




Good morning and welcome to Hammerson's half-year results presentation.

I am going to make a few introductory remarks before handing over to Simon Melliss who will run through the results for the first six months of the year. Following this, I will talk in more detail about the progress we are making both within the investment portfolio and with our developments, as well as providing more details on the markets.

FINANCIAL PERFORMANCE		
Six months to 30 June 2007		
▪ NAV per share (EPRA basis)	£16.35	+9.0%
▪ Adjusted profit before tax	£54.8 million	+22.3%
▪ Adjusted earnings per share	18.4 pence	+21.9%
▪ Interim dividend per share	12 pence	+88%

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This is a very strong set of results.

NAV increased by 9% in the first half of the year.

Adjusted profit before tax and earnings per share increased by 22% compared with last year.

A word about the dividend. You will recall, earlier this year we stated our intention to raise the dividend for 2007 by around 25% and this remains the case. We have also reviewed the balance between the interim and final dividend. Accordingly, we have increased this year's interim to 12 pence per share, an 88% increase, to provide a better balance for shareholders between the two payments.

Now, a brief overview of the year so far.

## OVERVIEW 2007

- Tax exempt businesses in both UK and France
- Good growth in net rental income
- Strong portfolio performance with 5.9% capital return for six months
- Continued recycling of capital
- Development programme adding value
- Indicated 25% increase in dividend for full year 2007

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We were amongst the first companies to enter the new REIT regime on 1 January. So we now have substantial tax-exempt businesses, both in the UK and France.

Our portfolio performed strongly. For the first six months of the year it achieved a capital return of 5.9%. The highlights were the strong performances from France and the UK office portfolios.

We have maintained our record of out-performance. In the UK, we outperformed the IPD benchmark by 140 basis points.

In 2007 to date, we have invested around £400 million and raised just over £500 from disposals.

We have made good progress on our development programme. I am confident the current projects will continue to add value whilst the next generation of projects is being advanced.


Now over to Simon.



**FINANCIAL REVIEW**

<b>NET RENTAL INCOME</b>		
Six months to 30 June	(£ million)	
	2007	2006
Properties owned throughout	111.7	100.0
Acquisitions	10.2	-
Developments	16.3	0.9
Properties sold	-	8.6
Exchange translation and other	0.1	(0.2)
<b>Net rental income</b>	<b><u>138.3</u></b>	<b><u>109.3</u></b>

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This slide compares rental income for the first half of this year with the first six months of 2006. For properties owned throughout the two periods, income grew by £11.7 million. We saw income growth of 8% at the retail assets and 26% at the offices. The latter included new leases at Moorhouse; if excluded, the rental income growth in the office portfolio was 12%.

Income from developments includes contributions from Bishops Square and, for the first half of the year, 9 place Vendôme.

<b>ADJUSTED EARNINGS</b>											
Six months to 30 June	(£ million)										
	2007	2006									
<b>Profit before tax</b>	<b>367.8</b>	<b>384.8</b>									
Adjustments:											
Loss/(Profit) on sale of investment properties	0.5	(0.9)									
Revaluation gains on investment properties	(323.4)	(382.5)									
Bond redemption costs	0.1	33.7									
Change in fair value of interest rate swaps	9.8	9.7									
	<u>(313.0)</u>	<u>(340.0)</u>									
<b>Adjusted profit before tax</b>	<b>54.8</b>	<b>44.8</b>									
<b>Current tax and minority interests</b>	<b>(1.7)</b>	<b>(1.8)</b>									
<b>Adjusted earnings</b>	<b><u>53.1</u></b>	<b><u>43.0</u></b>									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">EPRA earnings per share</td> <td style="text-align: right; padding: 2px;">18.4p</td> <td style="text-align: right; padding: 2px;">3.3p</td> </tr> <tr> <td style="padding: 2px;">Adjusted earnings per share</td> <td style="text-align: right; padding: 2px;">18.4p</td> <td style="text-align: right; padding: 2px;">15.1p</td> </tr> <tr> <td style="padding: 2px;">Dividend per share</td> <td style="text-align: right; padding: 2px;">12.0p</td> <td style="text-align: right; padding: 2px;">6.38p</td> </tr> </table>			EPRA earnings per share	18.4p	3.3p	Adjusted earnings per share	18.4p	15.1p	Dividend per share	12.0p	6.38p
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Dividend per share	12.0p	6.38p									

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This slide shows the derivation of adjusted profit before tax and adjusted earnings.

Compared with the equivalent period last year, adjusted profit rose by £10 million to £54.8 million. The main reasons for the increased profit were contributions from new leases in the office portfolio – including Bishops Square and Moorhouse, £7 million. Indexation in France and rent reviews in the UK added a further £6 million, with these positive factors being partly offset by higher finance and overhead costs.

Both adjusted profit before tax and earnings per share increased by around 22%, reflecting growth in the business rather than the removal of tax on income following REIT conversion.

The interim dividend of 12 pence per share will be a Property Income Distribution with 22% withholding tax, except for exempt shareholders.

Turning now to cash flow.

<b>CASH FLOW</b>		
Six months to 30 June	(£ million)	
	2007	2006
Cash generated from operations	150	91
Net interest	(103)	(91)
Bond redemption costs	-	(32)
Tax	(1)	(1)
Cash flows from operating activities	<u>46</u>	<u>(33)</u>
Acquisitions	(131)	(35)
Capital expenditure	(154)	(133)
Disposals	-	138
	<u>(285)</u>	<u>(30)</u>
Dividend	(44)	(40)
Other cash flows	-	2
Net cash flow before financing	<u>(283)</u>	<u>(101)</u>

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The first line shows an increase in operating cash flow of £59 million to £150 million. Most of the movement was accounted for by rental growth and the expiry of rent free periods.

Capital investment, comprising acquisitions and development expenditure, totalled £285 million. Acquisitions included Stockley House, Victoria, £71 million and the cash element of the purchase of Ravenhead Retail Park, St Helens, £39 million.

No disposals were completed in the six months to 30 June.

<b>BALANCE SHEET</b>		
	(£ million)	
	30 June 2007	31 December 2006
Property assets	7,499	6,716
Net debt	(2,523)	(2,243)
Other net liabilities	(242)	(205)
	4,734	4,268
Deferred tax	(85)	(103)
Equity shareholders' funds	<u>4,649</u>	<u>4,165</u>
EPRA NAV per share	£16.35	£15.00
Gearing	54%	54%

Net debt increased in the first half of the year as shown on the second line of the balance sheet.

Adjusted net asset value per share was £16.35, an increase of 9% since 31 December 2006.

Gearing at the end of June was 54%.

In the first two weeks of July, we completed the sales of our 50% interest in 9 Place Vendôme in Paris and 50% of WestQuay shopping centre, Southampton.

PRO-FORMA BALANCE SHEET		
	(£ million)	
	30 June 2007	31 December 2006
Property assets	6,993	6,716
Net debt	(2,017)	(2,243)
Other net liabilities	(242)	(205)
	<u>4,734</u>	<u>4,268</u>
Deferred tax	(85)	(103)
Equity shareholders' funds	<u>4,649</u>	<u>4,165</u>
EPRa NAV per share	£16.35	£15.00
Gearing	43%	54%

The proceeds total just over £500 million. The pro-forma balance sheet following these two transactions is shown in the left hand column.

On a pro-forma basis, gearing reduces to 43%.

Turning now to the increase in net asset value per share in the first half of 2007.

## NAV ANALYSIS

	EPRA shareholders' funds* (£ million)	EPRA NAV* (£ per share)
31 December 2006	4,286	15.00
Revaluation – equity	78	0.27
– income statement	323	1.11
Retained profit (excl. revaluations)	48	0.17
Current tax on disposals	(17)	(0.06)
Dividend	(44)	(0.15)
Shares issued for acquisition	79	-
Exchange loss and other movements	6	0.01
30 June 2007	<u>4,759</u>	<u>16.35</u>

Note

\* Excluding deferred tax and fair value of interest rate swaps

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Revaluations in Hammerson's accounts are split between developments, where valuation changes are taken directly to equity, and investment properties, where revaluations are included in the income statement. These are shown on the second and third lines and together they increased NAV by £1.38 per share.

The next slide analyses the capital value increases in more detail.

## CAPITAL RETURNS

Six months to 30 June 2007

	Shopping Centres		Retail Parks		Offices		Total	
	Value £m	Capital return %	Value £m	Capital return %	Value £m	Capital return %	Value £m	Capital return %
UK	2,508	2.9	1,391	3.3	1,593	6.9	5,492	4.0
France	1,247	11.6	107	(13.1)	573	16.3	1,927	11.2
Germany	80	8.3	-	-	-	-	80	8.3
<b>Total</b>	<b>3,835</b>	<b>5.6</b>	<b>1,498</b>	<b>1.9</b>	<b>2,166</b>	<b>9.2</b>	<b>7,499</b>	<b>5.9</b>

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This shows the capital returns by sector and by country. Overall there was a capital return of 5.9%. The return in France was 11.2%, and included the sale value of 9 place Vendôme. Without that the French return would have been 10.1%.

In broad terms the overall uplift in value can be analysed into two components.

First, around 55% of the increase in value can be attributed to lower market yields. This arose in the French portfolio, where there was a reduction in yields of around 45 basis points, and in the London offices, where yields fell by about 10 basis points. UK retail yields were broadly unchanged during the first half of the year.

The balance of the total increase can be attributed to increased rental income and values. This increase was spread across the portfolio with good growth in the London offices and more modest growth in UK retail. The fall in value at Villebon reflected lower rental values, and some tenant restructuring, which is designed to enhance the centres medium term performance. Elsewhere in France we saw encouraging rental growth.

Turning now to financing.

## FINANCING

- New £340 million five-year bank facility arranged
- 55% of borrowings were at fixed rates at 30 June 2007
- Cash, deposits and undrawn facilities totalled £574 million at 30 June 2007
- Redemption of the £106 million 10.75% 2013 bonds in July 2007
- Weighted average maturity of debt approximately nine years
- Only 15% of the group's financial facilities expire in next four years

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At 30 June, 55% of Hammerson's debt was at fixed rates of interest.

At the end of June, Hammerson had cash and borrowing facilities available of £3.2 billion. In July, we received £500 million from property sales, increasing our financial resources to £3.7 billion.

Also in July, we redeemed the balance of the 10.75% 2013 bonds at a premium of £26 million. This will reduce future annual interest costs by around £3.5 million.

Our cost of debt is now running at 5.8% per annum and around 75% of our net debt is at fixed rates.

So to conclude, Hammerson is in an extremely strong financial position. We have seen good growth in our income and profits, we are on track to increase this year's dividend by 25% and the developments will contribute additional growth over the next 18 months.



First of all, some comments on retail spending in the UK and the outlook for the occupational market.

## UK RETAIL MARKET

- Modest increase in retail spending
- Retailers seeking high footfall and/or low cost modern space
- New schemes attracting retailers
- Modest rental growth forecast over the next 18 months.

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In the first half of the year, UK consumer expenditure grew solidly, in line with the economy. However, in the light of rising interest rates and increased constraints on disposable income, conditions for retailers are somewhat challenging.

Nevertheless, retailers looking to sustain or grow their business have got to ensure they are represented in schemes which give them a high footfall or turnover relative to cost. So, regional centres with strong catchments remain destinations of choice. The other sector where retailers are keen to be represented is open A1 retail parks.

We expect growth in ERVs in these categories of property of perhaps 3% per annum over the next 18 months.

I'd now like to turn to the London office market.

## LONDON OFFICE OCCUPATIONAL MARKET

- London economy and employment forecast to continue long-term growth
- Take-up at strongest level since 2000
- Low vacancy rate
- Weakness in worldwide financial markets may dampen take-up

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The central London office market has continued to benefit from the City's growing dominance as an international financial centre and London's economy and key employment drivers are well set to support sustainable long-term growth.

In the first half, we have seen strong rental growth in the City which reflects the highest level of take up of space since 2000. With vacancy rates at the lowest level for five years and limited immediate availability, the fundamentals are positive.

However, the current weakness in financial markets has affected some occupiers' plans in the short-term. It is too early to say how long this will last or to forecast the longer-term impact on supply if development finance is not available to less well capitalised developers.

I'll turn now to the French retail market.

## FRENCH RETAIL OCCUPATIONAL MARKET

- Increased consumer confidence following Presidential election
- Decreasing unemployment boosting consumer expenditure
- Stronger demand for space in best centres
- Scarcity of new shopping centre space
- Continuing growth in ERVs anticipated over the next 18 months

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In France, there has been an increase in consumer confidence since the Presidential elections in May and this has been accompanied by an upturn in consumer spending, which is also benefiting from an increase in employment. We are seeing good demand for space in the best retail destinations.

Due to historically tight planning in France for retail schemes, most of the new space coming on stream represents extensions to existing centres.

With a more favourable outlook for French consumer spending, steady rental growth is expected.

As you know, leases in France are subject to annual indexation based on changes to construction costs.

Now, the Paris office market.

## PARIS OFFICE OCCUPATIONAL MARKET

- Paris office market remains buoyant
- CBD vacancy currently at low of 3.2%
- Strong demand both from private and public sector occupiers

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The central Paris office occupational market has seen continuing demand both from the private and the public sectors. Paris continues to benefit from having a wide range of occupiers and constrained supply in the CBD. There is a particular scarcity of prime quality space. As a result record headline rents are being achieved.

Now some comments on the investment markets.

## REAL ESTATE INVESTMENT MARKET

- Continued demand in Q1 of 2007 but slowdown in Q2
- Investors more cautious in light of turmoil in financial markets
- Lenders require more equity from leveraged buyers
- Risk premium being re-established for secondary property
- Outlook for French investment market remains positive
- Real estate remains an attractive asset class

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Demand from investors for UK real estate in 2007 has been good, particularly for London offices, but was slowing in the second quarter. Yields for prime retail property remained broadly unchanged in the first half of 2007, with a slight reduction in London office yields.

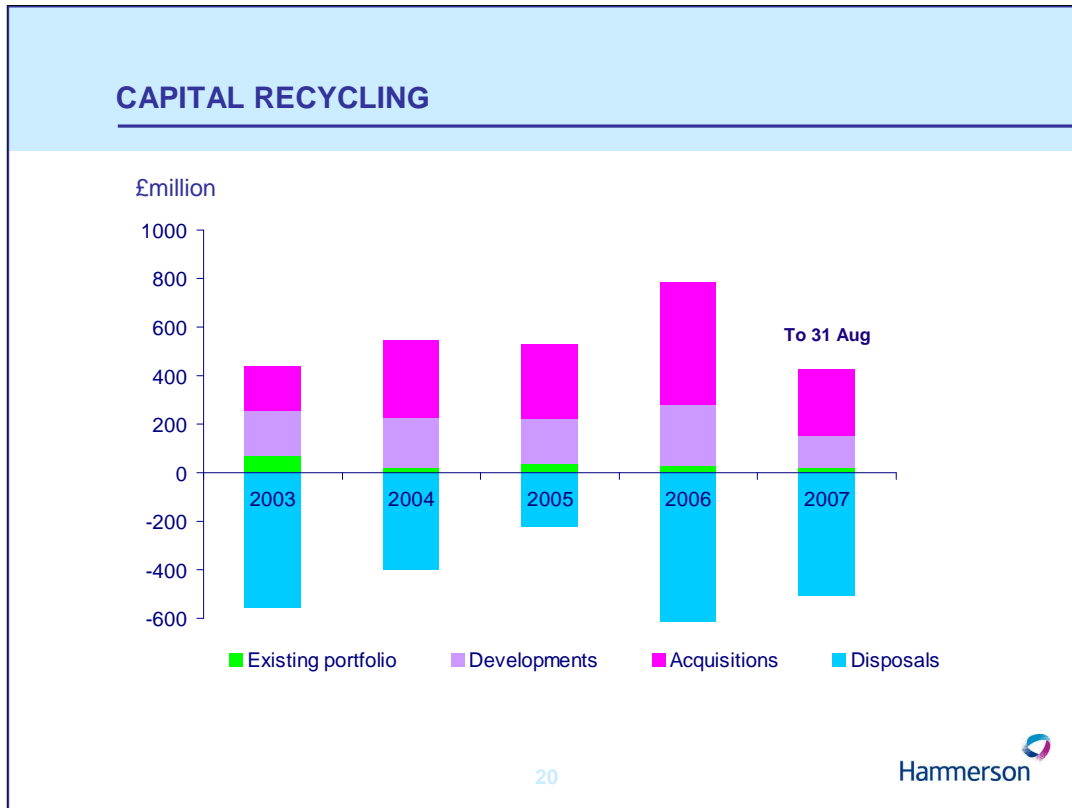
In France, investment activity reached a record level in the first half of the year. Office investment accounted for the majority of transactions, with few prime assets coming to the market in the retail sector.

In recent weeks it has become clear that investors in all investment classes are showing greater caution following the uncertainty and turmoil in credit markets and the recent volatility in equity markets. This will probably result in lenders looking for more equity from leveraged buyers of real estate and an increase in borrowing margins for such buyers.

For institutions, property will remain an important part of a diversified investment portfolio. Short term interest rates are probably close to their peak in this cycle and the medium term outlook for property remains favourable.



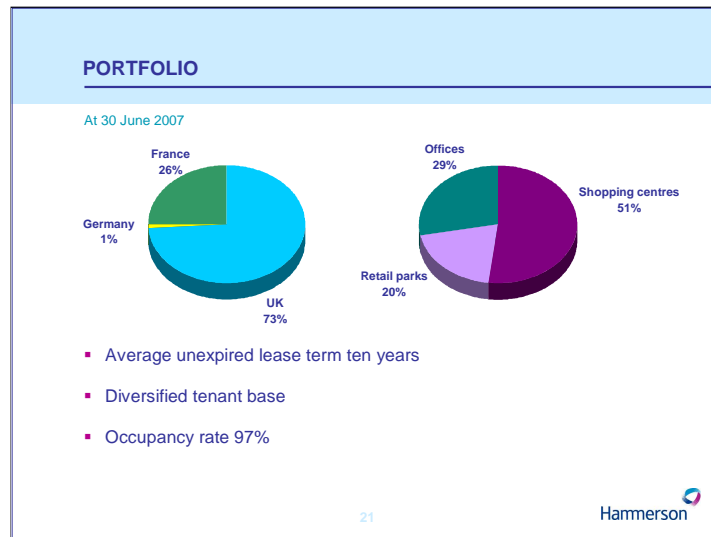
**PORTFOLIO REVIEW**



Capital recycling remains central to our strategy. This shows our activity in 2003 to 2006 and for the first eight months of this year.

The major acquisitions this year were Ravenhead Retail Park, St Helens, near Liverpool for £120 million and Stockley House in Victoria, London, for £71 million.

Since 30 June, we completed two major sales. This brings our disposals in 2006 and 2007 to over £1 billion, with roughly the same amount reinvested into the development programme and acquisitions.



This shows the portfolio at 30 June 2007.

It has a current value of £7.5 billion.

These are absolutely prime assets. They provide a robust income stream with an average unexpired lease term of ten years from a broad spread of tenants.

The occupancy level improved slightly during the year and is now around 97%.

## UK RETAIL PORTFOLIO UPDATE

- Like-for-like income growth 8.9%
- Occupancy 97.5%
- UK retail portfolio 11% reversionary
- Planning consents secured for 26,000m<sup>2</sup> of new retail park space
- Plans progressed for a further 70,000m<sup>2</sup> of retail park developments

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Hammerson's retail investment properties in the UK accounted for 45% of the total portfolio.

In the first six months of the year they showed strong like-for-like income growth of 9%. That reflected good progress with rent reviews, re-letting of vacant space and other commercial income.

The vacancy rate, at only 2.5%, is about the optimal level from which to pursue an active asset management strategy, and we are seeing continued demand where vacancies occur.

Earlier, I mentioned that we see the potential for ERV growth generally of perhaps 3% per annum. We have a record of achieving better than average income growth at our retail assets, and I expect this to continue.

We have been active in progressing our developments and scheme extensions. We achieved planning consent for around 26,000m<sup>2</sup> of new retail park space in the first half of the year and we are advancing plans for a further 70,000m<sup>2</sup> of retail park space for which we are likely to make planning applications over the next 12 months.

## UK OFFICE PORTFOLIO UPDATE

- Occupancy level 97.5%
- Rack-rented
- JPMorgan Chase

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Our UK office investment portfolio, which represents 18% of the total portfolio, is almost fully let, with just a small vacancy at Exchange Tower in Docklands.

The portfolio is now virtually rack-rented. But we can look forward to income growth from One London Wall, Moorhouse and Exchange Tower in the medium term.

Earlier this year, we reached agreement with JPMorgan Chase to provide them with a new London office of around 100,000m<sup>2</sup>. We will be acting as development manager and JPMorgan will own the building and fund the development.

A few words on France.

## FRANCE UPDATE

- Sale of 50% interest in 9 place Vendôme for £207 million (130% profit on cost)
- French retail portfolio 5.2% reversionary
- Proposed retail park developments at St Omer and Cap Malo, near Rennes (potential total investment £34 million)
- Acquisition for £44 million of Grand Maine shopping mall, Angers

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In France, our retail investment assets represented 17% of Hammerson's total portfolio at 30 June and were 5.2% reversionary overall.

The composition of the French portfolio has changed somewhat in the second half. We sold our 50% interest in 9 place Vendôme for £207 million, representing a profit on cost of 130%. We have begun to reinvest that money.

We have entered into agreements to acquire two retail park developments. And today, we have announced the acquisition of the Grand Maine Shopping Mall in Angers for £44 million.



I'd like to turn now to our developments, starting with the current schemes.

## CURRENT DEVELOPMENTS

- Six major schemes underway
- Costs at 30 June 2007 - £377 million
- Value at 30 June 2007 - £614 million
- Estimated total costs - £920 million
- Projected rental income - £73 million

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Six major schemes are currently underway.

The group's valuers value these developments every six months. Their valuation approach includes a reduction for a profit margin that a potential purchaser might apply as well as allowances for future costs including interest and often a slightly higher valuation yield to allow for contingency. This means that the potential profits from developments are recognised as the schemes progress and tend to be skewed towards the latter stages of the projects.

Our costs to 30 June amounted to £377 million, whilst the projects were valued at £614 million. This is a surplus so far of £237 million (including the profit on the sale of a 50% interest in 125 Old Broad Street). At 31 December, the equivalent surplus was £166 million so an additional £71 million of value has been recognised this year.

Our estimated total cost for the six projects is £920 million and the estimated income is £73 million. The additional future development profits from these schemes could be of the order of £250 million, or 86 pence per share.

The schemes are summarised on this next slide.

## CURRENT DEVELOPMENTS

Current projects	Ownership interest	Lettable Area	Value at 30/6/07	Cost at 30/6/07 <sup>(1)</sup>	Forecast total cost <sup>(1)</sup>	Projected annual rent	Let at 31/8/07	Forecast completion date
	%	m <sup>2</sup>	£m	£m	£m	£m	%	
<b>Retail</b>			(2)	(2)	(2)	(2)		
Cabot Circus, Bristol	50	92,000	158	134	245	18	66	Sep 2008
Highcross, Leicester	60	60,000	149	101	210	13	49	Sep 2008
Union Square, Aberdeen	100	49,000	68	58	220	15	21	Sep 2009
Parinor, Aulnay-sous-Bois	100	24,000	60	31	75	6	48	Apr 2008
<b>Offices</b>								
125 Old Broad Street, London EC2 <sup>(3)</sup>	50	31,000	106	11	45	9	-	Dec 2007
60 Threadneedle Street, London EC2	100	20,400	73	42	125	12	-	Nov 2008
<b>TOTAL</b>			<b>614</b>	<b>377</b>	<b>920</b>	<b>73</b>		

**Notes**

- (1) Capital costs including capitalised interest  
 (2) Hammerson share of costs, value and income  
 (3) Cost to 30 June 2007 and forecast total cost shown net of disposal profit of £46 million arising in 2006

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There are retail schemes in Bristol, Leicester, Aberdeen and Parinor, outside Paris. The letting of these is progressing well with 66% of Bristol let, 49% of Leicester and 48% of Parinor. It is fair to say that, in the UK, tenant incentives have increased. Expressed as the equivalent to rent free periods, average packages are now around 18 months. We have also seen ten year leases becoming more common.

There are also two major office developments in the City at 125 Old Broad Street and 60 Threadneedle Street. We are in negotiations with potential occupiers of 125 Old Broad Street, but we have always anticipated that the majority of the space in this building will be let after practical completion.

We've put some additional detail on the individual schemes in the appendix to the presentation packs, and for those who are watching the webcast, these are also available on our website.



I'd like to turn now to some of the schemes in our development pipeline.

As you know we have a development pipeline which could enable the group to invest some £5 billion over the next ten years. To date we have invested around £200 million in securing these opportunities.

## ADVANCED PIPELINE DEVELOPMENTS

Project	Ownership %	Area m <sup>2</sup>	Cost at 30/6/07 £m	Estimated total cost <sup>(1)</sup> £m	Earliest potential start
<b>Shopping Centres</b>					
New Retail Quarter, Sheffield	100	105,000	31	600	2008
Eastgate & Harewood Quarters, Leeds	90	100,000	50	600	2009
<b>Retail Parks</b>					
Fife Central Retail Park, Kirkcaldy	100	13,000	-	30	2007
Westmorland Retail Park and Manor Walks, Cramlington	100	29,000	-	150	2008
<b>Offices</b>					
Bishops Place, London E1	100	100,000	17	650	2008
The Triangle, Paddington, London W2	50	20,000	5	70	2008
<b>Total</b>			<b>103</b>	<b>2,100</b>	

Note

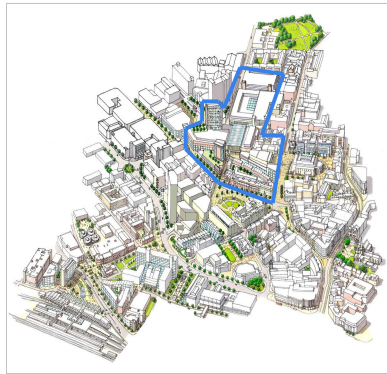
<sup>(1)</sup> Indicates Hammerson's share.

On this chart we have summarised the most advanced of the pipeline developments where we anticipate being able to make decisions to proceed in the next two years.

In aggregate these represent a current investment of around £100 million and an estimated total cost of just over £2 billion.

I'll say a few words now about some of these.

## NEW RETAIL QUARTER, SHEFFIELD



- 105,000m<sup>2</sup> retail-led mixed use
- Hammerson interest 100%
- Planning consent granted August 2006
- Anchored by John Lewis
- Anticipated start on site 2008+
- Projected total cost £600 million

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Sheffield is lined up to be our next major retail regeneration project.

We have John Lewis confirmed as anchor and we are seeing very good interest from other retailers in a city centre which has suffered from a lack of retail provision over the last 20 years.

Enabling works including utility diversions are well underway and work on relocating the South Yorkshire fire headquarters, a key part of the site, has commenced.

## EASTGATE & HAREWOOD QUARTERS, LEEDS



- 100,000m<sup>2</sup> retail-led mixed-use
- Hammerson interest 90%
- Planning consent secured 2007
- Anchored by John Lewis
- Anticipated start on site 2009+
- Projected total cost £600 million

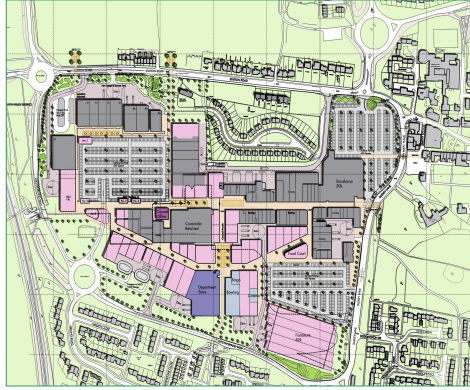
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In Leeds, the Council granted planning consent for our proposed 100,000m<sup>2</sup> shopping centre earlier this year. This scheme will also be anchored by a new store for John Lewis. We have recently agreed heads of terms for a second major store and are seeing encouraging interest from other large space users.

We anticipate that the compulsory purchase inquiry will start in November.

## CRAMLINGTON TOWN CENTRE REDEVELOPMENT



- Acquired with LxB in Aug 2006
- Acquisition price £164 million
- Existing retail scheme of 50,000m<sup>2</sup>
- Proposed 29,000m<sup>2</sup> retail expansion
- Two phase scheme
- Estimated development cost £150 million
- Planning application late 2007

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Hammerson's interest in Cramlington town centre was acquired for £164 million as part of our purchase of LxB a year ago. The town is around 10 miles north of Newcastle.

We will be making a planning application later this year for a retail expansion, adding around 29,000m<sup>2</sup> of space. We anticipate improving substantially on the current modest rental levels.

Also in the LxB portfolio we have been appointed as the preferred development partner by the local authority in Didcot, Oxfordshire.

Overall, we are pleased with the progress we are making with the LxB assets, which are proving to have all the development and asset management potential we identified prior to the purchase 12 months ago.

## BISHOPS PLACE, LONDON E1



- 1 hectare site north of Broadgate Tower
- Combination of Northgate and Norton Folgate Properties
- Planning application submission 2007
- 100,000m<sup>2</sup> mixed use scheme
- Includes 60,000m<sup>2</sup> of offices
- Hotel and 300 residential units
- Potential start 2008+
- Estimated development cost £650 million

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And finally Bishops Place.

I am pleased to confirm that a planning application has been submitted in the last few days for a mixed-use scheme of around 100,000m<sup>2</sup>, including 60,000m<sup>2</sup> of offices, a hotel and residential units.

## SUMMARY

- Strong performance in first six months of 2007
- Robust income stream from high quality £6.7 billion investment portfolio
- Attractive current development programme and future pipeline
- Strong balance sheet and access to capital
- Good dividend growth potential

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To summarise:

We showed a strong performance in the first six months of the year. Against a background of weakness and uncertainty in financial markets I believe Hammerson is well placed.

First, our retail and office assets are of the highest quality with a robust and growing income stream.

Second, the French market remains attractive, with the benefits of lease indexation and a tight planning environment.

Third, there is more value to come from our current developments as they are completed and let.

Fourth, we have a strong balance sheet enabling us to take advantage of opportunities that arise.

Finally, the development pipeline provides the potential for capital investment of a further £5 billion over the next ten years and therefore continued growth in net asset value.

I have every confidence in Hammerson's future.



## EARNINGS PER SHARE (EPS)

Six months to 30 June 2007

Pence per share

<b>Diluted EPS per income statement</b>	<b>126.6</b>
Revaluation movement on investment properties	(112.2)
Loss on disposal of investment and development properties	0.2
Change in fair value of interest rate swaps	3.5
Deferred tax	(7.9)
Tax on property disposals	6.0
Minority interests in respect of the above	2.2
<b>Adjusted EPS</b>	<b>18.4</b>

## NET ASSET VALUE (NAV)

At 30 June 2007

£ per share

<b>NAV per share per the financial statements</b>	<b>16.00</b>
Effect of exercise of options and ESOP shares	(0.01)
<b>Diluted NAV</b>	<b>15.99</b>
Fair value of interest rate swaps	0.06
Deferred tax	0.30
<b>Diluted EPRA NAV</b>	<b>16.35</b>
<b>EPRA triple net NAV</b>	<b>16.00</b>

## TOP TEN PROPERTIES

	Valuation 30/06/07	Passing rent	Total return H1 2007	Let by income <sup>(4)</sup>
	£m	£m	%	%
Notes	(2)	(2)(3)		
WestQuay, Southampton <sup>(1)</sup>	592	25	3.0	98
Bishops Square, London E1	540	26	6.8	100
Brent Cross, London NW4	411	16	5.9	100
Bullring, Birmingham	327	15	5.0	98
Italie 2, Paris 13ème	306	14	13.0	99
The Oracle, Reading	295	13	7.2	100
Les 3 Quartiers, Paris 1er	253	11	18.4	88
Moorhouse, London EC2	223	10	10.7	100
Parinor, Paris (excl. extension)	219	9	15.4	100
99 Bishopsgate, London EC2	203	14	4.4	100

**Notes**

- 1) A 50% interest in this property has been sold since 30 June 2007 for £299 million
- 2) Hammerson's share of valuation and passing rent shown in respect of joint ventures
- 3) Passing rents are post rent free periods
- 4) Percentage let or under offer at 31 August 2007

## ACQUISITIONS AND DISPOSALS 2007

Acquisitions	£ million
<u>First six months:</u>	
Ravenhead Retail Park, St Helens	120
Stockley House, London SW1	71
	<u>191</u>
<u>Post 30 June:</u>	
St Omer Retail Park, Lille	20
Cap Malo Retail Park, Rennes	14
Grand Maine Shopping Centre, Angers	44
	<u>269</u>
<b>Disposals</b>	
<u>Post 30 June:</u>	
9 place Vendôme (50%)	207
WestQuay (50%)	299
	<u>506</u>

## 125 OLD BROAD STREET, LONDON EC2



- Former Stock Exchange site
  - Offices – 29,400m<sup>2</sup>
  - Retail – 1,600m<sup>2</sup>
- Completion December 2007
- 50% interest sold Nov 2006 for £75 million
- Profit on cost of £46 million crystallised
- Hammerson's total development costs £45 million
- Hammerson's projected annual income £9 million

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## 60 THREADNEEDLE STREET, LONDON EC2



- Hammerson ownership 100%
- Part of former Stock Exchange site
  - Office – 19,000m<sup>2</sup>
  - Retail – 1,400m<sup>2</sup>
- Completion Nov 2008
- Projected annual income £12 million

## CABOT CIRCUS, BRISTOL



- Retail-led regeneration scheme
- 92,000m<sup>2</sup> of retail/leisure space
- 50:50 JV with Land Securities
- Anchored by House of Fraser and Harvey Nichols
- Completion Sept 2008
- 66% let or under offer

## HIGHCROSS, LEICESTER



- 60,000m<sup>2</sup> extension
- Totalling 100,000m<sup>2</sup> on completion
- 60:40 JV with Hermes
- Anchored by John Lewis
- Completion Sept 2008
- 49% let or under offer

## UNION SQUARE, ABERDEEN



- Hybrid retail scheme totalling 49,000m<sup>2</sup>
- Interest increased to 100% in July 2006
- Estimated total development cost £220 million
- Completion Sep 2009
- 21% let or under offer

## FUTURE DEVELOPMENT PIPELINE

### Major retail-led schemes

- New Retail Quarter, Sheffield
- Eastgate & Harewood Quarters, Leeds
- Queensgate, Peterborough
- Brent Cross and Cricklewood, North London
- Martineau Galleries, Birmingham
- Eden Quarter, Kingston-upon-Thames
- Central Area, Milton Keynes

### Offices

- JPMorgan headquarters, London EC2
- Bishops Place, Northgate, London E1
- Paddington Triangle, London W2
- Shoreditch High Street, London E1
- Bishopsgate Goodsyards, London E1
- Stockley House, Victoria, London SW1
- Harbour Quay, London E14

### Retail parks

- Fife Central Retail Park, Kirkcaldy
- Manor Walks, Cramlington
- Berkshire Retail Park, Theale
- Abbey Retail Park, Belfast
- The Orchard Centre, Didcot
- Nice Lingostière, Nice
- St Omer Retail Park, near Lille
- Cap Malo Retail Park, near Rennes

### Retail extensions

- Espace St Quentin, St Quentin-en-Yvelines
- Italie 2, Paris 13ème
- Les 3 Fontaines, Cergy Pontoise
- WestQuay III, Southampton

## JPMORGAN CHASE EUROPEAN HEADQUARTERS

JPMorganChase 



Hammerson



- Exclusivity agreement with the City of London Corporation and JPMorgan Chase
- Redevelopment of St Alphage House, London Wall EC2
- Creation of a major new headquarters building of approximately 100,000m<sup>2</sup>
- Hammerson development manager
- Planning submission anticipated 2007
- Anticipated start 2008

## UK OFFICE LETTING UPDATE

Scheme	Size m <sup>2</sup>	Let or under offer at 31/8/07 %	Value at 30/6/07 £m
One London Wall, London EC2	18,500	100	80*
Moorhouse, London EC2	30,000	100	223*
99 Bishopsgate, London EC2	31,200	100	203
Exchange Tower, London E14	44,900	96	200
Bishops Square, London E1	76,600	100	540*
10 Grosvenor Street, London W1	6,300	100	57*

Note  
\*Hammerston's share of value shown in respect of joint ventures

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