Hammerson plc
(Incorporated in England and Wales)
(Company number 360632)
LSE share code: HMSO JSE share code: HMN
ISIN: GB0004065016
("Hammerson" or "the Company")

Wednesday 26 July 2017

HAMMERSON PLC – UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

RECORD LEASING ACTIVITY AND SECTOR-LEADING EARNINGS GROWTH DRIVE H1 PERFORMANCE

David Atkins, Chief Executive of Hammerson, said: "Today we announce another strong set of results, underpinned by record leasing activity and positive capital value growth right across our business, which has been boosted by our high-growth markets in Ireland and premium outlets. This performance is particularly pleasing in the context of a more uncertain political and economic backdrop and structural shifts in the retail sector. In an environment of continuing retail polarisation, brands are prioritising our well invested, prime locations to support a multichannel platform. This demonstrates the relevance of our portfolio and the success of our strategy focused on prime retail destinations in growing consumer markets, ensuring that we remain one of the winners of retail evolution.

The consistent application of our Product Experience Framework to enhance retail design, digital solutions, customer engagement and sustainability underpins these results. Whilst we are beginning to see a softer consumer backdrop and increased headwinds for retailers in the UK, given our leading assets and the diversity of our portfolio across the rest of Europe, I am confident that we will continue to grow income and dividends in line with previous guidance."

Six months ended:	30 June 2017	30 June 2016	Change
Net rental income (1)	**£184.0m**	£167.7m	+9.7%
Adjusted profit (2)	**£119.4m**	£112.6m	+6.0%
Adjusted earnings per share (2)	**15.1p**	14.3p	+5.6%
IFRS profit (including non-cash valuation changes) (3)	**£287.1m**	£162.5m	+76.7%
Basic earnings per share (3)	**36.2p**	20.7p	+74.9%
Interim dividend per share	**10.7p**	10.1p	+5.9%
As at:	**30 June 2017**	**31 December 2016**	
Portfolio value (4)	**£10,527m**	£9,971m	+5.6%
Equity shareholders' funds	**£6,002m**	£5,776m	+3.9%
EPRA net asset value per share (2)	**£7.71**	£7.39	+4.3%
Gearing (5)	**62%**	59%	+3p.p.
Loan to value (5)	**37%**	36%	+1p.p.

(1) On a proportionally consolidated basis, excluding interests in premium outlets. See page 15 of the Financial Review for a description of the presentation of financial information.
(2) Calculations for adjusted and EPRA figures are shown in note 7 to the accounts on pages 37 and 38.
(3) Attributable to equity shareholders, includes portfolio non-cash revaluation gains of £188m (2016: £78m).
(4) Proportionally consolidated, including premium outlets. See page 15 of the Financial Review for a description of the presentation of financial information.
(5) See Table 17 on page 54 for supporting calculations for gearing and loan to value.

FOCUS ON GROWING CONSUMER MARKETS – DELIVERING STRONG TOTAL RETURNS

Capital return of 2.5% in Ireland and 6.0% in premium outlets supported overall portfolio return of 1.8%; growth in income contributed over 80% of capital return
Further commitment to VIA Outlets with new acquisition in July of Norwegian Outlet Oslo (Hammerson share £47 million) and completion of Batavia Stad Fashion Outlet extension, Amsterdam
Disposal proceeds of £97 million including retail parks in Thanet this month with planned total sales of £400 million this year
Detailed planning application submitted in May for major extension to Brent Cross, London, and main contractor selected at Les Trois Fontaines, Cergy Pontoise, Paris
Excellent progress with UK retail park extensions, in total 70% pre-let. On track to deliver 8% combined yield on cost

CREATE DIFFERENTIATED DESTINATIONS – RECORD LEASING ACTIVITY

Total leasing volumes 44% ahead of previous period with £18.1 million (2016: £12.6 million) from 228 deals (2016: 158), 8% ahead of ERV (2016: 2% ahead) and 5% ahead of previous passing rent, with no change to the level of tenant incentives
LfL NRI growth 0.7% (3.4% including Ireland and premium outlets)
LfL ERV growth 0.6%, with continuing strong momentum in Ireland delivering 2.5% ERV growth
Leading the industry with pioneering launch of stretching Net Positive sustainability programme to be implemented across portfolio

PROMOTE FINANCIAL EFFICIENCY AND PARTNERSHIPS – ATTRACTING LONG-TERM CAPITAL

Weighted average cost of debt reduced to 3.0% (2016: 3.1%); LTV 37% in line with financing policies; improved credit rating outlook by Moody's

New £360 million unsecured revolving credit facility secured at initial margin of 90 basis points, two other existing credit facilities extended by twelve months

Contents:

Results presentation today:

The results presentation is being held today at 8.00 a.m. at Deutsche Bank's offices at 1 Great Winchester Street, London EC2N 2DB. A live webcast of Hammerson's results presentation will be broadcast today at 8.00 a.m. via the Company's website, www.hammerson.com. At the end of the presentation you will be able to participate in a question and answer session by dialling +44 (0)20 3427 1901. Please quote confirmation code 8686487.

Financial calendar:

Ex-dividend date (SA)	30 August 2017
Ex-dividend date (UK)	31 August 2017
Record date (UK and SA)	1 September 2017
Interim dividend payable (UK and SA)	9 October 2017

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Index to key data

Unless otherwise stated, figures have been prepared on a proportionally consolidated basis, excluding premium outlets

Income and operational – Six months ended:	**30 June 2017**	30 June 2016	Page
Total property return (including share of premium outlets portfolio)	**4.0%**	2.9%	2
Capital return (including share of premium outlets portfolio)	**1.8%**	0.7%	14
Occupancy	**97.3%**	97.2%	3
Like-for-like NRI growth	**0.7%**	2.1%	2
Adjusted earnings per share	**15.1p**	14.3p	2
Leasing activity	**£18.1m**	£12.6m	3
Leasing v ERV	**+8%**	+5%	3
Like-for-like ERV growth	**+0.6%**	+0.2%	47
Retail sales growth – UK shopping centres	**- 3.9%**	- 0.8%	4
Footfall growth – UK shopping centres	**- 1.7%**	+0.3%	4
Retail sales growth – France	**- 3.1%**	+3.0%	8
Footfall growth – France	**- 2.3%**	+4.1%	8
Cost ratio	**20.5%**	22.1%	3
Interim dividend per share	**10.7p**	10.1p	17

Capital and financing – As at:	**30 June 2017**	31 December 2016	
Property portfolio value (including premium outlets)	**£10.5bn**	£10.0bn	13
Net debt	**£3.7bn**	£3.4bn	19
Gearing	**62%**	59%	19
Loan to value	**37%**	36%	19
Liquidity	**£678m**	£592m	19
Weighted average interest rate	**3.0%**	3.1%	19
Interest cover	**3.4 times**	3.5 times	19
Net debt/EBITDA	**10.1 times**	9.5 times	19

Fixed rate debt	**76%**	70%	19
Portfolio currency hedge	**80%**	79%	19
Equity shareholders' funds	**£6.0bn**	£5.8bn	18
EPRA net asset value per share	**£7.71**	£7.39	18

INTRODUCTION

WHO WE ARE

At Hammerson we create destinations that excite shoppers, attract and support retailers, reward investors and serve communities; destinations where more happens. We own, manage and develop retail property and our portfolio includes investments in prime shopping centres in the UK, France and Ireland, convenient retail parks in the UK and premium outlets across Europe.

OUR STRATEGY

The retail property market is affected by a number of key structural trends which influence our strategy, drive our priorities and guide our performance. These trends include: the growth of multichannel retail, the importance of the experience and convenience of the customer shopping journey, the polarisation of retailer demand towards the best locations and retail tourism (further details of our strategy are provided in our Annual Report). To align our portfolio to benefit from these market trends we:

- Focus on growing consumer markets
- Create differentiated destinations
- Promote financial efficiency and partnerships

UNIQUELY DIFFERENTIATED BY OUR PRODUCT EXPERIENCE FRAMEWORK

We differentiate our retail property business model by embedding our Product Experience Framework across everything we do. The framework ensures we constantly challenge ourselves to apply best practice in retail design and digital solutions, customer engagement and sustainability. The framework incorporates:

- Iconic destinations: We create outstanding architecture to enhance locations. We place our centres at the heart of local communities, connected by seamless technology and transport links
- Best at retail: We deliver the optimal retail mix, constantly refreshing and showcasing new concepts
- Convenient & easy: We make shopping simple and stress-free, with enhanced customer facilities and services, such as click & collect, encouraging regular shopper visits
- Interactive & engaging: Our outstanding customer service and leading digital infrastructure drive engagement and loyalty, and encourage shoppers to spend longer at our destinations
- Entertaining & exciting: We constantly evaluate and refresh our food and leisure offers, and provide a local and national calendar of events to surprise and delight our customers, and keep them coming back
- Positive Places: We create destinations that deliver positive impacts economically, socially and environmentally

OUR MARKETS IN 2017

Our end-markets are influenced by a range of consumer and economic trends.

UK: The consumer backdrop has softened due to higher inflation reducing real disposable income. Retail indices have reported declining sales in the first six months of 2017, albeit fluctuating around the timing of Easter, the General Election, terrorist events and weather patterns. While inflation has recently reduced, uncertainty around Brexit and falling consumer confidence (indicated by GfK consumer index) suggest this outlook may continue. In combination with weaker sales, retailers are experiencing cost pressures from sterling weakness, adjustments to business rates and higher minimum wages. Nonetheless we are seeing good levels of leasing activity with stable tenant incentives, confirming that retailers are prioritising prime retail venues to support their multichannel sales platforms, albeit some of these leasing discussions are taking longer to conclude.

France: Retail sales are also down in France due to election disruption. However, with the victory of President Macron providing greater political certainty and signs of improving economic output and falling unemployment, consumer confidence is rising, suggesting a marginally better outlook. While retailers are managing with a softer consumer backdrop they are not facing some of the UK-specific currency and business rates issues and we continue to see demand for our prime space.

Ireland: The Irish economy continues to prosper and consumer sentiment has recovered in 2017 following some uncertainty in the latter half of 2016 following the UK's EU Referendum. Retail sales grew by 3.1% in Q1 of 2017 and confidence levels, as measured by ESRI, were at a 16-month high in June. We expect a continued positive outlook for consumers and retailers.

Outlets: More retailers are recognising the attraction of the outlet channel and working with skilled operators who provide outlet space which supports their brand proposition and attracts growing footfall, in particular from international tourists. We expect sales in premium outlets therefore to increase as the retail mix improves and as international tourist numbers to Europe increase strongly.

Investment markets: European retail property investment markets have been broadly stable in the first half of the year, although volumes have been lower than average. This is an improvement from the volatility witnessed in 2016. Investment markets in premium outlets are seeing increased activity and further yield compression as the market consolidates and attracts more institutional investors.

NET POSITIVE

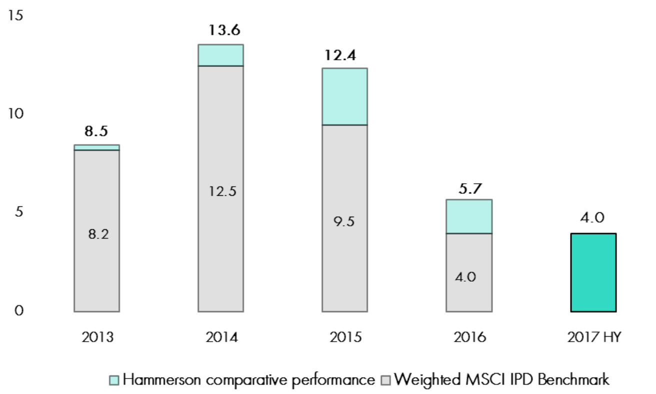
In March, we announced our ambitious goal to become Net Positive by 2030. We are the first real estate company globally to launch such a comprehensive initiative covering both environmental and socio-economic impacts across our entire business. The strategy sets stretching targets in four key areas: Carbon; Resource Use; Water Use; and Socio-economic. We have planned three distinct phases to deliver the Net Positive goal by 2030, with the initial focus being on landlord controlled impacts before broadening our goals to include development and then tenant controlled impacts. Whilst this strategy will have important environmental benefits, it is also designed to achieve significant commercial advantages for both Hammerson and its tenants, with reduced energy and carbon pricing risks and lower operating costs. In 2017 we aim to complete the development of the first ever carbon neutral retail park and use100% clean electricity at our UK and Ireland shopping centre portfolios.

KEY PERFORMANCE INDICATORS

We monitor Key Performance Indicators, or KPIs, to ensure we are achieving our strategic priorities. They comprise financial and operational measures and are each linked with the three elements of our strategy.

FINANCIAL KPIs

TOTAL PROPERTY RETURNS (%)



Note: MSCI IPD Retail Property Universe benchmark weighted 75:25 UK:France in 2016 (2013-2015: 70:30). Due to the lack of available MCSI IPD data the benchmark is not presented at 30 June 2017.

2017: 4.0%

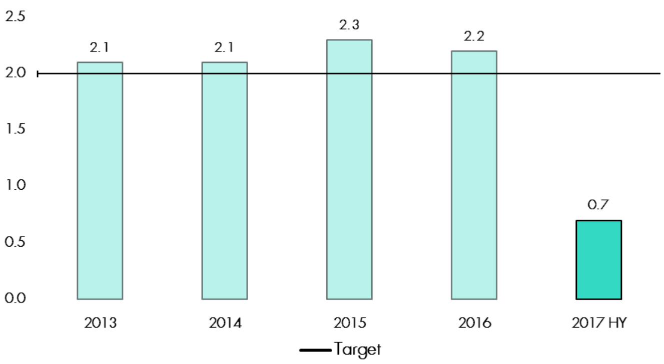
During the first six months of 2017, the Group's properties, including premium outlets, generated a total return of 4.0%.

The Group's premium outlet and Ireland portfolios produced strong performances with total returns of 8.1% and 4.5% respectively due predominantly to income growth.

Our UK shopping centres produced a return of 3.1%, UK retail parks 4.0% and France 2.2%.

Further analysis of total and capital returns by sector is shown in Table 8 of the Additional Disclosures on page 50.

GROWTH IN LIKE-FOR-LIKE NRI (%)*



2017: 0.7%

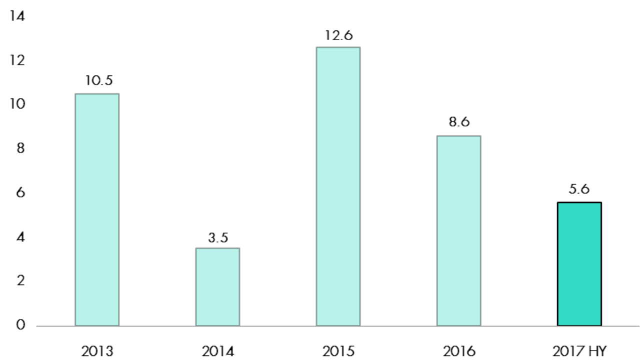
On a like-for-like basis, net rental income grew by 0.7% for the portfolio in the first half of 2017, below our target of 2.0% and 140 bps below the June 2016 performance.

NRI from UK and French shopping centres grew by 2.1% and 1.5% respectively. UK retail parks income decreased by 3.0%.

The growth of 0.7% excludes income from our Irish portfolio, which was accounted for as finance income in the first half of 2016, and NRI from premium outlets which is not proportionally consolidated. On an underlying like-for-like basis NRI from these portfolios increased by 12.0% and 11.7% respectively. Incorporating this income would increase the Group's growth to 3.4%.

Further details are provided within the Business Review on pages 4 to 12, the Financial Review on page 16 and in Table 5 of the Additional Disclosures on page 48.

GROWTH IN ADJUSTED EPS (%)



2017: 5.6%

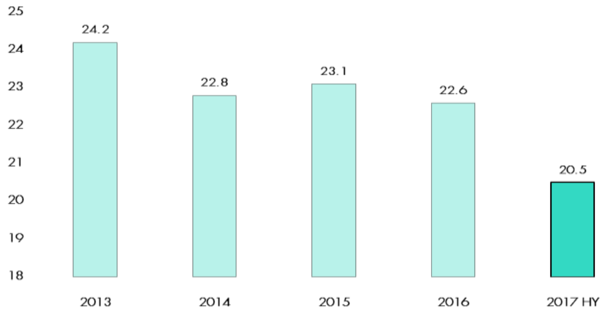
Compared to the equivalent period in 2016, adjusted EPS for the six months ended 30 June 2017 increased by 0.8 pence, or 5.6%, to 15.1 pence.

The increase in adjusted EPS was principally due to increased net rental income, a larger earnings contribution from premium outlets and favourable exchange, partly offset by higher finance and administration costs.

Further commentary is provided within the Financial Review on pages 15 and 16.

*On a proportionally consolidated basis, excluding premium outlets. See page 15 of the Financial Review for a description of the presentation of financial information.

COST RATIO (%)*



2017: 20.5%

The Group's cost ratio at 30 June 2017 is 20.5%, which is 210bps lower than for the full year 2016, and 160bps lower than the comparative period in 2016.

Compared with the first half of 2016, the administration expenses element of the ratio has increased from 11.2% in 2016 to 11.5% in 2017 and the property costs element has fallen from 10.9% to 9.0%. The change in the property costs element of the ratio reflects lower vacancy and bad debt costs in 2017. The downward trend in the ratio reflects management's continued focus on delivering operating efficiencies across the wider group.

Further details are provided within the Financial Review on page 17 and in Table 7 of the Additional Disclosures on page 49.

OPERATIONAL KPIs

OCCUPANCY (%)*

2017: 97.3%

The portfolio has maintained high occupancy levels with occupancy of 97.3% at 30 June, above our target of 97.0%. This was marginally lower than the 2016 year end position of 97.5%, but a slight improvement on the figure for June 2016 of 97.2%.

The UK portfolio was 97.3% occupied, occupancy in France was 96.6% whilst Ireland was almost fully let at 99.9%.

Further details are provided within the Business Review on pages 4 to 12 and in Table 2 of the Additional Disclosures on page 47.

LEASING ACTIVITY (£M)*

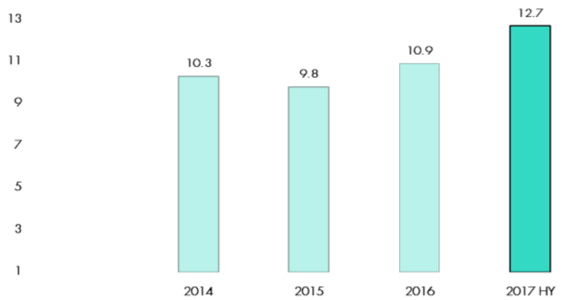
2017: £18.1 million

We secured a record level of income in the first half of the year of £18.1 million which is £5.5 million higher than the comparative period. We signed 228 leases (UK 122, France 71, Ireland 35) representing 85,300m^2 of space.

For principal leases, the rent was 8% higher than December 2016 ERVs with unchanged incentive packages averaging 9 months.

Further details are provided within the Business Review on pages 4 to 12.

VOLUNTARY STAFF TURNOVER (%)



2017: 12.7%

We continue to monitor voluntary staff turnover on a rolling 12-month basis. In the period to June 2017, the figure increased slightly to 12.7%.

Set against a total headcount of 585, turnover levels remain low compared to wider industry averages.

*On a proportionally consolidated basis, excluding premium outlets. See page 15 of the Financial Review for a description of the presentation of financial information.

Global emissions intensity ratio

This KPI is only calculated on an annual basis and so is not included in this announcement.

BUSINESS REVIEW

This Business Review provides an overview of the performance of our portfolio sectors. Consistent with internal management reporting as described on page 15 of the Financial Review, the operational metrics in this section are presented on a proportionally consolidated basis. Further portfolios analysis is provided in the Additional Disclosures section on pages 47 to 50.

UK SHOPPING CENTRES

The portfolio comprises ten of the UK's top 50 shopping centres (Source: PMA), hosting over 1,000 tenants and attracting 200 million visitors each year. Our shopping centres include prime retail destinations such as Bullring in Birmingham, Brent Cross in London and Victoria in Leeds.

Operational summary

Key metrics	Like-for-like NRI growth %	Occupancy %	Leasing activity £m	Leasing vs ERV %	Like-for-like ERV growth %	Retail sales growth %	Footfall growth %
30 June 2017	**2.1**	**97.2**	**6.6**	**+5**	**0.5**	**(3.9)**	**(1.7)**
31 December 2016[1]	2.4	97.8	9.0	+6	1.6	(1.1)	(0.5)
30 June 2016	2.8	97.4	4.5	+6	0.5	(0.8)	0.3

1. 31 December figures are for the full year.

Net rental income

On a like-for-like basis net rental income increased by 2.1% in the first six months of the year, as a result of rent review settlements, new lettings and commercialisation income. All centres generated positive growth with the exception of Bullring and Cabot Circus, for which 2016 income was boosted by backdated turnover rent and surrender premiums respectively.

Leasing, occupancy and ERVs

There was good demand from tenants for space at our centres, and during the six months to 30 June 2017 we signed 87 leases representing £6.6 million of annual rental income and 27,100m^2. For principal leases, rents secured were 5% above December 2016 ERVs and 5% above the previous passing rent.

We have applied our Product Experience Framework and have delivered a number of new leases with international brands, luxury operators and new catering offers to enhance the customer experience at our centres. Key leasing deals included:

At Bullring, we secured new brands including Russell & Bromley, Coach and Volkswagen's first UK shopping centre store

At Silverburn, Flannels and Tim Hortons will open their first Scottish stores

At Cabot Circus, an upsized Oliver Bonas store and the first Department of Coffee and Social Affairs outside London

At Brent Cross the trend for retailers to seek additional space has continued, with three major retailers, including Zara and JD Sports, agreeing to upsize their stores.

In June we announced plans to reconfigure the former House of Fraser anchor store at Highcross, Leicester into eight new units. The project involves creating over 10,000m^2 of upgraded space, of which three units have already been let, including upsized stores for Zara and JD Sports and a new leisure offer, Treetop Adventure Golf. The works are expected to complete in the second half of 2018.

Like-for-like ERV growth was 0.5% across the portfolio in the first half of 2017 and 1.7% over the previous twelve months. Occupancy levels remained high at 97.2%.

A total of 14 units are in administration, representing just 0.3% of the Group's passing rents, and seven of those units continue to trade. Administrations provide opportunities to introduce new tenants and so improve the tenant mix at our centres.

Sales, footfall and occupancy cost

Against a backdrop of continued political uncertainty in the UK associated with the General Election and Brexit negotiations, consumer confidence has been subdued during the first half of 2017. Retail sales at our centres fell by 3.9%, calculated on a same centre basis. Sales performance by centre and retail category has been mixed with stronger performances from men's fashion, sound, picture & technology and sports & outdoors offset by weak mid-range fashion and health & beauty sales. We believe our centres drive additional online sales for our tenants, which is not captured in our reported sales figures.

Although footfall levels also declined in 2017, with a reduction of 1.7%, our centres outperformed the Tyco benchmark of -2.9%. The occupational cost ratio, calculated as total occupancy cost as a percentage of sales, increased slightly from 20.1% at the end of 2016 to 20.4% at 30 June.

As part of our Product Experience Framework we have completed a number of new initiatives so far this year which will enhance our digital and customer innovation offer. At The Oracle, we introduced a hands-free shopping trial which will be rolled out by the end of 2017. We have also trialled an interactive Chatbot on Facebook messenger which we will continue to refine over the coming months. In April we announced the successful trial at Brent Cross of a new visual search app, "Style Seeker". This tool has been developed in conjunction with Cortexica, a leading AI-based technology company and enables customers to locate products in a shopping centre based on images taken using their smartphones. As well as providing insight into shopper behaviours, the trial received very positive feedback, is being integrated into our existing Plus app and will be formally launched at Brent Cross at the end of July, before being rolled out across UK centres by the end of the year.

Recently completed developments

Our two new destinations, Victoria Gate, Leeds and Westquay South, Southampton, which opened in late 2016, have performed well in the first half of 2017. At Victoria Gate the international restaurant group, D&D London, opened two rooftop restaurants. Issho, offering contemporary Japanese and Asian dishes and East 59th, a Manhattan-style bar and grill. These will significantly boost the dining offer and encourage increased dwell times. Victoria Gate was awarded Best Shopping Centre at the internationally-renowned MIPIM awards in March beating competition from new centres in the Far East.

A state-of-the-art Cinema de Lux opened at Westquay South in February to complete the new scheme. Complementing the existing Westquay North shopping centre, Westquay South provides a new catering destination in the city with over 20 restaurants, many of which are new to Southampton. A new outdoor events space in front of the historic city walls has already hosted several events including the Festival of Light in February, the Festival of Colour in April and a Wimbledon-themed event in July. The new scheme has boosted retailer demand at Westquay North, where we secured a number of new lettings in 2017 including Russell & Bromley and Lush.

UK RETAIL PARKS

We are one of the largest direct owners and operators of retail parks in the UK, with a portfolio of 17 assets providing over 400,000m^2 of convenient retail space with 300 tenants. Our parks are intentionally located on the edge of town centres with ample free car parking and are let to a wide spectrum of retailers including homewares, fashion and bulky goods.

Operational summary

Key metrics	Like-for-like NRI growth %	Occupancy %	Leasing activity £m	Leasing vs ERV %	Like-for-like ERV growth %	Footfall growth %
30 June 2017	**(3.0)**	**99.0**	**3.9**	**+11**	**0.3**	**1.2**
31 December 2016[1]	2.4	98.6	4.9	+4	0.2	2.2
30 June 2016[2]	1.2	98.7	2.5	+4	(0.1)	n/a

1. 31 December figures are for the full year.
2. Footfall measurement commenced in 2016.

Net rental income

On a like-for-like basis net rental income decreased by 3.0% in the first six months of the year, the reduction reflecting a number of surrender premiums totalling £2.7 million received in the first half of 2016. This proactive tenant rotation has improved the brand mix at a number of parks including Ravenhead Retail Park in St. Helens and Imperial Retail Park in Bristol. No such premiums have been received in the first half of 2017 resulting in an adverse like-for-like performance. Excluding the 2016 premiums, the underlying like-for-like net rental income would have grown by 4.7%.

Leasing, occupancy and ERVs

We signed 21 leases across the portfolio representing £3.9 million of annual rental income and 18,300m^2 of space. For principal leases, rents were contracted at 11% above the December 2016 ERVs but 2% below their previous passing rent. Key leasing deals in 2017 include Fabb Sofas at Abbotsinch Retail Park in Paisley, Oak Furnitureland at Cyfarthfa Retail Park in Merthyr Tydfil and Mothercare at Parc Tawe.

We completed the final letting of the £10 million 8,000m^2 extension of Fife Central Retail Park to Oak Furnitureland. The project involved the creation of five new units, is now fully let and has created 100 new jobs.

Occupancy levels have remained very high at 99.0% at 30 June 2017. ERVs have increased slightly, with a 0.3% improvement over the six months. Only one unit is in administration in the portfolio, and it continues to trade.

Footfall

For the six months to 30 June 2017, the number of visitors to the portfolio increased by 1.2%, 100 basis points ahead of the Springboard Retail Parks index of 0.2%.

In-depth customer surveys are used to optimise tenant mix and identify how we should prioritise investment in our retail parks. They also confirm the relative success of these strategies. The Net Promoter Score jumped from 18% in 2016 to 31% this year, showing that our investment in the portfolio is resulting in a more rounded shopping experience for customers. Since 2015, the average drivetime catchment area has increased by around 5% to 14 minutes and the use of Click and Collect continues to grow with the proportion of visitors using that facility increasing by 32% and average spend up 18%.

Most of our parks now have dedicated customer-facing websites and we have enhanced the content to include, for example, offers from retailers. For the next phase of innovation we are reviewing the potential to further heighten the customer experience through the provision of wifi and rest room facilities.

Disposals and developments

In June, we announced the disposal for £80 million of Westwood and Westwood Gateway Retail Parks in Thanet and the transaction completed in July. Westwood Retail Park was originally acquired in 2002, since when we repositioned the retail offer through redevelopment, including the construction of Westwood Gateway in 2005. The sale price represented a net initial yield of 6.5% and was slightly below December 2016 book value.

We are currently on-site with three significant developments at Didcot, Rugby and Swansea which are all progressing well. Further details are provided in the Development section of this Business Review on page 9. We continue to advance a number of smaller-scale development projects across the portfolio as these deliver strong financial returns, enhance the appearance of the assets and improve the tenant mix.

IRELAND

In October 2015 we entered the Irish market through the acquisition of a major loan portfolio, secured on a number of Dublin retail assets, from the National Asset Management Agency (NAMA). Following extensive negotiations with the borrowers we concluded a consensual agreement to secure the ownership and management of the first tranche of the Irish property assets in July 2016. These included Ireland's pre-eminent shopping and leisure destination, Dundrum Town Centre which is owned in a 50:50 joint venture with Allianz and 100% of Dublin Central, a significant city centre development opportunity. We also secured a 50% co-ownership of Ilac Centre on Henry Street in central Dublin in December 2016 and expect to secure a 50% co-ownership of Pavilions shopping centre in Swords, to the north of Dublin, later this year upon receipt of regulatory clearance.

When combined, our Irish portfolio provides over 220,000m^2 of high-quality shopping centre space, with over 300 tenants and annual footfall of 50 million.

Operational summary

Key metrics	Like-for-like NRI growth[1] %	Occupancy %	Leasing activity £m	Leasing vs ERV %	Like-for-like ERV growth %
30 June 2017	**12.0**	**99.9**	**1.5**	**+13**	**2.5**
31 December 2016[2]	n/a	99.5	0.8	n/a	9.0

1. Proforma figure assuming properties owned throughout 2016.
2. 31 December figures are since acquisition of properties.

Net rental income

The portfolio generated net rental income of £17.4 million during the first six months of 2017. In the same period for 2016 the income from the portfolio was in the form of finance income derived from the property assets secured against the debt, but on a pro-forma basis, the like-for-like net rental income growth would be 12.0% for the first half of 2017. The principal reasons for the strong performance were at Dundrum, where additional income arose from the settlement of rent reviews and new lettings undertaken, as well as additional non-rental revenues from car park and commercialisation activities since we started to manage the centre from July 2016.

Leasing, occupancy and ERVs

Occupancy levels remain very high at 99.9%, and tenant demand for space continues to be strong, although the high occupancy levels can act to limit fulfilment of this demand. Nonetheless we have a clear leasing strategy to deliver rental growth and enhance the tenant mix and overall experience at each of the centres, and during the first half of the year we signed leases representing £1.5 million of annual rental income, at 3% above previous passing rents, and 5,700m^2 of space.

Key leasing transactions at Dundrum included a first Irish store for Smiggle and Moss Bros's second store in Ireland.

We have applied our Group-wide commercialisation approach to Ireland which will generate additional income, enliven the customer experience and drive footfall. Significant initiatives in Dundrum in 2017 included Volvo's Irish launch of its new XC60, pop-up stores for Pippa O'Connor's POCO Jeans and Nespresso and celebrity gardener, Diarmuid Gavin's "Garden of Pure Imagination".

Economic backdrop

The Irish economy continues to prosper, with the Irish Central Bank currently forecasting GDP growth for 2017 of 3.5%, compared with 5.2% in 2016. Overall consumer sentiment has recovered this year following some uncertainty in the latter half of 2016 and confidence levels, as measured by ESRI, were 4.5% higher in May than at the beginning of the year.

As part of the integration of the Ireland portfolio we have upgraded the IT infrastructure at Dundrum to improve the footfall and sales data collection processes and will introduce the Group's Plus app in the second half of 2017. This will align the centre with the Hammerson standard and provide new insight into the behaviour of our Dublin shoppers.

Future and completed developments

The portfolio contains a number of future development opportunities at the Dundrum estate, Dublin Central and Pavilions, Swords. The option for the borrowers to purchase 50% of the Dublin Central site and potential future development was not exercised and we now fully control the site.

The redevelopment of Moore Mall South at the Ilac Centre commenced in January 2017 and is now complete. The project involved the refurbishment of the mall and the reconfiguration of 10 units into five larger flagship stores which have been let to brands including Regatta, The Works and Nisbetts at more than double the previous passing rent.

FRANCE

We own and manage ten prime shopping centres in France which accommodate over 1,000 tenants and attract almost 100 million visitors each year. The three largest centres, Les Terrasses du Port in Marseille, Italie Deux and Les Trois Fontaines in Paris, account for 70% of the value of the portfolio.

Operational summary

Key metrics	Like-for-like NRI growth %	Occupancy %	Leasing activity £m	Leasing vs ERV %	Like-for-like ERV growth %	Retail sales growth %	Footfall growth %
30 June 2017	**1.5**	**96.6**	**5.8**	**+8**	**0.5**	**(3.1)**	**(2.3)**
31 December 2016[1]	2.2	96.5	9.0	+5	(2.2)	3.1	2.8
30 June 2016	1.9	96.3	5.2	+4	0.1	3.0	4.1

1. 31 December figures are for the full year.

Net rental income

On a like-for-like basis, net rental income increased by 1.5% in the first six months of the year. Les Terrasses du Port was the strongest performing centre with higher gross rental income and reduced year-on-year marketing expenditure as the centre matures following its opening in 2014. Following four years of being flat or negative, indexation in the first quarter of 2017 is 1.0% and current forecasts suggest it will be between 1% and 2% in 2018 which will help to deliver future income growth.

Leasing, occupancy and ERVs

Our retenanting strategy has continued during 2017 as we contract income across the portfolio, and leasing performance is ahead of 2016. The strategy is designed to improve tenant mix, increase the number of flagship stores, reduce vacancy and deliver rental growth.

During the six months to June 2017, 71 leases were signed, representing £5.8 million of annual rental income and 29,800m^2 of space. For principal leases, the new rents were 8% above December 2016 ERVs and 9% above the previous passing rents. Key leasing transactions included:

an upsized 2,355m^2 flagship H&M unit at O'Parinor

3,600m^2 letting to Decathlon at Place des Halles, Strasbourg of the former Toys R Us unit, significantly increasing the sports and leisure offer at the centre

the renewal of the UGC cinema lease and a letting to Furet du Nord at SQY Ouest to anchor the refurbishment of the centre

agreement with Sephora for six new lettings across the portfolio securing income significantly above ERV and the previous passing rent

12 new leases signed at Les Terrasses du Port for a combined rent of €0.9 million

At 96.6%, occupancy levels were marginally up on the 96.5% in December 2016, and like-for-like ERVs grew by 0.5% during the first half of the year.

A total of 26 units are in administration across the French portfolio. All of these units continue to trade and represent only 0.5% of the Group's passing rent.

Sales, footfall and occupancy cost

Retail sales, calculated on a same centre basis, have decreased by 3.1% slightly more than the CNCC Index which reduced by 2.7%. Footfall in our centres decreased by 2.3% in the first half of the year, compared with a 2.5% decline in the CNCC Index. Les Terrasses du Port has again traded strongly, whilst the Paris centres continue to experience a more subdued performance as security, political and macro-economic concerns have hindered growth.

The occupational cost ratio increased from 15.2% at the beginning of the year to 15.4%, consistent with the reduction in sales.

As part of our Product Experience Framework we continue to develop a Group-wide approach to enhancing our digital and customer innovation offer, whilst ensuring initiatives are optimised for individual centres. This year we have introduced a digital children's play area in Les Terrasses du Port, deployed the "short édition" short story machines in a further five centres and worked in partnership with two business schools, Dauphine Communications and Ecole Bleu Architecture and Design, to model initiatives for the "shopping centre of the future". We will also be trialling the "Style Seeker" visual search app in two French centres in the autumn.

Developments

We are working on a number of potential developments to enhance our centres in Paris. Further details of these schemes are in the Development review on pages 9 and 10.

DEVELOPMENT

The Group has a pipeline of development opportunities, including three on-site retail park schemes, major developments in London and Paris and a number of other potential projects across the portfolio. These schemes provide the opportunity to significantly grow the business and create new destinations to meet the future demands of retailers and customers.

We carefully control expenditure and will only commit to projects when the risk level is acceptable. This will vary for each project and is dependent on a variety of factors including general market conditions, pre-letting, construction and programme certainty, funding and financial viability.

At 30 June 2017, committed capital expenditure was low at £103 million, of which the majority represented the remaining expenditure at the on-site retail park schemes and land acquisitions relating to our major developments. This position means the Group retains flexibility over the commitment to development and, as part of our on-going capital recycling strategy, the £400 million disposal programme in 2017 will provide additional liquidity to fund future schemes.

On-site developments

Scheme[1]	Lettable area m^2	Expected completion	Value 30 June 2017[2] £m	Estimated cost to complete[3] £m	Estimated annual	Let[5] %

					income[4] £m	
Parc Tawe, Swansea	21,400	Q4 2017	n/a	9	2	76
Elliott's Field Shopping Park (Phase 2), Rugby	7,900	Q4 2017	24	14	3	78
Orchard Centre, Didcot	8,700	Q1 2018	21	23	3	45
Total	**38,000**			**46**	**8**	

1. Group ownership 100% for on-site schemes.
2. Values are not included for extension projects which are incorporated into the value of the existing property.
3. Incremental capital cost including capitalised interest.
4. Incremental income net of head rents and after expiry of rent-free periods.
5. Let or in solicitors' hands by income at 25 July 2017.

In Swansea, we started on-site in December 2016 on a 21,400m^2, £16 million redevelopment of Parc Tawe which is on track to complete at the end of 2017. The scheme will create a modern, mixed retail and leisure park with new public realm and improved pedestrian links to the city centre. The scheme is 76% pre-let with lettings to Iceland, Office Outlet and Ten Pin secured during 2017. The project also includes our second carbon neutral Costa Eco Pod, following the award winning concept introduced at Wrekin Retail Park, Telford in 2015.

Construction commenced in February 2017 on the 7,900m^2 second phase of Elliott's Field, Rugby, on land adjacent to the Group's 16,900m^2 shopping park opened in 2015. The new phase will fill a gap in the catchment for homewares and is currently 78% pre-let to retailers including DFS, Dwell, Furniture Village, Oak Furnitureland and Sofology. Following the Group's Net Positive commitment explained on page 1, this new development is the first ever retail park to have secured an "Outstanding" BREEAM rating, reflecting its best in class sustainability credentials. It is also the first ever carbon neutral retail park as the occupational energy used is offset by renewable energy generated on site. The scheme is on schedule to complete by the end of the year.

At the Orchard Centre, Didcot, construction of the 8,700m^2 £42 million extension started in January and is on target to complete in early 2018. Anchored by Marks & Spencer, the scheme is 45% pre-let to retailers including Boots, Costa, H&M, River Island, Starbucks and TK Maxx and will serve Didcot's affluent and rapidly growing catchment.

Future developments

Future opportunities are represented in each of the Group's portfolio sectors, and include major developments which have the potential to significantly grow the business and create modern iconic retail destinations. During the first half of 2017 we have continued to progress a number of these schemes, although there are further milestones to achieve before we are in a position to start on-site.

Brent Cross extension

In conjunction with our joint venture partner, Standard Life Investments, we have further advanced plans for the extension and refurbishment of Brent Cross shopping centre in north-west London. This project will deliver an extended 175,000m^2 shopping destination for north London with a modern and vibrant retail, catering and leisure offer which will form part of the wider Brent Cross Cricklewood regeneration plans. Following completion of the development agreement and the CPO Inquiry in 2016, it has been confirmed that the Inspector has now submitted the report to the Secretary of State with a decision expected in September 2017.

In May, we submitted the detailed reserved matters planning application for the extension of the existing centre and the planning committee is targeted for September. Heads of terms have been agreed with Marks & Spencer to relocate them to a new store. Assuming positive planning and CPO decisions, construction could commence in summer 2018 with completion in 2022 and we have started discussions with potential main contractors for the scheme and highway works. The Group's estimated development cost to complete the project is in the region of £475-550 million.

Croydon town centre

The Croydon Partnership, a 50:50 joint venture with Westfield, is progressing the development of the Whitgift Centre and refurbishment of Centrale shopping centre, where the Group's total future costs will be around £650-700 million. The scheme will establish Croydon as the major retail and leisure destination for south London and is part of wider large-scale regeneration already underway in the town. The Partnership controls 100% of Centrale and 75% of the Whitgift Centre and owns other key interests in the site.

An updated outline planning application was submitted in October 2016 and included a new Marks & Spencer anchor store and a redesign of the northern end of the scheme. The design incorporated three levels of retail with over 300 shops, restaurants and cafes, as well as improved leisure facilities, an upgraded public realm and up to 1,000 homes. The decision on the new planning application is expected by autumn 2017 and, subject to finalising detailed design and completing agreements with key anchor tenants, the earliest start on site could be during 2018, allowing current retailers to trade through the busy Christmas period in 2017.

The Goodsyard

Bishopsgate Goodsyard is a 4.2ha site on the edge of the City of London which is owned 50:50 with our partner, Ballymore Properties. The planning application for a large mixed-use development was called in by the Mayor of London in September 2015 and then deferred in April 2016 to allow for further consultation with the GLA's planning officers and potential redesign of some elements of the proposed scheme. This work is underway and we aim to submit the necessary amendments to the GLA in early 2018 for determination by the Mayor.

Les Trois Fontaines extension

The extension of Les Trois Fontaines is part of a wider city centre development in Cergy Pontoise, in the suburbs of Paris. This project will add 33,000m² to the existing shopping centre and has an estimated cost to complete of £200 million. The scheme has been validated by the co-owner, Auchan, and the City and is 21% pre-let. Building permits and retail consent have been obtained, the building contractor has recently been selected and construction could commence in 2018. This will extend the shopping centre to over 85,000m² and create one of the leading centres in the Paris region.

Other schemes

We have a number of additional pipeline schemes which will enhance the overall quality of the Group's portfolio. In the UK these include potential projects adjacent to existing assets in Bristol, Glasgow and Leeds, whilst in Paris we continue to progress the future extension of Italie Deux. Our Irish portfolio also contains exciting opportunities at the Dundrum estate, Dublin Central and Swords Pavilions.

The precise nature and design of these schemes are fluid and they are at different stages of development. Their progress to delivery will be dependent on a variety of factors including: planning permission; retailer demand; anchor tenant negotiations; land assembly; scheme design; funding; and financial viability. Further details of these schemes are included in the Development Pipeline table on page 55.

PREMIUM OUTLETS

Our exposure to the premium outlets sector is gained through our investments in Value Retail and VIA Outlets. At 30 June 2017 we had interests in 19 centres in 13 different European countries providing over 420,000m² of luxury and aspirational retail space. The sector continues to generate strong sales growth and investor demand, with premium outlets particularly benefiting from international tourism trends.

Operational summary

	Value Retail[1]		VIA Outlets[1]	
	Six months ended 30 June 2017	Six months ended 30 June 2016	Six months ended 30 June 2017	Six months ended 30 June 2016
Brand sales (€m)[2]	**1,198**	1,089	**418**	172
Brand sales growth (%)[3]	**10**	5	**18**	7
Footfall (millions)[2]	**16.1**	15.7	**13.4**	4.7
Average spend per visit (€)[2]	**74**	72	**31**	41
Average sales densities growth (%)[4]	**8**	2	**15**	16
Occupancy (%)	**94**	94	**92**	86

1. Figures reflect overall portfolio performance, not Hammerson's ownership share and 2016 figures have been restated at 30 June 2017 exchange rates.
2. Figures include assets from the date of acquisition.
3. VIA Outlets figures exclude Mallorca Fashion Outlet and the ex-IRUS portfolio.
4. Average sales densities have been calculated as a weighted average based on the average occupied GLA over a six monthly period. Mallorca Fashion Outlet and the ex-IRUS portfolio have been excluded.

VALUE RETAIL ('VR')

Strategic overview

VR operates nine high-end shopping-tourism Villages in the UK and Western Europe which provide over 180,000m² of floor space and more than 1,000 stores. VR focuses on international fashion and luxury brands and attracts long-haul tourists and wealthy domestic customers. The Villages, which include Bicester Village outside London, La Vallée Village, Paris and La Roca Village, Barcelona, are among the most successful outlet centres in Europe.

The Villages are at the top of the premium outlets sector with average sales density across the Villages in 2016 of €15,100/m² and generated total sales of €1.2 billion in the first half of 2017. The Villages continue to benefit from the growing shopping-tourism market and also attract footfall from wealthy domestic catchments. In total, almost 165 million residents live within a 120 minute drive of a Village, and the major cities served by the Villages attract 100 million tourists each year. This strategy has enabled VR to deliver annual compound brand sales growth of over 15% over the last ten years.

We hold interests in the VR holding companies as well as direct investments in the Villages and have grown our economic interest in the net assets of VR from 20% to over 40% over the last five years, and we have an economic interest of 46% in Bicester Village, the largest asset within the portfolio.

Performance in 2017

Brand sales growth has been strong in the first half of 2017 at 10%. Bicester Village achieved the highest growth rate as it benefited from increased overseas visitors attracted by the weak sterling exchange rate as well new domestic marketing initiatives. Other strong performances were at the two Spanish Villages: La Roca Village, Barcelona and Las Rozas Village, Madrid. The two German Villages, Wertheim Village, Frankfurt and Ingolstadt Village, Munich both saw more subdued levels of sales growth in line with the wider German retail market.

VR management have continued to enhance and refresh the Villages with a total of 108 leases signed during the first half of the year, welcoming 41 new brands including Longchamp at La Roca Village and Ladurée in La Vallée Village and 34 relocations including Furla at Las Rozas Village and Lacoste at Wertheim Village.

Average occupancy across the Villages remains high at 94%. Occupancy at premium outlets tends to be slightly lower than the Group's other sectors to enable the proactive retenanting and remerchandising strategy which VR management employ to fulfil the customer experience and drive sales and recurring footfall.

Like-for-like net rental income growth was 13%, with the strongest contribution from Bicester Village driven by further sale growth.

Management continue to develop successful marketing campaigns across the portfolio, including partnerships with brands such as the Paul Smith Stripe pop-ups and the Disney X Coach promotion. The Chinese New Year campaign resulted in a year-on-year increase in tax free sales from Chinese visitors of over 40%. Also, the "Privilege" guest reward programme is being implemented in three Villages and will be further rolled out in the coming months.

Developments and extensions

The 3,300m^{2}extension at Fidenza, Milan which opened in October 2016 has performed strongly and helped to generate double-digit sales growth at the Village in the first half of the year. The extension introduced a number of new luxury shops including Armani and Michael Kors, and a new Jimmy Choo store opened in the existing Village in May, its first outlet store in Italy.

At Bicester Village, the construction work on the 5,800m^2 extension is nearing completion ahead of the opening in October 2017. The extension will introduce 33 new shops and restaurants and increase the size of the scheme by 25%. To improve the customer journey experience, major road improvements have also been completed and 500 new car parking spaces will be added.

VIA OUTLETS ('VIA')

Strategic overview

VIA is an outlets joint venture formed in 2014 in partnership with APG, Value Retail and Meyer Bergman in which Hammerson has a 47% stake. VIA's strategy is to create a significant pan-European portfolio by acquiring existing European outlet centres with strong catchments, focused on mainstream fashion brands and with potential for growth through active asset and development management. At 30 June 2017, VIA operated ten centres in eight European countries providing over 240,000m^2 of floor space and 870 stores. The centres include Batavia Stad Amsterdam Fashion Outlet, Fashion Arena Prague Outlet and Zweibrücken Fashion Outlet on the Germany/France border.

The VIA management team, working closely with VR to leverage their expertise and brand relationships, have implemented initiatives to enhance each centre's appearance, tenant mix, the provision of flagship stores and international brands, the leisure and catering offers, tourism marketing and overall centre management. This strategy has delivered strong sales, footfall, income and value growth since formation and the transition from an investment fund to a leading premium outlet operator has been achieved.

Acquisitions

Following the agreement in November 2016 to acquire four outlet centres from the IRUS fund (the Group's share of the total acquisition cost was €170 million), the acquisition of the final two centres: Zweibrücken Fashion Outlet and Vila do Conde Porto Fashion Outlet were completed in February and March 2017 respectively. The completion of these acquisitions enabled VIA to achieve the initial acquisition milestone of securing a €1 billion portfolio, which represents a critical size threshold to reinforce the VIA management platform and leverage portfolio synergies. At 30 June 2017 the portfolio was valued at €1.2 billion (Group's share €0.6 billion).

Including Mallorca Fashion Outlet, which was acquired in July 2016, all five recently acquired centres have been rebranded during the first half of 2017.

In July 2017, VIA secured the acquisition of Norwegian Outlet Oslo. The outlet which opened in 2010 has recently been extended and comprises 56 units and 16,000m^2 of lettable space. The outlet is fully let and key tenants include brands such as Hugo Boss, Timberland and Under Armour. The sales have grown by an average of 15% over the last five years and 2016 sales densities were €5,230/m^2. There is further growth capacity through targeted marketing and some aesthetics and merchandising improvements which are expected to increase footfall above the 960,000 visitors in 2016. The Group's share of the asset acquisition price is £47 million and completion is expected in the summer. This acquisition will create significant efficiencies with VIA's existing Hede Fashion Outlet, Gothenburg.

Performance in 2017

VIA's portfolio has performed strongly during the first half of 2017, particularly Batavia Stad Amsterdam Fashion Outlet, Freeport Lisboa Fashion Outlet and Fashion Arena Prague Outlet, and brand sales have increased by 18% year-on-year. This strong performance reflects the benefits of the numerous enhancements introduced across the portfolio in 2016 and 2017 with 34 new brands added in 2017 including Lacoste at Landquart Fashion Outlet and Hackett at Freeport Lisboa Fashion Outlet.

The enhancements made to the marketing strategies in 2016 to increase marketing to tourists have been very successful with tax free sales increasing by over 60% in 2017 and a wider range of tourists now visiting the centres.

Occupancy has remained high at 92%, with 64 leases signed with new or existing tenants during the first half of the year.

Like-for-like net rental income growth was 5%, with strong contributions from Landquart Fashion Outlet and Fashion Arena Prague Outlet.

Developments and extensions

At Batavia Stad Amsterdam Fashion Outlet, a 5,500m^2 extension opened in May 2017 with 45 new units increasing the area of the existing centre by more than 25%. Key brands include G-Star, Samsonite, Skechers and Tommy Hilfiger with further new tenants due to open in the second half of the year. The extension has been well received with centre footfall increasing by 13% since opening.

Work continues with a major reconfiguration and enhancement of Freeport Lisboa Fashion Outlet. The scheme will reduce the total lettable space of the centre by converting large warehouse-type units to smaller units which will be let to premium retailers and restaurants. These works are accompanied by a refurbishment of the rest of the centre and are due to complete in September 2017.

At Mallorca Fashion Outlet, a lease has been signed with Polo Ralph Lauren which will open a 1,100m^2 flagship store in August 2017. Reconfiguration works to the cinema to create three new retail units including an enlarged Nike store have progressed and will improve the footfall circulation at the centre.

VALUATION AND RETURNS

Portfolio value analysis

Movement in portfolio value

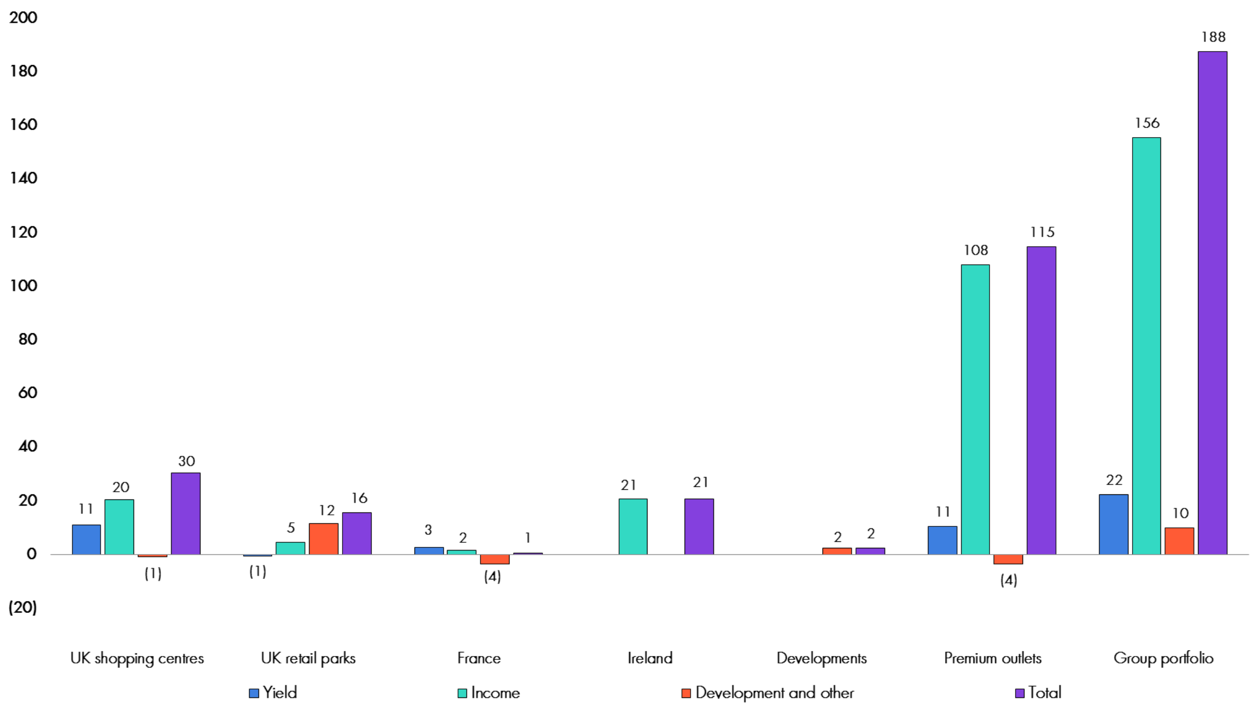
Proportionally consolidated	Investment £m	Development £m	**Total (excl. Outlets) £m**	Premium outlets £m	**Total portfolio £m**
Value at 1 January 2017	7,885	397	8,282	1,689	9,971
Revaluation gains on properties	71	2	73	115	188
Capital expenditure					
Acquisitions	8	–	8	185	193
Developments	–	17	17	9	26
Expenditure on existing portfolio	45	–	45	3	48
	53	17	70	197	267
Disposals	(17)	–	(17)	–	(17)
Exchange	83	4	87	31	118
Value at 30 June 2017	**8,075**	**420**	**8,495**	**2,032**	**10,527**

The Group's total portfolio was valued at £10,527 million at 30 June 2017, £556 million higher than the beginning of the year. This increase was due primarily to revaluation gains of £188 million, capital expenditure of £267 million, which included £185 million relating to premium outlet acquisitions, and foreign exchange movements of £118 million.

Valuation change

The chart below analyses the sources of the valuation change for the Group's property portfolio including premium outlets during the first six months of 2017.

Components of valuation change in H1 2017 (£m)



Note: The Group portfolio movement includes the movement in the UK Other portfolio where underlying valuations increased by £3 million during 2017.

During the first half of 2017, the Group's portfolio achieved a revaluation gain of £188 million of which over 80% was due to income growth. In the UK, shopping centres produced a gain of £30 million with uplifts at Westquay, Union Square and Bullring. UK retail parks generated a surplus of £16 million, principally arising from the on-site development schemes and the extension at Kirkcaldy.

The underlying value of the French portfolio was broadly unchanged, whilst the Irish assets generated a surplus of £21 million associated with income growth from leasing activity at Dundrum Town Centre.

Excluding capital expenditure, the underlying value of the development portfolio was broadly unchanged, as a prudent approach is taken to profit recognition at our major development schemes, including Brent Cross and Croydon, as they continue to be progressed ahead of future starts on site.

Premium outlets performed strongly, producing a surplus of £115 million, largely reflecting significant income growth, particularly at the Value Retail Villages which produced a surplus of £124 million, the largest contribution being from Bicester Village. VIA Outlets suffered a small revaluation decline of £9 million associated with the recognition of acquisition related costs on Zweibrücken Fashion Outlet and Vila do Conde Porto Fashion Outlet.

Further valuation, returns and yield analysis is included in Tables 8 and 9 in the Additional Disclosures on page 50.

Property returns

The Group's portfolio, including premium outlets, generated a total return of 4.0% in the first six months of 2017. This comprised capital and income returns of 1.8% and 2.2% respectively. We compared the performance of our properties against other industry indices. From this year we compare our total portfolio returns against a benchmark based on MSCI IPD All Retail indices for the UK and a bespoke MSCI IPD Europe Index, weighted on a 60:40 basis. At the date of this announcement, these indices are unavailable.

On a sector basis, consistent with the underlying valuation performance explained on page 13, UK shopping centres generated a total return of 3.1%, UK retail parks 4.0%, France 2.2%, Ireland 4.5%, developments 1.7% and premium outlets 8.1%. An analysis of the capital and total returns by business segment is included in Table 8 in the Additional Disclosures on page 50.

FINANCIAL REVIEW

Presentation of financial information

The information presented in this Financial Review is derived from the Group's financial statements, prepared under IFRS. A significant proportion of the Group's property interests is held in conjunction with third parties in joint ventures and associates. Under IFRS, the results and net investment in these holdings are equity accounted and presented within single lines in the income statement and balance sheet.

The Group has property interests in a number of sectors and management reviews the performance of the Group's property interests in shopping centres, retail parks, and other strategic and development properties on a proportionally consolidated basis, to reflect the Group's different ownership shares. Management does not proportionally consolidate the Group's premium outlet investments, which are externally managed by experienced outlet operators, independently financed and have operating metrics which differ from the Group's other properties. We review the performance of our premium outlet investments separately from the rest of the proportionally consolidated portfolio, with the key financial metrics for the Group being: earnings contribution; property valuations and returns; and capital growth.

Within the Financial Review, the Financial Statements and the Additional Disclosures, the Group's properties which are wholly owned or held in joint operations are defined as being held by the "Reported Group", whilst those held in joint ventures and associates are defined as "Share of Property interests".

Further explanation of the distinction between the Group's different holdings is provided in the Glossary on pages 56 and 57.

Alternative Performance Measures ('APMs')

The Group uses a number of APMs, being financial measures not specified under IFRS, to monitor the performance of the business. These include a number of the Group's key performance indicators on pages 2 and 3. Many of these measures are based on the EPRA Best Practice Recommendations (BPR) reporting framework which aims to improve the transparency, comparability and relevance of the published results of listed European real estate companies. The Group's key EPRA metrics are shown in Table 1 within the Additional Disclosures section on page 46.

For other APMs, the Financial Review and Additional Disclosures sections contain supporting information, including reconciliations to the IFRS financial statements. Definitions for APMs are included in the Glossary.

INCOME STATEMENT

Profit for the period

The Group's IFRS profit for the first half of 2017, attributable to equity shareholders, was £287.1 million, £124.6 million higher than for the comparable period in 2016. This was principally due to higher revaluation gains on the Group's property portfolio, including premium outlets, which when combined generated a net revaluation gain of £187.9 million in 2017 compared with £77.5 million in 2016.

Management principally reviews the Group's profit on an adjusted basis to monitor the Group's underlying earnings as it excludes capital and non-recurring items such as valuation movements, gains or losses on disposal and other one-off exceptional items. This approach is consistent with other property companies and we follow EPRA guidance to calculate adjusted figures. A reconciliation of IFRS profit to adjusted profit for the period is shown in the table below.

Reconciliation of IFRS profit to adjusted profit for the period

Proportionally consolidated, including premium outlets	**Six months ended 30 June 2017 £m**	Six months ended 30 June 2016 £m
IFRS profit for the period attributable to equity shareholders	**287.1**	162.5
Adjustments:		
Net revaluation gains on property portfolio*	**(73.1)**	(29.5)
Net revaluation gains on premium outlet property portfolio	**(114.8)**	(48.0)
	(187.9)	(77.5)
(Gain)/Loss on the sale of properties	**(0.7)**	12.6
Change in fair value of derivatives*	**11.8**	(0.3)
Deferred tax (including on acquisition)– premium outlets	**15.4**	7.6
Other adjustments	**(6.3)**	7.7
Adjusted profit for the period (note 7B)	**119.4**	112.6
Adjusted EPS, pence	**15.1**	14.3

* Proportionally consolidated, excluding premium outlets

The Group's income statement under IFRS, analysed between underlying "Adjusted" profit and "Capital and other", is shown in note 2 to the accounts on pages 32 to 34 and further details of the EPRA adjustments are provided in note 7 on page 37 to the accounts.

Adjusted profit

The Group's adjusted profit for the period in 2017 was £119.4 million, £6.8 million, or 6.0%, higher than in 2016. The table below bridges adjusted profit and adjusted EPS between the two periods and the movements are shown at constant exchange rates. Explanations of the movements are provided later in this Financial Review.

Reconciliation of adjusted profit for the period

Movements at constant exchange rates

Proportionally consolidated, including premium outlets	**Adjusted profit for the period £m**	Adjusted EPS pence
Adjusted profit – Six months ended 30 June 2016	**112.6**	14.3
Net rental income increase/(decrease):		

Acquisitions	**17.8**	2.3
Disposals	**(9.8)**	(1.2)
Development and other	**2.7**	0.3
Like-for-like portfolio	**1.0**	0.1
	11.7	1.5
Increase in net administration expenses	**(1.8)**	(0.2)
Increase in net finance costs	**(10.3)**	(1.3)
Increase in Value Retail and VIA Outlets earnings	**3.7**	0.5
Tax and non-controlling interests	**0.9**	0.1
Exchange and other	**2.6**	0.2
Adjusted profit – Six months ended 30 June 2017 (note 7B)	**119.4**	**15.1**

Net rental income

Analysis of net rental income

Proportionally consolidated, excluding premium outlets	**Six months ended 30 June 2017 £m**	Six months ended 30 June 2016 £m	Change £m
Like-for-like investment properties	**151.8**	150.8	1.0
Acquisitions	**20.0**	2.2	17.8
Disposals	**0.2**	10.0	(9.8)
Developments and other	**12.0**	9.3	2.7
Exchange	**–**	(4.6)	4.6
Net rental income	**184.0**	167.7	16.3

In the first six months of 2017, net rental income increased by £16.3 million, or 9.7%, to £184.0 million. The like-for-like portfolio produced additional income of £1.0 million, equivalent to growth of 0.7%. Income from the UK shopping centre portfolio increased by £1.4 million of income, and France by £0.7 million, both of which were partly offset by a like-for-like reduction of £1.1 million from the UK retail parks portfolio associated with a number of surrender premiums in the first half of 2016 following proactive tenant rotation. The performance by portfolio is further explained in the Business Review on pages 4 to 8.

Acquisitions generated £17.8 million of additional income, of which £17.4 million relate to the conversion of the majority of the Irish loan portfolio to real estate in the second half of 2016. Disposals reduced net rental income in the first half of the year by £9.8 million, reflecting the sales in 2016 of 50% of Grand Central, Birmingham; Villebon 2, Paris and a number of UK retail parks (Manor Walks and Westmorland, Cramlington; Thurrock Shopping Park, Essex). Developments increased net rental income by £2.7 million following the completion of the development of Victoria Gate, Leeds and the leisure extension at Westquay South, Southampton in the second half of 2016. Further analysis of net rental income is provided in Tables 2 and 5 of the Additional Disclosures on pages 47 and 48.

Administration expenses

Administration expense analysis

Proportionally consolidated, excluding premium outlets	**Six months ended 30 June 2017 £m**	Six months ended 30 June 2016 £m
Employee and corporate costs	**30.2**	24.3
Management fees receivable	**(6.9)**	(3.3)
Net administration expenses	**23.3**	21.0

At £23.3 million, net administration expenses reflected, at constant exchange rates, a year-on-year increase of £1.8 million. This resulted from higher staff costs associated with increased head count to support our new Irish operations and to support the delivery of the near-term major developments in London and Paris. The increase in employee and corporate costs of £5.9 million was partly offset by £3.6 million higher management fee income, principally from our Irish and UK shopping centre joint ventures.

Our accounting policy is to capitalise the cost of staff working directly on development projects only whilst they are on-site. In the six months to 30 June 2017 only £0.1 million of staff costs were capitalised on the Group's on-site retail park development schemes, compared with £1.2 million in the same period in 2016 when both Victoria Gate, Leeds and Westquay South, Southampton were nearing completion.

Cost ratio

The EPRA cost ratio for the six months ended 30 June 2017 was 20.5%, 160bps lower than for the comparable period in 2016 and 210bps lower than the full year 2016. Compared with the ratio at 30 June 2016, the administration expenses element of the ratio has increased from 11.2% in 2016 to 11.5% in 2017, whilst the property costs element has fallen from 10.9% to 9.0%. The slight increase in the administration expenses ratio is consistent with the change in net administration costs explained on page 16 whilst the reduction in the property costs ratio is associated with lower vacancy and bad debt costs in 2017. The downward trend in the ratio reflects management's continued focus on delivering operating efficiencies across the Group.

The calculation of the cost ratio is included as Table 7 of the Additional Disclosures on page 49.

Share of results of joint ventures and associates, including investments in premium outlets

As explained at the beginning of the Financial Review on page 15, for management reporting purposes we review the Group's property portfolio on a proportionally consolidated basis, to reflect the Group's different ownership shares. We do not proportionally consolidate the Group's premium outlet investments in Value Retail ("VR") and VIA Outlets ("VIA"). These are externally managed by experienced outlet operators, independently financed and have operating metrics which differ from the Group's other properties. Due to the differing nature of the Group's control, VIA is accounted for as a joint venture and VR is accounted for as an associate.

The table below shows the contribution to the Group's adjusted profit from joint ventures and associates, split between the proportionally consolidated properties and the investments in premium outlets.

Contribution to adjusted profit

	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Joint ventures (incl. VIA) £m	**Associates (incl. VR) £m**	**Total £m**	Joint ventures (incl. VIA) £m	Associates (incl. VR) £m	Total £m
Share of results – IFRS	**112.7**	**135.7**	**248.4**	64.9	39.7	104.6
Revaluation (gains)/losses on properties	**(43.2)**	**(123.8)**	**(167.0)**	1.9	(42.3)	(40.4)
Other adjustments	**13.1**	**(4.8)**	**8.3**	0.9	11.4	12.3
Total adjustments	**(30.1)**	**(128.6)**	**(158.7)**	2.8	(30.9)	(28.1)
Adjusted earnings contribution	**82.6**	**7.1**	**89.7**	67.7	8.8	76.4
Analysed as:						
Share of Property interests	**74.6**	**0.7**	**75.3**	65.4	0.7	66.1
Premium outlets	**8.0**	**6.4**	**14.4**	2.3	8.1	10.4

Adjusted earnings from the share of Property interests increased by £9.2 million primarily due to increased income from Dundrum Town Centre and Grand Central, in which the Group sold a 50% interest in December 2016.

Adjusted earnings from premium outlets of £14.4 million were £4.0 million higher than in 2016, or £3.7 million at constant exchange rates. The Group's share of VIA earnings increased by £5.7 million due principally to acquisitions including Zweibrücken Fashion Outlet and Vila do Conde Porto Fashion Outlet in 2017 and the Wroclaw, Sevilla and Mallorca Fashion Outlets in 2016. VR's earnings fell by £1.7 million due to increased administration costs associated with the enhanced management structure hired in 2016 and a number of initiatives to deliver future growth were trialled in the first half of 2017.

Further details of the Group's joint ventures and associates are shown in notes 9 and 10 to the accounts respectively. The operating performance of our investments in premium outlets is described in the Business Review on pages 11 and 12 and the combined profit contribution is in Table 12 of the Additional Disclosures on page 52.

Finance costs

Net finance costs, calculated on a proportionally consolidated basis, as shown in note 2 to the accounts, totalled £65.7 million in 2017, compared with £41.7 million in the first half of 2016.

Adjusted finance costs, which excludes items such as the change in fair value of derivatives and debt cancellation costs which are not present in adjusted earnings, totalled £53.6 million in 2017, an increase of £11.9 million, or £10.3 million at constant exchange rates, and the supporting calculation is in Table 15 of the Additional Disclosures on page 53. The increase arose from a £8.4 million reduction in finance income following the conversion of the majority of the Irish loans to property and the reduction in loans to Value Retail, both of which happened in the second half of 2016.

Interest capitalised of £0.3 million related to our three on-site retail park schemes. This was £2.0 million lower than for the same period in 2016 where Victoria Gate, Leeds and Westquay South, Southampton were both nearing completion.

Tax

The Group has tax exempt status in the UK, France and Ireland and is exempt from corporation tax on rental income and gains arising on property sales. The current tax charge for the first half of 2017 was £0.3 million, £1.0 million lower than in the same period in 2016, because of a number of refunds associated with prior year tax computations in France.

Dividend

The Directors have declared an interim dividend of 10.7 pence per share, an increase of 5.9% compared with the 2016 interim dividend of 10.1 pence. The interim dividend is payable on 9 October 2017 to shareholders on the register at the close of business on 1 September 2017 and will be paid entirely as a cash PID, net of withholding tax where appropriate.

The Company will not be offering a scrip dividend alternative, but for shareholders who wish to receive their dividend in the form of shares, the Dividend Reinvestment Plan (DRIP) will be available.

NET ASSETS

Equity shareholders' funds increased by £226 million, or 3.9%, to £6,002 million at 30 June 2017. Net assets, calculated on an EPRA basis, were £6,122 million and on a per share basis, increased by 32 pence to £7.71. The movement during the period is shown in the table below.

Movement in net assets

Proportionally consolidated, including premium outlets	Equity shareholders' funds £m	Adjustments[1] £m	**EPRA net assets £m**	EPRA NAV £ per share

31 December 2016	5,776	89	**5,865**	7.39
Property revaluation				
Proportionally consolidated properties	73	–	**73**	0.09
Premium outlets properties	115	–	**115**	0.15
	188	–	**188**	0.24
Adjusted profit for the period	119	–	**119**	0.15
Dividends	(109)	–	**(109)**	(0.14)
Exchange and other movements	28	31	**59**	0.07
30 June 2017	**6,002**	**120**	**6,122**	**7.71**

1. Adjustments in accordance with EPRA best practice as shown in note 7D to the accounts on page 38.

The increase in EPRA net assets was principally due to property revaluation gains of £188 million, mainly in the UK and Ireland shopping centres and premium outlets portfolios as explained on page 15. Adjusted profit added £119 million, although this was offset by the final 2016 dividend of £109 million. Exchange and other movements totalled £59 million, mainly reflecting the weakening of sterling against the euro in the first half of the year.

Investment in joint ventures and associates, including premium outlets

Adjusted investment

	30 June 2017			31 December 2016		
	Joint ventures (incl. VIA) £m	**Associates (incl. VR) £m**	**Total £m**	Joint ventures (incl. VIA) £m	Associates (incl. VR) £m	Total £m
IFRS investment in joint ventures/associates	**3,996**	**1,127**	**5,123**	3,737	988	4,725
Adjustments	**43**	**83**	**126**	19	87	106
Adjusted investment in joint ventures/associates	**4,039**	**1,210**	**5,249**	3,756	1,075	4,831
Analysed as:						
Share of Property interests	**3,671**	**30**	**3,701**	3,514	29	3,543
Premium outlets	**368**	**1,180**	**1,548**	242	1,046	1,288

During 2017, the adjusted investment in the Group's share of Property interests increased by £157 million due primarily to revaluation gains of £52 million, the acquisition of the residual Swords Pavilions loan for £56 million and exchange gains of £27 million.

During 2017, the Group's total adjusted investment in premium outlets increased by £260 million to £1,548 million. Property revaluation gains contributed £115 million to the uplift, favourable foreign exchange movements £21 million and there were also further capital advances to VIA of £109 million to complete the Zweibrücken Fashion Outlet and Vila do Conde Porto Fashion Outlet property acquisitions.

Further details of the Group's joint ventures and associates are shown in notes 9 and 10 to the accounts respectively. Analysis of the Group's combined net investment in premium outlets is shown in Table 13 in the Additional Disclosures on page 52.

FINANCING AND CASHFLOW

Our financing strategy is to borrow generally on an unsecured basis on the strength of the Group's covenant to maintain operational flexibility. Borrowings are arranged to maintain short-term liquidity and to ensure an appropriate maturity profile. Acquisitions may be financed initially using short-term funds before being refinanced for the longer term when market conditions are appropriate. Short-term funding is raised principally through syndicated revolving credit facilities from a range of banks and financial institutions with which we maintain strong working relationships. Long-term debt mainly comprises the Group's fixed rate unsecured bonds and private placements. Derivative financial instruments are used to manage exposure to fluctuations in foreign currency exchange rates and interest rates, but are not employed for speculative purposes. The Board approves financing guidelines against which it monitors the Group's financial structure. These guidelines, together with the relevant metrics, are summarised in the table below which illustrates the Group's robust financial position.

Key financing metrics

Proportionally consolidated, excluding premium outlets

	Guideline[1]	**30 June 2017**	31 December 2016
Net debt (£m) [2]		**3,710**	3,413
Gearing (%)[3]	Maximum 85%	**62**	59
Loan to value (%)[3]	No more than 40%	**37**	36
Liquidity (£m)		**678**	592
Weighted average interest rate (%)		**3.0**	3.1
Weighted average maturity of debt (years)		**5.8**	5.5
Interest cover (times)	At least 2.0 times	**3.4**	3.5
Net debt/EBITDA (times)[4]	Less than 10.0 times	**10.1**	9.5
FX hedging (%)	80-90%	**80**	79

Fixed rate debt (%)	At least 50%	**76**	70

1. Guidelines should not be exceeded for an extended period of time.
2. See Table 16 in the Additional Disclosures for supporting calculation.
3. See Table 17 in the Additional Disclosures for supporting calculation.
4. See Table 18 in the Additional Disclosures for supporting calculation for EBITDA.

Net debt position

On a proportionally consolidated basis net debt at 30 June 2017 was £3,710 million, an increase of £297 million during 2017, which is analysed in the table below.

Movement in net debt

Proportionally consolidated, excluding premium outlets	**Total £m**
Net debt at 1 January 2017	**3,413**
Net cash inflow from operations	**(113)**
Acquisitions	**8**
Disposals	**(24)**
Development and other capital expenditure	**72**
Equity dividends paid	**115**
Acquisition of VIA Outlets properties	**109**
Net investment in Value Retail	**9**
Acquisition of residual Swords Pavilions loan	**56**
Exchange and other	**65**
Net debt at 30 June 2017	**3,710**

The Group's weighted average interest rate remained low at 3.0% during the first six months of 2017 and was 10 basis points lower than the average for the whole of 2016.

In the first half of 2017 the following financing activities were completed:

- in January funds were received from our £400 million private placement signed in November 2016 with a weighted average coupon of 1.7% and maturities of seven, nine, 11 and 14 years.
- in April, a new £360 million unsecured revolving credit facility was signed with a syndicate of fourteen banks at an initial margin of 90 basis points. The facility has a maturity of five years and may be extended by a further two years. This refinanced an existing £175 million facility which was due to mature in April 2018 and had an initial margin of 150 basis points.
- the two other revolving credit facilities of £415 million and £420 million were extended by one year and now mature in April 2022.
- the final repayment and cancellation of the €1.5 billion short-term facility used to fund the recent acquisitions in Ireland and Birmingham.

Following this refinancing activity the Group's liquidity at 30 June 2017, comprising cash and undrawn committed facilities was £678 million, compared with £592 million at the end of 2016. Also, the Group's weighted average maturity of debt increased from 5.5 years at 31 December 2016 to 5.8 years at 30 June 2017.

We manage exposure to foreign exchange translation differences on euro-denominated assets through a combination of euro borrowings and derivatives. At 30 June 2017, the value of euro-denominated liabilities as a proportion of the value of euro-denominated assets was 80%, compared with 79% at the beginning of the year. Interest on euro debt also acts as a hedge against exchange differences arising on net income from our overseas businesses. The strengthening of the euro against sterling during 2017 has resulted in modest gains to net asset value and earnings.

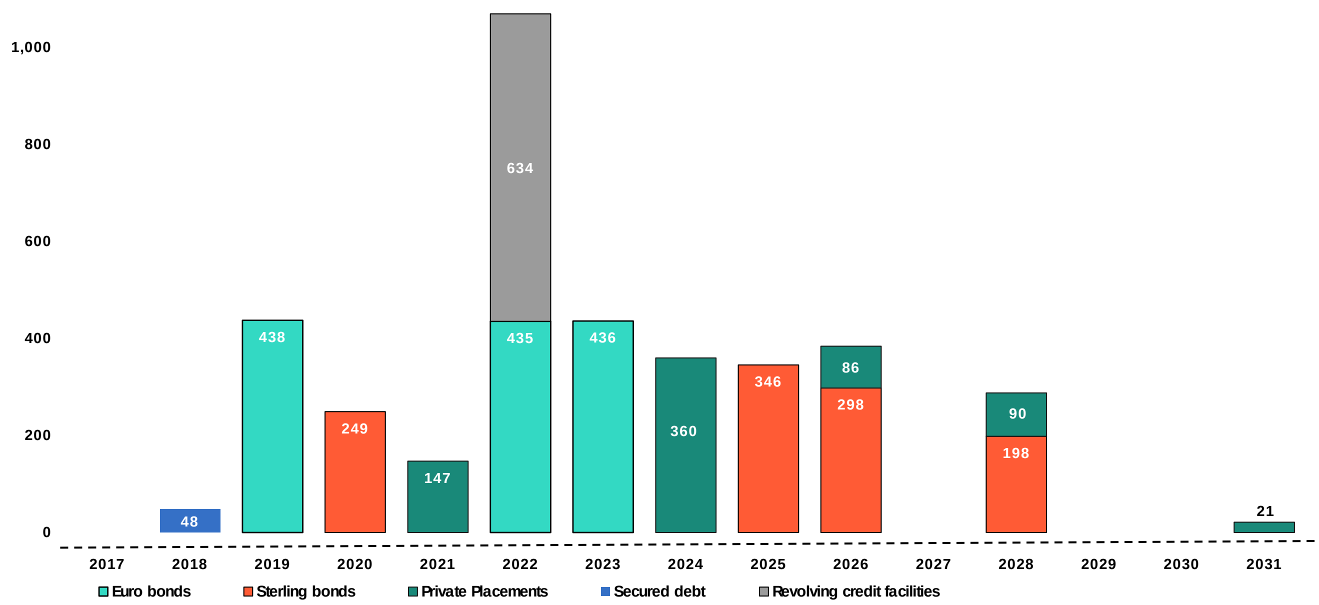
The Group's unsecured bank facilities and the private placement senior notes contain financial covenants that the Group's gearing should not exceed 150% and that interest cover should be not less than 1.25 times. Three of the Group's unsecured bonds contain a covenant that gearing should not exceed 150%, whilst the covenant on the remaining bonds is that gearing should not exceed 175%. The bonds have no covenant for interest cover. Hammerson's financial ratios are comfortably within these covenants.

Fitch and Moody's rate Hammerson's unsecured credit as A– and Baa1 respectively. In May 2017, Moody's changed its outlook from negative to stable, citing the Group's financial discipline and stable operating performance since the UK's EU referendum decision in June 2016.

At 30 June 2017, the Group's loan to value was 37% and gearing was 62%, compared with 36% and 59% respectively at the beginning of the year. A supporting calculation is in Table 17 on the Additional Disclosures on page 54.

At 30 June 2017, the Group's share of net debt in VR and VIA totalled £559 million. On a proforma basis, proportionally consolidating this net debt with the Group's share of property values held by VR and VIA Outlets would increase the Group's gearing from 62% to 71%, whilst loan to value would increase from 37% to 40%.

Debt maturity profile at 30 June 2017 (£m)
Proportionally consolidated, excluding premium outlets



The above analysis excludes cash and deposits and the fair value of currency swaps.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's approach to risk management and our nine principal risks are explained on pages 53 to 59 of the 2016 Annual Report which also includes commentary on their potential impact, relevant mitigating factors, links to the Group's strategy and residual risk assessment.

The Board believes that since the publication of the 2016 Annual Report there has been no material change to the Group's principal risks and the existing mitigation activities remain appropriate to manage them. The Group's nine principal risks are summarised below:

1. **MACRO-ECONOMIC**
   Economic conditions: The macro-economic environment deteriorates, impacting consumer spending and retailer demand and impairing the Group's financial performance.

2. **RETAIL MARKET**
   Retail market: Failure to anticipate and address developments in consumer and occupational markets, such as multichannel retailing and digital technology leading to financial underperformance and obsolescence.
   Retailer profitability: Retailers, particularly in the UK, face cost pressures associated with business rate changes, foreign exchange movements and higher employee costs (living wage and apprenticeship levy), which could in turn result in tenant failure, increased vacancy and downward pressure on rents.

3. **PROPERTY INVESTMENT**
   Investment decisions: Poor investment decisions, both acquisitions and disposals, result in suboptimal returns.
   Divestment: Opportunities to divest of properties are missed or are constrained by market conditions, adversely impacting returns and liquidity.
   Valuations: Property valuations fall due to adverse market conditions, impacting the Group's financial position and the realisation of future plans.

4. **PROPERTY DEVELOPMENT**
   Development delivery: Property development is inherently risky due to long delivery times and high levels of complexity and is management intensive. Major retail schemes have heightened level of risks and unsuccessful projects may result in adverse financial and reputation outcomes.
   Development exposure: Over-exposure to development acts to increase the financial impact of an economic downturn and could overstretch the Group's financial capacity.

5. **TREASURY**
   Liquidity constraints: Poor planning or external factors, including failures in the banking sector, may result in the Group having insufficient liquidity and limit the ability to support the delivery of our strategy, particularly major developments.
   Breach of borrowing covenants: Deterioration in the Group's financial position due to a fall in property valuations could result in a breach of borrowing covenants.
   Interest rate and foreign exchange exposure: Significant fluctuations in foreign exchange or interest rates could result in financial losses.

6. PARTNERSHIPS

Liquidity: Joint venture structures may act to limit the Group's liquidity.
Strategic alignment: Operational effectiveness may be adversely impacted if joint venture partners are not strategically aligned.
Premium outlet investments: These are externally managed which reduces the Group's control and transparency over performance and governance.

7. TAX AND REGULATORY

Compliance burden: There is an increasing burden from compliance and regulatory requirements which can act to impede performance.
UK exit from EU: There is uncertainty over the future UK tax and regulatory environment after the UK exits the EU.

8. CATASTROPHIC EVENT

Impact of catastrophic event: Our operations, reputation or financial performance could be significantly affected by a major event such as a terrorist or cyber attack.
Environmental issues: Climate change could adversely impact our operations through an environmental incident such as flooding.

9. PEOPLE

Resourcing: We have a relatively small headcount which could act to curtail the achievement of business objectives, particularly in times of significant activity.
Recruitment and retention: A failure to recruit and retain key executives and staff with appropriate skills would adversely impact corporate performance.

INDEPENDENT REVIEW REPORT TO HAMMERSON PLC

REPORT ON THE CONDENSED SET OF FINANCIAL STATEMENTS

Our conclusion

We have reviewed Hammerson plc's condensed set of financial statements (the "interim financial statements") in the Half-year Report of Hammerson plc for the six month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:
the consolidated balance sheet as at 30 June 2017;
the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
the consolidated cash flow statement for the period then ended;
the consolidated statement of changes in equity for the period then ended;
the explanatory notes to the interim financial statements.

The interim financial statements included in the Half-year Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the Directors

The Half-year Report, including the interim financial statements, 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 Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half-year Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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 enquiries, 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, 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.

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 interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
25 July 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors' confirm that this condensed set of financial statements included in the Half-year Report have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and that the Interim Management Report includes a fair review of the information required by Disclosure and Transparency Rules (DTR) 4.2.7 and 4.2.8, namely:

The interim financial statements comprise:
An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
Material related-party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last Annual Report.

The Directors are listed in the Hammerson plc Annual Report of 31 December 2016 and a list of the current Directors is maintained on the Hammerson plc website: www.hammerson.com. The maintenance and integrity of the Hammerson website is the responsibility of the Directors.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board on 25 July 2017

David Atkins
Director

Peter Cole
Director

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2016 Audited £m		Notes	**Six months ended 30 June 2017 Unaudited £m**	Six months ended 30 June 2016 Unaudited £m
251.3	Gross rental income	2	**122.9**	126.3
176.6	**Operating profit before other net gains/(losses) and share of results of joint ventures and associates**	2	**87.9**	91.8
(24.7)	Revaluation gains/(losses) on properties		**20.9**	37.1
(24.0)	Gain/(Loss) on sale of properties		**0.7**	(12.6)
1.3	Gain on other investments		**–**	–
(47.4)	Other net gains/(losses)	2	**21.6**	24.5
169.2	Share of results of joint ventures	9A	**112.7**	64.9
137.1	Share of results of associates	10A	**135.7**	39.7
435.5	**Operating profit**	2	**357.9**	220.9

(121.2)	Finance costs		**(63.8)**	(59.7)
(0.4)	Debt and loan facility cancellation costs		**(0.3)**	(0.3)
(3.5)	Change in fair value of derivatives		**(11.8)**	(0.3)
12.4	Finance income		**7.7**	6.6
(112.7)	Net finance costs	4	**(68.2)**	(53.7)
322.8	**Profit before tax**		**289.7**	167.2
(1.9)	Tax charge	5	**(0.4)**	(1.1)
320.9	**Profit for the period**		**289.3**	166.1
	Attributable to:			
317.3	Equity shareholders		**287.1**	162.5
3.6	Non-controlling interests		**2.2**	3.6
320.9	**Profit for the period**		**289.3**	166.1
40.2p	**Basic earnings per share**	7B	**36.2p**	20.7p
40.1p	**Diluted earnings per share**	7B	**36.2p**	20.6p
29.2p	**Adjusted earnings per share**	7B	**15.1p**	14.3p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016 Audited £m		**Six months ended 30 June 2017 Unaudited £m**	Six months ended 30 June 2016 Unaudited £m
	Items that may subsequently be recycled through the income statement		
535.6	Foreign exchange translation differences	**105.9**	406.2
(437.3)	Net loss on hedging activities	**(58.3)**	(322.8)
98.3		**47.6**	83.4
	Items that may not subsequently be recycled through the income statement		
(0.3)	Revaluation losses on participative loans within investment in associates	**(0.4)**	–
(15.9)	Net actuarial gains/(losses) on pension schemes	**2.5**	(11.8)
82.1	Total other comprehensive income	**49.7**	71.6
320.9	Profit for the period	**289.3**	166.1
403.0	**Total comprehensive income for the period**	**339.0**	237.7
	Attributable to:		
388.3	Equity shareholders	**334.4**	225.6
14.7	Non-controlling interests	**4.6**	12.1
403.0	**Total comprehensive income for the period**	**339.0**	237.7

CONSOLIDATED BALANCE SHEET

31 December 2016 Audited £m		Notes	**30 June 2017 Unaudited £m**	30 June 2016 Unaudited £m
	Non-current assets			
4,763.9	Investment and development properties	8	**4,879.5**	5,063.2
36.4	Interests in leasehold properties		**37.1**	38.4

6.2	Plant and equipment		**5.8**	7.0
3,736.7	Investment in joint ventures	9C	**3,995.6**	3,333.6
988.1	Investment in associates	10C	**1,127.1**	846.4
–	Other investments		**–**	6.7
44.9	Receivables		**13.9**	56.0
9,576.2			**10,059.0**	9,351.3
	Current assets			
105.9	Receivables		**99.9**	94.8
35.1	Restricted monetary assets		**39.4**	35.6
74.3	Cash and deposits		**67.3**	173.5
215.3			**206.6**	303.9
9,791.5	**Total assets**		**10,265.6**	9,655.2
	Current liabilities			
303.8	Payables		**261.7**	237.4
0.4	Tax		**0.4**	0.4
211.1	Borrowings	11A	**–**	29.4
515.3			**262.1**	267.2
	Non-current liabilities			
3,285.2	Borrowings	11A	**3,789.9**	3,496.8
0.5	Deferred tax		**0.6**	0.5
37.5	Obligations under finance leases		**38.5**	39.2
96.0	Payables		**88.7**	90.2
3,419.2			**3,917.7**	3,626.7
3,934.5	**Total liabilities**		**4,179.8**	3,893.9
5,857.0	**Net assets**		**6,085.8**	5,761.3
	Equity			
198.3	Share capital		**198.3**	198.0
1,265.7	Share premium		**1,265.8**	1,258.5
659.6	Translation reserve		**763.1**	532.8
(562.9)	Hedging reserve		**(621.2)**	(448.4)
374.1	Merger reserve		**374.1**	374.1
23.7	Other reserves		**23.8**	21.4
3,817.3	Retained earnings		**3,998.1**	3,746.2
(0.2)	Investment in own shares		**(0.4)**	(0.3)
5,775.6	**Equity shareholders' funds**		**6,001.6**	5,682.3
81.4	Non-controlling interests		**84.2**	79.0
5,857.0	**Total equity**		**6,085.8**	5,761.3
£7.28	**Basic net asset value per share**	7D	**£7.57**	£7.18
£7.28	**Diluted net asset value per share**	7D	**£7.56**	£7.17
£7.39	**EPRA net asset value per share**	7D	**£7.71**	£7.27

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

Unaudited	**Share capital £m**	**Share premium £m**	**Translatio n reserve £m**	**Hedging reserve £m**	**Merger reserve £m**	**Other reserves £m**	**Retained earnings £m**	**Investment in own shares* £m**	**Equity shareholders' funds £m**	**Non-controlling interests £m**	**Total equity £m**
Balance at 1 January 2017	198.3	1,265.7	659.6	(562.9)	374.1	23.7	3,817.3	(0.2)	5,775.6	81.4	5,857.0
Issue of shares	–	0.1	–	–	–	–	–	–	0.1	–	0.1
Share-based employee remuneration	–	–	–	–	–	2.8	–	–	2.8	–	2.8

Cost of shares awarded to employees	–	–	–	–	–	(1.8)	–	1.8	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	(0.9)	0.9	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	0.1	–	0.1	–	0.1
Purchase of own shares	–	–	–	–	–	–	–	(2.0)	(2.0)	–	(2.0)
Dividends	–	–	–	–	–	–	(109.4)	–	(109.4)	(1.8)	(111.2)
Foreign exchange translation differences	–	–	103.5	–	–	–	–	–	103.5	2.4	105.9
Net loss on hedging activities	–	–	–	(58.3)	–	–	–	–	(58.3)	–	(58.3)
Revaluation losses on participative loans within investment in associates	–	–	–	–	–	–	(0.4)	–	(0.4)	–	(0.4)
Net actuarial gains on pension schemes	–	–	–	–	–	–	2.5	–	2.5	–	2.5
Profit for the period	–	–	–	–	–	–	287.1	–	287.1	2.2	289.3
Total comprehensive income/(loss) for the period	–	–	103.5	(58.3)	–	–	289.2	–	334.4	4.6	339.0
Balance at 30 June 2017	**198.3**	**1,265.8**	**763.1**	**(621.2)**	**374.1**	**23.8**	**3,998.1**	**(0.4)**	**6,001.6**	**84.2**	**6,085.8**

* Investment in own shares is stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Investment in own shares* £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2016	196.1	1,223.3	135.1	(125.6)	374.1	21.7	3,696.5	(3.9)	5,517.3	69.0	5,586.3
Issue of shares	1.9	35.2	–	–	–	–	–	(0.3)	36.8	–	36.8
Share-based employee remuneration	–	–	–	–	–	2.8	–	–	2.8	–	2.8
Cost of shares awarded to employees	–	–	–	–	–	(3.9)	–	3.9	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	0.8	(0.8)	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	0.1	–	0.1	–	0.1
Dividends	–	–	–	–	–	–	(100.3)	–	(100.3)	(2.1)	(102.4)
Foreign exchange translation differences	–	–	397.7	–	–	–	–	–	397.7	8.5	406.2
Net loss on hedging activities	–	–	–	(322.8)	–	–	–	–	(322.8)	–	(322.8)
Net actuarial losses on pension schemes	–	–	–	–	–	–	(11.8)	–	(11.8)	–	(11.8)
Profit for the period	–	–	–	–	–	–	162.5	–	162.5	3.6	166.1
Total comprehensive income/(loss) for the period	–	–	397.7	(322.8)	–	–	150.7	–	225.6	12.1	237.7
Balance at 30 June 2016	198.0	1,258.5	532.8	(448.4)	374.1	21.4	3,746.2	(0.3)	5,682.3	79.0	5,761.3

* Investment in own shares is stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

Audited	Share capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Investment in own shares* £m	Equity shareholders' funds £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2016	196.1	1,223.3	135.1	(125.6)	374.1	21.7	3,696.5	(3.9)	5,517.3	69.0	5,586.3
Issue of shares	0.3	0.2	–	–	–	–	–	(0.3)	0.2	–	0.2
Share-based employee remuneration	–	–	–	–	–	5.6	–	–	5.6	–	5.6
Cost of shares awarded to employees	–	–	–	–	–	(4.0)	–	4.0	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	0.4	(0.4)	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	0.2	–	0.2	–	0.2
Dividends	1.9	42.2	–	–	–	–	(180.1)	–	(136.0)	(2.3)	(138.3)
Foreign exchange translation differences	–	–	524.5	–	–	–	–	–	524.5	11.1	535.6
Net loss on hedging activities	–	–	–	(437.3)	–	–	–	–	(437.3)	–	(437.3)
Revaluation losses on participative loans within investment in associates	–	–	–	–	–	–	(0.3)	–	(0.3)	–	(0.3)
Net actuarial losses on pension schemes	–	–	–	–	–	–	(15.9)	–	(15.9)	–	(15.9)
Profit for the year	–	–	–	–	–	–	317.3	–	317.3	3.6	320.9
Total comprehensive income/(loss) for the year	–	–	524.5	(437.3)	–	–	301.1	–	388.3	14.7	403.0
Balance at 31 December 2016	198.3	1,265.7	659.6	(562.9)	374.1	23.7	3,817.3	(0.2)	5,775.6	81.4	5,857.0

* Investment in own shares is stated at cost.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2016 Audited £m		Notes	**Six months ended 30 June 2017 Unaudited £m**	Six months ended 30 June 2016 Unaudited £m
	Operating activities			
176.6	Operating profit before other net gains/(losses) and share of results of joint ventures and associates	2	**87.9**	91.8
3.0	Decrease in receivables		**3.2**	0.2
2.2	(Increase)/Decrease in restricted monetary assets		**(3.8)**	0.9
11.9	Increase in payables		**3.6**	8.8
11.6	Adjustment for non-cash items		**5.9**	19.3
205.3	**Cash generated from operations**		**96.8**	121.0
(125.1)	Interest paid		**(68.0)**	(74.0)
20.0	Interest received		**5.7**	6.6
(2.9)	Tax received/(paid)		**0.1**	(1.4)
84.0	Distributions and other receivables from joint ventures		**62.5**	55.0
181.3	**Cash flows from operating activities**		**97.1**	107.2
	Investing activities			
(499.7)	Property acquisitions		**(6.7)**	(387.3)
(127.2)	Development and major refurbishments		**(15.3)**	(56.4)
(55.2)	Other capital expenditure		**(33.4)**	(34.9)

639.0	Sale of properties		**24.4**	297.4
–	Acquisition of additional interest in Irish loan portfolio		**(55.6)**	–
(91.9)	Advances to joint ventures on conversion of Irish loan portfolio to property assets		**–**	–
(63.1)	(Increase)/Decrease in advances to joint ventures		**(119.7)**	2.8
(2.4)	Acquisition of interest in associates		**(39.3)**	(2.0)
(1.9)	Acquisition of other investments		**–**	(1.9)
18.0	Distribution received from associates		**10.0**	7.4
8.0	Sale of other investments		**–**	–
64.8	Decrease in non-current receivables		**21.2**	45.4
(111.6)	**Cash flows from investing activities**		**(214.4)**	(129.5)
	Financing activities			
0.2	Issue of shares		**0.1**	0.1
0.2	Proceeds from award of own shares		**0.1**	0.1
–	Purchase of own shares		**(2.0)**	–
(0.4)	Debt and loan facility cancellation costs	4	**(0.3)**	(0.3)
949.8	Proceeds from new borrowings		**624.4**	1,018.3
(847.5)	Repayment of borrowings		**(395.8)**	(790.3)
102.3	Net increase in borrowings		**228.6**	228.0
(2.3)	Dividends paid to non-controlling interests		**(1.7)**	(2.1)
(135.7)	Equity dividends paid	6	**(115.2)**	(69.6)
(35.7)	**Cash flows from financing activities**		**109.6**	156.2
34.0	**Net (decrease)/increase in cash and deposits**		**(7.7)**	133.9
37.0	Opening cash and deposits		**74.3**	37.0
3.3	Exchange translation movement		**0.7**	2.6
74.3	**Closing cash and deposits**		**67.3**	173.5

An analysis of the movement in net debt is provided in note 13 on page 45.

NOTES TO THE ACCOUNTS

1. FINANCIAL INFORMATION

The information for the year ended 31 December 2016 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The annual financial statements of Hammerson plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Half-year Report has been prepared in accordance with, and contains the information required by IAS 34 Interim Financial Reporting, as adopted by the European Union, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the Financial Pronouncements as issued by the Financial Reporting Standards Council.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as were applied in Hammerson's latest annual audited financial statements.

A number of new standards and amendments to standards have been issued but are not yet effective for the Group. The most significant of these, and their potential impact on the Group's accounting, are set out below:

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018) - the standard will be applicable to non-rental income, service charge income, other property related income, management fees receivable, proceeds from the sale of properties, but not rental income arising from the Group's leases with tenants. Based on the transactions impacting the current financial period and future known transactions, the Group does not expect the adoption of IFRS 15 to have a material impact on the Group's reported results. However, we will continue to assess new transactions as they arise to the date of adoption.

IFRS 9 Financial Instruments (effective from 1 January 2018) - the standard applies to the classification and measurement of financial assets and financial liabilities, impairment provisioning and hedge accounting. The Group is in the process of assessing the impact of IFRS 9, but adoption of the new standard may impact the measurement and presentation of the Group's financial assets and liabilities.

IFRS 16 Leases (effective from 1 January 2019) – the adoption of this standard is not expected to significantly impact the recognition of rental income earned under the Group's leases with tenants. The Group holds a small number of operating leases as a lessee which are affected by this standard, however, these are not material to the financial statements.

With particular reference to IFRS 15 and IFRS 16, as the Group is primarily a lessor of property, and lease income is outside the scope of IFRS 15, the above pronouncements are not expected to have a material impact on the financial statements. There may be limited changes in presentation and disclosure. A complete assessment of the impact of the three pronouncements referred to above will be disclosed in the 2017 Annual Report.

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

The Group's financial performance is not seasonal. There have been no changes in estimates of amounts reported in prior periods which have a material impact on the current half-year period. There have been no material changes in contingent liabilities since 31 December 2016.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance Sheet: £1 = €1.139 (30 June 2016: £1 = €1.208; 31 December 2016: £1 = €1.171)
Income Statement: £1 = €1.162 (30 June 2016: £1 = €1.284; 31 December 2016: £1 = €1.224)

The Half-year Report was approved by the Board on 25 July 2017.

GOING CONCERN

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

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance, property valuations and capital expenditure plans. The review considered the Group's liquidity position, current assets and current liabilities, its debt maturity profile, future commitments and forecast cash flows. Based on this review the Directors are able to conclude that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the next 12 months and continue to adopt the going concern basis in preparing the Half-year Report.

2. PROFIT FOR THE PERIOD

The following tables show the Group's profit for the period on a proportionally consolidated basis by aggregating the Reported Group results (shown in column A) with those from its share of Property interests (shown in column B), the latter being reallocated to the relevant financial statement lines. The Group's share of results arising from its interests in premium outlets has not been reallocated as management does not review these interests on a proportionally consolidated basis (see note 3) and these are therefore not included in the Group's share of Property interests. The Group's proportionally consolidated profit for the period in column C is then allocated between 'Adjusted' and 'Capital and other' for the purposes of calculating figures in accordance with EPRA best practice.

		Six months ended 30 June 2017				
					Proportionally consolidated	
	Notes	**Reported Group £m**	Share of Property interests £m	Proportionally consolidated £m	**Adjusted £m**	**Capital and other £m**
Notes		A	B	C	D	D
Gross rental income[E]	3A	**122.9**	84.7	207.6	**207.6**	**–**
Ground and equity rents payable		**(0.7)**	(1.3)	(2.0)	**(2.0)**	**–**
Gross rental income, after rents payable		**122.2**	83.4	205.6	**205.6**	**–**
Service charge income		**23.5**	13.6	37.1	**37.1**	**–**
Service charge expenses		**(28.7)**	(16.6)	(45.3)	**(45.3)**	**–**
Net service charge expenses		**(5.2)**	(3.0)	(8.2)	**(8.2)**	**–**
Other property outgoings		**(6.0)**	(7.4)	(13.4)	**(13.4)**	**–**
Property outgoings		**(11.2)**	(10.4)	(21.6)	**(21.6)**	**–**
Net rental income	3A	**111.0**	73.0	184.0	**184.0**	**–**
Management fees receivable		**6.9**	–	6.9	**6.9**	**–**

Employee and corporate costs		**(30.0)**	(0.2)	(30.2)	**(30.2)**	**–**
Administration expenses		**(23.1)**	(0.2)	(23.3)	**(23.3)**	**–**
Operating profit before other net gains and share of results of joint ventures and associates		**87.9**	72.8	160.7	**160.7**	**–**
Revaluation gains on properties	3B	**20.9**	52.2	73.1	**–**	**73.1**
Gain on the sale of properties		**0.7**	–	0.7	**–**	**0.7**
Other net gains		**21.6**	52.2	73.8	**–**	**73.8**
Share of results of joint ventures	9A, 9B	**112.7**	(126.7)	(14.0)	**8.0**	**(22.0)**
Share of results of associates	10A, 10B	**135.7**	(0.8)	134.9	**6.4**	**128.5**
Operating profit/(loss)		**357.9**	(2.5)	355.4	**175.1**	**180.3**
Net finance (costs)/income	4	**(68.2)**	2.5	(65.7)	**(53.6)**	**(12.1)**
Profit before tax		**289.7**	–	289.7	**121.5**	**168.2**
Current tax charge	5	**(0.3)**	–	(0.3)	**(0.3)**	**–**
Deferred tax charge	5	**(0.1)**	–	(0.1)	**–**	**(0.1)**
Profit for the period		**289.3**	–	289.3	**121.2**	**168.1**
Non-controlling interests		**(2.2)**	–	(2.2)	**(1.8)**	**(0.4)**
Profit for the period attributable to equity shareholders	7B	**287.1**	–	287.1	**119.4**	**167.7**

Notes

A Reported Group results as shown in the consolidated income statement on page 24.

B Property interests reflect the Group's share of results of Property joint ventures as shown in note 9A and Nicetoile included within note 10A.

C Aggregated results on a proportionally consolidated basis showing Reported Group together with share of Property interests.

D Aggregated results on a proportionally consolidated basis allocated between 'Adjusted' and 'Capital and other' for the purposes of calculating adjusted earnings per share as shown in note 7B.

E Included in gross rental income on a proportionally consolidated basis is £3.8 million (30 June 2016: £4.5 million; 31 December 2016: £7.2 million) of contingent rents calculated by reference to tenants' turnover.

2. PROFIT FOR THE PERIOD

		Six months ended 30 June 2016				
					Proportionally consolidated	
	Notes	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Adjusted £m	Capital and other £m
Notes (see page 32)		A	B	C	D	D
Gross rental income[E]	3A	126.3	65.9	192.2	192.2	–
Ground and equity rents payable		(0.6)	(1.4)	(2.0)	(2.0)	–
Gross rental income, after rents payable		125.7	64.5	190.2	190.2	–
Service charge income		22.1	12.4	34.5	34.5	–
Service charge expenses		(26.4)	(15.5)	(41.9)	(41.9)	–
Net service charge expenses		(4.3)	(3.1)	(7.4)	(7.4)	–
Other property outgoings		(8.8)	(6.3)	(15.1)	(15.1)	–
Property outgoings		(13.1)	(9.4)	(22.5)	(22.5)	–
Net rental income	3A	112.6	55.1	167.7	167.7	–
Management fees receivable		3.3	–	3.3	3.3	–
Employee and corporate costs		(24.1)	(0.2)	(24.3)	(24.3)	–
Administration expenses		(20.8)	(0.2)	(21.0)	(21.0)	–
Operating profit before other net gains and share of results of joint ventures and associates		91.8	54.9	146.7	146.7	–
Revaluation gains/(losses) on properties	3B	37.1	(7.6)	29.5	–	29.5
Loss on the sale of properties		(12.6)	–	(12.6)	–	(12.6)
Other net gains		24.5	(7.6)	16.9	–	16.9
Share of results of joint ventures	9A	64.9	(58.3)	6.6	2.3	4.3
Share of results of associates	10A	39.7	(0.8)	38.9	8.1	30.8

	Notes	A	B	C	D	D
Operating profit/(loss)		220.9	(11.8)	209.1	157.1	52.0
Net finance (costs)/income	4	(53.7)	12.0	(41.7)	(41.7)	–
Profit before tax		167.2	0.2	167.4	115.4	52.0
Current tax charge	5	(1.1)	(0.2)	(1.3)	(1.3)	–
Profit for the period		166.1	–	166.1	114.1	52.0
Non-controlling interests		(3.6)	–	(3.6)	(1.5)	(2.1)
Profit for the period attributable to equity shareholders	7B	162.5	–	162.5	112.6	49.9

2. PROFIT FOR THE PERIOD

		Year ended 31 December 2016				
					Proportionally consolidated	
	Notes	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Adjusted £m	Capital and other £m
Notes (see page 32)		A	B	C	D	D
Gross rental income[E]	3A	251.3	147.4	398.7	398.7	–
Ground and equity rents payable		(1.3)	(2.8)	(4.1)	(4.1)	–
Gross rental income, after rents payable		250.0	144.6	394.6	394.6	–
Service charge income		43.8	24.8	68.6	68.6	–
Service charge expenses		(52.1)	(31.0)	(83.1)	(83.1)	–
Net service charge expenses		(8.3)	(6.2)	(14.5)	(14.5)	–
Other property outgoings		(19.4)	(14.2)	(33.6)	(33.6)	–
Property outgoings		(27.7)	(20.4)	(48.1)	(48.1)	–
Net rental income	3A	222.3	124.2	346.5	346.5	–
Management fees receivable/(payable)		8.6	(0.1)	8.5	8.5	–
Employee and corporate costs		(54.3)	(0.3)	(54.6)	(54.6)	–
Administration expenses		(45.7)	(0.4)	(46.1)	(46.1)	–
Operating profit before other net gains/(losses) and share of results of joint ventures and associates		176.6	123.8	300.4	300.4	–
Revaluation (losses)/gains on properties	3B	(24.7)	11.3	(13.4)	–	(13.4)
Loss on the sale of properties		(24.0)	–	(24.0)	–	(24.0)
Gain on other investments		1.3	–	1.3	–	1.3
Other net (losses)/gains		(47.4)	11.3	(36.1)	–	(36.1)
Share of results of joint ventures	9A	169.2	(148.5)	20.7	6.2	14.5
Share of results of associates	10A	137.1	(1.9)	135.2	23.6	111.6
Operating profit		435.5	(15.3)	420.2	330.2	90.0
Net finance (costs)/income	4	(112.7)	16.1	(96.6)	(93.5)	(3.1)
Profit before tax		322.8	0.8	323.6	236.7	86.9
Current tax charge	5	(1.9)	(0.8)	(2.7)	(2.7)	–
Profit for the year		320.9	–	320.9	234.0	86.9
Non-controlling interests		(3.6)	–	(3.6)	(3.3)	(0.3)
Profit for the year attributable to equity shareholders	7B	317.3	–	317.3	230.7	86.6

3. SEGMENTAL ANALYSIS

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

As stated in the Financial Review on page 15, management reviews the business principally on a proportionally consolidated basis, except for its interests in premium outlets held through its investments in Value Retail and VIA Outlets, where the Group has less day-to-day involvement in the financial performance and which have different operational characteristics from the Group's property portfolio. The segmental analysis has been prepared on the basis that management uses to review the business, rather than on a statutory basis. Property interests represent the Group's non-wholly owned properties which management proportionally consolidates when reviewing the performance of the business. For reconciliation purposes the Reported Group figures, being wholly-owned properties, are shown in the following tables.

In October 2015, the Group acquired an interest in a loan portfolio secured on retail properties located in Ireland in a 50:50 joint venture. The majority of these loans were converted into property in 2016 and these are included in note 3B. Rental income has been included in note 3A from the date of conversion.

A. Revenue and profit by segment

Year ended 31 December 2016			**Six months ended 30 June 2017**		Six months ended 30 June 2016	
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				
174.2	148.4	Shopping centres	**88.7**	**76.7**	85.0	73.5
84.0	79.6	Retail parks	**36.9**	**35.2**	45.4	42.3
13.8	9.3	Other	**5.8**	**4.2**	7.1	5.0
272.0	237.3		**131.4**	**116.1**	137.5	120.8
101.1	89.3	**France**	**51.8**	**47.5**	49.4	44.0
13.7	12.5	**Ireland**	**17.7**	**16.0**	–	–
386.8	339.1	**Investment portfolio**	**200.9**	**179.6**	186.9	164.8
11.9	7.4	Developments	**6.7**	**4.4**	5.3	2.9
398.7	346.5	**Property portfolio – excluding premium outlets**	**207.6**	**184.0**	192.2	167.7
100.7	67.7	Premium outlets	**60.5**	**42.9**	44.9	29.7
499.4	414.2	**Total Group**	**268.1**	**226.9**	237.1	197.4
(100.7)	(67.7)	Less premium outlets	**(60.5)**	**(42.9)**	(44.9)	(29.7)
(147.4)	(124.2)	Less share of Property interests	**(84.7)**	**(73.0)**	(65.9)	(55.1)
251.3	222.3	**Reported Group**	**122.9**	**111.0**	126.3	112.6

B. Investment and development property assets by segment

31 December 2016				**30 June 2017**			30 June 2016		
Property valuation £m	Property additions £m	Revaluation gains/ (losses) £m		**Property valuation £m**	**Property additions £m**	**Revaluation gains £m**	Property valuation £m	Property additions £m	Revaluation gains/ (losses) £m
			United Kingdom						
3,436.5	369.8	(5.8)	Shopping centres	**3,483.7**	**16.7**	**30.4**	3,331.9	355.0	(13.5)
1,320.0	19.8	(118.3)	Retail parks	**1,340.5**	**21.5**	**15.8**	1,525.6	11.3	(37.9)
163.5	0.8	2.2	Other	**168.8**	**2.3**	**3.1**	157.7	-	(2.8)
4,920.0	390.4	(121.9)		**4,993.0**	**40.5**	**49.3**	5,015.2	366.3	(54.2)
2,159.6	65.6	73.3	**France**	**2,232.5**	**11.6**	**0.6**	2,070.1	46.3	65.1
805.1	801.9	3.2	**Ireland**	**849.5**	**1.0**	**20.8**	–	–	–
7,884.7	1,257.9	(45.4)	**Investment portfolio**	**8,075.0**	**53.1**	**70.7**	7,085.3	412.6	10.9
397.0	274.9	32.0	Developments	**420.2**	**16.7**	**2.4**	481.3	71.3	18.6
8,281.7	1,532.8	(13.4)	**Property portfolio – excluding premium outlets**	**8,495.2**	**69.8**	**73.1**	7,566.6	483.9	29.5
1,689.4	200.5	138.4	Premium outlets	**2,032.2**	**197.4**	**114.8**	1,396.9	21.9	48.0
9,971.1	1,733.3	125.0	**Total Group**	**10,527.4**	**267.2**	**187.9**	8,963.5	505.8	77.5
(1,689.4)	(200.5)	(138.4)	Less premium outlets	**(2,032.2)**	**(197.4)**	**(114.8)**	(1,396.9)	(21.9)	(48.0)
(3,517.8)	(778.9)	(11.3)	Less share of Property interests	**(3,615.7)**	**(18.8)**	**(52.2)**	(2,503.4)	(11.1)	7.6
4,763.9	753.9	(24.7)	**Reported Group**	**4,879.5**	**51.0**	**20.9**	5,063.2	472.8	37.1

4. NET FINANCE COSTS

Year ended 31 December 2016 £m		**Six months ended 30 June 2017 £m**	Six months ended 30 June 2016 £m
19.7	Interest on bank loans and overdrafts	**6.3**	10.0

102.0	Interest on other borrowings	**55.5**	49.7
2.1	Interest on obligations under finance leases	**1.1**	1.0
2.5	Other interest payable	**1.2**	1.3
126.3	Gross interest costs	**64.1**	62.0
(5.1)	Less: Interest capitalised	**(0.3)**	(2.3)
121.2	Finance costs	**63.8**	59.7
0.4	Debt and loan facility cancellation costs	**0.3**	0.3
3.5	Change in fair value of derivatives	**11.8**	0.3
(12.4)	Finance income	**(7.7)**	(6.6)
112.7	**Net finance costs**	**68.2**	53.7

5. TAX CHARGE

Year ended 31 December 2016 £m		**Six months ended 30 June 2017 £m**	Six months ended 30 June 2016 £m
0.2	UK current tax	**–**	0.2
1.7	Foreign current tax	**0.3**	0.9
1.9	Current tax charge	**0.3**	1.1
–	Deferred tax charge	**0.1**	–
1.9	**Total tax charge**	**0.4**	1.1

Current tax is low as substantially all of the Group's rental income and property gains are exempt from tax.

6. DIVIDENDS

The Directors have declared an interim dividend of 10.7 pence per share, an increase of 5.9% compared with the 2016 interim dividend of 10.1 pence. The interim dividend is payable on 9 October 2017 to shareholders on the register at the close of business on 1 September 2017. The dividend will be paid entirely as a cash PID, net of withholding tax where appropriate. There will be no scrip alternative although the dividend reinvestment plan (DRIP) remains available to shareholders.

					Equity dividends	
	PID pence per share	**Non-PID pence per share**	**Total pence per share**	**Six months ended 30 June 2017 £m**	Year ended 31 December 2016 £m	Six months ended 30 June 2016 £m
Current period						
2017 interim dividend	10.7	–	10.7	**–**	–	–
Prior periods						
2016 final dividend	4.9	9.0	13.9	**109.4**	–	–
2016 interim dividend	10.1	–	10.1	**–**	79.8	–
	15.0	9.0	24.0			
2015 final dividend				**–**	100.3	100.3
Dividends as reported in the consolidated statement of changes in equity				**109.4**	180.1	100.3
2015 interim dividend withholding tax (paid 2016)				**–**	11.2	11.2
2015 final dividend non-PID scrip alternative				**–**	(36.7)	(36.7)
2015 final dividend withholding tax (paid July 2016)				**–**	–	(5.2)
2016 interim dividend withholding tax (paid 2017)				**11.5**	(11.5)	–
2016 final dividend withholding tax (paid July 2017)				**(5.7)**	–	–
2016 interim dividend PID scrip alternative				**–**	(7.4)	–
Dividends paid as reported in the consolidated cash flow statement				**115.2**	135.7	69.6

7. EARNINGS AND HEADLINE 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 B and D. Commentary on earnings and net asset value per share is provided in the Financial Review on pages 15 to 18. Headline earnings per share has been calculated and presented in note 7C as required by the Johannesburg Stock Exchange listing requirements.

A. Number of shares for earnings and headline earnings per share

Year ended 31 December 2016 Shares million		**Six months ended 30 June 2017 Shares million**	Six months ended 30 June 2016 Shares million
789.0	Basic, EPRA and Adjusted	**792.5**	786.4
790.7	Diluted	**793.5**	787.7

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

B. Earnings per share

Year ended 31 December 2016 Earnings £m	Year ended 31 December 2016 Pence per share			Notes	**Six months ended 30 June 2017 Earnings £m**	**Six months ended 30 June 2017 Pence per share**	Six months ended 30 June 2016 Earnings £m	Six months ended 30 June 2016 Pence per share
317.3	40.2	**Basic**		2	**287.1**	**36.2**	162.5	20.7
–	(0.1)	Dilutive share options			**–**	**–**	–	(0.1)
317.3	40.1	**Diluted**			**287.1**	**36.2**	162.5	20.6
317.3	40.2	**Basic**			**287.1**	**36.2**	162.5	20.7
		Adjustments:						
24.7	3.1	Revaluation (gains)/losses on properties:	Reported Group	2	**(20.9)**	**(2.6)**	(37.1)	(4.7)
(11.3)	(1.4)		Share of Property interests	2	**(52.2)**	**(6.6)**	7.6	0.9
13.4	1.7				**(73.1)**	**(9.2)**	(29.5)	(3.8)
24.0	3.0	(Gain)/Loss on the sale of properties:	Reported Group	2	**(0.7)**	**(0.1)**	12.6	1.6
0.4	0.1	Debt and loan facility cancellation costs:	Reported Group	4	**0.3**	**–**	0.3	–
3.5	0.4	Change in fair value of derivatives:	Reported Group	4	**11.8**	**1.5**	0.3	–
(0.8)	(0.1)		Share of Property interests	9B	**–**	**–**	(0.6)	(0.1)
2.7	0.3				**11.8**	**1.5**	(0.3)	(0.1)
		Other adjustments:	Reported Group:					
(1.3)	(0.1)		Gain on other investments	2	**–**	**–**	–	–
–	–		Deferred tax	5	**0.1**	**–**	–	–
0.3	–		Non-controlling interests	2	**0.4**	**0.1**	2.1	0.3
(1.0)	(0.1)				**0.5**	**0.1**	2.1	0.3
(138.4)	(17.5)	Premium outlets:	Revaluation gains on properties	9B, 10B	**(114.8)**	**(14.5)**	(48.0)	(6.1)
14.3	1.8		Deferred tax (including on acquisition)	9B, 10B	**15.4**	**2.0**	7.6	1.0
(1.8)	(0.3)		Other adjustments	9B, 10B	**(7.2)**	**(0.9)**	5.3	0.7
(125.9)	(16.0)				**(106.6)**	**(13.4)**	(35.1)	(4.4)
(86.4)	(11.0)	Total adjustments			**(167.8)**	**(21.1)**	(49.9)	(6.4)
230.9	29.2	**EPRA**			**119.3**	**15.1**	112.6	14.3
(0.2)	–	Other adjustments	Translation movements on intragroup funding loan: premium outlets	9B	**0.1**	**–**	–	–
230.7	29.2	**Adjusted**			**119.4**	**15.1**	112.6	14.3

7. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

C. Headline earnings per share

Year ended 31 December 2016 Earnings		**Six months ended 30 June 2017 Earnings**	Six months ended 30 June 2016 Earnings

£m		Notes	£m	£m
317.3	Profit for the period attributable to equity shareholders	2	**287.1**	162.5
	Revaluation (gains)/losses on properties:			
13.4	Reported Group and share of Property interests	7B	**(73.1)**	(29.5)
24.0	(Gain)/Loss on sale of properties: Reported Group	7B	**(0.7)**	12.6
(1.3)	Gain on other investments: Reported Group	7B	**–**	–
–	Deferred tax: Reported Group	7B	**0.1**	–
0.3	Non-controlling interests	7B	**0.4**	2.1
(138.4)	Revaluation gains on properties: premium outlets	7B	**(114.8)**	(48.0)
14.3	Deferred tax (including on acquisition): premium outlets	7B	**15.4**	7.6
0.1	Loss on sale of properties: premium outlets	9B	**–**	–
	Translation movements on intragroup funding loan:			
(0.2)	premium outlets	9B	**0.1**	–
229.5	**Headline earnings**		**114.5**	107.3
	Reconciliation of headline earnings to adjusted earnings			
229.5	Headline earnings as above		**114.5**	107.3
0.4	Debt and loan cancellation costs: Reported Group	7B	**0.3**	0.3
	Change in fair value of derivatives:			
2.7	Reported Group and share of Property interests	7B	**11.8**	(0.3)
14.5	Change in fair value of derivatives: premium outlets	9B,10B	**3.0**	18.5
	Change in fair value of participative loans – revaluation			
(16.6)	movement: premium outlets	10B	**(10.4)**	(13.2)
0.2	Loan facility costs written off: premium outlets	10B	**0.2**	–
230.7	**Adjusted earnings**		**119.4**	112.6
29.1p	**Basic headline earnings per share (pence)**		**14.4p**	13.6p
29.0p	**Diluted headline earnings per share (pence)**		**14.4p**	13.6p

D. Net asset value per share

31 December 2016 Net asset value per share £		Equity shareholders' funds £m	Shares million	30 June 2017 Net asset value per share £	30 June 2016 Net asset value per share £
7.28	**Basic**	**6,001.6**	**793.2**	**7.57**	7.18
n/a	Company's own shares held in Employee Share Ownership Plan	**–**	**(0.1)**	**n/a**	n/a
n/a	Dilutive share schemes	**1.5**	**1.0**	**(0.1)**	n/a
7.28	**Diluted**	**6,003.1**	**794.1**	**7.56**	7.17
(0.40)	Fair value adjustment to borrowings	**(314.3)**		**(0.40)**	(0.39)
6.88	**EPRA NNNAV**	**5,688.8**		**7.16**	6.78
0.40	Fair value adjustment to borrowings	**314.3**		**0.40**	0.39
–	Deferred tax: Reported Group	**0.6**		**–**	–
(0.02)	Fair value of derivatives	**(7.9)**		**(0.01)**	(0.01)
	Premium outlets (notes 9D and 10D)				
–	- Fair value of derivatives	**(7.6)**		**(0.01)**	–
0.20	- Deferred tax	**190.9**		**0.24**	0.17
(0.07)	- Goodwill as a result of deferred tax	**(57.1)**		**(0.07)**	(0.06)
0.13		**126.2**		**0.16**	0.11
7.39	**EPRA NAV**	**6,122.0**	**794.1**	**7.71**	7.27

8. INVESTMENT AND DEVELOPMENT PROPERTIES

	Investment properties Valuation £m	Development properties Valuation £m	Total Valuation £m
Balance at 1 January 2017	4,561.8	202.1	4,763.9

Exchange adjustment	57.1	3.2	60.3
Additions			
– Capital expenditure	36.4	8.2	44.6
– Asset acquisitions	6.4	–	6.4
	42.8	8.2	51.0
Disposals	(16.9)	–	(16.9)
Capitalised interest	0.1	0.2	0.3
Revaluation	19.7	1.2	20.9
Balance at 30 June 2017	**4,664.6**	**214.9**	**4,879.5**

Properties are stated at fair value as at 30 June 2017, valued by professionally qualified external valuers. Cushman & Wakefield Debenham Tie Leung Limited, Chartered Surveyors have valued the Group's properties, excluding those held by the Group's premium outlet investments which have been valued by Cushman & Wakefield LLP, Chartered Surveyors. All valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2014.

Real estate valuations are complex, derived from data that is not widely publicly available and involve a degree of judgement. For these reasons, the valuations are classified as Level 3 in the fair value hierarchy as defined by IFRS 13. The valuations are sensitive to changes in rental and yield data.

At 30 June 2017, the investment properties shown above include the Group's share of a property with a value of £78.9 million (31 December 2016: £75.6 million) held within a joint operation.

At 30 June 2017, the investment properties shown above include two properties, with a total value of £77.9 million, for which a sale contract was exchanged in June 2017 and completed on 6 July 2017.

9. INVESTMENT IN JOINT VENTURES

The Group has investments in a number of jointly controlled property and corporate interests, which have been equity accounted.

As explained in note 3, management reviews the business principally on a proportionally consolidated basis, except for its premium outlet investments. The Group's share of assets and liabilities of joint ventures is split between Property joint ventures, being joint ventures which are proportionally consolidated, and VIA Outlets, a premium outlets investment, which is not proportionally consolidated.

A. Share of results of joint ventures

Year ended 31 December 2016 Total £m		Property joint ventures £m	VIA Outlets £m	Six months ended 30 June 2017 Total £m	Six months ended 30 June 2016 Total £m
162.0	**Gross rental income**	**83.9**	**15.5**	**99.4**	71.5
134.1	**Net rental income**	**72.3**	**11.6**	**83.9**	58.8
(2.7)	Administration expenses	**(0.2)**	**(1.9)**	**(2.1)**	(1.2)
131.4	**Operating profit before other net gains/(losses)**	**72.1**	**9.7**	**81.8**	57.6
29.1	Revaluation gains/(losses) on properties	**52.1**	**(8.9)**	**43.2**	(1.9)
–	Deferred tax acquired	**–**	**(9.7)**	**(9.7)**	–
29.1	Revaluation gains/(losses)	**52.1**	**(18.6)**	**33.5**	(1.9)
(0.1)	Loss on sale of properties	**–**	**–**	**–**	–
160.4	**Operating profit/(loss)**	**124.2**	**(8.9)**	**115.3**	55.7
1.5	Change in fair value of derivatives	**–**	**0.5**	**0.5**	0.7
0.2	Translation movement on intragroup funding loan	**–**	**(0.1)**	**(0.1)**	–
13.1	Other finance income/(costs)	**2.5**	**(1.0)**	**1.5**	10.5
14.8	Net finance income/(costs)	**2.5**	**(0.6)**	**1.9**	11.2
175.2	**Profit/(Loss) before tax**	**126.7**	**(9.5)**	**117.2**	66.9
(1.3)	Current tax charge	**–**	**(0.7)**	**(0.7)**	(0.4)
(4.7)	Deferred tax charge	**–**	**(3.8)**	**(3.8)**	(1.6)
169.2	**Profit/(Loss) for the period**	**126.7**	**(14.0)**	**112.7**	64.9

B. Reconciliation to adjusted earnings

Year ended 31 December 2016 Total		Property joint ventures	VIA Outlets	Six months ended 30 June 2017 Total	Six months ended 30 June 2016 Total

£m		£m	£m	£m	£m
169.2	Profit/(Loss) for the period	126.7	(14.0)	112.7	64.9
(29.1)	Revaluation (gains)/losses on properties	(52.1)	8.9	(43.2)	1.9
–	Deferred tax acquired	–	9.7	9.7	–
(29.1)	Revaluation (gains)/losses	(52.1)	18.6	(33.5)	1.9
0.1	Loss on sale of properties	–	–	–	–
(1.5)	Change in fair value of derivatives	–	(0.5)	(0.5)	(0.7)
(0.2)	Translation movement on intragroup funding loan	–	0.1	0.1	–
4.7	Deferred tax charge	–	3.8	3.8	1.6
(26.0)	Total adjustments	(52.1)	22.0	(30.1)	2.8
143.2	**Adjusted earnings of joint ventures**	74.6	8.0	82.6	67.7

9. INVESTMENT IN JOINT VENTURES

C. Share of assets and liabilities of joint ventures

Year ended 31 December 2016 Total £m		Property joint ventures £m	VIA Outlets £m	Six months ended 30 June 2017 Total £m	Six months ended 30 June 2016 Total £m
	Non-current assets				
3,792.2	Investment and development properties	3,587.1	498.6	4,085.7	2,654.5
3.5	Goodwill	–	3.6	3.6	3.4
10.8	Interests in leasehold properties	10.7	–	10.7	9.4
–	Other non-current assets	0.1	0.3	0.4	0.1
3,806.5		3,597.9	502.5	4,100.4	2,667.4
	Current assets				
108.7	Other current assets*	157.2	9.9	167.1	810.4
73.5	Cash and deposits	55.7	35.4	91.1	44.9
182.2		212.9	45.3	258.2	855.3
3,988.7	**Total assets**	3,810.8	547.8	4,358.6	3,522.7
	Current liabilities				
(91.3)	Other payables	(75.2)	(15.3)	(90.5)	(77.1)
(48.8)	Borrowings - secured	–	(27.8)	(27.8)	(1.0)
(140.1)		(75.2)	(43.1)	(118.3)	(78.1)
	Non-current liabilities				
(70.9)	Borrowings - secured	(48.0)	(131.1)	(179.1)	(83.2)
(10.8)	Obligations under finance leases	(10.7)	–	(10.7)	(9.4)
(10.7)	Other payables	(5.9)	(5.1)	(11.0)	(9.6)
(19.5)	Deferred tax	–	(43.9)	(43.9)	(8.8)
(111.9)		(64.6)	(180.1)	(244.7)	(111.0)
(252.0)	**Total liabilities**	(139.8)	(223.2)	(363.0)	(189.1)
3,736.7	**Net assets**	3,671.0	324.6	3,995.6	3,333.6

* Included within other current assets of the Property joint ventures are loans of £111.2 million (31 December 2016: £54.1 million), secured on retail properties located in Dublin. It is anticipated that these loans will be converted to property assets in the second half of 2017.

D. Reconciliation to adjusted investment in joint ventures

Year ended 31 December 2016 Total £m		Property joint ventures £m	VIA Outlets £m	Six months ended 30 June 2017 Total £m	Six months ended 30 June 2016 Total £m
3,736.7	Investment in joint ventures	3,671.0	324.6	3,995.6	3,333.6
3.5	Fair value of derivatives	–	2.7	2.7	4.5

19.5	Deferred tax	–	**43.9**	**43.9**	8.8
(3.5)	Goodwill as a result of deferred tax	–	**(3.6)**	**(3.6)**	(3.4)
19.5	Total adjustments	–	**43.0**	**43.0**	9.9
3,756.2	**Adjusted investment in joint ventures**	**3,671.0**	**367.6**	**4,038.6**	3,343.5

9. INVESTMENT IN JOINT VENTURES

E. Reconciliation of movements in investment in joint ventures

Year ended 31 December 2016 £m		**Six months ended 30 June 2017 £m**	Six months ended 30 June 2016 £m
3,213.6	Balance at beginning of period	**3,736.7**	3,213.6
169.2	Share of results of joint ventures	**112.7**	64.9
63.1	Advances/(Repayments)	**119.7**	(2.8)
(89.6)	Distributions and other receivables	**(55.6)**	(52.8)
–	Acquisition of additional interest in Irish loan portfolio	**55.6**	–
(82.8)	Irish loan portfolio transferred to Reported Group	**–**	–
91.9	Advances on conversion of Irish loan portfolio to property assets	**–**	–
221.7	Transfer of investment property from Reported Group	**–**	–
4.6	Other movements	**(7.7)**	(2.4)
145.0	Foreign exchange translation differences	**34.2**	113.1
3,736.7	**Balance at end of period**	**3,995.6**	3,333.6

10. INVESTMENT IN ASSOCIATES

At 30 June 2017, the Group had two associates: Value Retail PLC and its group entities ('VR') and a 10% interest in Nicetoile where Hammerson is the asset manager. Both investments are equity accounted under IFRS, although the shares of results in Nicetoile is included within the Group's share of Property interests when presenting figures on a proportionally consolidated basis. The figures presented below show the Group's share of results, assets and liabilities for these investments.

Summaries of aggregated income and investment for the interest in premium outlets, which include VR and the Group's investment in VIA Outlets, which is accounted for as a joint venture (see note 9), are provided in Tables 12 and 13 of the Additional Disclosures on page 52.

A. Share of results of associates

Year ended 31 December 2016 Total £m		**VR £m**	**Nicetoile £m**	**Six months ended 30 June 2017 Total £m**	Six months ended 30 June 2016 Total £m
86.1	**Gross rental income**	**45.0**	**0.8**	**45.8**	39.3
57.8	**Net rental income**	**31.3**	**0.7**	**32.0**	26.0
(22.4)	Administration and other expenses	**(17.7)**	**–**	**(17.7)**	(10.9)
35.4	**Operating profit before other net gains**	**13.6**	**0.7**	**14.3**	15.1
120.6	Revaluation gains on properties	**123.7**	**0.1**	**123.8**	42.3
156.0	**Operating profit**	**137.3**	**0.8**	**138.1**	57.4
(12.3)	Net finance costs	**(6.8)**	**–**	**(6.8)**	(7.3)
(15.2)	Change in fair value of derivatives	**(3.5)**	**–**	**(3.5)**	(18.6)
16.6	Change in fair value of participative loans – revaluation movement	**10.4**	**–**	**10.4**	13.2
4.7	Change in fair value of participative loans – other movement	**0.6**	**–**	**0.6**	2.0
149.8	**Profit before tax**	**138.0**	**0.8**	**138.8**	46.7
(3.1)	Current tax charge	**(1.2)**	**–**	**(1.2)**	(1.0)
(9.6)	Deferred tax charge	**(1.9)**	**–**	**(1.9)**	(6.0)
137.1	**Profit for the period**	**134.9**	**0.8**	**135.7**	39.7

10. INVESTMENT IN ASSOCIATES

B. Reconciliation to adjusted earnings

Year ended 31 December 2016 Total £m		VR £m	Nicetoile £m	Six months ended 30 June 2017 Total £m	Six months ended 30 June 2016 Total £m
137.1	Profit for the period	134.9	0.8	135.7	39.7
(120.6)	Revaluation gains on properties	(123.7)	(0.1)	(123.8)	(42.3)
15.2	Change in fair value of derivatives	3.5	–	3.5	18.6
(16.6)	Change in fair value of participative loans – revaluation movement	(10.4)	–	(10.4)	(13.2)
0.2	Loan facility costs written off	0.2	–	0.2	–
9.6	Deferred tax charge	1.9	–	1.9	6.0
(112.2)	Total adjustments	(128.5)	(0.1)	(128.6)	(30.9)
24.9	**Adjusted earnings of associates**	6.4	0.7	7.1	8.8

When aggregated, the Group's share of VR's adjusted earnings for the six months ended 30 June 2017 amounted to 43.0% (31 December 2016: 47.1%; 30 June 2016: 59.1%).

C. Share of assets and liabilities of associates

31 December 2016 Total £m		VR £m	Nicetoile £m	30 June 2017 Total £m	30 June 2016 Total £m
77.0	Goodwill on acquisition	79.6	–	79.6	68.0
1,415.0	Investment properties	1,533.6	28.6	1,562.2	1,245.8
44.2	Other non-current assets	49.1	–	49.1	37.8
1,536.2	**Non-current assets**	1,662.3	28.6	1,690.9	1,351.6
17.1	Other current assets	19.5	1.2	20.7	9.1
54.4	Cash and deposits	51.1	0.9	52.0	47.1
71.5	**Current assets**	70.6	2.1	72.7	56.2
1,607.7	**Total assets**	1,732.9	30.7	1,763.6	1,407.8
(44.5)	**Current liabilities**	(46.4)	(0.2)	(46.6)	(81.9)
(465.3)	Borrowings	(485.6)	–	(485.6)	(382.4)
(82.6)	Other payables	(83.5)	(0.2)	(83.7)	(75.7)
(140.9)	Deferred tax	(147.0)	–	(147.0)	(126.0)
(688.8)	**Non-current liabilities**	(716.1)	(0.2)	(716.3)	(584.1)
(733.3)	**Total liabilities**	(762.5)	(0.4)	(762.9)	(666.0)
874.4	**Net assets**	970.4	30.3	1,000.7	741.8
113.7	**Participative loans**[1]	126.4	–	126.4	104.6
988.1	**Investment in associates**	1,096.8	30.3	1,127.1	846.4

1 The Group's total investment in associates includes long-term debt which in substance forms part of the Group's investment. These 'participative loans' are not repayable in the foreseeable future, and represent the Group's investor share of La Roca Village and Las Rozas Village.

The analysis in the table above excludes liabilities in respect of distributions received in advance from VR amounting to £17.5 million (31 December 2016: £18.9 million) which are included within non-current liabilities within the Group's balance sheet. At 30 June 2017, Hammerson's investment in VR, excluding goodwill, as a proportion of VR's net assets was 40.7% (31 December 2016: 40.2%).

In addition to the above investments, non-current receivables of the Group include loans totalling €2.0 million (£1.8 million) (31 December 2016: €25.3 million, £21.6 million) secured against a number of VR assets.

D. Reconciliation to adjusted investment in associates

31 December 2016 Total £m		VR £m	Nicetoile £m	30 June 2017 Total £m	30 June 2016 Total £m
988.1	Investment in associates	1,096.8	30.3	1,127.1	846.4
(0.3)	Fair value of derivatives	(10.3)	–	(10.3)	1.4
140.9	Deferred tax	147.0	–	147.0	126.0
(53.5)	Goodwill as a result of deferred tax	(53.5)	–	(53.5)	(47.0)
87.1	Total adjustments	83.2	–	83.2	80.4

1,075.2	**Adjusted investment in associates**	**1,180.0**	**30.3**	**1,210.3**	926.8

10. INVESTMENT IN ASSOCIATES

E. Reconciliation of movements in investment in associates

Year ended 31 December 2016 £m		VR £m	Nicetoile £m	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m
768.0	Balance at beginning of period	**959.1**	**29.0**	**988.1**	768.0
40.8	Acquisitions	**0.9**	**–**	**0.9**	2.0
137.1	Share of results of associates	**134.9**	**0.8**	**135.7**	39.7
(17.0)	Distributions	**(8.8)**	**(1.2)**	**(10.0)**	(8.4)
(0.3)	Revaluation movement on participative loan	**(0.4)**	**–**	**(0.4)**	–
59.5	Exchange and other movements	**11.1**	**1.7**	**12.8**	45.1
988.1	**Balance at end of period**	**1,096.8**	**30.3**	**1,127.1**	846.4

11. BORROWINGS

A. Maturity

31 December 2016 £m		30 June 2017 £m	30 June 2016 £m
1,928.1	After five years	**2,337.5**	1,862.8
1,307.6	From two to five years	**1,452.4**	1,565.5
49.5	From one to two years	**–**	68.5
3,285.2	Due after more than one year	**3,789.9**	3,496.8
211.1	Due within one year	**–**	29.4
3,496.3		**3,789.9**	3,526.2
–	Current assets: Fair value of currency swaps*	**(3.6)**	–
3,496.3		**3,786.3**	3,526.2

* At 30 June 2017, the fair value of currency swaps was £48.3 million (31 December 2016: £2.7 million) of which a current asset of £3.6 million (31 December 2016: £nil) is included within receivables. The remaining liability of £51.9 million (31 December 2016: £2.7 million) is included within borrowings.

B. Analysis

31 December 2016 £m		30 June 2017 £m	30 June 2016 £m
	Unsecured		
198.2	£200 million 7.25% sterling bonds due 2028	**198.3**	198.2
297.8	£300 million 6% sterling bonds due 2026	**297.8**	297.6
345.3	£350 million 3.5% sterling bonds due 2025	**345.6**	345.1
424.3	€500 million 1.75% euro bonds due 2023	**436.4**	411.1
423.2	€500 million 2% euro bonds due 2022	**435.4**	409.9
248.9	£250 million 6.875% sterling bonds due 2020	**249.1**	248.8
425.1	€500 million 2.75% euro bonds due 2019	**437.4**	411.7
800.0	Bank loans and overdrafts	**634.4**	848.7
–	Senior notes due 2031	**21.1**	–
–	Senior notes due 2028	**89.5**	–
25.6	Senior notes due 2026	**86.1**	24.8
153.4	Senior notes due 2024	**360.8**	144.6
151.8	Senior notes due 2021	**146.1**	141.2
3,493.6		**3,738.0**	3,481.7
2.7	Fair value of currency swaps	**48.3**	44.5
3,496.3		**3,786.3**	3,526.2

Senior notes comprise £402.1 million (31 December 2016: £234.6 million) denominated in US dollars, £206.5 million (31 December 2016: £51.2 million) in euro and £95.0 million (31 December 2016: £45.0 million) in sterling.

11. BORROWINGS

C. Undrawn committed facilities

31 December 2016 £m	Expiry	30 June 2017 £m	30 June 2016 £m
327.0	Within two to five years	**554.1**	50.2
125.0	Within one to two years	**–**	518.9
9.2	Within one year	**–**	163.9
461.2		**554.1**	733.0

D. Currency profile

31 December 2016 Total £m		Fixed rate borrowings £m	Floating rate borrowings £m	30 June 2017 Total £m	30 June 2016 Total £m
674.7	Sterling	**596.1**	**48.1**	**644.2**	959.7
2,830.3	Euro	**2,311.8**	**838.6**	**3,150.4**	2,574.2
(8.7)	US dollar	**–**	**(8.3)**	**(8.3)**	(7.7)
3,496.3		**2,907.9**	**878.4**	**3,786.3**	3,526.2

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of borrowings, currency and interest rate swaps for the Reported Group, together with their carrying amounts included in the balance sheet, are as follows:

31 December 2016			30 June 2017		30 June 2016	
Book value £m	Fair value £m		Book value £m	Fair value £m	Book value £m	Fair value £m
3,493.6	3,809.7	Borrowings, excluding currency swaps	**3,738.0**	**4,052.3**	3,481.7	3,790.3
2.7	2.7	Currency swaps	**48.3**	**48.3**	44.5	44.5
3,496.3	3,812.4	**Total**	**3,786.3**	**4,100.6**	3,526.2	3,834.8
(19.3)	(19.3)	**Interest rate swaps**	**(8.8)**	**(8.8)**	(13.6)	(13.6)

Interest rate swaps are included within non-current receivables. At 30 June 2017, the fair value of financial instruments exceeded their book value by £314.3 million (31 December 2016: £316.1 million).

The fair values of the Group's borrowings have been estimated on the basis of quoted market prices, representing Level 1 and Level 2 fair value measurements as defined by IFRS 13 Fair Value Measurement. 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, representing Level 2 fair value measurements as defined by IFRS 13. The fair value of the Group's currency swaps has been estimated on the basis of the prevailing forward rates at the balance sheet date, representing Level 2 fair value measurements as defined by IFRS 13. The fair values of the Group's cash and short-term deposits and those of other financial assets and liabilities equate to their book values.

13. ANALYSIS OF MOVEMENT IN NET DEBT

	Short-term deposits £m	Cash at bank £m	Current borrowings including currency swaps £m	Non-current borrowings £m	Total borrowings including currency swaps £m	Net debt £m
Balance at 1 January 2017	0.2	74.1	(211.1)	(3,285.2)	(3,496.3)	(3,422.0)
Cash flow	15.0	(22.7)	238.9	(467.5)	(228.6)	(236.3)
Exchange and non-cash items	–	0.7	(24.2)	(37.2)	(61.4)	(60.7)
Balance at 30 June 2017	**15.2**	**52.1**	**3.6**	**(3,789.9)**	**(3,786.3)**	**(3,719.0)**

ADDITIONAL DISCLOSURES

UNAUDITED

EPRA MEASURES

TABLE 1: EPRA PERFORMANCE MEASURES

Performance measure	30 June 2017	31 December 2016	30 June 2016	Definition	Page
Earnings	£119.3m	£230.9m	£112.6m	Recurring earnings from core operational activities. In both 2017 and 2016, EPRA earnings differed marginally from the Group's adjusted earnings due to the inclusion of a "Company specific adjustment" in relation to translation movements on an intragroup funding loan in VIA Outlets (see note 7B of the accounts) which management believes distorts the underlying earnings of the Group.	37
Earnings per share (EPS)	15.1p	29.2p	14.3p	EPRA earnings divided by the weighted average number of shares in issue during the period.	37
Net asset value (NAV) per share	£7.71	£7.39	£7.27	NAV excluding the fair values of financial instruments, debt and deferred tax balances divided by the number of issued shares.	38
Triple net asset value (NNNAV) per share	£7.16	£6.88	£6.78	NAV adjusted to include the fair values of financial instruments and debt.	38
Net Initial Yield (NIY)	4.3%	4.4%	4.4%	Annual cash rents receivable, less head and equity rents and any non-recoverable property operating expenses, as a percentage of the gross market value of the property, including estimated purchasers' costs, as provided by the Group's external valuers.	50
Topped-up NIY	4.5%	4.6%	4.6%	EPRA NIY adjusted for the expiry of rent-free periods.	50
Vacancy rate	2.7%	2.5%	2.8%	The estimated market rental value (ERV) of vacant space divided by the ERV of the whole portfolio. Occupancy is the inverse of vacancy.	47
Cost ratio	20.5%	22.6%	22.1%	Total operating costs as a percentage of gross rental income, after rents payable. Both operating costs and gross rental income are adjusted for costs associated with inclusive leases.	49

PORTFOLIO ANALYSIS

TABLE 2: RENTAL INFORMATION

Rental data for the six months ended 30 June 2017

Proportionally consolidated excluding premium outlets	Gross rental income £m	Net rental income £m	Vacancy rate %	Average rents passing[A] £/m²	Rents passing £m	Estimated rental value[B] £m	Reversion/ (over-rented) %
United Kingdom							
Shopping centres	88.7	76.7	2.8	540	173.5	187.3	5.2
Retail parks	36.9	35.2	1.0	205	78.6	78.5	(1.2)
Other	5.8	4.2	11.1	155	11.7	13.4	2.0
	131.4	116.1	2.7	360	263.8	279.2	3.2
France	51.8	47.5	3.4	470	99.5	110.6	7.2

Ireland	17.7	16.0	0.1	505	33.7	35.6	5.4
Investment portfolio	**200.9**	**179.6**	**2.7**	**395**	**397.0**	**425.4**	**4.4**
Developments	6.7	4.4					
Property portfolio – excluding premium outlets	**207.6**	**184.0**					
Selected data for the year ended 31 December 2016							
Group							
UK	272.0	237.3	2.4	365	263.6	277.3	2.9
France	101.1	89.3	3.5	455	97.0	107.9	7.1
Ireland	13.7	12.5	0.5	495	31.9	34.8	8.3
Investment portfolio	**386.8**	**339.1**	**2.5**	**390**	**392.5**	**420.0**	**4.4**
Developments	11.9	7.4					
Property portfolio – excluding premium outlets	**398.7**	**346.5**					

Notes

A. Average rents passing at the period end before deducting head and equity rents and excluding rents passing from anchor stores and car parks.

B. The estimated market rental value at the period end calculated by the Group's valuers. ERVs in the above table are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13. On a like-for-like basis, ERVs grew by 0.6% in the first half of 2017.

TABLE 3: RENT REVIEWS

Rent reviews as at 30 June 2017

Proportionally consolidated excluding premium outlets	Rents passing subject to review in[A]				ERV of leases subject to review in[B]			
	2017[C] £m	2018 £m	2019 £m	Total £m	2017[C] £m	2018 £m	2019 £m	Total £m
United Kingdom								
Shopping centres	26.1	19.3	23.9	69.3	27.1	20.6	25.1	72.8
Retail parks	28.0	6.5	11.9	46.4	28.3	6.9	12.6	47.8
Other	4.2	0.6	1.4	6.2	4.6	0.6	1.8	7.0
	58.3	**26.4**	**37.2**	**121.9**	**60.0**	**28.1**	**39.5**	**127.6**
Ireland	**7.9**	**2.9**	**3.0**	**13.8**	**9.0**	**3.2**	**3.3**	**15.5**
Total[D]	**66.2**	**29.3**	**40.2**	**135.7**	**69.0**	**31.3**	**42.8**	**143.1**

Notes

A. The amount of rental income, based on rents passing at 30 June 2017, for leases which are subject to review in each year.

B. Projected rental income for leases that are subject to review in each year, based on the higher of the current rental income and the ERV at 30 June 2017. For outstanding reviews the ERV is as at the review date.

C. 2017 includes outstanding rent reviews.

D. Leases in France are not subject to rent reviews but instead increase annually based on French indexation indices.

TABLE 4: LEASE EXPIRIES AND BREAKS

Lease expiries and breaks as at 30 June 2017

Proportionally consolidated excluding premium outlets	Rents passing that expire/break in[A]				ERV of leases that expire/break in[B]				Weighted average unexpired lease term	
	2017 £m	2018 £m	2019 £m	Total £m	2017 £m	2018 £m	2019 £m	Total £m	to break years	to expiry years
United Kingdom										
Shopping centres	13.9	22.9	14.6	51.4	17.4	22.8	15.3	55.5	6.2	10.7
Retail parks	2.9	1.9	4.3	9.1	3.5	2.3	4.7	10.5	8.6	9.5
Other	2.1	1.8	0.7	4.6	2.6	1.3	0.9	4.8	7.3	8.6
	18.9	**26.6**	**19.6**	**65.1**	**23.5**	**26.4**	**20.9**	**70.8**	**7.0**	**10.2**
France	**13.8**	**3.6**	**3.8**	**21.2**	**15.9**	**4.2**	**4.1**	**24.2**	**2.7**	**5.7**
Ireland	**1.7**	**0.3**	**1.8**	**3.8**	**2.1**	**0.5**	**2.3**	**4.9**	**9.9**	**12.8**
Investment portfolio	**34.4**	**30.5**	**25.2**	**90.1**	**41.5**	**31.1**	**27.3**	**99.9**	**6.1**	**9.2**

Notes

A. The amount of rental income, based on rents passing at 30 June 2017, for leases which expire or, for the UK and Ireland only, are subject to tenant break options, which fall due in each year.

B. The ERV at 30 June 2017 for leases that expire or, for the UK and Ireland only, are subject to tenant break options which fall due in each year and ignoring the impact of rental growth and any rent-free periods.

TABLE 5: NET RENTAL INCOME

Net rental income for the six months ended 30 June 2017

Proportionally consolidated excluding premium outlets	Properties owned throughout 2016/17 £m	Increase/ (Decrease) for properties owned throughout 2016/17 %	Acquisitions £m	Disposals £m	Developments and other £m	Total net rental income £m
United Kingdom						
Shopping centres	70.7	**2.1**	2.2	–	3.8	76.7
Retail parks	35.1	**(3.0)**	–	0.2	(0.1)	35.2
Other	–	–	–	–	7.1	7.1
	105.8	**0.4**	**2.2**	**0.2**	**10.8**	**119.0**
France	**46.0**	**1.5**	**0.4**	–	**1.2**	**47.6**
Ireland	–	–	**17.4**	–	–	**17.4**
Property portfolio – excluding premium outlets	**151.8**	**0.7**	**20.0**	**0.2**	**12.0**	**184.0**

Net rental income for the six months ended 30 June 2016

Proportionally consolidated excluding premium outlets	Properties owned throughout 2016/17 £m	Exchange £m	Acquisitions £m	Disposals £m	Developments and other £m	Total net rental income £m
United Kingdom						
Shopping centres	69.3	–	2.1	2.2	(0.2)	73.4
Retail parks	36.2	–	–	6.1	–	42.3
Other	–	–		–	8.0	8.0
	105.5	–	2.1	8.3	7.8	123.7
France	45.3	(4.6)	0.1	1.7	1.5	44.0
Property portfolio – excluding premium outlets	150.8	(4.6)	2.2	10.0	9.3	167.7

Until the Irish properties loans were converted to property assets from July 2016, the income from these loans was treated as finance income and totalled £12.7 million in the six months ended 30 June 2016. The income was derived from the net rental income of the secured property assets and had this income been treated as net rental income, the like-for-like increase in the first half of 2017 would have been 12.0%, and would have increased the Group's like-for-like net rental income growth from 0.7% to 1.6%.

TABLE 6: TOP TEN TENANTS

Ranked by passing rent at 30 June 2017

Proportionally consolidated excluding premium outlets	Passing rent £m	% of total passing rent
B&Q	12.6	3.2
H&M	9.5	2.4
Next	9.0	2.3
Inditex	8.2	2.1
Boots	5.6	1.4
Arcadia	5.3	1.3
Dixons Carphone	5.3	1.3
Sainsbury's	5.3	1.3
Debenhams	5.1	1.3
New Look	4.9	1.2
Total	**70.8**	**17.8**

TABLE 7: COST RATIO

Cost ratio analysis

Proportionally consolidated excluding premium outlets	Six months ended 30 June 2017 £m	Year ended 31 December 2016 £m	Six months ended 30 June 2016 £m
Net service charge expenses – non-vacancy	**3.4**	6.5	2.2

Net service charge expenses – vacancy	**4.8**	8.0	5.2
Net service charge expenses – total	**8.2**	14.5	7.4
Other property outgoings	**13.4**	33.6	15.1
Less inclusive lease costs recovered through rent	**(3.5)**	(6.6)	(2.0)
Total property costs (for cost ratio)	**18.1**	41.5	20.5
Management fees receivable	**(6.9)**	(8.5)	(3.3)
Employee and corporate costs	**30.2**	54.6	24.3
Total operating costs (for cost ratio)	**41.4**	87.6	41.5
Gross rental income	**207.6**	398.7	192.2
Ground and equity rents payable	**(2.0)**	(4.1)	(2.0)
Less inclusive lease costs recovered through rent	**(3.5)**	(6.6)	(2.0)
Gross rental income (for cost ratio)	**202.1**	388.0	188.2
EPRA cost ratio including net service charge expenses – vacancy (%)	**20.5**	22.6	22.1
EPRA cost ratio excluding net service charge expenses – vacancy (%)	**18.1**	20.5	19.3

Our business model for developments is to use a combination of in-house staff and external advisers. The cost of external advisers is capitalised to the cost of developments. The cost of staff working on developments is generally expensed, but is capitalised subject to meeting certain criteria related to the degree of time spent on and the stage of progress of specific projects. During the six months ending 30 June 2017, staff costs amounting to £0.1 million (30 June 2016: £1.2 million, 31 December 2016: £1.6 million) were capitalised as development costs and are not included within "Employee and corporate costs".

TABLE 8: VALUATION ANALYSIS

Valuation analysis as at 30 June 2017

Proportionally consolidated including premium outlets	Properties at valuation £m	Revaluation in the period £m	Capital return %	Total return %	Initial yield %	True equivalent yield %	Nominal equivalent yield[A] %
United Kingdom							
Shopping centres	3,483.7	30.4	0.9	3.1	4.4	5.1	4.9
Retail parks	1,340.5	15.8	1.3	4.0	5.3	6.0	5.7
Other	168.8	3.1	1.9	4.5	5.7	7.3	7.0
	4,993.0	49.3	1.0	3.4	4.7	5.4	5.2
France	2,232.5	0.6	–	2.2	3.9	4.5	4.3
Ireland	849.5	20.8	2.5	4.5	3.7	4.3	4.2
Investment portfolio	**8,075.0**	**70.7**	**0.9**	3.2	**4.3**	**5.0**	**4.9**
Developments	420.2	2.4	0.6	1.7			
Property portfolio – excluding premium outlets	**8,495.2**	**73.1**	0.9	3.1			
Premium outlets[B]	2,032.2	114.8	6.0	8.1			
Total Group	**10,527.4**	**187.9**	**1.8**	4.0			
Selected data for the year ended 31 December 2016							
Group							
UK	4,920.0	(121.9)	(2.8)	1.9	4.7	5.5	5.3
France	2,159.6	73.3	3.6	8.3	3.9	4.4	4.3
Ireland	805.1	3.2	0.4	2.3	3.9	4.3	4.2
Investment portfolio	**7,884.7**	**(45.4)**	**(1.0)**	**3.7**	**4.4**	**5.1**	**4.9**
Developments	397.0	32.0	7.2	8.6			
Property portfolio – excluding premium outlets	**8,281.7**	**(13.4)**	**(0.4)**	**4.1**			
Premium outlets[B]	1,689.4	138.4	9.6	15.1			
Total Group	**9,971.1**	**125.0**	**1.1**	**5.7**			

Notes

A. Nominal equivalent yields are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13.

B. Represents the property returns for the Group's share of premium outlets through its investments in Value Retail and VIA Outlets, and excludes acquired deferred tax.

TABLE 9: YIELD ANALYSIS

Investment portfolio as at 30 June 2017

Proportionally consolidated excluding premium outlets	Income £m	Gross value £m	Net book value £m
Portfolio value (net of cost to complete)		8,539	8,539
Purchasers' costs[A]			(464)
Net investment portfolio valuation on a proportionally consolidated basis			**8,075**
Income and yields			
Rent for valuers' initial yield (equivalent to EPRA Net Initial Yield)	370.8	4.3%	4.6%
Rent-free periods (including pre-lets)[B]	15.4	0.2%	0.2%
Rent for 'topped-up' initial yield[C]	386.2	4.5%	4.8%
Non-recoverable costs (net of outstanding rent reviews)	10.8	0.1%	0.1%
Passing rents	**397.0**	**4.6%**	**4.9%**
ERV of vacant space	10.6	0.1%	0.1%
Reversions	17.8	0.3%	0.3%
Total ERV/Reversionary yield	**425.4**	**5.0%**	**5.3%**
True equivalent yield		5.0%	
Nominal equivalent yield		4.9%	

Notes
A. Purchasers' costs equate to 5.7% of the net portfolio value.
B. The weighted average remaining rent-free period is 0.4 years.
C. The yield of 4.5% based on passing rents and gross portfolio value is equivalent to EPRA's 'topped-up" Net Initial Yield.

SHARE OF PROPERTY INTERESTS

The Group's share of Property interests reflects the Group's share of Property joint ventures as shown in note 9 to the accounts on pages 40 to 42 and the Group's interest in Nicetoile, which is accounted for as an associate, as shown in note 10 to the accounts on pages 42 to 44.

TABLE 10: INCOME STATEMENT

Aggregated Property interests income statements

	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Property joint ventures £m	**Nicetoile £m**	**Share of Property interests £m**	Property joint ventures £m	Nicetoile £m	Share of Property interests £m
Gross rental income	**83.9**	**0.8**	**84.7**	65.1	0.8	65.9
Net rental income	**72.3**	**0.7**	**73.0**	54.4	0.7	55.1
Administration expenses	**(0.2)**	**–**	**(0.2)**	(0.2)	–	(0.2)
Operating profit before other net gains/(losses)	**72.1**	**0.7**	**72.8**	54.2	0.7	54.9
Revaluation gains/(losses) on properties	**52.1**	**0.1**	**52.2**	(7.7)	0.1	(7.6)
Operating profit	**124.2**	**0.8**	**125.0**	46.5	0.8	47.3
Change in fair value of derivatives	**–**	**–**	**–**	0.6	–	0.6
Other finance income	**2.5**	**–**	**2.5**	11.4	–	11.4
Net finance income	**2.5**	**–**	**2.5**	12.0	–	12.0
Profit before tax	**126.7**	**0.8**	**127.5**	58.5	0.8	59.3
Current tax charge	**–**	**–**	**–**	(0.2)	–	(0.2)
Profit for the period	**126.7**	**0.8**	**127.5**	58.3	0.8	59.1

TABLE 11: BALANCE SHEET

Aggregated Property interests balance sheets

	30 June 2017			31 December 2016		
	Property joint ventures £m	**Nicetoile £m**	**Share of Property interests £m**	Property joint ventures £m	Nicetoile £m	Share of Property interests £m
Non-current assets						
Investment and development properties	**3,587.1**	**28.6**	**3,615.7**	3,490.1	27.7	3,517.8

Interests in leasehold properties	**10.7**	**–**	**10.7**	10.8	–	10.8
Other non-current assets	**0.1**	**–**	**0.1**	–	–	–
	3,597.9	**28.6**	**3,626.5**	3,500.9	27.7	3,528.6
Current assets						
Other current assets	**157.2**	**1.2**	**158.4**	100.2	0.4	100.6
Cash and deposits	**55.7**	**0.9**	**56.6**	54.8	1.4	56.2
	212.9	**2.1**	**215.0**	155.0	1.8	156.8
Total assets	**3,810.8**	**30.7**	**3,841.5**	3,655.9	29.5	3,685.4
Current liabilities						
Other payables	**(75.2)**	**(0.2)**	**(75.4)**	(78.4)	(0.2)	(78.6)
Borrowings	**–**	**–**	**–**	(46.7)	–	(46.7)
	(75.2)	**(0.2)**	**(75.4)**	(125.1)	(0.2)	(125.3)
Non-current liabilities						
Borrowings	**(48.0)**	**–**	**(48.0)**	–	–	–
Obligations under finance leases	**(10.7)**	**–**	**(10.7)**	(10.8)	–	(10.8)
Other payables	**(5.9)**	**(0.2)**	**(6.1)**	(5.3)	(0.3)	(5.6)
	(64.6)	**(0.2)**	**(64.8)**	(16.1)	(0.3)	(16.4)
Total liabilities	**(139.8)**	**(0.4)**	**(140.2)**	(141.2)	(0.5)	(141.7)
Net assets	**3,671.0**	**30.3**	**3,701.3**	3,514.7	29.0	3,543.7

PREMIUM OUTLETS

The Group's investment in premium outlets is through interests in Value Retail and VIA Outlets. Due to the nature of the Group's control over these externally managed investments, Value Retail is accounted for as an associate and VIA Outlets as a joint venture. Tables 12 and 13 provide analysis of the impact of the two premium outlet investments on the Group's financial statements. Further information on Value Retail is provided in note 10 to the accounts on pages 42 to 44 and for VIA Outlets in note 9 to the accounts on pages 40 to 42.

TABLE 12: INCOME STATEMENT

Aggregated premium outlets income summary

	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Value Retail £m	**VIA Outlets £m**	**Total £m**	Value Retail £m	VIA Outlets £m	Total £m
Share of results (IFRS)	**134.9**	**(14.0)**	**120.9**	38.9	6.6	45.5
Less adjustments:						
Revaluation (gains)/losses on properties	**(123.7)**	**8.9**	**(114.8)**	(42.2)	(5.8)	(48.0)
Deferred tax acquired	**–**	**9.7**	**9.7**	–	–	–
Revaluation (gains)/losses	**(123.7)**	**18.6**	**(105.1)**	(42.2)	(5.8)	(48.0)
Change in fair value of derivatives	**3.5**	**(0.5)**	**3.0**	18.6	(0.1)	18.5
Deferred tax	**1.9**	**3.8**	**5.7**	6.0	1.6	7.6
Other adjustments	**(10.2)**	**0.1**	**(10.1)**	(13.2)	–	(13.2)
	(128.5)	**22.0**	**(106.5)**	(30.8)	(4.3)	(35.1)
Adjusted earnings of premium outlets	**6.4**	**8.0**	**14.4**	8.1	2.3	10.4
Interest receivable from Value Retail loans*	**0.2**	**–**	**0.2**	2.4	–	2.4
Total contribution to adjusted profit	**6.6**	**8.0**	**14.6**	10.5	2.3	12.8

TABLE 13: BALANCE SHEET

Aggregated premium outlets investment summary

	30 June 2017			31 December 2016		
	Value Retail £m	**VIA Outlets £m**	**Total £m**	Value Retail £m	VIA Outlets £m	Total £m
Investment properties	**1,533.6**	**498.6**	**2,032.2**	1,387.3	302.1	1,689.4
Net debt	**(435.6)**	**(123.5)**	**(559.1)**	(413.3)	(54.3)	(467.6)
Other net liabilities	**(1.2)**	**(50.5)**	**(51.7)**	(14.9)	(25.8)	(40.7)
Share of net assets (IFRS)	**1,096.8**	**324.6**	**1,421.4**	959.1	222.0	1,181.1

Less adjustments:						
Fair value of derivatives	**(10.3)**	**2.7**	**(7.6)**	(0.3)	3.5	3.2
Deferred tax	**147.0**	**43.9**	**190.9**	140.9	19.5	160.4
Goodwill as a result of deferred tax	**(53.5)**	**(3.6)**	**(57.1)**	(53.5)	(3.5)	(57.0)
	83.2	**43.0**	**126.2**	87.1	19.5	106.6
Adjusted investment	**1,180.0**	**367.6**	**1,547.6**	1,046.2	241.5	1,287.7
Loans to Value Retail*	**1.8**	–	**1.8**	21.6	–	21.6
Total investment	**1,181.8**	**367.6**	**1,549.4**	1,067.8	241.5	1,309.3

* At 31 December 2016 the Group had provided loans of €25.3 million (£21.6 million) to Value Retail, of which €23.3 million were repaid during the six months ended 30 June 2017. During the first half of 2017, the Group received interest of £0.2 million (30 June 2016: £2.4 million) which is included within finance income in note 4 to the accounts on page 36.

PROPORTIONALLY CONSOLIDATED INFORMATION

Note 2 to the accounts on pages 32 to 34 shows the proportionally consolidated income statement. The proportionally consolidated balance sheet, underlying finance costs and net debt are shown in Tables 14, 15 and 16 respectively.

In each of the tables, column A represents the Reported Group figures as shown in the financial statements; column B shows the Group's share of Property interests being the Group's share of Property joint ventures as shown in note 9 to the accounts on pages 40 and 41 and Nicetoile as shown in note 10 to the accounts on pages 42 and 43. Column C shows the Group's proportionally consolidated figures by aggregating the Reported Group and Share of Property interests figures. The Group's interest in premium outlets are not proportionally consolidated as management does not review these interests on this basis.

TABLE 14: PROPORTIONALLY CONSOLIDATED BALANCE SHEET

Balance sheet as at 30 June 2017

	30 June 2017			31 December 2016		
	Reported Group £m	**Share of Property interests £m**	**Proportionally consolidated £m**	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
	A	B	C	A	B	C
Non-current assets						
Investment and development properties	**4,879.5**	**3,615.7**	**8,495.2**	4,763.9	3,517.8	8,281.7
Interests in leasehold properties	**37.1**	**10.7**	**47.8**	36.4	10.8	47.2
Plant and equipment	**5.8**	**–**	**5.8**	6.2	–	6.2
Investment in joint ventures	**3,995.6**	**(3,671.0)**	**324.6**	3,736.7	(3,514.7)	222.0
Investment in associates	**1,127.1**	**(30.3)**	**1,096.8**	988.1	(29.0)	959.1
Receivables	**13.9**	**0.1**	**14.0**	44.9	–	44.9
	10,059.0	**(74.8)**	**9,984.2**	9,576.2	(15.1)	9,561.1
Current assets						
Receivables	**99.9**	**141.3**	**241.2**	105.9	84.8	190.7
Restricted monetary assets	**39.4**	**17.1**	**56.5**	35.1	15.8	50.9
Cash and deposits	**67.3**	**56.6**	**123.9**	74.3	56.2	130.5
	206.6	**215.0**	**421.6**	215.3	156.8	372.1
Total assets	**10,265.6**	**140.2**	**10,405.8**	9,791.5	141.7	9,933.2
Current liabilities						
Payables	**(261.7)**	**(74.7)**	**(336.4)**	(303.8)	(78.6)	(382.4)
Tax	**(0.4)**	**(0.7)**	**(1.1)**	(0.4)	–	(0.4)
Borrowings	**–**	**–**	**–**	(211.1)	(46.7)	(257.8)
	(262.1)	**(75.4)**	**(337.5)**	(515.3)	(125.3)	(640.6)
Non-current liabilities						
Borrowings	**(3,789.9)**	**(48.0)**	**(3,837.9)**	(3,285.2)	–	(3,285.2)
Deferred tax	**(0.6)**	**–**	**(0.6)**	(0.5)	–	(0.5)
Obligations under finance leases	**(38.5)**	**(10.7)**	**(49.2)**	(37.5)	(10.8)	(48.3)
Payables	**(88.7)**	**(6.1)**	**(94.8)**	(96.0)	(5.6)	(101.6)
	(3,917.7)	**(64.8)**	**(3,982.5)**	(3,419.2)	(16.4)	(3,435.6)
Total liabilities	**(4,179.8)**	**(140.2)**	**(4,320.0)**	(3,934.5)	(141.7)	(4,076.2)
Net assets	**6,085.8**	**–**	**6,085.8**	5,857.0	–	5,857.0

TABLE 15: PROPORTIONALLY CONSOLIDATED NET UNDERLYING FINANCE COSTS

Underlying finance costs for the six months ended 30 June 2017

	Six months ended 30 June 2017			Six months ended 30 June 2016		
	Reported Group £m	Share of Property interests £m	Total £m	Reported Group £m	Share of Property interests £m	Total £m
Notes	A	B	C	A	B	C
Finance costs	**63.8**	**0.7**	**64.5**	59.7	1.3	61.0
Finance income	**(7.7)**	**(3.2)**	**(10.9)**	(6.6)	(12.7)	(19.3)
Adjusted finance costs/(income) (note 2)	**56.1**	**(2.5)**	**53.6**	53.1	(11.4)	41.7
Capitalised interest	**0.3**	–	**0.3**	2.3	–	2.3
Net underlying finance costs/(income)	**56.4**	**(2.5)**	**53.9**	55.4	(11.4)	44.0

TABLE 16: PROPORTIONALLY CONSOLIDATED NET DEBT

Net debt as at 30 June 2017

	30 June 2017			31 December 2016		
	Reported Group £m	Share of Property interests £m	Total £m	Reported Group £m	Share of Property interests £m	Total £m
Notes (see page 53)	A	B	C	A	B	C
Cash at bank	**52.1**	**54.2**	**106.3**	74.1	53.7	127.8
Short-term deposits	**15.2**	**2.4**	**17.6**	0.2	2.5	2.7
Cash and deposits	**67.3**	**56.6**	**123.9**	74.3	56.2	130.5
Current receivables – currency swaps	**3.6**	–	**3.6**	–	–	–
Current borrowings*	–	–	–	(211.1)	(46.7)	(257.8)
Non-current borrowings*	**(3,789.9)**	**(48.0)**	**(3,837.9)**	(3,285.2)	–	(3,285.2)
Net debt	**(3,719.0)**	**8.6**	**(3,710.4)**	(3,422.0)	9.5	(3,412.5)

* Borrowings include the fair value of currency swaps totalling £51.9 million at 30 June 2017 (£2.7 million at 31 December 2016).

TABLE 17: LOAN TO VALUE AND GEARING

Loan to value as at 30 June 2017

	30 June 2017 £m	31 December 2016 £m
Net debt – "Loan" (A)	**3,710.4**	3,412.5
Total property portfolio (Table 14)	**8,495.2**	8,281.7
Irish loan assets (note 9C)	**111.2**	54.1
Investment in VIA Outlets (note 9C)	**324.6**	222.0
Investment in Value Retail (note 10C)	**1,096.8**	959.1
Less non-controlling interest	**(84.2)**	(81.4)
"Value" (B)	**9,943.6**	9,435.5
Equity shareholders' funds (C)	**6,001.6**	5,775.6
Loan to value (%) – (A/B)	**37.3**	36.2
Gearing (%) – (A/C)	**61.8**	59.1

TABLE 18: NET DEBT: EBITDA

	Six months ended 30 June 2017 £m	Year ended 31 December 2016 £m
Adjusted operating profit (note 2)	**175.1**	330.2
Interest income from Irish loans	**3.2**	17.4
Tenant incentive amortisation	**1.8**	2.6
Share-based remuneration	**2.8**	5.6
Depreciation	**1.0**	2.0
EBITDA*	**183.9**	357.8

Net debt (Table 16)	**3,710.4**	3,412.5
Net debt: EBITDA – times	**10.1**	9.5

* EBITDA is doubled to calculate the above ratio at 30 June 2017.

DEVELOPMENT PIPELINE

UNAUDITED

Scheme	Area m^2	Key facts
UK shopping centres		
Brent Cross extension	90,000	• Extension and refurbishment of Brent Cross, forming part of wider Brent Cross Cricklewood regeneration plans, totalling 175,000m^2 of retail, catering and leisure. • Reserved matters planning application submitted with decision expected in September 2017. CPO decision expected in September 2017.
Bristol Investment Properties*	74,000	• New planning application in the name of Callowhill Court submitted in December 2016 for a 3.5ha site of joint venture-owned land relating to part of the real estate adjoining Cabot Circus. • Masterplan includes up to 74,000m^2 retail and leisure, 500 car parking spaces, and the potential for 150 residential units and a 150 room hotel.
Croydon Town Centre	200,000	• Redevelopment of Whitgift Centre and refurbishment of Centrale shopping centre by the Croydon Partnership, a 50:50 joint venture between Hammerson and Westfield. • New outline planning application submitted in October 2016, with decision expected in autumn 2017.
Silverburn (Phase 4), Glasgow*	50,000	• Consent granted in 2015 for a masterplan for a future extension of existing centre. • Masterplan includes 31,250m^2 retail, 8,500m^2 leisure, plus a hotel.
Union Square, Aberdeen*	27,800	• Extension of existing shopping centre for up to 11,000m^2 of retail, 12,000m^2 of leisure and catering, plus up to 300 car parking spaces and a hotel. • Planning application due for determination by summer 2017.
Victoria, Leeds (Phase 2)*	73,000	• Phase 1 Victoria Gate completed October 2016. Operator being sought for up to 300 bed hotel adjacent to new multi-storey car park. • Phase 2 masterplanning underway to deliver a phased retail/leisure mixed-use scheme to complement Victoria Gate. • Freehold control of Phase 2 site obtained.
Westquay South, Southampton (Phase 2)	58,000	• Council-owned land, with potential for c. 260 residential units, a hotel and a number of retail units to complement the recently completed cinema and catering scheme. • A joint review of scheme is under way with the local authority and third parties to progress the project.
UK retail parks		
Oldbury, Dudley*	10,900	• Planning secured in May 2016 for new development of up to 11 retail and catering units. Leasing underway.
UK Other		
The Goodsyard, London E1	270,000	• 4.2ha site on edge of the City of London. • Planning application for major mixed-use development was deferred in April 2016 to allow further consultation. Work on-going to submit amended application in early 2018.
France		
Italie Deux, Paris 13ème	6,500	• Extension of the existing shopping centre offering a new façade and innovative concepts. • Land disposal approved by the City of Paris. Building permit submitted. Retail consent obtained and free from challenge. Pre-letting on-going.
Les Trois Fontaines, Cergy Pontoise	33,000	• Retail and catering extension as part of a wider city centre project. • Co-ownership agreement, building permit and retail consent obtained. • On-going pre-letting discussions and contractor selected.
SQY Ouest, Saint Quentin-en-Yvelines*	32,000	• Opportunity to reposition existing shopping centre, creating a leisure-led destination. • Trading consent obtained but challenged. • Pre-letting on-going, Phase 1 launched to handover first units in second half of 2017.
Ireland		
Dundrum Phase II, Dublin*	100,000	• Six acre site located adjacent to Dundrum Town Centre. • Opportunity to create a retail-led mixed-use scheme; masterplanning process underway.
Dublin Central, Dublin*	130,000	• Extension of duration of planning consent granted until May 2022 to create a retail-led city centre scheme including 60,000m^2 of retail.

		• Irish Government has appealed a High Court decision to designate part of the site as a National Monument. The Group is supporting the process and a hearing is expected in December 2017.
Swords Pavilions Phase III, Dublin*	272,000	• Extension of planning consent granted to August 2021. • Consent in place to create 124,000m^2 retail-led scheme including residential units. • Pending completion of loan-to-own process for Phases I and II, subject to regulatory clearance due later this year.
Total	1,427,200	

* Schemes are on Group owned land. No additional land acquisitions are required. Excludes occupational and long leaseholds.

GLOSSARY

Adjusted figures (per share)	Reported amounts adjusted in accordance with EPRA guidelines to exclude certain items as set out in note 7 to the accounts.
Anchor store	A major store, usually a department or DIY store, a supermarket or leisure facility, occupying a large unit within a shopping centre or retail park, which serves as a draw to other retailers and consumers.
Average cost of debt or weighted average interest rate	The cost of finance expressed as a percentage of the weighted average of debt during the period.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Capital return	The change in property value during the period after taking account of capital expenditure, calculated on a monthly time-weighted basis after taking account of exchange translation movements.
Compulsory Purchase Order (CPO)	A legal function in the UK by which land or property can be obtained to enable a development or infrastructure scheme without the consent of the owner where there is a "compelling case in the public interest".
Cost ratio (or EPRA cost ratio)	Total operating costs (being property costs, administration costs less management fees) as a percentage of gross rental income, after rents payable. Both operating costs and gross rental income are adjusted for costs associated with inclusive leases.
CPI	Consumer Price Index. A measure of inflation based on the weighted average of prices of consumer goods and services.
Dividend cover	Adjusted earnings per share divided by dividend per share.
Earnings per share (EPS)	Profit for the period attributable to equity shareholders divided by the average number of shares in issue during the period.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability and relevance of the published results of listed real estate companies in Europe.
Equivalent yield (true and nominal)	The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect the timing of future rents resulting from lettings, lease renewals and rent reviews based on current ERVs. The true equivalent yield (TEY) assumes rents are received quarterly in advance. The nominal equivalent yield (NEY) assumes rents are received annually in arrears. The property true and nominal equivalent yields are determined by the Group's external valuers.
ERV	The estimated market rental value of the total lettable space in a property calculated by the Group's external valuers. It is calculated after deducting head and equity rents, and car parking and commercialisation running costs.
Gearing	Proportionally consolidated net debt expressed as a percentage of equity shareholders' funds.
Gross property value or Gross asset value (GAV)	Property value before deduction of purchasers' costs, as provided by the Group's external valuers.
Gross rental income (GRI)	Income from rents, car parks and commercialisation income, after accounting for the net effect of the amortisation of lease incentives.
IAS/IFRS	International Accounting Standard/International Financial Reporting Standard.
Inclusive lease	A lease, often for a short period of time, under which the rent is inclusive of costs such as service charge, rates, utilities etc. Instead, the landlord incurs these costs as part of the overall commercial arrangement.
Income return	The income derived from a property as a percentage of the property value, taking account of capital expenditure and exchange translation movements, calculated on a time-weighted basis.
Initial yield (or Net initial yield (NIY))	Annual cash rents receivable (net of head and equity rents and the cost of vacancy, and, in the case of France, net of an allowance for costs of approximately 5%, primarily for management fees), as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV.
Interest cover	Net rental income divided by net cost of finance before exceptional finance costs, capitalised interest and change in fair value of derivatives.

Interest rate or currency swap (or derivatives)	An agreement with another party to exchange an interest or currency rate obligation for a pre-determined period of time.
Like-for-like (LFL) NRI	The percentage change in net rental income for completed investment properties owned throughout both current and prior periods, after taking account of exchange translation movements.
LTV (Loan to value)	Net debt expressed as a percentage of the property portfolio value calculated on a proportionally consolidated basis.
MSCI IPD	Property market benchmark indices produced by MSCI.
Net asset value (NAV) per share	Equity shareholders' funds divided by the number of shares in issue at the balance sheet date.
Net rental income (NRI)	Income from rents, car parks and commercial income, after deducting head and equity rents payable, and other property related costs.
Occupancy rate	The ERV of the area in a property, or portfolio, excluding developments, which is let, expressed as a percentage of the total ERV of that property or portfolio.
Occupational cost ratio (OCR)	The proportion of retailer's sales compared with the total cost of occupation being: rent, business rates, service charge and insurance. Calculated excluding anchor stores.
Over-rented	The amount, or percentage, by which the ERV falls short of rents passing, together with the estimated rental value of vacant space.
Passing rents or rents passing	The annual rental income receivable from an investment property, after any rent-free periods and after deducting head and equity rents and car parking and commercialisation running costs. This may be more or less than the ERV (see over-rented and reversionary or under-rented).
Pre-let	A lease signed with a tenant prior to the completion of a development.
Principal lease	A lease signed with a tenant with a secure term of greater than three years and where the unit is not reconfigured. This enables letting metrics to be stated on a comparable basis.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax-exempt property rental business and which is taxable for UK-resident shareholders at their marginal tax rate.
Property interests	The Group's non-wholly owned properties which management proportionally consolidates when reviewing the performance of the business. These exclude the Group's premium outlets interests in Value Retail and VIA Outlets which are not proportionally consolidated.
Property joint ventures	The Group's shopping centre and retail park joint ventures which management proportionally consolidate when reviewing the performance of the business, but exclude the Group's interests in the VIA Outlets joint venture.
Proportional consolidation	The aggregation of the financial results of the Reported Group together with the Group's share of Property interests being the Group's share of Property joint ventures as shown in note 9, and Nicetoile as shown in note 10.
QIAIF	Qualifying Investor Alternative Investment Fund. A regulated tax regime in the Republic of Ireland which exempts participants from Irish tax on property income and chargeable gains subject to certain requirements.
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.
Reported Group	The financial results as presented under IFRS which represent the Group's 100% owned properties and share of joint operations, transactions and balances and equity accounted Group's interests in joint ventures and associates.
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 year, all excluding deferred tax and certain non-recurring items.
Reversionary or under-rented	The amount, or percentage, by which the ERV exceeds the rents passing, together with the estimated rental value of vacant space.
SIIC	Sociétés d'Investissements Immobiliers Côtées. A tax regime in France which exempts participants from the French tax on property income and gains subject to certain requirements.
Total development cost (TDC)	All capital expenditure on a development project, including capitalised interest.
Total property return (TPR) (or total return)	Net rental income and capital growth expressed as a percentage of the opening book value of property adjusted for capital expenditure, calculated on a monthly time-weighted basis after taking account of exchange translation movements.
Total shareholder return (TSR)	Dividends and capital growth in a Company's share price, expressed as a percentage of the share price at the beginning of the year.
Turnover rent	Rental income which is related to an occupier's turnover.
Vacancy rate	The ERV of the area in a property, or portfolio, excluding developments, which is currently available for letting, expressed as a percentage of the ERV of that property or portfolio.
Value Retail (VR)	Owner and operator of luxury outlet Villages in Europe in which the Group has an investment and accounts for as an associate.
VIA Outlets (VIA)	A premium outlets joint venture which owns and operates premium outlet centres in Europe, in which the Group has an investment and accounts for as a joint venture.
Yield on cost	Passing rents expressed as a percentage of the total development cost of a property.

ALL GRAPHIC ILLUSTRATIONS WHICH MAY NOT HAVE DISPLAYED IN THIS DOCUMENT CAN BE VIEWED ON THE INVESTORS SECTION ON THE COMPANY'S WEBSITE – WWW.HAMMERSON.COM

Hammerson has its primary listing on the London Stock Exchange and a secondary inward listing on the Johannesburg Stock Exchange.

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