our short-term hedging programme means that the impact of any further increase in interest rates in 2008 will be low.
DEVELOPMENT AND LETTING	TENANT DEFAULT
We have a substantial current development programme and the present general economic weakness may make potential occupiers less willing to commit to new leases. As shown in the table on page 12, we have made good progress in securing tenants for the shopping centres and offices due to be completed in 2008 and there continues to be interest in the remaining space. For the majority of our current construction contracts, the prices are fixed and the potential impact of cost inflation is limited.	Some tenants are facing more difficult operating conditions and there is therefore an increased risk that they may default on their rent payments. However, the large number of tenants and the diversity of their businesses and geographical spread mean the risk of individual tenant default to Hammerson is low. Furthermore, our occupational leases are long-term contracts, thus making the income relatively secure.

CAPITAL RETURNS

The total return for the portfolio for the six months ended 30 June 2008 was -4.6%, which comprised an income return of 2.0% and a capital return of -6.4%.

The capital return for the retail and office portfolios were -5.8% and -8.1% respectively. For the UK portfolio, the capital return was -9.2%, compared with -8.3% for IPD All Property Capital Growth. The valuation deficit in the UK portfolio in the first half of the year resulted from an increase in investment yields, with rental values largely unchanged in the investment portfolio.

In France, the retail portfolio increased in value by 2.3%, whilst the office portfolio declined by 7.8%. The majority of the valuation increase in French retail resulted from income growth, whilst the decline in the value of French offices was due to increased investment yields.

INVESTMENT PORTFOLIO

The investment portfolio was valued at £5.9 billion at 30 June 2008, representing 84% of the total portfolio. 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. We also follow a policy of recycling capital from mature properties into assets and development schemes providing the potential for higher returns.

Our profitability is enhanced by the receipt of fees in respect of the management of assets held in joint ventures. At the end of June 2008, joint venture interests in nine major properties accounted for 32% of the total portfolio and most of these assets are managed by Hammerson.

In March, we completed the sale of the office at One London Wall in which Hammerson and Kajima each had a 50% interest. Our share of the net proceeds was £67 million compared with the book value of £69 million at 31 December 2007. The development of the building was completed in 2003 at a cost to Hammerson of £50 million.

We made a payment in April of £137 million in respect of the acquisition of the City of London's 25% long leasehold interest in Bishops Square, London EC1. The City retains the freehold interest in the scheme.

In April, we exchanged our properties in Paris Street and Sidwell Street, Exeter with Land Securities for their 50% interest in Parc Tawe, Swansea. We now own the whole of the latter scheme which is integral to our proposed regeneration of Swansea city centre.

At the end of June, the vacancy rate in the investment portfolio was 2.3% compared with 1.8% at 31 December 2007. The effect of tenant failures in the retail portfolio was limited.

Capital returns for the total portfolio for the 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)



Hammerson gained access to the major redevelopment of 125 Old Broad Street in 2004 through the purchase of the former London Stock Exchange buildings for £68 million.

At the time of the acquisition, the site had planning consent for 45,500m² of office accommodation across two buildings. Hammerson gained consent to increase the size of the scheme to 51,500m², including a 30,900m² tower at 125 Old Broad Street.

The redevelopment of 125 Old Broad Street represents a sustainable back-to-the-core rebuild, extending the floorplates outwards by two metres, and replacing the existing concrete façade with a glazed curtain wall.

In 2006, Hammerson sold a 50% stake in the building to GE Real Estate and Bank of Ireland for a total of £75 million, crystallising a substantial development profit. Prior to completion of construction in July 2008, the partners signed leases with international real estate advisors DTZ and international law firm Gide Loyrette Nouel for offices in the building, and Turnbull & Asser and Le Relais de Venise l'entrecôte for retail units. Hammerson retains 100% ownership of the adjacent site at 60 Threadneedle Street.

BUSINESS AND FINANCIAL REVIEW continued

CURRENT DEVELOPMENTS

Property development is a key part of Hammerson's strategy. Our objectives for the development programme are to generate good returns and create high quality assets of the type which are not generally available in the open market. The value of our development portfolio was £1.1 billion at the end of June.

Six major projects were underway at 30 June, all but one of which will be complete before the end of this year. These six schemes have an estimated total cost of £960 million, of which £700 million has been spent to date. It is estimated that around £120 million will be spent in the second half of 2008 with the balance spent in 2009.

At 30 June the surplus on the development portfolio was £78 million, a reduction of £82 million from the position at 31 December, reflecting the increase in investment yields during the period.

On 25 September, Cabot Circus in Bristol will open for trading and to date, 83% of the estimated rental income has been secured with

a further 5% in solicitors' hands. The 92,000m² retail-led mixed-use scheme, developed in a 50:50 joint venture with Land Securities, will re-establish Bristol as a top-ten UK retail destination. In addition to House of Fraser and Harvey Nichols, Cabot Circus will provide 150 retail units, including 15 flagship stores, cafés, bars and restaurants and a 6,800m² cinema. Our share of the estimated total income is £18 million and our total development cost is £250 million.

Highcross, Leicester, the 61,000m² extension to the existing Shires shopping centre, will open on 4 September and 83% of the estimated income has been secured with a further 3% in solicitors' hands. The scheme is a 60:40 joint venture with Hermes and is anchored by a John Lewis store and a 7,000m² cinema. Our share of the total development cost is £210 million, which is expected to generate annual income of £11 million. The Shires has also undergone a refurbishment and together with Highcross will provide more than 100,000m² of retail and leisure space.

Current developments	Ownership interest %	Lettable area m ²	Forecast completion	Cost to 30 June 2008 £m	Value at 30 June 2008 £m	Cost to complete £m	Forecast total cost £m	Let %	Estimated annual income when fully let £m
Notes				1		1	1	2	4
Retail									
Cabot Circus, Bristol	50	92,000	Sep 2008	225	254	25	250	88	18
Highcross, Leicester	60	61,000	Sep 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	Sep 2008	73	150	12	85	87	7
Offices									
125 Old Broad Street, London EC2 ³	50	30,900	Jul 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
Other developments				320	280				
Profit on disposal of 50% of 125 Old Broad Street				46	–				
Total development properties (note 8 to the accounts)				1,066	1,144				

Notes

- (1) Capital cost including capitalised interest.
- (2) Amount let or in solicitors' hands by income at 1 August 2008.
- (3) Cost to 30 June 2008 and forecast total cost shown net of £46 million profit on disposal of 50% interest in 2006.
- (4) Includes estimates of non-rental income.
- (5) Figures show Hammerson's share of cost, value and income for joint ventures.

Work is progressing well at Union Square, Aberdeen where a nine-hectare site next to the railway station is being developed into 49,000m² of mixed-use space including retail units, leisure and catering, a 200 bedroom hotel and 1,700 car parking spaces. The projected income from the scheme is £16 million and 32% has been contracted or is in solicitors' hands. The estimated total development cost of the project, which is expected to be completed towards the end of 2009, is £245 million.

In France, the second and final phase of the 24,000m² O'Parinor extension will open on 12 September, following the completion of the first phase in April. The estimated annual income for the extension is £7 million and 87% of the target rental income has been contracted or is in solicitors' hands. At 90,000m², the extended shopping centre will be the largest serving the north of Paris.

At 125 Old Broad Street, London EC2, the former London Stock Exchange building, 35% of the estimated rental income has been secured through lettings to real estate adviser DTZ and French law firm Gide Loyrette Nouel. There continues to be encouraging interest in the remaining space of the 26-storey 30,900m² tower which has been redeveloped in partnership with two co-investors, Bank of Ireland and GE Real Estate, each of which has a 25% interest in the project. The building achieved practical completion in July and our shares of the estimated total development cost and income are £45 million and £9 million respectively.

Adjacent to 125 Old Broad Street, 60 Threadneedle Street, London EC2 is on schedule for completion in November of this year. This is a 19,400m² nine-storey office building with 1,200m² of retail space, which will provide prime accommodation in one of the best locations in the City of London. There is good occupier interest for the scheme for which the estimated annual income is £11 million and the forecast total cost is £125 million.

In Scotland, we have recently commenced work on an extension to the existing Central Retail Park in Kirkcaldy, Fife. The development will create an additional 11,000m² of retail warehousing and 360 car parking spaces. The extension will be fully integrated with the existing centre, increasing its size to 28,000m² and will be anchored by B&Q. Over 80% of the new accommodation has been pre-let and practical completion is scheduled for September 2009. The estimated total development cost of the scheme is £24 million and it is expected to generate £1.8 million of income.

In the retail parks portfolio, work has started, or is expected to begin shortly, on reconfigurations or extensions to Cleveland Retail Park, Middlesbrough, Victoria Retail Park, Nottingham and Westwood and East Kent, Thanet.

Our two retail park developments in France at Cap Malo and St Omer are anticipated to be completed in January and April 2009 respectively. Letting is progressing well at both schemes. At St Omer, 85% of the target income of £1.4 million is let or in solicitors' hands and the estimated total development cost is £24 million. Cap Malo is expected to cost £17 million and 62% of the estimated income of £1.3 million has been secured.

ADDITIONAL CONTRACTED INCOME

Our cash flow will increase substantially in 2009 from the leases which have already been signed at current developments. The additional income on both cash and accounting bases is shown in the table below.

	2008 £m	2009 £m	2010 £m	2011 £m	2012 £m
Rents passing					
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 DEVELOPMENTS

We have a substantial pipeline of potential future development projects, which could be advanced over the next decade or so. The book value of these projects is £261 million and they currently generate income of around £6 million. The pipeline includes: major retail-led city centre regeneration schemes; extensions to existing retail centres; retail park extensions and developments; and office-led mixed-use developments. These schemes are being progressed through the various feasibility, site assembly and planning stages. We are continuing to take a prudent approach to new development and it is unlikely that any major new schemes will start before summer 2009.

We have continued to make progress in advancing the pipeline during 2008:

- The CPO inquiry at Sevenstone in Sheffield has been completed and confirmed by the Secretary of State. Initial site preparation works have been completed.
- At Eastgate Quarter, Leeds, agreements for lease have been signed with John Lewis and Marks & Spencer for anchor stores of 26,000m² and 18,250m² respectively. In addition, the CPO inquiry has been completed and confirmed by the Secretary of State.

- A planning application for the masterplan for the regeneration of Brent Cross and Cricklewood, in north-west London, was submitted in March.
- In Southampton we are progressing outline proposals for a 42,000m² mixed-use, leisure-led extension to WestQuay Shopping Centre called Watermark WestQuay. We expect to submit a planning application by the end of 2008.
- In France, a public consultation will take place in the second half of 2008 in respect of the proposed 8,500m² extension to our shopping centre at Italie 2. Construction work on the reconfiguration of the former cinema into stores for Habitat and H&M is anticipated to start early next year.
- At the shopping centre at Les 3 Fontaines, Cergy-Pontoise near Paris, we are progressing a 32,000m² extension, of which 18,000m² will be owned by Hammerson, which will include 150 additional stores and a refurbishment of the existing mall. We anticipate signing a provisional development agreement with the local council towards the end of this year and submitting a planning application during 2009.

Future development pipeline

Major retail-led schemes

Brent Cross and Cricklewood, NW London
Central Area, Milton Keynes
Eastgate Quarter, 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
Cleveland Retail Park, Middlesbrough
Manor Walks, Cramlington
Nice Lingostière, Nice
Parc Tawe, Swansea
The Orchard Centre, Didcot
Westwood Retail Park, Thanet

Office-led mixed-use

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



When Hammerson acquired Parinor in 2002, it was already one of the top 10 shopping centres in the Paris region. Six years later, and following a major extension and restructuring programme, the relaunched O'Parinor is the largest shopping centre to the north of Paris with 220 stores over 90,000m².

Following our acquisition, we focused initially on adding value through asset management, reconfiguring over 40 units and introducing 21 new brands to the scheme, including Zara, Sephora and, in 2006, the first New Look store to open in France.

In November 2006 we began work on a 24,000m² extension and restructuring programme, designed to reinforce the centre's dominance, further improve its image and introduce more aspirational brands. The focus of the £85 million development is a covered square, with

shopping on two levels, linking to the existing mall and anchored by Toys 'R' Us and Saturn. Development has taken place in two phases, with around 30 stores opening in April 2008 and the remainder opening in September.

Due to strong demand from retailers around 87% of the forecast income has been secured. International retailers new to the scheme included four Inditex brands; Mango; Tommy Hilfiger; Puma and Esprit; as well as new national concepts such as So Redoute and Little Extra.

PROPERTY PORTFOLIO INFORMATION

RENTAL DATA FOR INVESTMENT PROPERTY

For the six months ended 30 June 2008

	Gross rental income £m	Net rental income £m	Vacancy rate %	Rents passing £m	Estimated rental value £m	Reversion/ (over-rented) %
Notes			1	2	3	4
United Kingdom						
Retail: Shopping centres	46.5	39.2	2.0	83.5	90.8	6.6
Retail parks	25.8	24.1	2.9	52.0	60.8	13.0
	72.3	63.3	2.4	135.5	151.6	9.1
Office: City	32.7	29.0	–	59.7	57.8	(3.2)
Other	7.3	6.9	1.5	18.1	22.0	19.5
	40.0	35.9	0.4	77.8	79.8	2.2
Total United Kingdom	112.3	99.2	1.6	213.3	231.4	6.6
Continental Europe						
France						
Retail	37.2	33.3	3.0	86.6	94.9	6.2
Office	9.6	9.1	6.3	15.1	14.9	(7.7)
Total France	46.8	42.4	3.4	101.7	109.8	4.2
Germany						
Retail	2.2	1.3	9.1	5.1	5.6	0.5
Total Continental Europe	49.0	43.7	3.7	106.8	115.4	4.0
Group						
Retail	111.7	97.9	2.7	227.2	252.1	7.8
Office	49.6	45.0	1.3	92.9	94.7	0.6
Total investment portfolio	161.3	142.9	2.3	320.1	346.8	5.7
Income from developments and other sources not analysed above	4.0	2.9				
As disclosed in note 2 to the accounts	165.3	145.8				

SELECTED DATA

For the year ended 31 December 2007

Group						
Retail	217.9	193.9	1.9	214.2	237.2	8.6
Office	85.9	75.4	1.6	94.1	97.8	2.1
Total investment portfolio	303.8	269.3	1.8	308.3	335.0	6.6

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) The annual rental income receivable from an investment property, after any rent-free periods and after deducting head and equity rents.

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

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

VALUATION DATA FOR INVESTMENT PROPERTY

For the six months ended 30 June 2008

	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	1,581	(132)	(7.7)	(5.5)	5.0	5.6
Retail parks	1,031	(161)	(13.5)	(11.6)	4.8	6.0
	2,612	(293)	(10.1)	(8.0)	4.9	5.8
Office: City	909	(73)	(7.4)	(4.6)	6.2	6.1
Other	262	(31)	(10.2)	(8.0)	5.7	6.7
	1,171	(104)	(8.0)	(5.4)	6.1	6.2
Total United Kingdom	3,783	(397)	(9.4)	(7.2)	5.3	5.9
Continental Europe						
France						
Retail	1,681	27	1.4	3.5	4.1	4.5
Office	393	(33)	(7.8)	(6.0)	4.9	4.8
Total France	2,074	(6)	(0.5)	1.5	4.2	4.6
Germany						
Retail	92	(4)	(4.0)	(2.6)	4.4	5.7
Total Continental Europe	2,166	(10)	(0.7)	1.3	4.2	4.6
Group						
Retail	4,385	(270)	(6.0)	(3.9)	4.5	5.1
Office	1,564	(137)	(8.0)	(5.6)	5.8	5.9
Total investment portfolio	5,949	(407)	(6.5)	(4.4)	4.9	5.4
Developments	1,144	(87)	(5.9)	(5.7)		
Total Group	7,093	(494)	(6.4)	(4.6)		

SELECTED DATA

For the year ended 31 December 2007

Group						
Retail	4,530	60	1.1	5.2	4.3	4.8
Office	1,739	(39)	(1.1)	3.2	4.7	5.4
Total investment portfolio	6,269	21	0.5	4.6	4.3	5.1

Notes

- (1) Annual cash rents receivable, net of head and equity rents and the cost of vacancy, as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV.
- (2) The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect the timing of future rents resulting from lettings, lease renewals and rent reviews based on current ERVs and assuming rents are received quarterly in advance. The property true equivalent yields are determined by the Group's external valuers.
- (3) Further analysis of development properties by segment is provided in note 3B on page 25.

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 2008, which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of recognised income and expense, the reconciliation of equity, the consolidated cash flow statement, the analysis of movement in net debt and related notes 1 to 20. We have read the other information contained in the Half-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 2008 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 & Touche LLP

Chartered Accountants and Registered Auditor
7 August 2008
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 17 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 7 August 2008

John Richards
Director

Simon Melliss
Director

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007 Audited £m		Notes	Six months ended 30 June 2008 Unaudited £m	Six months ended 30 June 2007 Unaudited £m
311.5	Gross rental income	2	165.3	155.6
234.5	Operating profit before other net (losses)/gains	2	124.5	116.9
25.2	Other net (losses)/gains	2	(481.7)	322.9
259.7	Operating (loss)/profit	2	(357.2)	439.8
(129.8)	Finance costs		(69.4)	(68.4)
(28.3)	Bond redemption costs		–	(0.1)
(3.8)	Change in fair value of derivatives		4.1	(9.8)
12.6	Finance income		5.4	6.3
(149.3)	Net finance costs	4	(59.9)	(72.0)
110.4	(Loss)/Profit before tax		(417.1)	367.8
(16.4)	Current tax	5A	(0.1)	(17.8)
17.6	Deferred tax	5A	2.3	22.7
1.2	Tax credit		2.2	4.9
111.6	(Loss)/Profit for the period		(414.9)	372.7
	Attributable to:			
101.0	Equity shareholders		(421.0)	365.1
10.6	Minority interests		6.1	7.6
111.6	(Loss)/Profit for the period		(414.9)	372.7
34.9p	Basic (loss)/earnings per share	7A	(145.6)p	126.8p
34.9p	Diluted (loss)/earnings per share	7A	(145.4)p	126.6p

Adjusted earnings per share are shown in note 7A. All results derive from continuing operations.

CONSOLIDATED BALANCE SHEET

31 December 2007 Audited £m		Notes	30 June 2008 Unaudited £m	30 June 2007 Unaudited £m
	Non-current assets			
7,275.0	Investment and development properties	8	7,092.9	7,498.5
30.3	Interests in leasehold properties		20.6	32.4
43.1	Plant, equipment and owner-occupied property		41.5	45.4
80.1	Investments	9	112.0	89.3
12.9	Receivables	10	28.4	11.3
7,441.4			7,295.4	7,676.9
	Current assets			
152.3	Receivables	11	116.2	108.7
28.6	Cash and deposits	12	74.1	76.4
180.9			190.3	185.1
7,622.3	Total assets		7,485.7	7,862.0
	Current liabilities			
387.0	Payables	13	216.8	219.4
113.2	Tax	5B	4.0	180.0
406.5	Borrowings	14	33.0	331.9
906.7			253.8	731.3
	Non-current liabilities			
2,117.7	Borrowings	14	3,046.6	2,267.0
99.6	Deferred tax	5B	110.6	84.6
3.1	Tax	5B	3.5	4.8
30.1	Obligations under finance leases		20.5	32.3
34.1	Payables	16	43.2	29.0
6.0	Provision	2	6.0	–
2,290.6			3,230.4	2,417.7
3,197.3	Total liabilities		3,484.2	3,149.0
4,425.0	Net assets		4,001.5	4,713.0
	Equity			
72.6	Share capital		72.7	72.6
740.0	Share premium	17	742.1	740.0
86.0	Translation reserve	17	237.5	(64.9)
(71.4)	Hedging reserve	17	(191.8)	62.9
7.2	Capital redemption reserve	17	7.2	7.2
10.6	Other reserves	17	9.9	9.5
156.3	Revaluation reserve	17	152.0	153.8
3,373.9	Retained earnings	17	2,906.4	3,671.8
(3.8)	Investment in own shares	18	(4.9)	(4.0)
(16.8)	Treasury shares	19	(11.6)	–
4,354.6	Equity shareholders' funds		3,919.5	4,648.9
70.4	Equity minority interests	17	82.0	64.1
4,425.0	Total equity		4,001.5	4,713.0
£15.06	Diluted net asset value per share	7B	£13.53	£15.99
£15.45	EPRA net asset value per share	7B	£13.92	£16.35

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

Year ended 31 December 2007 Audited £m		Notes	Six months ended 30 June 2008 Unaudited £m	Six months ended 30 June 2007 Unaudited £m
154.0	Foreign exchange translation differences		157.0	(2.1)
(131.3)	Net (loss)/gain on hedge of net investment in foreign subsidiaries	17	(120.4)	3.0
75.0	Revaluation (losses)/gains on development properties	17	(31.1)	72.3
–	Revaluation (losses)/gains on owner-occupied property	17	(1.9)	3.2
1.9	Revaluation gains on investments	17	31.4	2.8
3.1	Transfer to income statement on impairment of asset		–	–
5.9	Actuarial (losses)/gains on pension schemes	17	(2.2)	3.7
(5.3)	Deferred tax on items taken directly to equity	5A	(2.1)	(4.3)
103.3	Net gain recognised directly in equity		30.7	78.6
111.6	(Loss)/Profit for the period		(414.9)	372.7
214.9	Total recognised income and expense		(384.2)	451.3
	Attributable to:			
199.2	Equity shareholders		(395.8)	443.8
15.7	Minority interests		11.6	7.5
214.9	Total recognised income and expense		(384.2)	451.3

RECONCILIATION OF EQUITY

Year ended 31 December 2007 Audited £m		Notes	Six months ended 30 June 2008 Unaudited £m	Six months ended 30 June 2007 Unaudited £m
4,165.1	Opening equity shareholders' funds		4,354.6	4,165.1
80.8	Issue of shares		2.2	80.8
5.2	Share-based employee remuneration	17	2.6	3.3
0.2	Proceeds on award of own shares to employees	17	0.1	0.2
(16.8)	Purchase of treasury shares	19	–	–
4,234.5			4,359.5	4,249.4
199.2	Total recognised income and expense		(395.8)	443.8
4,433.7			3,963.7	4,693.2
(79.1)	Dividends	17	(44.2)	(44.3)
4,354.6	Closing equity shareholders' funds		3,919.5	4,648.9

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2007 Audited £m		Notes	Six months ended 30 June 2008 Unaudited £m	Six months ended 30 June 2007 Unaudited £m
	Operating activities			
234.5	Operating profit before other net (losses)/gains	2	124.5	116.9
(10.4)	Decrease/(Increase) in receivables		31.7	40.8
13.4	(Decrease)/Increase in payables		(4.1)	4.0
(29.3)	Adjustment for non-cash items	20	7.5	(11.4)
208.2	Cash generated from operations		159.6	150.3
(177.7)	Interest and bond redemption costs paid		(137.8)	(109.1)
11.9	Interest received		4.8	5.9
(71.6)	Tax paid	5B	(112.2)	(1.2)
(29.2)	Cash flows from operating activities		(85.6)	45.9
	Investing activities			
(163.3)	Property and corporate acquisitions		(122.5)	(111.7)
(335.5)	Development and major refurbishments		(181.8)	(138.6)
(44.6)	Other capital expenditure		(9.4)	(14.7)
537.2	Sale of properties		72.6	–
(11.0)	Purchase of investments		–	(19.5)
0.1	Decrease in non-current receivables		–	–
(17.1)	Cash flows from investing activities		(241.1)	(284.5)
	Financing activities			
1.7	Issue of shares		2.2	1.7
(16.8)	Purchase of treasury shares	19	–	–
0.2	Proceeds from award of own shares		0.1	0.2
(28.9)	Increase/(Decrease) in non-current borrowings		854.8	195.7
153.3	(Decrease)/Increase in current borrowings		(438.8)	122.3
(1.9)	Dividends paid to minorities		–	–
(73.1)	Equity dividends paid		(46.7)	(44.3)
34.5	Cash flows from financing activities		371.6	275.6
(11.8)	Net increase/(decrease) in cash and deposits		44.9	37.0
39.4	Opening cash and deposits		28.6	39.4
1.0	Exchange translation movement		0.6	–
28.6	Closing cash and deposits	12	74.1	76.4

ANALYSIS OF MOVEMENT IN NET DEBT

For the six months ended 30 June 2008

	Short-term deposits £m	Cash at bank £m	Current borrowings £m	Non-current borrowings £m	Net debt £m
Balance at 1 January 2008	10.9	17.7	(406.5)	(2,117.7)	(2,495.6)
Property acquisition	–	12.6	–	(15.5)	(2.9)
Cash flow	24.6	7.7	438.8	(854.8)	(383.7)
Exchange	0.3	0.3	(65.3)	(58.6)	(123.3)
Balance at 30 June 2008	35.8	38.3	(33.0)	(3,046.6)	(3,005.5)

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 2007 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 IFRS 8 Operating Segments (see note 3 to the accounts) with effect from 1 January 2008. Adoption of the standard affects presentation only.

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 2007. The management fees receivable in note 2 are fees paid to Hammerson in respect of joint ventures for investment and development management services. All other related party transactions, with the exception of Directors' remuneration, are eliminated on consolidation.

The principal exchange rates used to translate foreign currency denominated amounts are:

Balance sheet: £1 = €1.263 (30 June 2007: £1 = €1.486; 31 December 2007: £1 = €1.362)

Income statement: £1 = €1.291 (30 June 2007: £1 = €1.482; 31 December 2007: £1 = €1.461)

The Half-year Report was approved by the Board on 7 August 2008.

2. OPERATING PROFIT

Year ended 31 December 2007 £m		Six months ended 30 June 2008 £m	Six months ended 30 June 2007 £m
311.5	Gross rental income	165.3	155.6
(5.4)	Ground and equity rents payable	(3.0)	(2.6)
306.1	Gross rental income, after rents payable	162.3	153.0
53.0	Service charge income	28.9	25.6
(59.2)	Service charge expenses	(31.5)	(27.9)
(6.2)	Net service charge expenses	(2.6)	(2.3)
(24.2)	Other property outgoings	(13.9)	(12.4)
(30.4)	Property outgoings	(16.5)	(14.7)
275.7	Net rental income	145.8	138.3
4.3	Management fees receivable	2.3	2.0
(27.2)	Cost of property activities	(14.8)	(12.9)
(18.3)	Corporate expenses	(8.8)	(10.5)
(41.2)	Administration expenses	(21.3)	(21.4)
234.5	Operating profit before other net (losses)/gains	124.5	116.9
39.8	(Loss)/Profit on the sale of investment properties	(2.1)	(0.5)
20.7	Revaluation (losses)/gains on investment properties	(407.4)	323.4
(25.7)	Revaluation losses on development properties	(55.2)	–
(6.0)	Provision relating to formerly owned property	–	–
(3.6)	Asset impairment	(17.0)	–
25.2	Other net (losses)/gains	(481.7)	322.9
259.7	Operating (loss)/profit	(357.2)	439.8

The provision relating to a formerly owned property is expected to crystallise in 2009.

The £17.0 million asset impairment in 2008 relates to the write-off of costs incurred in respect of a potential development contract which will not proceed. The costs were previously included within current receivables.

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 2007			Six months ended 30 June 2008		Six months ended 30 June 2007	
Gross rental income £m	Net rental income £m		Gross rental income £m	Net rental income £m	Gross rental income £m	Net rental income £m
United Kingdom						
102.3	90.0	Retail: Shopping centres	46.5	39.2	53.6	47.4
50.7	48.3	Retail parks	25.8	24.1	24.6	23.5
153.0	138.3		72.3	63.3	78.2	70.9
57.1	49.7	Office: City	32.7	29.0	27.7	23.9
13.1	11.6	Other	7.3	6.9	5.9	5.2
70.2	61.3		40.0	35.9	33.6	29.1
223.2	199.6	Total United Kingdom	112.3	99.2	111.8	100.0
Continental Europe						
France						
61.4	54.4	Retail	37.2	33.3	29.4	26.3
15.7	14.1	Office	9.6	9.1	10.4	9.6
77.1	68.5	Total France	46.8	42.4	39.8	35.9
Germany						
3.5	1.2	Retail	2.2	1.3	1.6	0.7
80.6	69.7	Total Continental Europe	49.0	43.7	41.4	36.6
Group						
217.9	193.9	Retail	111.7	97.9	109.2	97.9
85.9	75.4	Office	49.6	45.0	44.0	38.7
303.8	269.3	Total investment portfolio	161.3	142.9	153.2	136.6
7.7	6.4	Developments and other sources not analysed above	4.0	2.9	2.4	1.7
311.5	275.7	As disclosed in note 2	165.3	145.8	155.6	138.3

3. SEGMENTAL ANALYSIS continued

B. PROPERTY ASSETS BY SEGMENT

31 December 2007			30 June 2008			30 June 2007		
Investment properties £m	Development properties £m	Total £m	Investment properties £m	Development properties £m	Total £m	Investment properties £m	Development properties £m	Total £m
United Kingdom								
1,731	549	2,280	1,581	604	2,185	2,107	402	2,509
1,178	47	1,225	1,031	66	1,097	1,273	117	1,390
2,909	596	3,505	2,612	670	3,282	3,380	519	3,899
1,050	275	1,325	909	293	1,202	1,057	223	1,280
294	5	299	262	6	268	307	5	312
1,344	280	1,624	1,171	299	1,470	1,364	228	1,592
4,253	876	5,129	3,783	969	4,752	4,744	747	5,491
Continental Europe								
France								
1,532	130	1,662	1,681	175	1,856	1,289	66	1,355
395	–	395	393	–	393	573	–	573
1,927	130	2,057	2,074	175	2,249	1,862	66	1,928
Germany								
89	–	89	92	–	92	80	–	80
2,016	130	2,146	2,166	175	2,341	1,942	66	2,008
Group								
4,530	726	5,256	4,385	845	5,230	4,749	585	5,334
1,739	280	2,019	1,564	299	1,863	1,937	228	2,165
6,269	1,006	7,275	5,949	1,144	7,093	6,686	813	7,499

4. NET FINANCE COSTS

Year ended 31 December 2007 £m		Six months ended 30 June 2008 £m	Six months ended 30 June 2007 £m
22.0	Interest on bank loans and overdrafts	26.2	7.6
126.9	Interest on other borrowings	61.1	67.2
3.0	Interest on obligations under finance leases	1.2	1.6
5.5	Other interest payable	2.3	3.7
157.4	Gross interest costs	90.8	80.1
(27.6)	Less: Interest capitalised	(21.4)	(11.7)
129.8	Finance costs	69.4	68.4
28.3	Bond redemption costs	–	0.1
(2.4)	Change in fair value of interest rate swaps	(6.4)	9.8
6.2	Change in fair value of currency swaps outside hedge accounting designation	2.3	–
3.8	Change in fair value of derivatives	(4.1)	9.8
(12.6)	Finance income	(5.4)	(6.3)
149.3	Net finance costs	59.9	72.0

NOTES TO THE ACCOUNTS

continued

5. TAX

A. TAX CREDIT

Year ended 31 December 2007 £m		Six months ended 30 June 2008 £m	Six months ended 30 June 2007 £m
	UK current tax		
0.1	On net income before revaluations and disposals	0.1	0.1
(1.7)	Credit in respect of prior years	(0.1)	–
(1.6)		–	0.1
	Foreign current tax		
0.2	On net income before revaluations and disposals	0.1	0.3
0.1	Charge in respect of prior years	–	–
17.7	On disposals	–	17.4
18.0		0.1	17.7
16.4	Total current tax charge	0.1	17.8
(17.6)	Deferred tax credit	(2.3)	(22.7)
(1.2)	Tax credit	(2.2)	(4.9)
5.3	Deferred tax on items taken directly to equity	2.1	4.3

B. CURRENT AND DEFERRED TAX MOVEMENTS

	1 January 2008 £m	Recognised in income £m	Recognised in equity £m	Tax paid £m	Exchange movements £m	30 June 2008 £m
Current tax						
UK REIT entry charge	50.2	–	–	(50.2)	–	–
Other UK tax	40.4	–	–	(40.1)	–	0.3
9 place Vendôme disposal	19.0	–	–	(20.0)	1.0	–
Other overseas tax	5.4	0.1	–	(1.9)	0.3	3.9
	115.0	0.1	–	(112.2)	1.3	4.2
Deferred tax						
Dividends receivable from France (note 5C)	144.8	(1.9)	2.7	–	11.2	156.8
Revenue tax losses	(43.9)	(2.6)	–	–	–	(46.5)
Other timing differences	(1.3)	2.2	(0.6)	–	–	0.3
	99.6	(2.3)	2.1	–	11.2	110.6
	214.6	(2.2)	2.1	(112.2)	12.5	114.8

The net current tax liability at 30 June 2008 of £4.2 million is analysed as: £4.0 million in current liabilities; £3.5 million in non-current liabilities; and £3.3 million in current receivables.

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. The Group's REIT entry charge of £100.5 million was paid in quarterly instalments between July 2007 and April 2008.

A deferred tax provision is made for the UK tax that may arise following property disposals on dividends required to be paid under SIIC rules by French subsidiaries to the UK.

6. DIVIDENDS

The interim dividend of 12.6 pence per share (30 June 2007: 12.0 pence per share) was approved by the Board on 7 August 2008 and is payable on 30 September 2008 to shareholders on the register at the close of business on 15 August 2008. The interim dividend will be paid as a PID, net of withholding tax where appropriate.

The £44.2 million dividend included in the reconciliation of equity on page 21 is the 2007 final dividend which was paid on 23 May 2008.

7. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

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

A. EARNINGS PER SHARE

The calculations for earnings per share use the weighted average number of shares, which excludes those shares held in the Hammerson Employee Share Ownership Plan (note 18) and the treasury shares (note 19), which are treated as cancelled.

Year ended 31 December 2007			Six months ended 30 June 2008			Six months ended 30 June 2007			
Earnings £m	Shares million	Pence per share		Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
101.0	289.1	34.9	Basic	(421.0)	289.1	(145.6)	365.1	287.9	126.8
–	0.5	–	Dilutive share options	–	0.4	0.2	–	0.4	(0.2)
101.0	289.6	34.9	Diluted	(421.0)	289.5	(145.4)	365.1	288.3	126.6
			Adjustments:						
(20.7)		(7.1)	Revaluation losses/(gains) on investment properties	407.4		140.7	(323.4)		(112.2)
(39.8)		(13.7)	Loss/(Profit) on the sale of investment properties	2.1		0.7	0.5		0.2
25.7		8.9	Revaluation losses on development properties	55.2		19.0	–		–
3.8		1.3	Change in fair value of derivatives	(4.1)		(1.4)	9.8		3.5
(17.6)		(6.1)	Deferred tax credit	(2.3)		(0.8)	(22.7)		(7.9)
17.7		6.1	Tax on property disposals	–		–	17.4		6.0
8.6		2.9	Minority interests in respect of the above	4.6		1.6	6.3		2.2
78.7	27.2	EPRA		41.9		14.4	53.0		18.4
28.3		9.8	Bond redemption costs	–		–	0.1		–
6.0		2.1	Provision relating to formerly owned property	–		–	–		–
3.6		1.2	Asset impairment	17.0		5.9	–		–
116.6	40.3	Adjusted		58.9		20.3	53.1		18.4

NOTES TO THE ACCOUNTS

continued

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

B. NET ASSET VALUE PER SHARE

31 December 2007		Equity shareholders' funds £m	Shares million	30 June 2008 Net asset value per share £	30 June 2007 Net asset value per share £
14.98	Basic	3,919.5	290.8	13.48	16.00
n/a	Company's own shares held in Employee Share Ownership Plan	–	(0.4)	n/a	n/a
n/a	Treasury shares	–	(1.0)	n/a	n/a
n/a	Unexercised share options	5.2	0.6	n/a	n/a
15.06	Diluted	3,924.7	290.0	13.53	15.99
0.23	Fair value adjustment to borrowings (net of tax)	179.6		0.62	0.01
15.29	EPRA triple net	4,104.3		14.15	16.00
0.05	Fair value of derivatives	2.5		0.01	0.06
(0.23)	Fair value adjustment to borrowings (net of tax)	(179.6)		(0.62)	(0.01)
0.34	Deferred tax	110.6		0.38	0.30
15.45	EPRA	4,037.8		13.92	16.35

8. INVESTMENT AND DEVELOPMENT PROPERTIES

	Investment properties		Development properties		Total	
	Valuation £m	Cost £m	Valuation £m	Cost £m	Valuation £m	Cost £m
Balance at 1 January 2008	6,269.2	4,003.8	1,005.8	845.8	7,275.0	4,849.6
Exchange adjustment	158.0	85.1	10.2	5.9	168.2	91.0
Additions:						
– Capital expenditure	20.9	20.9	173.0	173.0	193.9	193.9
– Asset acquisitions	–	–	19.5	19.5	19.5	19.5
	20.9	20.9	192.5	192.5	213.4	213.4
Disposals	(91.4)	(66.1)	–	–	(91.4)	(66.1)
Capitalised interest	–	–	21.4	21.4	21.4	21.4
Revaluation adjustment	(407.4)	–	(86.3)	–	(493.7)	–
Balance at 30 June 2008	5,949.3	4,043.7	1,143.6	1,065.6	7,092.9	5,109.3

Properties are stated at market value as at 30 June 2008, 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 and Germany, 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 and with IVA 1 of the International Valuation Standards, primarily derived using comparable recent market transactions on arms length terms.

At 30 June 2008 the total amount of interest included in development properties was £61.4 million (31 December 2007: £39.8 million), calculated using the Group's average cost of borrowings.

In April, the remaining 50% interest in Parc Tawe Unit Trust was acquired for consideration which comprised the Group's Exeter properties, the assumption of debt and cash balances and a balancing cash receipt. This transaction has been accounted for as a property acquisition as the entity acquired held no significant assets or liabilities other than property.

9. INVESTMENTS**Available for sale investments**

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
41.2	Value Retail Investors Limited Partnerships	51.9	50.1
38.0	Interests in Value Retail plc and related companies	58.9	37.9
0.9	Other investments	1.2	1.3
80.1		112.0	89.3

10. RECEIVABLES: NON-CURRENT ASSETS

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
11.7	Loans receivable	12.7	10.8
1.2	Other receivables	0.5	0.5
–	Fair value of interest rate swaps	15.2	–
12.9		28.4	11.3

Loans receivable of £12.7 million (31 December 2007: £11.7 million) comprised a loan of €16.0 million to Value Retail plc bearing interest based on EURIBOR and maturing on 22 August 2010. The loan is classified as 'available for sale' and is included in the balance sheet at fair value, which equates to cost.

11. RECEIVABLES: CURRENT ASSETS

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
75.9	Trade receivables	44.9	42.4
65.9	Other receivables	64.4	57.7
1.3	Corporation tax	3.3	0.3
9.2	Prepayments	3.3	8.3
–	Fair value of interest rate swaps	0.3	–
152.3		116.2	108.7

12. CASH AND DEPOSITS

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
17.7	Cash at bank	38.3	60.0
10.9	Short-term deposits	35.8	16.4
28.6		74.1	76.4
	Currency profile		
20.7	Sterling	53.0	59.0
7.9	Euro	21.1	17.4
28.6		74.1	76.4

Short-term deposits principally comprised deposits placed on money markets with rates linked to LIBOR.

NOTES TO THE ACCOUNTS

continued

13. PAYABLES: CURRENT LIABILITIES

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
60.6	Trade payables	60.8	63.7
300.3	Other payables	123.7	121.9
19.7	Accruals	21.6	15.2
6.4	Fair value of interest rate swaps	10.7	18.6
387.0		216.8	219.4

14. BORROWINGS

A. ANALYSIS

31 December 2007 £m			30 June 2008 £m	30 June 2007 £m
520.3	Bank loans and overdrafts:	Unsecured	1,012.3	590.7
54.1		Secured	474.0	39.7
1,943.0	Other borrowings:	Unsecured	1,590.8	1,972.6
2,517.4			3,077.1	2,603.0
6.8	Fair value of currency swaps		2.5	(4.1)
2,524.2			3,079.6	2,598.9

B. CURRENCY PROFILE

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
1,403.9	Sterling	1,799.8	1,440.9
1,120.3	Euro	1,279.8	1,158.0
2,524.2		3,079.6	2,598.9

As part of the Group's foreign currency hedging programme, at 30 June 2008 the Group had currency swaps of £469.3 million, being €594.2 million sold forward against sterling for value in December 2008 at a rate of £1 = €1.272. At 31 December 2007 the Group had currency swaps of £442.8 million, being €609.0 million sold forward against sterling: €14.8 million for value in January 2008 and €594.2 million for value in June 2008.

C. UNDRAWN COMMITTED FACILITIES

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
–	Expiring between one and two years	328.1	–
561.0	Expiring after more than two years	75.8	497.9
561.0		403.9	497.9

15. 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 2007			30 June 2008		30 June 2007	
Book value £m	Fair value £m		Book value £m	Fair value £m	Book value £m	Fair value £m
399.9	402.1	Current borrowings	31.3	31.3	336.5	340.8
2,133.5	2,040.0	Non-current borrowings	3,065.3	2,815.9	2,285.4	2,277.5
(16.0)	(16.0)	Unamortised borrowing costs	(19.5)	(19.5)	(18.9)	(18.9)
6.8	6.8	Currency swaps	2.5	2.5	(4.1)	(4.1)
2,524.2	2,432.9	Total borrowings	3,079.6	2,830.2	2,598.9	2,595.3
6.4	6.4	Interest rate swaps	–	–	18.6	18.6

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 12. Their fair values and those of other financial assets and liabilities equate to their book values.

At 30 June 2008, the book value of financial liabilities exceeded their fair value by £249.4 million (31 December 2007: £91.3 million) equivalent to 86 pence per share (31 December 2007: 32 pence per share) on an adjusted net asset value per share basis. On a post-tax basis, the difference was equivalent to 62 pence per share (31 December 2007: 23 pence per share).

16. PAYABLES: NON-CURRENT LIABILITIES

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
4.8	Net pension liability	5.9	9.1
29.3	Other payables	32.5	19.9
–	Fair value of interest rate swaps	4.8	–
34.1		43.2	29.0

NOTES TO THE ACCOUNTS

continued

17. EQUITY

	Share premium £m	Translation reserve £m	Hedging reserve £m	Capital redemption reserve £m
Balance at 1 January 2008	740.0	86.0	(71.4)	7.2
Exchange adjustment	–	151.5	–	–
Net loss on hedging activities	–	–	(120.4)	–
Premium on issue of shares	2.1	–	–	–
Balance at 30 June 2008	742.1	237.5	(191.8)	7.2

	Other reserves £m	Revaluation reserve £m	Retained earnings £m	Minority interests £m
Balance at 1 January 2008	10.6	156.3	3,373.9	70.4
Exchange adjustment	–	–	–	5.5
Share-based employee remuneration	2.6	–	–	–
Cost of shares awarded to employees	(4.1)	–	–	–
Transfer on award of own shares to employees	0.8	–	(0.8)	–
Revaluation losses on development properties	–	(31.1)	–	–
Revaluation losses on owner-occupied property	–	(1.9)	–	–
Revaluation gains on investments	–	31.4	–	–
Actuarial losses on pension schemes	–	–	(2.2)	–
Proceeds on award of own shares to employees	–	–	0.1	–
Dividends	–	–	(44.2)	–
Deferred tax on items taken directly to equity	–	(2.7)	0.6	–
(Loss)/Profit for the period attributable to equity shareholders	–	–	(421.0)	6.1
Balance at 30 June 2008	9.9	152.0	2,906.4	82.0

The revaluation reserve and £1,735 million of retained earnings represent unrealised revaluation gains and do not constitute distributable reserves.

18. INVESTMENT IN OWN SHARES

At cost

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
7.0	Opening balance	3.8	7.0
–	Transfer from treasury shares	5.2	–
(3.2)	Cost of shares awarded to employees	(4.1)	(3.0)
3.8	Closing balance	4.9	4.0

19. TREASURY SHARES**At cost**

31 December 2007 £m		30 June 2008 £m	30 June 2007 £m
–	Opening balance	16.8	–
16.8	Purchase of treasury shares	–	–
–	Transfer to investment in own shares	(5.2)	–
16.8	Closing balance	11.6	–

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

Year ended 31 December 2007 £m		Six months ended 30 June 2008 £m	Six months ended 30 June 2007 £m
1.2	Depreciation	0.6	0.6
5.2	Share-based employee remuneration	2.6	3.3
1.3	Amortisation of lease incentives and other costs	0.6	0.7
(18.2)	Decrease/(Increase) in accrued rents receivable	0.2	(15.4)
(18.8)	Exchange and other items	3.5	(0.6)
(29.3)		7.5	(11.4)

OTHER INFORMATION

DIRECTORS

John Nelson* FCA, Chairman
John Richards BSc, FRICS, Chief Executive
David Atkins BSc, MRICS
John Clare* CBE, BSc, Senior Independent Director
Peter Cole BSc, MRICS
G rard Devaux HEC, FRICS
David Edmonds* CBE, BA, D.Litt
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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 and Hammerson currently expects that its interim dividends will be paid entirely as PIDs while its final dividends will have both a PID and a normal dividend element.

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.

FINANCIAL CALENDAR

Ex-dividend date	13 August 2008
Record date	15 August 2008
Interim dividend payable	30 September 2008

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.
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 valuers.
Gearing	Net debt expressed as a percentage of equity shareholders' funds.
Gross property value	Property value before deduction of purchaser's costs, as provided by the Group's external valuers.
Gross rental income	Income from rents, car parks and commercial income.
IAS	International Accounting Standard.
IFRS	International Financial Reporting Standard.
Initial yield	Annual cash rents receivable, net of head and equity rents and the cost of vacancy, as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV.
Interest rate or currency swap (or derivative)	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.

GLOSSARY OF TERMS

continued

Net rental income	Income from rents, 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.
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.
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.

Disclaimer

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

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

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

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