Friday 24 July 2015

HAMMERSON PLC – UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

STRONG PERFORMANCE UNDERPINNED BY IMPROVING CONSUMER CONFIDENCE AND ACTIVE MANAGEMENT

Six months ended:	30 June 2015	30 June 2014	Change	Like-for-like increase
Net rental income [1]	£159.5m	£146.9m	+8.6%	+2.1%
Profit before tax (including valuation changes)	£329.4m	£362.9m	-9.2%	
Adjusted earnings per share [2]	13.6p	12.0p	+13.3%	
Interim dividend per share	9.5p	8.8p	+8.0%	
As at:	30 June 2015	31 December 2014		
Equity shareholders' funds	£5,192m	£4,974m	+4.4%	
EPRA net asset value per share [2]	£6.68	£6.38	+4.7%	
Loan to value [1]	33%	34%	-1%	

(1) On a proportionally consolidated basis, excluding interests in premium outlets.

(2) Calculations for EPRA and adjusted figures are shown in note 7 to the accounts on pages 33 and 34. 30 June 2014 adjusted EPS figure restated from 11.6 pence to 12.0 pence to exclude restructuring costs of £2.8 million which were excluded when calculating the adjusted EPS for 31 December 2014.

OPERATIONAL HIGHLIGHTS – CONSISTENT INCOME GENERATION

- Improving consumer confidence and prime positioning of our UK shopping centres generated growth in sales of 2.0% and footfall up 1.2%
- Group LfL NRI increased by 2.1% (3.0% including premium outlets) driven by continued demand for high-quality retail and leisure space
- UK shopping centres ERV growth of 3.3% (rolling 12 months) through securing leading international brands and actively managing assets under our Product Framework
- Further proactive re-tenanting in France; £3.3 million of new rent secured; introduction of new international retailers to France
- Premium outlets sales growth of 12% YoY; VIA Outlets repositioning strategy produced sales densities up 13% YoY
- Relocation of corporate HQ to modern premises at King's Cross; cost:income ratio reduced to 22.4%

FINANCIAL HIGHLIGHTS – MAINTAINING CAPITAL STRENGTH

- Strong EPS growth of 13.3%; interim dividend increased 8.0%
- The Group's total portfolio generated a 5.7% total return, including revaluation gains of £233 million
- New £415 million five-year unsecured revolving credit facility at an initial margin of 80 basis points; WAIR reduced to 4.1%
- Robust balance sheet with loan to value of 33%; cash and undrawn facilities of £450 million

PORTFOLIO HIGHLIGHTS – ENHANCING HIGH-QUALITY PROPERTY

- 10,900m^2 Silverburn catering and leisure extension fully opened; dwell time up 14% lifting LfL centre sales by 5%
- On track to deliver three further schemes in 2015 at Beauvais, Merthyr Tydfil and Rugby; total new space of 64,900m^2 to be opened this year
- Taking advantage of good investment markets to make selective disposals; £155 million capital recycled to enhance shareholder returns
- Significant progress made at our three major London schemes: CPO inquiry at Croydon completed; CPO process initiated at Brent Cross; planning amendments submitted at The Goodsyard

David Atkins, Chief Executive of Hammerson, said: "The business has performed very well in the first half, underpinned by robust consumer confidence and an active asset management strategy resulting in sector-beating earnings growth of 13%. Our prime assets continue to attract retailer demand from some of the most sought after brands, lifting ERV growth across the portfolio. In France, our business has proved resilient against a consumer backdrop which remains challenging, reflecting the success of new developments and refurbishments together with our re-tenanting strategy.

"We have made good progress with our on-site and pipeline developments, and remain on track to open four schemes in 2015. In premium outlets we are already seeing positive results from the specialised management of the VIA portfolio and remain excited about our strategic exposure to this high growth sector. Looking ahead, the business is well positioned to benefit from continuing momentum across our key markets and to deliver attractive and sustainable returns for shareholders."

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Results presentation today:

The results presentation is being held today at 10.00 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 10.00 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 1909. Please quote confirmation code 3071095.

Financial calendar:

Ex-dividend date	20 August 2015
Record date	21 August 2015
Interim dividend payable	1 October 2015

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Index to key data

Figures have been prepared on a proportionally consolidated basis excluding interests in premium outlets, unless otherwise stated

Income and operational – Six months ended	30 June 2015	30 June 2014	Page
Portfolio total returns (including share of premium outlets portfolio)	5.7%	6.9%	2
Portfolio capital return (including share of premium outlets portfolio)	3.0%	4.3%	44
Occupancy	97.2%	97.2%	3
Like-for-like NRI growth	2.1%	1.5%	2
Adjusted earnings per share	13.6p	12.0p	3
Leasing activity	£10.6m	£12.1m	3
Leasing v ERV	+2%	+7%	3
Leasing v previous passing rents	+10%	+6%	3
Like-for-like ERV growth - UK	+0.9%	+0.5%	4,5
Like-for-like ERV growth – France	- 0.5%	+0.1%	6
Retail sales – UK shopping centres	+2.0%	+2.5%	4
Retail sales – France	-1.6%	-2.4%	7
EPRA cost ratio	22.4%	22.4%	2
Interim dividend per share	9.5p	8.8p	14
Capital and financing	30 June 2015	31 December 2014	
Property portfolio value (including premium outlets)	£7.9bn	£7.7bn	44
Net debt	£2.2bn	£2.3bn	15
Gearing	43%	46%	16
Loan to value	33%	34%	16
Liquidity	£450m	£648m	15
Weighted average interest rate (WAIR)	4.1%	4.7%	16
Interest cover	3.6 times	2.8 times	16
Net debt/EBITDA	7.3 times	8.0 times	16
Fixed rate debt	75%	79%	16
Portfolio currency hedge	84%	88%	16
Equity shareholders' funds	£5.2bn	£5.0bn	14
EPRA net asset value per share	£6.68	£6.38	14

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 are a leading owner-manager and developer of retail space across Europe. Our portfolio is valued at £7.9 billion spanning 12 European countries and comprising investments in 22 prime shopping centres, 21 convenient retail parks and 15 premium outlet villages.

STRATEGIC PRIORITIES

Our operating model, capital deployment and financial management are guided by three strategic priorities:

1. INCOME GENERATION: We actively manage our properties to generate sustainable income growth. We recognise the importance of strong retailer relationships and the requirement for tenant rotation to enhance the vibrancy of the consumer experience.

2. HIGH-QUALITY PROPERTY: The retail environment continues to evolve and our aim is to create and manage leading retail destinations which are attractive to both retailers and consumers.

3. CAPITAL STRENGTH: We maintain a strong balance sheet with our prime property portfolio underpinned by a robust capital base of bank borrowing, bond debt and shareholder equity. Our financing structure provides us with the capacity and flexibility to deliver our business objectives and take advantage of opportunistic investments to further enhance the Group's performance.

Our activities in the first six months of 2015 to deliver these priorities are shown in the Key Performance Indicators section on pages 2 and 3 and further explained in the Business Review and Financial Review on pages 4 to 16.

BUSINESS STRUCTURE AND COMMERCIAL FOCUS

We structure and monitor our business around our key market sectors:

- UK shopping centres
- UK retail parks
- France
- Premium outlets
- Developments

The commercial teams are supported by administrative functions such as Company Secretarial, Corporate Communications, Finance, HR and IT. By collaborating across teams we are able to achieve synergies across the commercial and support teams and this helps to innovate across the wider Group. In order to achieve our strategic priorities we have rebalanced our headcount over the last eighteen months and have enhanced our development, leasing and digital marketing teams.

As explained in our 2014 Annual Report, during that year we embedded into the business a six point "Product Framework" which guides all aspects of our operational activities, from team structures to investment decisions. By employing this framework we constantly challenge ourselves to apply best practice in retail design, digital solutions and customer engagement across the portfolio. We aim to deliver a consistent high-quality offer that is valued by our tenants and customers. Practical examples of this framework in use during 2015 are:

- Best @ retail – Five new international brands taking their first store in France and industry-leading insight through a series of retail publications and events
- Entertaining & exciting – National events programme including brand partnerships and live entertainment
- Interactive & engaging – Roll-out of enhanced 'Plus' app to enable direct communication with shoppers including personalised content and exclusive offers
- Convenient & easy – Roll-out of click & collect services at our UK centres and retail parks, and the launch of a trial in France
- Iconic destinations – Significant progress with our development pipeline, which includes five on-site developments and three major London schemes
- Positive Places – Opening of a new carbon-neutral Costa Eco Pod at Wrekin Retail Park, Telford, the first of its kind in the UK.

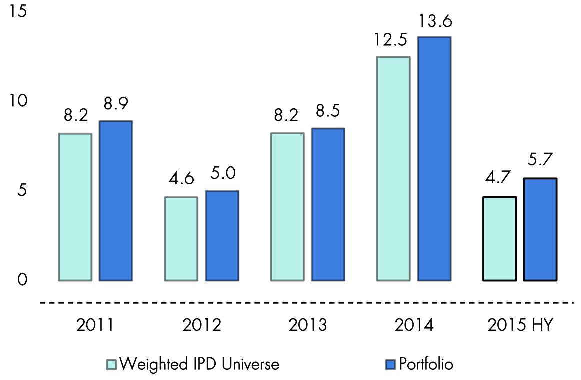
KEY PERFORMANCE INDICATORS

We monitor the performance of our business, using a number of Key Performance Indicators (KPIs) and associated benchmarks. These KPIs are split between financial and operational measures and are aligned with the achievement of our three strategic priorities: Income generation, High-quality property and Capital strength. The performance during the first six months of 2015 is shown below:

FINANCIAL KPIs

Total Property Returns (%)

(Including premium outlets)

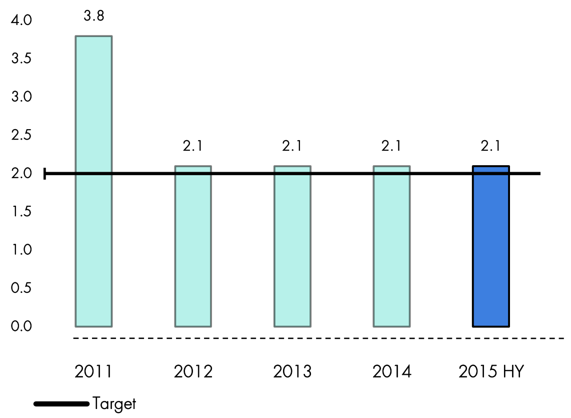


Note: IPD Retail Property Universe benchmark weighted 70:30 UK:France. Due to the lack of available IPD data, the 2015 benchmark is based on the available UK IPD quarterly/monthly indices and the French benchmark is assumed to be equal to the Hammerson French portfolio return.

2015: 5.7%

During 2015, the Group's property investments, including premium outlets, produced a total return of 5.7% which was 1.0% ahead of the estimated IPD benchmark. The Group's outperformance was principally due to premium outlets and developments which delivered total returns of 10.5% and 6.4% respectively. Further analysis of total and capital returns by sector is shown in Table 7 of the Portfolio Analysis on page 44.

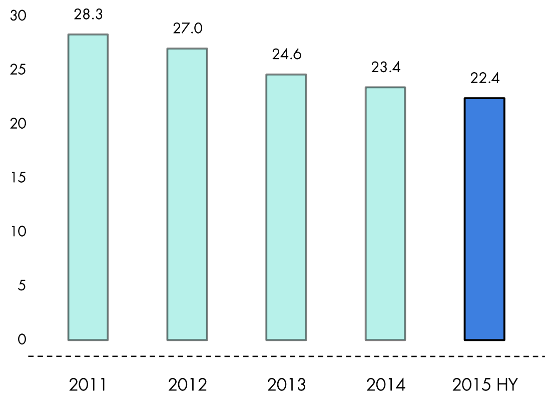
Growth in Like-for-Like NRI (%)*



2015: 2.1%

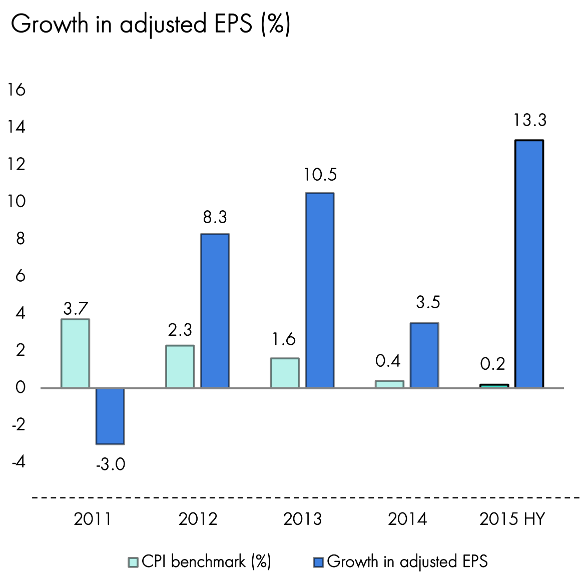
On a like-for-like basis, net rental income grew by 2.1% for the portfolio in the first half of 2015, above our target of 2.0%. Income from UK and French shopping centres grew by 1.8% and 2.3% respectively. UK retail parks income increased by 3.2%. Further details are provided within the Business Review on page 4 and in Table 4 of the Portfolio Analysis on page 43.

Cost ratio (%)*



2015: 22.4%

During 2015, the Group's cost ratio has fallen by 1.0% to 22.4%. This reduction demonstrates the benefits of the cost saving initiatives undertaken in 2014 and has fallen due to increased rental income whilst costs, particularly administration costs, have been tightly controlled. Further details are provided within the Financial Review on page 13 and in Table 5 of the Portfolio Analysis on page 43.

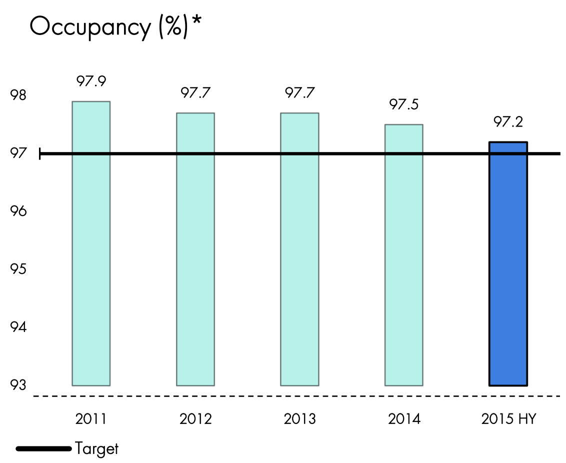


2015: 13.3%

Compared to the prior year, adjusted EPS for the six months ended 30 June 2015 increased by 1.6 pence, or 13.3%, to 13.6 pence. We compare this KPI against inflation. Previously, the benchmark was UK RPI, but this has been changed to a weighted 70:30 UK:France CPI benchmark. This is consistent with the benchmark used for the 2015 LTIP performance conditions. The CPI benchmark for the six months to 30 June 2015 was 0.2%. Prior year benchmarks shown in the chart have been restated to the new inflation measure to be comparable.

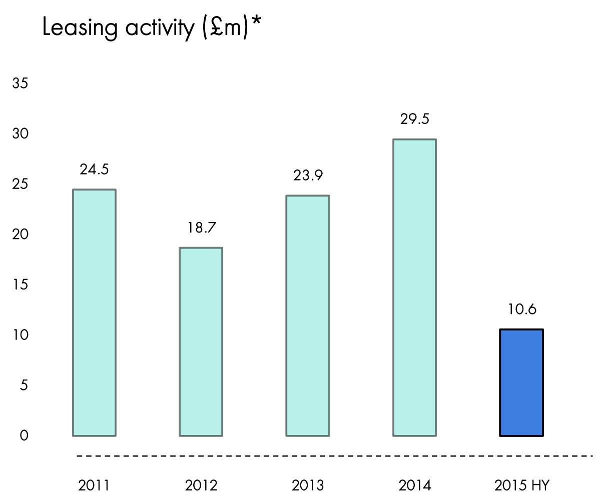
Adjusted EPS increased through additional income from recently completed developments, income from acquisitions and the like-for-like portfolio, increased earnings from our premium outlet investments and lower net financing expenses. This was partly offset by the dilution associated with the 2014 share placing, lost income from disposals and the impact of unfavourable foreign exchange movements. Further commentary is provided within the Financial Review on page 11.

OPERATIONAL KPIs



2015: 97.2%

High occupancy has been maintained during 2015, with the portfolio being 97.2% occupied at 30 June. This was marginally lower than the year end position of 97.5%, but above our target of 97.0%. Further details are provided within the Business Review on page 4 and in Table 1 of the Portfolio Analysis on page 41.



2015: £10.6m

We have maintained our leasing momentum across all sectors of the portfolio during 2015 and secured income of £10.6 million. On average, the rent from these leases was 2% higher than December 2014 ERVs and 10% above the previous passing rent. Further details are provided within the Business Review on page 4 and in Table 1 of the Portfolio Analysis on page 41.

Global emissions intensity ratio

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

* On a proportionally consolidated basis, excluding premium outlets

BUSINESS REVIEW

This Business Review provides information on each of our key sectors. Operational metrics are presented on a proportionally consolidated basis, and unless specifically stated exclude the Group's investments in premium outlets. This presentation is consistent with internal management reporting. Further information on our properties is provided in the Portfolio Analysis section on pages 41 to 45.

1. UK SHOPPING CENTRES

The portfolio comprises 11 major UK shopping centres, which together attract nearly 160 million visitors each year. The portfolio includes internationally recognised schemes such as Bullring in Birmingham, Brent Cross in London and The Oracle in Reading.

Market overview

Consumer confidence has continued to improve during 2015, boosting retail sales. As consumer and retailer trends evolve, the UK shopping centre market continues to polarise with retailers seeking space in schemes which have the ability to attract customers and this requires a mixed offer combining exciting retailers, catering and leisure. Consumers are becoming more considered in their approach to shopping and technology is playing an increasing role in the retail experience, enabling customers to shop across multiple channels.

Operational summary

Key metrics	Like-for-like net rental income growth %	Occupancy %	Leasing volume £m	Leasing vs ERV %	ERV growth %	Retail sales growth %	Footfall growth %
30 June 2015	1.8	97.8	5.4	+2	1.5	2.0	1.2
31 December 2014*	2.2	98.1	13.5	+3	2.6	2.6	(1.3)
30 June 2014	2.0	97.7	6.0	+2	0.7	2.5	(1.5)

* 31 December figures are for the full year

Net rental income

On a like-for-like basis net rental income increased by 1.8% in the first six months of the year, compared to 2.0% in the comparative period. The increase in 2015 is driven by rent review settlements, income from new lettings and increased car park income. Four of our centres: Monument Mall, Silverburn, Union Square and WestQuay produced like-for-like income growth of more than 5%. Non-rental income, being net income from car parks and the sale of advertising and merchandising opportunities at our centres, totalled £10.3 million, and grew by 8% in 2015 on a like-for-like basis.

Leasing, occupancy and ERVs

Tenant demand for space at our centres remained strong with 74 leases signed representing £5.4 million of annual rental income and 24,000m^2 of space. For principal leases, rents secured were 2% above December 2014 ERVs and 16% above the previous passing rent. This demand delivered ERV growth of 1.5% across the portfolio in the first half of 2015 and 3.3% over the previous twelve months. Occupancy levels remained high at 97.8%, compared with 97.7% in June 2014 and 98.1% in December 2014.

We delivered a number of key leasing deals during the first six months of the year. These targeted deals help strengthen and refresh our centres and include flagship stores for UK and international brands, luxury operators and new catering offers. Highlights included three Victoria's Secret lettings at The Oracle, Cabot Circus and WestQuay; upsized Topshop and River Island stores at Bullring; the introduction of Sandro and Séraphine at Victoria Quarter; and new TGI Friday restaurants at The Oracle and Highcross.

Sales, footfall and occupancy cost

Consumers continue to demonstrate increasing confidence, and our centres have achieved sales growth in 2015 of 2.0%, calculated on a same centre basis. Footfall increased by 1.2%, a turnaround compared with the reduction during 2014. This increased activity has resulted in a reduction in the occupational cost ratio from 20.8% at the beginning of the year to 20.1% at 30 June 2015.

Lease expiries and rent reviews

The portfolio offers both a robust income stream, with a weighted unexpired lease term of 6.4 years, and opportunities for rental growth. Within the portfolio, leases subject to rent reviews, break clauses or expiry offer the prospect to secure additional rental income. Over the period to 31 December 2017, these leases would provide additional annual rental income of £10.0 million if renewed, or reviews are settled, at current rental levels.

During the period, the number of tenants in administration has reduced and at 30 June 2015 there were only nine units let to tenants in administration, five fewer than at the beginning of the year. In total, tenants in administration equate to just 0.2% of the Group's total passing rents. Collection rates remain strong, with 99% of billings collected within 14 days of the June due date.

Commercial initiatives

We are committed to delivering a high-quality level of customer experience and service across our centres. We are upgrading our customer service desks, providing electric car charging points in our car parks and trialling a number of new initiatives including a pop-up programme, mobile charging facilities, click & collect provisions and will be undertaking sound, light and smell audits to enhance our properties. These projects are designed to provide a consistent, high-quality offer across the portfolio for the benefit of both retailers and customers. Our customer service performance has recently been recognised with the Silverburn team winning an unprecedented fourth BCSC (British Council of Shopping Centres) Achieving Customer Excellence award in March.

We have further enhanced our interactive 'Plus' app which has been fully rolled out across the UK shopping centre portfolio. The app allows us to communicate directly with shoppers in real-time; providing personalised content and exclusive offers based on their interests, redemption history and stores visited; together with centre information such as floorplans, events and live centre news. Following the launch of the app at each centre, the number of downloads has been ahead of initial expectations and we are targeting a total of 1.2 million downloads across the Group's shopping centre portfolio.

As Retail Specialists, Hammerson continues to demonstrate industry-leading insight and in 2015 we have:

- Launched the Hammerson Retail Tracker (HART), published to a national readership in The Times newspaper, to provide a monthly insight into UK spending habits and retail trends;
- Issued our third annual retail report 'Shopper Tribes' in conjunction with retail consultant Conlumino; and
- Held a seminar on 'Pricing Retail Space' in conjunction with the Investment Property Forum.

Acquisitions and completed developments

In March, we acquired two joint venture partners' stakes in Martineau Galleries, Birmingham, increasing Hammerson's ownership to 100%. We are considering a number of potential strategic development opportunities for the property in the medium term and for this reason it is classified within the UK Other portfolio. The acquisition demonstrates the Group's commitment to Birmingham, where we already have a 50% stake in the Bullring shopping centre.

In June, Cineworld opened its new 14-screen cinema which completed the 10,900m^2 leisure-led extension at Silverburn. The £35 million extension, in which the Group has a 50% share, contains 11 new restaurants, including Chimichanga, Carluccio's and Five Guys and is expected to attract 1.2 million additional visitors to the centre. The centre has witnessed a 7% footfall increase this year, sales have increased by 5% and dwell times have risen by 14%.

2. UK RETAIL PARKS

Hammerson is the second largest direct owner of retail parks in the UK with 20 retail parks in the UK which provide over 480,000m^2 of retail space. The easily accessible parks, located on the edge of town centres, are let to both bulky goods and fashion retailers. They offer large-format modern stores with ample parking. There are significant synergies with our shopping centre business as a growing number of retailers operate across multiple trading formats and this enables leasing conversations about retail opportunities both in the UK and in France.

Market overview

The retail parks sector is evolving as a number of food and DIY retailers look to downsize their current space. This is providing asset management opportunities to accommodate a growing number of new and expanding homeware and fashion retailers. This trend is supported by the buoyant housing market and UK economic recovery as it radiates from the South-East of England.

Operational summary

Key metrics	Like-for-like net rental income growth %	Occupancy %	Leasing volume £m	Leasing vs ERV %	ERV growth %
30 June 2015	3.2	98.2	1.5	+3	0.3
31 December 2014*	2.4	98.5	7.2	+7	0.5
30 June 2014	1.2	98.2	1.8	+6	0.1

* 31 December figures are for the full year

Net rental income

On a like-for-like basis net rental income increased by 3.2% in the first six months of the year, compared to 1.2% in the comparative period in 2014. The growth is due to a year-on-year increase in surrender premiums received associated with proactive tenant rotation, with premiums received in 2015 at Imperial Retail Park, Bristol and Fife Central Retail Park, Kirkcaldy. These were partly offset by vacancy costs ahead of the redevelopments at Battery Retail Park, Birmingham and Parc Tawe, Swansea.

Leasing, occupancy and ERVs

We signed 16 leases across the portfolio representing £1.5 million of annual rental income and 9,200m^2 of space. For principal leases, rents were contracted at 3% above the December 2014 ERVs. Occupancy levels remained high at 98.2%, the same as at 30 June 2014. The portfolio achieved ERV growth of 0.3% in the first half of 2015, compared with 0.5% for the whole of 2014.

Key leasing transactions during the first six months of the year were a new 1,850m^2 TK Maxx at Westmorland Retail Park, Cramlington; a 1,900m^2 Next at Telford Forge Shopping Park, Telford and a 900m^2 Tapi at St Oswald's Retail Park, Gloucester.

Lease expiries and rent reviews

Compared with the Group's other sectors, the UK retail parks portfolio has the longest weighted unexpired lease term at 8.8 years. As with the UK shopping centre portfolio a proportion of the leases are subject to rent reviews, break clauses or expiry and offer the opportunity to secure additional rental income. Over the period to 31 December 2017, these leases would provide additional annual rental income of £2.5 million if renewed or reviewed to current rental levels.

At 30 June 2015, there was only one tenant in administration representing £0.2 million of income, and 99% of billings were collected within 14 days of the June due date.

Commercial initiatives

We are upgrading the tenant offer across our portfolio. An example of this has been at Fife Central Retail Park in Kirkcaldy where two units were vacated in 2013 due to administrations. Following the relocation of an existing tenant, the units were reconfigured to create a 4,600m^2 Next Lifestyle store which opened in late 2014. The tenant mix is being further enhanced by a new M&S Simply Food store due to open later this year and we have recently agreed to reconfigure the existing Homebase unit to provide space for up to six new units.

We are also keen to collect more insightful information about the portfolio and are undertaking a rolling series of in-depth customer surveys to better understand consumer opinions about facilities and existing or prospective tenants. Furthermore, we have installed car park counters and created a bespoke asset dashboard to allow better monitoring of activity levels across the portfolio.

Disposals

In April, we sold Drakehouse Retail Park, Sheffield for gross proceeds of £62 million, recognising a £2 million profit as the sale price was ahead of the 31 December 2014 valuation.

3. FRANCE

In France, we own and manage some of the top shopping centres in the Ile-de-France region, including Italie Deux and O'Parinor, together with high-quality centres in Marseille, Strasbourg and Nice. Our French shopping centres attract over 100 million visitors each year. In total, there are 11 prime shopping centres and a single retail park, Villebon 2, in our French portfolio.

Market overview

The trading environment in France remains challenging with inconsistent consumer confidence associated with the slow economic recovery and ongoing uncertainty in France and the wider Eurozone. Consistent with the trend in the UK, retailers are focusing their space requirements on the prime retail destinations and this is supporting a trend of re-tenanting at these centres. Technology is also becoming a differentiating factor for consumers, as retailers in France expand their multi-channel offers, including click & collect provisions. Rental growth, traditionally driven by indexation, is reliant on landlords creating assets which are capable of attracting consumers by evolving their retail, catering and leisure offers.

Operational summary

Key metrics	Like-for-like net rental income growth %	Occupancy %	Leasing volume £m	Leasing vs ERV %	ERV growth %	Retail sales growth %	Footfall growth %
30 June 2015	2.3	96.7	3.3	1	(0.5)	(1.6)	(1.6)
31 December 2014*	2.0	96.6	8.0	10	0.2	(1.0)	1.5
30 June 2014	1.1	96.6	4.1	9	0.1	(2.4)	(0.1)

* 31 December figures are for the full year

Net rental income

On a like-for-like basis net rental income increased by 2.3% in the first six months of the year, compared to 1.1% in the comparative period. The benefits of recent tenant rotation helped increase income, with Les Trois Fontaine, Cergy Pontoise being the strongest performing centre following recent lettings to Free, Levi's and André. As in the UK shopping centres, we have been focusing on increasing non-rental income and this increased to £0.9 million, reflecting like-for-like growth of 39% in 2015.

Leasing, occupancy and ERVs

Despite the uncertain macroeconomic conditions, we continue to contract new income across the portfolio with 59 leases signed in 2015, representing £3.3 million of annual rental income and 13,000m^2 of space. For principal leases, the new income was 1% above December 2014 ERVs and 5% above the previous passing rents. ERVs remain under pressure and fell by 0.5% during the first half of the year. Occupancy levels were broadly unchanged at 96.7%, compared with 96.6% in both June 2014 and December 2014.

We continue to rotate tenants to introduce new leisure and catering to enliven the retail offer at our centres. Key leasing deals during the first six months of the year include Massimo Dutti and Zara Home at Les Terrasses du Port, Marseille and five new international brands taking their first stores in France including Tuc Tuc and Punt Roma.

There are a total of 39 units in administration across the French portfolio, an increase of six during 2015. All of these units continue to trade and represent only 0.7% of the Group's passing rent. These units provide opportunities to introduce new tenants and deliver on our tenant rotation strategy.

Sales, footfall and occupancy cost

Retail sales and footfall levels have contracted slightly during 2015, with a reduction in both measures of 1.6%, the sales reduction being calculated on a same centre basis. However, we are optimistic that the tenant rotation being delivered at the centres will improve consumer trends over the medium term. Consistent with the reduction in sales, the occupational cost ratio increased during 2015 by 0.7% to 15.0% at 30 June 2015.

Lease expiries and rent reviews

Leases in France tend to be shorter than in the UK retail market, and across our portfolio the average unexpired lease term is 3.9 years. As in the UK, the portfolio offers opportunities for rental growth with an average reversion of 8.3%. Leases expiring, or subject to tenants' break clauses, over the period to 31 December 2017 would provide additional annual rental income of £3.3 million if renewed at current rental levels. Most of our French leases are subject to annual indexation, which is nil in 2015 for the majority of leases.

Commercial initiatives

In addition to the ongoing tenant rotation initiatives, we are progressing plans to enliven the retail and customer experience at a number of properties including the recent acquisitions of San Sébastien, Nancy in February 2014 and Nicetoile, Nice in January 2015. At San Sébastien, works have started to enhance the interior of the centre and are expected to complete in May 2016. Also during the first half of the year we have leased a 1,300m^2 former vacant unit to Italian shoe brand Pittarosso.

At Nicetoile, we have introduced a new management structure, implemented a range of Hammerson marketing tools including an upgraded website, and launched our portfolio wide 'Plus' app. Following four lettings during the period, the centre is currently fully let although we are in discussion with a number of aspirational retailers to further enhance the tenant mix.

At O'Parinor, after the opening of Primark and a UGC multiplex in 2014, we were granted the agreement to trade on Sundays from the end of this year. This will further enhance the appeal of the centre, where footfall has increased by over 10% during 2015.

Acquisitions and disposals

In line with our strategy of actively managing our portfolio and focusing on leading retail destinations, we acquired a 10% interest in Nicetoile shopping centre in Nice in conjunction with our partner, Allianz. The 17,600m^2 centre attracts 13 million visitors each year and generates passing rent of £14 million. Hammerson manages the centre and our share of the acquisition cost was €31 million (£24 million).

We have recently announced the disposal of two smaller shopping centres, for which we have exchanged sales contracts, Bercy 2, Paris for proceeds of €64 million (£45 million) and Angers, Grand Maine for proceeds of €63 million (£45 million). Both of these disposals are ahead of the 31 December 2014 valuations and are expected to complete in the third quarter of 2015.

4. PREMIUM OUTLETS

At 30 June 2015, the Group's premium outlet investments of £1.1 billion represented 13.4% of the Group's total property value. Hammerson is the only European REIT to have a strategic exposure to the outlets market which continues to be a fast growing distribution channel for retailers, in particular for international fashion and luxury brands. The sector offers retailers the opportunity to effectively manage their inventory levels without compromising their brand equity, attracting both local consumers and tourists. Well-managed centres of institutional investment quality can deliver double-digit sales growth and high sales densities.

Over recent years, the Group has been increasing its exposure to the premium outlets sector through its long-term partnership with Value Retail and also VIA Outlets, a joint venture established in 2014. We continue to benefit from our relationship with Value Retail management and to utilise the knowledge gained to enhance the positioning of the Group's portfolio, for example the inclusion of key aspirational brands at Victoria Gate, Leeds.

Page 13 of the Financial Review provides further information on how our investments in Value Retail and VIA Outlets have impacted the Group's financial performance during 2015.

VALUE RETAIL ("VR")

Overview

VR operates nine high-end shopping tourism Villages in the UK and Western Europe which provide 172,000m^2 of floor space and over 1,000 stores. VR is focused on international fashion and luxury brands and on long-haul tourism. The Villages, which include Bicester Village, outside of London and La Vallée Village, outside of Paris serve the international luxury and fashion customer and are amongst the most successful outlet centres in Europe; sales densities at Bicester Village are in the region of €30,000/m^2. They are strategically located close to Europe's wealthiest cities and major tourist attractions. Targeted marketing enables VR to benefit from the rapidly growing shopping-tourism market. In total, 163 million residents live within a 120 minute drive of a VR Village, and the major cities served by the Villages attract 100 million tourists each year. The total number of visits to the Value Retail Villages in 2014 was 32.5 million.

Brand sales at VR have seen annual compound growth of 17% since 2006. The Villages have continued to perform strongly during the first half of the year with brand sales growth of 12.3% across the portfolio. Occupancy currently stands at 95%. Future growth is expected to be supported by global tourism, new emerging brands, consumers' more considered approach to shopping and the importance of perceived value. Trends in tourism show that Chinese visitors are a key source of growth with Chinese outbound trips growing by 20% in 2014, and spending by Middle Eastern tourists has been resilient despite movements in the oil price.

During 2015, construction work has progressed on the €50 million extension at Kildare Village, Dublin, due to open in October 2015. The 6,100m^2 new phase will introduce 35 new boutiques and restaurants to the Village and in preparation of the extension, a new road layout is already operational. At Bicester Village, planning permission has been granted for an extension of 5,200m^2 including 33 new boutiques. As part of the development, road access will also be enhanced to reduce congestion. A new rail station offering direct access from London Marylebone Station will open adjacent to Bicester Village in October of this year which will deliver shoppers directly to the Village.

Value Retail's expansion into China continues following the opening of Suzhou Village in May 2014. Construction is underway on Shanghai Village, a 50,000m^2 scheme adjacent to Shanghai Disney Resort, and the Village is due to open in spring 2016. Hammerson has an economic interest in the Suzhou Village through its existing VR investments and the Group directly invested £5 million in the Shanghai venture earlier this year.

VIA OUTLETS ("VIA")

Overview

VIA is an outlets joint venture formed in 2014 in partnership with APG, Value Retail and Meyer Bergman. VIA's strategy is to acquire existing European outlet centres with strong catchments focused mostly on mainstream fashion brands and with potential for growth.

The six outlet centres owned by VIA provide 180,000m^2 of floor space and over 700 stores across five European countries. The major assets are Alcochete, near Lisbon; Batavia Stad, near Amsterdam; Fashion Arena, near Prague; and Landquart, near Zurich.

2015 performance*	Six months ended 30 June 2015	Six months ended 30 June 2014
Brand sales (€m)	186	166
Brand sales growth (%)	12	n/a
Footfall (millions)	5.3	5.0
Average spend per visit (€)	35	33
Average sales densities (€000/m^2)	2.8	2.5
Occupancy (%)	89	91

* The above figures reflect overall portfolio performance, not Hammerson's ownership share and the 30 June 2014 figures include pre-acquisition performance.

The centres have performed strongly during 2015, particularly Batavia Stad and Fashion Arena and sales densities in the VIA centres have increased by 13% year-on-year. Significant upgrades are being implemented at Batavia Stad including 38 remerchandising projects in 2015, upgraded façades, a new information centre and a new tourist marketing strategy. VIA is due to start on site towards the end of this year with a 5,500m^2 extension to the centre which will introduce 45 new units, increase space by 22% and which will open in Q1 2017.

The VIA partners intend to make further acquisitions in Europe with the strategy of creating a c. €1 billion portfolio. In addition, the strategy involves improving the performance of the outlet centres by upgrading the tenant mix; enhancing the leisure and catering offers; right-sizing units; creating more flagship stores; enhancing customer service provisions and targeted marketing to increase tourist visits.

5. DEVELOPMENTS

The Group has a proven track record of delivering iconic retail developments including Bullring in Birmingham, WestQuay in Southampton and Les Terrasses du Port in Marseille. We have a large number of development opportunities in both the UK and France, including five on-site schemes and three major London developments. These will require expenditure of approximately £1.5 billion to deliver and have the potential to significantly grow the business and create market-leading retail destinations. In addition, we are working to bring forward a number of potential future development projects, but are conscious of the need to tightly control expenditure while these opportunities are fully assessed.

ON-SITE DEVELOPMENTS

Scheme[1]	Lettable area m^2	Expected completion	Current value[2] £m	Estimated cost to complete[3] £m	Estimated annual income[4] £m	Let[5] %
Cyfarthfa Retail Park extension, Merthyr Tydfil	14,500	Q3 2015	n/a	6	2	66
Elliott's Field Shopping Park, Rugby	15,700	Q3 2015	n/a	14	3	70
Le Jeu de Paume, Beauvais	23,800	Q4 2015	44	14	4	75
Victoria Gate, Leeds (Phase 1)	35,400	Q3 2016	80	101	11	51
WestQuay Watermark, Southampton	17,000	Q1 2017	16	70	5	75
Total	106,400			205	25	

Notes

1. Group ownership 100% for on-site schemes.
2. Valuation at 30 June 2015. Values are not included for extension projects as they are incorporated into the valuation 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 23 July 2015.

The 14,500m² extension to Cyfarthfa Retail Park, Merthyr Tydfil is almost complete, with construction scheduled to finish by the end of August. The first phase of the extension, including the opening of B&Q's first Eco-learning stores was completed in September 2014. The remaining 8,700m² of the scheme will open in the autumn and includes an upsized Next and a 4,600m² full-line M&S store offering clothing, homeware and a foodhall. The scheme is forecast to deliver an 8% yield on cost and has provided over 250 jobs during the construction phase and will create the equivalent of up to 230 full-time jobs when open. We are in advanced negotiations on two of the remaining four units, with interest in the remaining space.

The redevelopment of Elliott's Field Shopping Park, Rugby will accommodate 16 new fashion, homeware and catering brands and will be anchored by a 5,600m² full-line Debenhams and a 4,600m² M&S general merchandise store. Further leasing deals have been secured in 2015, including River Island, Fat Face, Nandos, Caffè Nero and the first Ed's Easy Diner on a retail park. Completion of the works is due at the end of July with formal opening in the autumn and the project is forecast to achieve an 8% yield on cost. The scheme is currently 70% pre-let and we are in advanced negotiations on three of the remaining six units, with interest in the remaining space. We are targeting BREEAM Excellent for the project and the integration of 130kWp of solar photovoltaic panels will enable the generation of approximately 1mWh of renewable energy each year.

Our 23,800m² development of Le Jeu de Paume, Beauvais is due for completion at the end of 2015, and will be anchored by Carrefour Market. The scheme will also provide 86 retail units, including H&M and Furet du Nord, Superdry and 37 residential apartments. Further progress has been made with lettings during 2015 and the scheme is now 75% pre-let and will deliver passing rent of €6 million (£4 million) when fully let. The scheme has a captive catchment area and upon opening will be the only shopping centre within a 50 minute drive.

Work is progressing well at our two on-site UK shopping centre development schemes in Leeds and Southampton. Victoria Gate, Leeds is a 35,400m² scheme adjacent to Victoria Quarter, which we acquired in 2012. The £165 million development consists of three buildings: a flagship John Lewis store; a two-street covered arcade with more than 30 aspirational retailers and restaurants; and an 800-space multi-storey car park. We have recently upgraded the design of the scheme to incorporate two rooftop restaurants for which we are in negotiations with high-end operators. The scheme is 51% pre-let to brands including Maje and The White Company and is due to open in autumn 2016.

WestQuay Watermark, which is due to open in early 2017, is a 17,000m² leisure and catering scheme next to our jointly owned WestQuay shopping centre. The scheme includes a 10-screen Showcase Cinema de Lux and up to 20 new restaurants and will create a new city centre leisure and dining destination for Southampton. Leasing continues to progress well, and the scheme is 75% pre-let over a year ahead of opening. Key tenants already secured include Wahaca, Byron, Bill's, Jamie's Italian, Cabana and Five Guys.

MAJOR DEVELOPMENTS

Scheme	Ownership %	Lettable area m²	Earliest start	Potential completion	Estimated cost to complete[1] £m
Croydon town centre, South London	50	200,000	2016	2019/20	575-700
The Goodsyard, London E1[2]	50	270,000	2016	Phased	140-160
Brent Cross extension, London NW4	41	90,000	2017	2020/21	475-550
Total		**560,000**			**1,190-1,410**

Notes

1. Hammerson's share of incremental capital cost including capitalised interest. These costs are indicative as full scheme details are yet to be finalised.

2. Cost reflects phase 1 only. Due to residential component of scheme, area is gross external.

We have continued to progress our three major developments in London which are forecast to deliver attractive financial returns to the Group over the longer term. In addition to creating new, modern retail destinations, these complex projects act as catalysts for wider urban regeneration in the surrounding areas.

The redevelopment of Croydon town centre is an opportunity to build a major retail destination to fulfil the current and future retail, leisure and social requirements of the local community and wider catchment area. The scheme involves the redevelopment of the Whitgift Centre and refurbishment of Centrale shopping centre by the Croydon Partnership, a 50:50 joint venture with Westfield, which will establish Croydon as the principal retail and leisure hub for South London. The new Whitgift Centre will underpin a fundamental shift in the perception of Croydon, attracting new residents and businesses and fuelling further investment in the regeneration and growth of the town.

During 2015, significant progress has been made in advancing the scheme as the CPO inquiry was concluded in March with a decision expected in the autumn. Also in March, the Croydon Partnership acquired a further 50% long leasehold interest in the Whitgift shopping centre. The partnership now owns or controls the majority of the land interests required for the 200,000m² scheme. We are in discussions with a number of potential anchor tenants and enabling works could start in 2016 with potential completion in 2019/20.

Following submission of a planning application for The Goodsyard, London E1 in September 2014 and further discussions with the two local authorities and the GLA, amendments to the application were submitted in June 2015. The amendments have reduced the residential provision on the 4.2ha site in Shoreditch by 100 homes and increased the office element of the scheme to in excess of 76,000m². The project, being advanced in conjunction with our joint venture partner, Ballymore Properties, has the potential to deliver a 270,000m² mixed-use development, including a 20,000m² retail 'village' and 1,350 new residential units. The development will cater for the growing Tech City media and technology start-ups attracted to the local area and will also provide substantial public realm including a new park. We are targeting a resolution to the amended planning application by the end of the year.

In conjunction with our joint venture partner, Standard Life Investments, work continues on the regeneration of Brent Cross Cricklewood in north-west London with a reserved matters application for the extensive highways and infrastructure works due for final consent in the autumn. The submission followed extensive consultation with local stakeholders. An outline planning permission was granted for the scheme in 2010 and amended in 2014. A key element of the masterplan is a 90,000m^2 extension to Brent Cross shopping centre. The extension and refurbished existing centre will result in a world-class retail, dining and leisure destination and will form an integral part of the wider regeneration of the area. This regeneration will provide new parks, sports and other community facilities and as announced in the UK Government's March budget, a commitment from the Treasury to support a new Brent Cross Overground station. Further support was received from Barnet Council, which gave approval to use CPO powers in March to acquire the remaining land to deliver the extension project. We continue to refine and enhance the scheme design and programme to enable a submission of a reserved matters application for the shopping centre extension. Subject to confirmation of CPO powers by the Secretary of State, works could start on-site in 2017 with potential completion in 2020/21.

DEVELOPMENT PIPELINE OPPORTUNITIES

We have a number of potential pipeline schemes which we continue to advance. The precise nature and design of these schemes are fluid and the speed of delivery will be dependent on a variety of factors including: planning permission; retailer demand; anchor tenant negotiations; land assembly and scheme design. The Group's principal opportunities are shown in the table below.

Scheme	Lettable area m^2	Key facts
UK shopping centres		
Silverburn (Phase 4), Glasgow	50,000	• Determination due in second half of 2015 on masterplan planning application made in July 2014 for future extension of existing centre • Masterplan also includes retail, hotel and leisure uses
Victoria Gate, Leeds (Phase 2)	73,000	• Planning consent for retail-led scheme, including up to 2,700 car park spaces • Freehold control of site obtained
WestQuay Watermark, Southampton (Phase 2)	58,000	• Outline planning consent for mixed-use scheme • Council owned land, with joint review of scheme under way
UK retail parks		
Orchard Centre, Didcot	14,000	• £50 million mixed-use extension to existing centre • Extension of existing development agreement obtained in June 2015 and M&S foodhall anchor secured • Outcome of planning application submitted in February 2015 due by the end of July
Parc Tawe, Swansea	20,600	• Refurbishment and modernisation of existing retail park • Ongoing discussions to enhance planning permission granted in August 2014
France		
Italie Deux, Paris 13ème	5,100	• Retail extension of existing shopping centre • Progressing necessary consents to enable start on-site
Les 3 Fontaines, Cergy Pontoise	24,500	• Retail and leisure extension as part of wider city centre project • Submission of a number of consent applications and agreement with a number of co-owners achieved in first half of 2015 • Awaiting confirmation of consents and final co-ownership agreements
SQY Ouest, Saint Quentin-en-Yvelines	30,200	• Opportunity to reposition existing shopping centre, creating a leisure-led destination
Total	275,400	

FINANCIAL REVIEW

PRESENTATION OF FINANCIAL INFORMATION

Management monitors the performance of 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 operational activities. Unless otherwise stated, the figures and commentary in this Financial Review have been prepared on a proportionally consolidated basis.

ADJUSTED PROFIT

Adjusted profit is a key measure of the Group's financial performance as it reflects the underlying profit of the Group. Details of adjustments in calculating adjusted earnings are given in note 7A to the accounts on page 33. The table below shows the Group's adjusted profit on a proportionally consolidated basis. The adjusted profit and adjusted EPS for the six months ended 30 June 2014 have been restated to present the net one-off restructuring charge of £2.8 million, included within administration expenses, as an adjusting item. This is consistent with the treatment of the charge at 31 December 2014. This restatement increases adjusted profit before tax for the six months ended 30 June 2014 from £85.0 million to £87.8 million and adjusted EPS from 11.6 pence to12.0 pence.

Adjusted profit analysis

	Notes to the accounts	Six months ended 30 June 2015 Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Six months ended 30 June 2014 Reported Group £m	Share of Property interests £m	Proportionally consolidated £m
Gross rental income, after rents payable	2	117.6	62.1	179.7	92.6	69.6	162.2
Property outgoings	2	(12.0)	(8.2)	(20.2)	(5.8)	(9.5)	(15.3)
Net rental income	2	105.6	53.9	159.5	86.8	60.1	146.9
Administration expenses	2	(20.0)	(0.1)	(20.1)	(20.5)	(0.5)	(21.0)
Net finance costs	4	(40.8)	(1.2)	(42.0)	(43.1)	(1.4)	(44.5)
Share of results of joint ventures[1]	9A, 9B	55.8	(52.1)	3.7	58.2	(58.2)	–
Share of results of associates[1]	10A,10B	7.6	(0.5)	7.1	6.4	–	6.4
Adjusted profit before tax	2	108.2	–	108.2	87.8	–	87.8
Tax	2	(0.6)	–	(0.6)	(0.4)	–	(0.4)
Non-controlling interests	2	(1.4)	–	(1.4)	(1.9)	–	(1.9)
Adjusted profit for the period	7A	106.2	–	106.2	85.5	–	85.5
Adjusted EPS, pence	7A	13.6p		13.6p	12.0p		12.0p
Interim dividend per share, pence	6	9.5p		9.5p	8.8p		8.8p

Note

[1] The £3.7 million shown as "Share of results of joint ventures" and £7.1 million shown as "Share of results of associates" for the six months ended 30 June 2015 represents the share of adjusted profit before tax from the Group's investments in VIA Outlets and Value Retail which are not proportionally consolidated. All other property interests are proportionally consolidated.

Further analysis on the proportionally consolidated income statement is in note 2 to the accounts on page 27.

PROFIT BEFORE TAX

The Group's profit before tax for the six months ended 30 June 2015 was £329.4 million compared with £362.9 million in the prior year. As shown in the table below, the year-on-year decrease of £33.5 million is principally due to lower property revaluation gains in 2015, partly offset by increased adjusted profit.

Profit before tax analysis

Proportionally consolidated	Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m
Adjusted profit before tax	108.2	87.8
Adjustments:		
Gain/(Loss) on the sale of properties	2.8	(2.2)
Revaluation gains in property portfolio	163.3	224.5
Revaluation and other gains in VIA Outlets	1.5	–
Revaluation and other gains in Value Retail	57.0	53.4
Net one-off restructuring charge	–	(2.8)
Exceptional finance costs	(1.0)	–
Change in fair value of derivatives	(2.4)	2.2
Profit before tax	329.4	362.9

Compared with 2014, net revaluation gains on the Group's property portfolio were £61.2 million lower in 2015. Value Retail's profit contribution increased by £3.6 million to £57.0 million in 2015, predominantly due to revaluation gains on the property portfolio. In 2015, there was a £2.8 million gain on the sale of properties, principally relating to the sale of Drakehouse Retail Park, Sheffield and this compared with a net loss of £2.2 million in 2014. Profit before tax in 2015 was also enhanced by an improved operational performance as shown in the table below.

Reconciliation of adjusted profit before tax

Proportionally consolidated	Adjusted profit before tax £m	Adjusted EPS pence
Adjusted profit before tax H1 2014 (restated)	87.8	12.0
Developments and other	6.5	0.8
Acquisitions and disposals	7.2	0.9
Like-for-like net rental income	2.8	0.4
Underlying administration costs	0.4	-
Value Retail and VIA Outlets income	4.1	0.5
Net financing expense	0.7	0.1
Impact of share placing	-	(0.9)
Exchange	(1.3)	(0.2)
Adjusted profit before tax H1 2015	108.2	13.6

At £108.2 million, adjusted profit before tax for the six months ended 30 June 2015 was £20.4 million higher than the same period in 2014, an increase of 23.2%. The table above bridges adjusted profit before tax between the current and prior periods and the movements are shown at constant exchange rates. The increase was principally due to: rental income from completed developments, principally Les Terrasses du Port; rental income from net investment activity; rental income from the like-for-like portfolio; and increased earnings from the Group's premium outlet investments. During the first half of 2015 the euro depreciated against sterling by 9%, adversely impacting the Group's profit, and the 2014 share placing had a dilutive EPS impact.

In 2015, adjusted earnings per share increased by 13.3% to 13.6 pence reflecting the changes in profit described above. Calculations for earnings per share are set out in note 7 to the accounts on page 33.

NET RENTAL INCOME

Analysis of like-for-like net rental income

Proportionally consolidated	Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m	Change £m
Like-for-like investment properties	134.9	132.1	2.8
Acquisitions	9.6	1.0	8.6
Disposals	1.2	2.6	(1.4)
Developments and other	13.8	7.3	6.5
Exchange	-	3.9	(3.9)
Net rental income	159.5	146.9	12.6

In the six months ended 30 June 2015, net rental income increased by £12.6 million, or 8.6%. Acquisitions contributed £8.6 million additional rental income, principally relating to the £180 million acquisition of our former joint venture partner's 40% stake in Highcross, Leicester in September 2014. Income from disposals in 2015 reflects income from Drakehouse Retail Park, Sheffield which was sold in April. Development income was £6.5 million higher, mainly relating to income from Les Terrasses du Port, Marseille which opened in May 2014 as well as income from our property interests in Croydon ahead of starting works for the major regeneration scheme.

On a like-for-like basis, net rental income in the six months ended 30 June 2015 increased by 2.1%, further analysis of net rental income is in Table 4 of the Portfolio Analysis on page 43. Like-for-like net rental income growth from our premium outlets interests was 8.6% during the first six months of the year. Including the premium outlets growth, on a pro forma basis, would increase the Group's like-for-like NRI growth to 3.0%.

ADMINISTRATION EXPENSES

Administration expense analysis

Proportionally consolidated	Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m
Employee and corporate costs	23.0	26.6
Management fees receivable	(2.9)	(2.8)
Administration expenses	20.1	23.8
Less:		
Restructuring cost	-	(5.2)
Pension curtailment gain	-	2.4
One-off administration expenses	-	(2.8)
Underlying administration expenses	20.1	21.0

In the period ended 30 June 2015, underlying administration expenses, net of management fees receivable, were £20.1 million, a decrease of £0.9 million, or 4%, compared with the same period in 2014. This reduction was due to a favourable foreign exchange movement of £0.5 million and lower staff costs associated with cost saving initiatives undertaken during 2014. These initiatives rebalanced the cost base, enabling more resource to be deployed to our development, leasing and digital marketing activities. These initiatives resulted in a net one-off restructuring cost of £3.0 million in 2014, of which £2.8 million was recognised at 30 June 2014. The project was completed in 2015 with the Group's head office relocation from Mayfair to King's Cross.

COST RATIO

The EPRA cost ratio calculation for the six months ended 30 June 2015 was 22.4%, a reduction of 1.0% from 23.4% for the year ended 31 December 2014. The ratio is calculated as total operating costs, including the cost of vacancy, as a percentage of gross rental income. The reduction has been driven by additional income from Marseille and recent acquisitions whilst maintaining tight control of operating costs.

The ratio is not necessarily comparable between different companies as business models and expense accounting and classification practices vary. The cost ratio calculation is included as Table 5 of the Portfolio Analysis on page 43.

SHARE OF RESULTS AND NET ASSETS FROM INVESTMENTS IN PREMIUM OUTLETS

The operating performance of our investments in Value Retail and VIA Outlets is described in the Business Review on pages 7 and 8.

As explained on page 11, for management reporting purposes we do not proportionally consolidate the results of these investments as the Group has less day-to-day involvement in these operations.

VALUE RETAIL

As the Group has significant influence over the operations of Value Retail PLC and its affiliated entities, our investment in VR is treated as an associated undertaking and equity accounted. At 30 June 2015, the Group's share of VR's operating profit before other net gains was 37.7% and the Group's share of VR's net assets was 38.0%. VR's contribution to the Group's income statement and balance sheet is set out in the tables below.

Value Retail – Adjusted earnings analysis

	Notes	Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m
Share of results of associates	10B	64.1	59.8
Less: Total adjustments	10B	(57.0)	(53.4)
Adjusted earnings of associates	10B	7.1	6.4
Interest receivable – *within net finance costs*		2.6	3.0
Total impact of VR on income statement – adjusted basis		9.7	9.4

Value Retail – EPRA net assets analysis

	Notes	30 June 2015 £m	31 December 2014 £m
Investment in associates	10D	668.7	628.8
Add: EPRA adjustments	10D	40.4	31.9
EPRA adjusted investment in associates	10D	709.1	660.7
Investment in VR China – *within other investments*		4.9	-
Loans to VR – *within non-current receivables*		65.8	63.5
Total impact of VR on balance sheet – EPRA basis		779.8	724.2

Adjusted earnings from our investment in the first half of 2015 was £7.1 million, or 0.9 pence per share, compared with £6.4 million in 2014. Including the Group's loans to VR and our direct investment in VR China, our net investment at 30 June 2015 was valued at £779.8 million on an EPRA basis, equivalent to 99 pence per share. The increase during 2015 principally reflects increases in the valuation of VR's property portfolio, partly offset by adverse exchange rate movements.

Further details of the Group's interest in VR are shown in note 10 to the accounts.

VIA OUTLETS

VIA Outlets is a joint venture in partnership with APG, Value Retail and Meyer Bergman which owns six premium outlets in continental Europe. The Group acquired its 47% stake in the joint venture in July 2014.

During 2015, no further outlet acquisitions have been made, and the VIA investment contributed £3.7 million to the Group's adjusted earnings. At 30 June 2015, the Group's investment in VIA totalled £104.3 million, or £110.2 million on an EPRA NAV basis excluding deferred tax, goodwill on acquisition and the fair value of financial instruments (31 December 2014: £104.2 million and £108.2 million respectively).

Further details of the Group's interest in VIA are shown in note 9 to the accounts.

FINANCE COSTS

During the first six months of 2015, we have reduced the Group's weighted average interest rate (WAIR) to 4.1%, compared with an average cost of 4.7% for the year ended 31 December 2014. This was primarily due to the refinancing of the €480 million 4.875% bond redeemed in December 2014 with the new issue of the €500 million 2% bond in July 2014. The increased use of floating rate debt at low rates of interest also acted to reduce the weighted average cost of borrowing, which benefitted from the reduction in euro floating rates. Finance costs have also reduced due to the new £415 million revolving credit facility ("RCF"), signed in April 2015, having an initial margin of 80 basis points which is 70 basis points lower than the previous £505 million facility it replaced.

Underlying finance costs, comprising gross interest costs less finance income, including the Group's share of Property interests, were £44.8 million compared with £51.5 million for the first half of 2014. Interest capitalised during the period was £2.8 million and related principally to our on-site developments at Victoria Gate, Leeds and Le Jeu de Paume, Beauvais.

TAX

The Group is a UK REIT and French SIIC for tax purposes and hence is exempt from corporation tax on rental income and gains arising on property sales. The tax charge at 30 June 2015 remained low at £0.6 million (30 June 2014: £0.4 million).

DIVIDEND

The Directors have declared an interim dividend of 9.5 pence per share, an increase of 8.0% compared with the 2014 interim dividend of 8.8 pence. The interim dividend is payable on 1 October 2015 to shareholders on the register at the close of business on 21 August 2015 and will be paid entirely as a cash PID, net of withholding tax where appropriate. For shareholders who prefer to receive their dividend as shares, the Company continues to offer a dividend reinvestment plan.

NET ASSETS

During the six months ended 30 June 2015, equity shareholders' funds increased by £219 million to £5,192 million.

Net assets, calculated on an EPRA basis, were £5,239 million, an increase of 4.8% during 2015. On a per share basis, net assets increased by 30 pence to £6.68 and the movement during 2015 is shown in the table below.

Movement in EPRA net asset value

	Net assets* £m	EPRA NAV* £ per share
31 December 2014	4,999	6.38
Property revaluation – proportionally consolidated	163	0.21
Property revaluation – premium outlets	70	0.09
Adjusted profit for the period	106	0.13
Dividends	(91)	(0.12)
Exchange and other	(8)	(0.01)
30 June 2015	5,239	6. 68

* Excluding deferred tax and the fair value of derivatives, calculated in accordance with EPRA best practice as shown in note 7B.

The increase in EPRA net asset value was principally due to the valuation gains on the property portfolio arising from valuation yield compression. Further increases were associated with the revaluation gains from our premium outlets investments and retained earnings, partly offset by unhedged exchange movements.

INVESTMENT AND DEVELOPMENT PROPERTIES

PORTFOLIO VALUE ANALYSIS

Movement in portfolio value

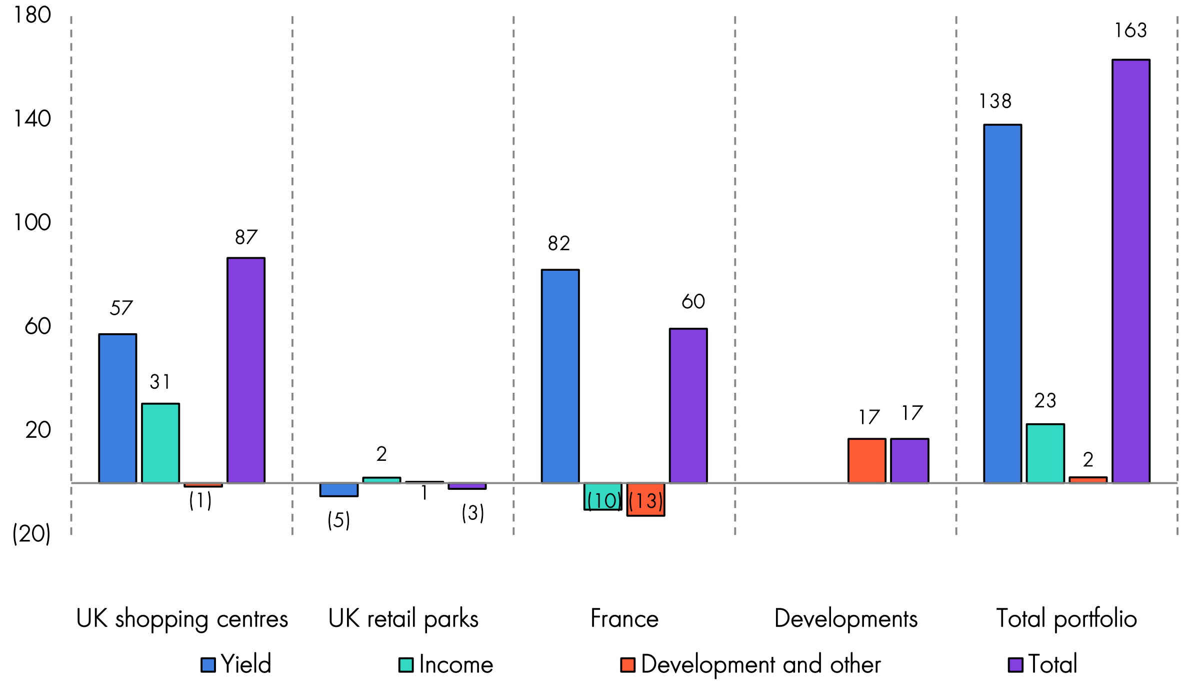
Proportionally consolidated	Investment £m	Development £m	Total £m
Portfolio value at 1 January 2015	6,499	208	6,707
Valuation increase	146	17	163
Capital expenditure			
Acquisitions	45	42	87
Developments	21	53	74
Expenditure on existing portfolio*	19	–	19
Capitalised interest	1	2	3
Disposals	(63)	(1)	(64)
Transfers	(36)	36	–
Exchange	(157)	(3)	(160)
Portfolio value at 30 June 2015	6,475	354	6,829

* Tenant incentive amortisation included within capital expenditure netted to £nil in the six months ended 30 June 2015.

VALUATION CHANGE

The chart below analyses the sources of the valuation change for the proportionally consolidated property portfolio during 2015.

Components of valuation change in H1 2015 (£m)



Note: The total portfolio movement includes the movement in the UK Other portfolio where underlying valuations increased by £2 million during 2015.

During the first half of 2015, the Group's portfolio (excluding premium outlets) achieved a revaluation gain of £163 million, of which £87 million was from the UK shopping centres and £60 million from our French portfolio. Investment yields fell for our UK shopping centres by an average of 10 basis points, resulting in a revaluation gain of £57 million. The benefit of leasing and market income growth at the UK shopping centres produced a valuation increase of £31 million.

In France, investments yields reduced by an average of 25 basis points during the first half of 2015, representing a £82 million valuation increase. Our UK retail parks valuations were broadly unchanged with virtually flat yields and a slight uplift from leasing and ERV changes. Developments achieved a revaluation gain of £17 million, principally reflecting letting and construction progress at Victoria Gate, Leeds.

The Group valuation change was equivalent to a capital return of 2.5% for the first six months of the year, with yield movement accounting for 85% of the increase. UK shopping centres generated a capital return of 3.0%, UK retail parks 0.0%, and France 3.6%.

Further valuation and yield analysis is included in Tables 7 and 8 in the Portfolio Analysis section on pages 44 and 45.

FINANCING AND CASHFLOW

On a proportionally consolidated basis net debt at 30 June 2015 was £2,241 million. This comprised borrowings of £2,293 million and cash and deposits of £52 million, see note 13 to the accounts for further details.

During the first half of the year, net debt decreased by £24 million and the movements are summarised in the table below.

Movement in net debt

Proportionally consolidated	£m
Net debt at 1 January 2015	2,265
Acquisitions	47
Disposals	(67)
Development and other capital expenditure	134
Net cash inflow from operations	(92)
Dividends paid	98
Exchange and other	(144)
Net debt at 30 June 2015	2,241

At 30 June 2015, liquidity, comprising cash and undrawn committed facilities, was £450 million, compared with £648 million at the end of 2014.

Our financing strategy is to generally borrow on an unsecured basis on the strength of the Group's covenant to maintain operational flexibility. Borrowings are arranged to ensure an appropriate maturity profile and to maintain short-term liquidity. 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. 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 condition.

Key financing metrics

Proportionally consolidated

	Guideline	30 June 2015	31 December 2014
Net debt (£m)		2,241	2,265
Gearing (%)	Maximum 85% for an extended period	43	46
Loan to value (%)	Up to 40%	33	34
Liquidity (£m)		450	648
Weighted average interest rate (%)		4.1	4.7
Weighted average maturity of debt (years)		6.3	6.5
Interest cover (times)	At least 2.0	3.6	2.8
Net debt/EBITDA (times)	Less than 10.0	7.3	8.0
FX hedging (%)	80-90%	84	88
Debt fixed (%)		75	79

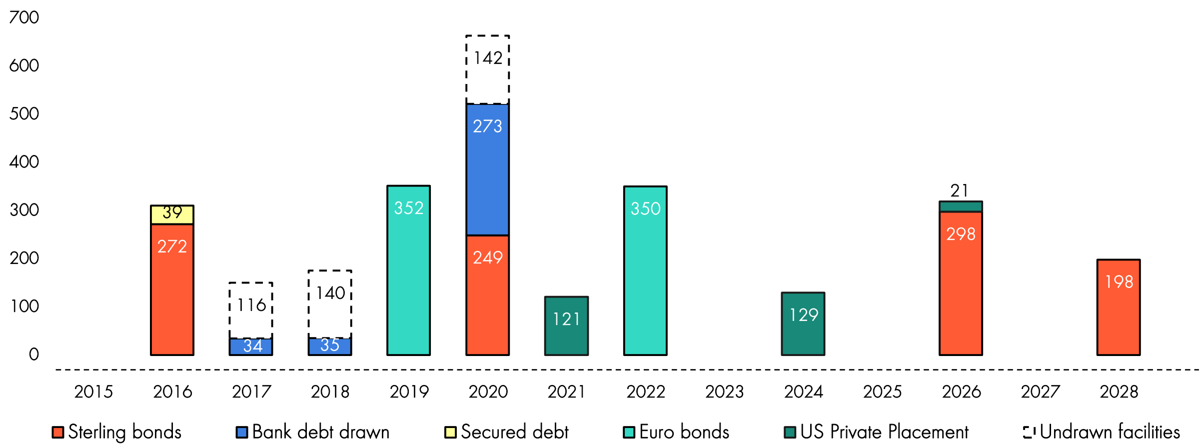
During the first half of the year, we signed a new £415 million unsecured revolving credit facility at an initial margin of 80 basis points with a syndicate of nine banks. The facility has a maturity of five years which may be extended to a maximum of seven years at the Group's request and on each bank's approval of their participation. The new facility replaced the existing £505 million revolving credit facility which would have matured in April 2016 and carried an initial margin of 150 basis points. The cancellation of this existing facility resulted in a one-off exceptional interest charge of £1.0 million associated with the write-off of unamortised facility fees.

Exposure to exchange translation differences on euro denominated assets is managed through a combination of euro borrowings and derivatives. At 30 June 2015, the value of euro denominated liabilities compared to the value of euro denominated assets was 84%, a reduction of 4% from the position at the beginning of the year of 88%. Interest on euro debt also acts as a hedge against exchange differences arising on rental income from our French business. Approximately, two-thirds of the relevant income was hedged in this way in the first half of the year, compared to an average of 82% during 2014. The reduction in the hedge of assets was due to the rise in value of French property assets recognised at 30 June 2015 and the reduction in the hedge of income was due to increased rental income from our French business, predominantly due to the opening of Les Terrasses du Port in May 2014. To further protect our interests, currency swaps were traded in July totalling £121million to increase the hedge of assets to 90% and the hedge of income to 72% on a pro forma basis.

The Group's unsecured bank facilities and the US private placement senior notes contain financial covenants, that the Group's gearing, defined as the ratio of net debt to shareholders' equity, should not exceed 150% and that interest cover, defined as net rental income divided by net interest payable, should not be less than 1.25 times. The same gearing covenant applies to three of the Company's unsecured bonds, whilst the remaining bonds contain a covenant that gearing should not exceed 175%. These figures are on a proportionally consolidated basis and 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. Moody's upgraded their rating from Baa2 in February to recognise "Hammerson's high-quality retail portfolio with a strong focus on outlet retail, its progress in reducing leverage and improving fixed charge coverage, and the expectation of continued stable performance of its core UK assets".

As explained at the beginning of the Financial Review, we do not proportionally consolidate our two premium outlet investments. These are financed independently from the rest of the Group and both Value Retail and VIA Outlets utilise a combination of secured borrowings and partner loans as funding. At 30 June 2015, the Group's share of VR's and VIA's net debt was £265 million and £27 million respectively. Including the Group's share of the net assets of VR and VIA on a pro forma basis would increase the Group's gearing from 43% to 49%, whilst the loan to value would reduce from 33% to 32%.

Debt maturity profile at 30 June 2015 (£m)



PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks of the business are set out on pages 56 to 59 of the 2014 Annual Report and include commentary on their potential impact, links to the Group's strategic priorities and the relevant mitigating factors.

Since the publication of the 2014 Annual Report, the Board believes that there has been no material change to the principal risks and the existing mitigation actions remain appropriate to manage the risks. The principal risks fall into eight categories:

Business Strategy

- Property and macro-economic environment: The Group's retail strategy is inconsistent with the market environment resulting in inadequate returns and underperformance relative to other sectors or markets.

Property and Corporate Investment

- Property valuations: Investment or divestment decisions are constrained by market conditions, adversely impacting returns.

Property Development

- Development exposure: The Group becomes over-exposed to developments increasing the impact of a market downturn and pressure on financing and cash flow.
- Development control: Poor control, inadequate resourcing and the failure to achieve key project milestones adversely impact returns from development projects.

Treasury

- Breach of borrowing covenants: Falling property valuations result in a breach of borrowing covenants.
- Interest rate and foreign exchange exposure: Adverse currency or interest rate movements result in financial losses.
- Liquidity limitations: Liquidity in the banking market contracts preventing the refinancing of the Group's debt at attractive terms.

Ownership Structures

- Liquidity limitations: Loss of liquidity through joint venture structures.
- Premium outlet investments: Lack of control over third-party managed investments results in strategic differences and impacts operational performance.

Tax and Regulatory

- Tax and regulatory: Legislation changes or loss of tax exempt status adversely impact the Group.

Business Organisation and Human Resources

- Resourcing: The organisation structure or resourcing levels fail to support the achievement of business objectives.

Catastrophic Event

- Impact of catastrophic event: The Group's operations or financial security are significantly affected by the impact of a major event.

INDEPENDENT REVIEW REPORT TO HAMMERSON PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
23 July 2015

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;
- the Interim Management Report, comprising pages 1 to 17 of this Half-year Report, includes a fair review of the information required by DTR 4.2.7R; and
- a fair review of related party transactions, as required by DTR 4.2.8R, is disclosed in note 1 to the accounts.

Signed on behalf of the Board on 23 July 2015

David Atkins	Timon Drakesmith
Director	Director

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2014 Audited £m	Continuing operations	Notes	Six months ended 30 June 2015 Unaudited £m	Six months ended 30 June 2014 Unaudited £m
206.5	Gross rental income	2	118.3	92.9
142.5	Operating profit before other net gains and share of results of joint ventures and associates	2	85.6	63.5
264.7	Other net gains	2	103.1	97.7
279.0	Share of results of joint ventures	9A	121.1	183.0
109.9	Share of results of associates	10A	64.4	59.8
796.1	Operating profit	2	374.2	404.0
(106.7)	Finance costs		(48.4)	(47.5)
(8.7)	Debt and loan facility cancellation costs		(1.0)	–
13.4	Change in fair value of derivatives		(3.0)	2.0
9.0	Finance income		7.6	4.4
(93.0)	Net finance costs	4	(44.8)	(41.1)
703.1	Profit before tax		329.4	362.9
(1.0)	Tax charge	5	(0.6)	(0.4)
702.1	Profit for the period		328.8	362.5
	Attributable to:			
699.1	Equity shareholders		326.1	361.5
3.0	Non-controlling interests		2.7	1.0
702.1	Profit for the period		328.8	362.5
95.7p	Basic and diluted earnings per share	7A	41.6p	50.8p
23.9p	Adjusted earnings per share *	7A	13.6p	12.0p

* The adjusted earnings per share for the six months ended 30 June 2014 has been restated (see note 7A).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014 Audited £m	Continuing operations	Six months ended 30 June 2015 Unaudited £m	Six months ended 30 June 2014 Unaudited £m
(136.4)	Foreign exchange translation differences*	(185.1)	(72.5)
103.8	Net gain on hedging activities*	159.0	49.9
-	Revaluation gains on owner-occupied property held in joint venture	-	2.0
0.6	Revaluation (losses)/gains on participative loans within investment in associates	(0.7)	0.3
(11.5)	Net actuarial gains/(losses) on pension schemes	1.7	(4.1)
(43.5)	Net (loss)/gain recognised directly in equity	(25.1)	(24.4)
702.1	Profit for the period	328.8	362.5
658.6	Total comprehensive income for the period	303.7	338.1
	Attributable to:		
660.9	Equity shareholders	307.3	340.0
(2.3)	Non-controlling interests	(3.6)	(1.9)
658.6	Total comprehensive income for the period	303.7	338.1

* Foreign exchange translation differences and net losses or gains on hedging activities would be recycled through the income statement in the event that foreign operations were disposed.

CONSOLIDATED BALANCE SHEET

31 December 2014 Audited £m		Notes	30 June 2015 Unaudited £m	30 June 2014 Unaudited £m
	Non-current assets			
4,427.3	Investment and development properties	8	4,433.8	3,757.8
33.2	Interests in leasehold properties		31.4	34.2
5.0	Plant and equipment		7.6	5.7
2,341.5	Investment in joint ventures	9C	2,427.6	2,507.0
628.8	Investment in associates	10C	691.0	592.9
1.4	Other investments		6.3	1.4
79.3	Receivables		71.0	66.0
7,516.5			7,668.7	6,965.0
	Current assets			
97.8	Receivables		114.7	79.1
28.6	Cash and deposits		23.6	27.5
126.4			138.3	106.6
7,642.9	Total assets		7,807.0	7,071.6
	Current liabilities			
204.4	Payables		188.7	187.8
0.3	Tax		0.2	0.2
–	Borrowings	11A	–	384.5
204.7			188.9	572.5
	Non-current liabilities			
2,287.1	Borrowings	11A	2,255.7	1,991.8
0.5	Deferred tax		0.5	0.4
33.0	Obligations under finance leases		31.3	34.1
72.5	Payables		72.4	75.2
2,393.1			2,359.9	2,101.5
2,597.8	Total liabilities		2,548.8	2,674.0
5,045.1	Net assets		5,258.2	4,397.6
	Equity			
196.1	Share capital		196.1	178.2
1,222.9	Share premium		1,223.3	1,222.7
239.0	Translation reserve		60.2	300.5
(207.5)	Hedging reserve		(48.5)	(261.4)
374.2	Merger reserve		374.2	–
19.6	Other reserves		18.4	16.9
3,136.2	Retained earnings		3,372.7	2,870.4
(6.8)	Investment in own shares		(4.1)	(1.4)
4,973.7	Equity shareholders' funds		5,192.3	4,325.9
71.4	Non-controlling interests		65.9	71.7
5,045.1	Total equity		5,258.2	4,397.6
£6.35	Diluted net asset value per share	7B	£6.62	£6.07
£6.38	EPRA net asset value per share	7B	£6.68	£6.12

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

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 2015	196.1	1,222.9	239.0	(207.5)	374.2	19.6	3,136.2	(6.8)	4,973.7	71.4	5,045.1
Issue of shares	–	0.4	–	–	–	–	–	–	0.4	–	0.4
Share-based employee remuneration	–	–	–	–	–	1.6	–	–	1.6	–	1.6
Cost of shares awarded to employees	–	–	–	–	–	(2.7)	–	2.7	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	(0.1)	0.1	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	0.1	–	0.1	–	0.1
Dividends	–	–	–	–	–	–	(90.8)	–	(90.8)	(1.9)	(92.7)
Foreign exchange translation differences	–	–	(178.8)	–	–	–	–	–	(178.8)	(6.3)	(185.1)
Net gain on hedging activities	–	–	–	159.0	–	–	–	–	159.0	–	159.0
Revaluation losses on participative loans within investment in associates	–	–	–	–	–	–	(0.7)	–	(0.7)	–	(0.7)
Net actuarial gains on pension schemes	–	–	–	–	–	–	1.7	–	1.7	–	1.7
Profit for the period attributable to equity shareholders	–	–	–	–	–	–	326.1	–	326.1	2.7	328.8
Total comprehensive income/(loss) for the period	–	–	(178.8)	159.0	–	–	327.1	–	307.3	(3.6)	303.7
Balance at 30 June 2015	196.1	1,223.3	60.2	(48.5)	374.2	18.4	3,372.7	(4.1)	5,192.3	65.9	5,258.2

* Investment in own shares is stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

Unaudited	Share capital £m	Share premium £m	Translation reserve £m	Hedging 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 2014	178.2	1,222.4	370.1	(311.3)	17.2	2,588.2	(4.9)	4,059.9	76.7	4,136.6
Issue of shares	–	0.3	–	–	–	–	–	0.3	–	0.3
Share-based employee remuneration	–	–	–	–	2.4	–	–	2.4	–	2.4
Cost of shares awarded to employees	–	–	–	–	(3.5)	–	3.5	–	–	–
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	–	–	–	–	–	(76.8)	–	(76.8)	(3.1)	(79.9)
Foreign exchange translation differences	–	–	(69.6)	–	–	–	–	(69.6)	(2.9)	(72.5)
Net gain on hedging activities	–	–	–	49.9	–	–	–	49.9	–	49.9
Revaluation gains on owner-occupied property held in joint venture	–	–	–	–	–	2.0	–	2.0	–	2.0
Revaluation gains on participative loans within investment in associates	–	–	–	–	–	0.3	–	0.3	–	0.3
Net actuarial losses on pension schemes	–	–	–	–	–	(4.1)	–	(4.1)	–	(4.1)
Profit for the period attributable to equity shareholders	–	–	–	–	–	361.5	–	361.5	1.0	362.5
Total comprehensive income/(loss) for the period	–	–	(69.6)	49.9	–	359.7	–	340.0	(1.9)	338.1
Balance at 30 June 2014	178.2	1,222.7	300.5	(261.4)	16.9	2,870.4	(1.4)	4,325.9	71.7	4,397.6

* Investment in own shares is stated at cost.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

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 2014	178.2	1,222.4	370.1	(311.3)	–	17.2	2,588.2	(4.9)	4,059.9	76.7	4,136.6
Issue of shares	17.9	0.5	–	–	381.4	–	–	–	399.8	–	399.8
Share issue costs	–	–	–	–	(7.2)	–	–	–	(7.2)	–	(7.2)
Share-based employee remuneration	–	–	–	–	–	5.1	–	–	5.1	–	5.1
Cost of shares awarded to employees	–	–	–	–	–	(3.6)	–	3.6	–	–	–
Transfer on award of own shares to employees	–	–	–	–	–	0.9	(0.9)	–	–	–	–
Proceeds on award of own shares to employees	–	–	–	–	–	–	0.2	–	0.2	–	0.2
Purchase of own shares	–	–	–	–	–	–	–	(5.5)	(5.5)	–	(5.5)
Dividends	–	–	–	–	–	–	(139.5)	–	(139.5)	(3.0)	(142.5)
Foreign exchange translation differences	–	–	(131.1)	–	–	–	–	–	(131.1)	(5.3)	(136.4)
Net gain on hedging activities	–	–	–	103.8	–	–	–	–	103.8	–	103.8
Revaluation gains on participative loans within investment in associates	–	–	–	–	–	–	0.6	–	0.6	–	0.6
Net actuarial losses on pension schemes	–	–	–	–	–	–	(11.5)	–	(11.5)	–	(11.5)
Profit for the year attributable to equity shareholders	–	–	–	–	–	–	699.1	–	699.1	3.0	702.1
Total comprehensive income/(loss) for the year	–	–	(131.1)	103.8	–	–	688.2	–	660.9	(2.3)	658.6
Balance at 31 December 2014	196.1	1,222.9	239.0	(207.5)	374.2	19.6	3,136.2	(6.8)	4,973.7	71.4	5,045.1

* Investment in own shares is stated at cost.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2014 Unaudited £m	Continuing operations	Notes	Six months ended 30 June 2015 Unaudited £m	Six months ended 30 June 2014 Unaudited £m
	Operating activities			
142.5	Operating profit before other net gains and share of results of joint ventures and associates	2	85.6	63.5
(21.1)	Increase in receivables		(22.3)	(6.8)
23.5	Increase in payables		10.0	11.3
12.2	Adjustment for non-cash items		6.1	(2.1)
157.1	Cash generated from operations		79.4	65.9
(122.2)	Interest paid		(51.4)	(64.8)
9.1	Interest received		7.5	4.4
(1.5)	Tax paid		(0.6)	(1.1)
85.6	Distributions and other receivables from property joint ventures		43.5	47.6
128.1	Cash flows from operating activities		78.4	52.0
	Investing activities			
(302.7)	Property acquisitions		(23.1)	(107.6)
(164.0)	Development and major refurbishments		(62.5)	(93.5)
(39.8)	Other capital expenditure		(25.7)	(16.6)
5.8	Sale of properties		66.5	0.3
–	Acquisition of other investments		(4.9)	–
–	Acquisition of interest in associates		(24.2)	–
11.5	Distribution received from associates		3.5	4.5
(110.8)	Investment in joint ventures		–	–
149.6	Sale of interests in joint ventures		–	99.0
(8.1)	Increase in loans to joint ventures		(36.3)	(1.7)
0.9	(Increase)/Decrease in non-current receivables		(8.6)	1.3
(457.6)	Cash flows from investing activities		(115.3)	(114.3)
	Financing activities			
392.6	Issue of shares		0.4	0.3
0.2	Proceeds from award of own shares		0.1	0.1
(5.5)	Purchase of own shares		–	–
(8.7)	Debt and loan facility cancellation costs	4	(1.0)	–
340.7	Increase in non-current borrowings		94.2	11.8
(234.3)	Increase/(Decrease) in current borrowings		39.9	147.5
(3.0)	Dividends paid to non-controlling interests		(1.9)	(3.1)
(139.1)	Equity dividends paid	6	(98.2)	(82.2)
342.9	Cash flows from financing activities		33.5	74.4
13.4	Net (decrease)/increase in cash and deposits		(3.4)	12.1
15.7	Opening cash and deposits		28.6	15.7
(0.5)	Exchange translation movement		(1.6)	(0.3)
28.6	Closing cash and deposits		23.6	27.5

NOTES TO THE ACCOUNTS

1. FINANCIAL INFORMATION

The information for the year ended 31 December 2014 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 IAS 34 Interim Financial Reporting, as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in Hammerson's latest annual audited financial statements, except for changes arising from the adoption of new accounting standards as detailed below:

'Amendments resulting from Annual improvements to IFRS (2010 - 12)' and 'Amendments resulting from Annual improvements to IFRS (2011 - 13)', are amendments to existing standards, to be adopted by December 2015. These amendments have been adopted and have not had a significant impact on the accounting policies, method of computation or presentation of the condensed financial statements.

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 2014.

The principal exchange rates used to translate foreign currency denominated amounts are:
Balance Sheet: £1 = €1.412 (30 June 2014: £1 = €1.249; 31 December 2014: £1 = €1.289)
Income Statement: £1 = €1.366 (30 June 2014: £1 = €1.218; 31 December 2014: £1 = €1.241).

The Half-year Report was approved by the Board on 23 July 2015.

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', the 'Financial Review' and the '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. As part of the review, the Directors considered the Group's cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of tenant leases. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half-year Report.

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). 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 2015				
					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	3A	118.3	62.9	181.2	181.2	-
Ground and equity rents payable		(0.7)	(0.8)	(1.5)	(1.5)	-
Gross rental income, after rents payable		117.6	62.1	179.7	179.7	-
Service charge income		20.6	11.3	31.9	31.9	-
Service charge expenses		(24.7)	(13.5)	(38.2)	(38.2)	-
Net service charge expenses		(4.1)	(2.2)	(6.3)	(6.3)	-
Other property outgoings		(7.9)	(6.0)	(13.9)	(13.9)	-
Property outgoings		(12.0)	(8.2)	(20.2)	(20.2)	-
Net rental income	3A	105.6	53.9	159.5	159.5	-
Management fees receivable		2.9	-	2.9	2.9	-
Employee and corporate costs		(22.9)	(0.1)	(23.0)	(23.0)	-
Administration expenses		(20.0)	(0.1)	(20.1)	(20.1)	-
Operating profit before other net gains and share of results of joint ventures and associates		85.6	53.8	139.4	139.4	-
Profit on the sale of properties		2.8	-	2.8	-	2.8
Revaluation gains on properties		100.3	63.0	163.3	-	163.3
Other net gains		103.1	63.0	166.1	-	166.1
Share of results of joint ventures	9A, 9B	121.1	(115.9)	5.2	3.7	1.5
Share of results of associates	10A, 10B	64.4	(0.3)	64.1	7.1	57.0
Operating profit		374.2	0.6	374.8	150.2	224.6
Net finance costs	4	(44.8)	(0.6)	(45.4)	(42.0)	(3.4)
Profit before tax		329.4	-	329.4	108.2	221.2
Current tax charge	5	(0.6)	-	(0.6)	(0.6)	-
Profit for the period		328.8	-	328.8	107.6	221.2
Non-controlling interests		(2.7)	-	(2.7)	(1.4)	(1.3)
Profit for the period attributable to equity shareholders	7A	326.1	-	326.1	106.2	219.9

Notes

A Reported Group results as shown in the consolidated income statement on page 19.

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 7A.

2. PROFIT FOR THE PERIOD (Continued)

	Notes	Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Six months ended 30 June 2014 Proportionally consolidated Adjusted £m	Capital and other £m
Notes (see page 27)		A	B	C	D	D
Gross rental income	3A	92.9	70.2	163.1	163.1	–
Ground and equity rents payable		(0.3)	(0.6)	(0.9)	(0.9)	–
Gross rental income, after rents payable		92.6	69.6	162.2	162.2	–
Service charge income		15.2	12.3	27.5	27.5	–
Service charge expenses		(17.5)	(14.7)	(32.2)	(32.2)	–
Net service charge expenses		(2.3)	(2.4)	(4.7)	(4.7)	–
Other property outgoings		(3.5)	(7.1)	(10.6)	(10.6)	–
Property outgoings		(5.8)	(9.5)	(15.3)	(15.3)	–
Net rental income	3A	86.8	60.1	146.9	146.9	–
Management fees receivable/(payable)		3.1	(0.3)	2.8	2.8	–
Employee and corporate costs		(23.6)	(0.2)	(23.8)	(23.8)	–
Net one-off restructuring costs		(2.8)	–	(2.8)	–	(2.8)
Administration expenses		(23.3)	(0.5)	(23.8)	(21.0)	(2.8)
Operating profit before other net gains/(losses) and share of results of joint ventures and associates		63.5	59.6	123.1	125.9	(2.8)
Loss on the sale of properties		(0.3)	–	(0.3)	–	(0.3)
Loss on the sale of joint ventures		(1.9)	–	(1.9)	–	(1.9)
Revaluation gains on properties		99.9	124.6	224.5	–	224.5
Other net gains		97.7	124.6	222.3	–	222.3
Share of results of joint ventures	9A	183.0	(183.0)	–	–	–
Share of results of associates	10A, 10B	59.8	–	59.8	6.4	53.4
Operating profit		404.0	1.2	405.2	132.3	272.9
Net finance (costs)/income	4	(41.1)	(1.2)	(42.3)	(44.5)	2.2
Profit before tax		362.9	–	362.9	87.8	275.1
Current tax charge	5	(0.4)	–	(0.4)	(0.4)	–
Profit for the period		362.5	–	362.5	87.4	275.1
Non-controlling interests		(1.0)	–	(1.0)	(1.9)	0.9
Profit for the period attributable to equity shareholders	7A	361.5	–	361.5	85.5	276.0

2. PROFIT FOR THE PERIOD (Continued)

	Notes	Year ended 31 December 2014 Reported Group £m	Share of Property interests £m	Proportionally consolidated £m	Proportionally consolidated Adjusted £m	Proportionally consolidated Capital and other £m
Notes (see page 27)		A	B	C	D	D
Gross rental income	3A	206.5	137.6	344.1	344.1	–
Ground and equity rents payable		(0.6)	(1.3)	(1.9)	(1.9)	–
Gross rental income, after rents payable		205.9	136.3	342.2	342.2	–
Service charge income		34.6	25.1	59.7	59.7	–
Service charge expenses		(40.0)	(30.1)	(70.1)	(70.1)	–
Net service charge expenses		(5.4)	(5.0)	(10.4)	(10.4)	–
Other property outgoings		(12.4)	(13.8)	(26.2)	(26.2)	–
Property outgoings		(17.8)	(18.8)	(36.6)	(36.6)	–
Net rental income	3A	188.1	117.5	305.6	305.6	–
Management fees receivable/(payable)		6.3	(0.7)	5.6	5.6	–
Employee and corporate costs		(48.9)	(0.2)	(49.1)	(49.1)	–
Net one-off restructuring costs		(3.0)	–	(3.0)	–	(3.0)
Administration expenses		(45.6)	(0.9)	(46.5)	(43.5)	(3.0)
Operating profit before other net gains/(losses) and share of results of joint ventures and associates		142.5	116.6	259.1	262.1	(3.0)
Profit on the sale of properties		0.6	–	0.6	–	0.6
Loss on the sale of joint ventures		(4.0)	–	(4.0)	–	(4.0)
Joint venture formation costs written off		(3.1)	–	(3.1)	–	(3.1)
Revaluation gains on properties		271.2	165.6	436.8	–	436.8
Other net gains		264.7	165.6	430.3	–	430.3
Share of results of joint ventures	9A	279.0	(280.1)	(1.1)	0.9	(2.0)
Share of results of associates	10A, 10B	109.9	–	109.9	16.0	93.9
Operating profit		796.1	2.1	798.2	279.0	519.2
Net finance (costs)/income	4	(93.0)	(2.1)	(95.1)	(100.1)	5.0
Profit before tax		703.1	–	703.1	178.9	524.2
Current tax charge	5	(0.9)	–	(0.9)	(0.9)	–
Deferred tax charge	5	(0.1)	–	(0.1)	–	(0.1)
Profit for the year		702.1	–	702.1	178.0	524.1
Non-controlling interests		(3.0)	–	(3.0)	(3.7)	0.7
Profit for the year attributable to equity shareholders	7A	699.1	–	699.1	174.3	524.8

3. SEGMENTAL ANALYSIS

The factors used to determine the Group's reportable segments are the geographic locations, UK and France, and the 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 'customers', or tenants. Net rental income is the principal profit measure used to determine the performance of each sector. Total assets are not monitored by segment and resource allocation is based on the distribution of property assets between segments.

As stated in the Financial Review on page 11, 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 compared with 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. For reconciliation purposes the Reported Group figures are shown in the following tables.

A. Revenue and profit by segment

Year ended 31 December 2014				Six months ended 30 June 2015			Six months ended 30 June 2014		
Gross rental income £m	Net rental income £m	Non-cash items within net rental income £m		Gross rental income £m	Net rental income £m	Non-cash items within net rental income £m	Gross rental income £m	Net rental income £m	Non-cash items within net rental income £m
			United Kingdom						
149.4	127.9	(4.2)	Shopping centres	78.6	68.7	(1.3)	71.2	62.3	(2.5)
86.2	83.0	1.1	Retail parks	43.8	41.6	(0.1)	43.2	41.8	0.5
14.5	11.3	(0.1)	Other	6.6	4.5	-	7.3	5.7	(0.1)
250.1	222.2	(3.2)	Total	129.0	114.8	(1.4)	121.7	109.8	(2.1)
91.8	82.4	2.5	France	48.8	42.7	1.4	40.3	36.5	0.4
341.9	304.6	(0.7)	Total investment portfolio	177.8	157.5	-	162.0	146.3	(1.7)
2.2	1.0	-	Developments	3.4	2.0	-	1.1	0.6	-
344.1	305.6	(0.7)	Total property portfolio	181.2	159.5	-	163.1	146.9	(1.7)
(137.6)	(117.5)	2.3	Less share of Property interests	(62.9)	(53.9)	-	(70.2)	(60.1)	1.1
206.5	188.1	1.6	Reported Group	118.3	105.6	-	92.9	86.8	(0.6)

The non-cash items included within net rental income relate to the amortisation of lease incentives and other costs and movements in accrued rents receivable.

B. Investment and development property assets by segment

31 December 2014				30 June 2015			30 June 2014		
Property valuation £m	Capital expenditure £m	Revaluation gains £m		Property valuation £m	Capital expenditure £m	Revaluation gains/ (losses) £m	Property valuation £m	Capital expenditure £m	Revaluation gains/ (losses) £m
			United Kingdom						
2,930.8	249.3	236.4	Shopping centres	3,108.9	37.4	99.5	2,608.1	15.7	159.0
1,653.5	43.7	136.8	Retail parks	1,619.2	26.7	(3.2)	1,559.4	22.7	58.1
288.0	26.7	9.4	Other	320.2	70.1	7.2	312.4	32.5	(0.9)
4,872.3	319.7	382.6	Total	5,048.3	134.2	103.5	4,479.9	70.9	216.2
1,834.2	246.6	54.2	France	1,780.5	45.4	59.8	1,796.8	206.5	8.3
6,706.5	566.3	436.8	Total property assets	6,828.8	179.6	163.3	6,276.7	277.4	224.5
(2,279.2)	(40.1)	(165.6)	Less share of Property interests	(2,395.0)	(76.3)	(63.0)	(2,518.9)	(18.6)	(124.6)
4,427.3	526.2	271.2	Reported Group	4,433.8	103.3	100.3	3,757.8	258.8	99.9

4. NET FINANCE COSTS

Year ended 31 December 2014 £m		Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m
9.5	Interest on bank loans and overdrafts	4.8	5.7
103.3	Interest on other borrowings	45.0	47.8
1.1	Interest on obligations under finance leases	0.6	0.2
1.3	Other interest payable	0.8	0.8
115.2	Gross interest costs	51.2	54.5
(8.8)	Less: Interest capitalised	(2.8)	(7.0)
106.4	Finance costs	48.4	47.5
8.7	Debt and loan facility cancellation costs	1.0	-
(13.1)	Change in fair value of derivatives	3.0	(2.0)
(9.0)	Finance income	(7.6)	(4.4)
93.0	Net finance costs – Reported Group	44.8	41.1
	Underlying finance costs on a proportionally consolidated basis		
106.4	Finance costs – Reported Group	48.4	47.5
(9.0)	Finance income – Reported Group	(7.6)	(4.4)
97.4	Adjusted finance costs – Reported Group	40.8	43.1
2.7	Other net finance costs – share of Property interests	1.2	1.4
100.1	Adjusted finance costs (note 2)	42.0	44.5
8.8	Capitalised interest	2.8	7.0
108.9	Net underlying finance costs - Proportionally consolidated	44.8	51.5

5. TAX CHARGE

Year ended 31 December 2014 £m		Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m
0.1	UK current tax	–	-
0.8	Foreign current tax	0.6	0.4
0.9	Current tax charge	0.6	0.4
0.1	Deferred tax charge	–	-
1.0	Tax charge	0.6	0.4

Current tax is reduced by the UK REIT and French SIIC exemptions.

6. DIVIDENDS

The Directors have declared an interim dividend of 9.5 pence per share, payable on 1 October 2015 to shareholders on the register at the close of business on 21 August 2015. The dividend will be paid as a PID, net of withholding tax where appropriate. There will be no scrip alternative although the dividend reinvestment plan remains available to shareholders.

				Equity dividends		
	PID pence per share	Non-PID pence per share	Total pence per share	Six months ended 30 June 2015 £m	Year ended 31 December 2014 £m	Six months ended 30 June 2014 £m
Current period						
2015 interim dividend	9.5	–	9.5	–	–	–
Prior periods						
2014 final dividend	2.0	9.6	11.6	90.8	–	–
2014 interim dividend	8.8	–	8.8	–	62.7	–
	10.8	9.6	20.4			
2013 final dividend				–	76.8	76.8
Dividends as reported in the consolidated statement of changes in equity				90.8	139.5	76.8
2013 interim dividend withholding tax (paid January 2014)				–	9.4	9.4
2013 final dividend withholding tax (paid July 2014)				–	–	(4.0)
2014 interim dividend withholding tax (paid January 2015)				9.8	(9.8)	–
2014 final dividend withholding tax (paid July 2015)				(2.4)	–	–
Dividends paid as reported in the consolidated cash flow statement				98.2	139.1	82.2

7. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

The European Public Real Estate Association (EPRA) has issued recommended bases for the calculation of certain per share information and these are included in the following tables A and B. Commentary on earnings and net asset value per share is provided in the Financial Review on pages 11 to 16.

A. Earnings per share

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

The basic earnings per share for the year ended 31 December 2014 and the six months ended 30 June 2014 have been calculated using 730.6 million and 712.0 million shares respectively. The diluted, EPRA and adjusted earnings per share for the year ended 31 December 2014 and the six months ended 30 June 2014 have been calculated using 730.8 million and 712.2 million shares respectively.

Year ended 31 December 2014					Six months ended 30 June 2015			Six months ended 30 June 2014	
Earnings £m	Pence per share			Notes	Earnings £m	Shares million	Pence per share	Earnings £m	Pence per share
699.1	95.7	Basic		2	326.1	783.4	41.6	361.5	50.8
–	–	Dilutive share options			–	0.2	–	–	–
699.1	95.7	Diluted			326.1	783.6	41.6	361.5	50.8
		Adjustments:							
(271.2)	(37.1)	Revaluation gains on properties:	Reported Group	2	(100.3)		(12.8)	(99.9)	(14.0)
(164.3)	(22.5)		Joint ventures	9B	(66.5)		(8.5)	(124.6)	(17.5)
(111.1)	(15.2)		Associates	10B	(66.3)		(8.4)	(65.2)	(9.2)
(546.6)	(74.8)				(233.1)		(29.7)	(289.7)	(40.7)
(13.1)	(1.8)	Change in fair value of derivatives:	Reported Group	4	3.0		0.4	(2.0)	(0.3)
(0.3)	–		Joint ventures	9B	3.1		0.4	(0.2)	–
9.9	1.3		Associates	10B	(0.1)		–	3.6	0.5
(3.5)	(0.5)				6.0		0.8	1.4	0.2
0.1	–	Deferred tax:	Reported Group	5	–		–	–	–
0.4	0.1		Joint ventures	9B	1.0		0.1	–	–
11.9	1.6		Associates	10B	10.3		1.3	8.5	1.2
12.4	1.7				11.3		1.4	8.5	1.2
		Other adjustments:	Reported Group:						
(0.6)	(0.1)		(Gain)/Loss on sale of properties	2	(2.8)		(0.3)	0.3	–
4.0	0.5		Loss on sale of joint ventures	2	–		–	1.9	0.2
3.1	0.4		Joint venture formation costs written off	2	–		–	–	–
(0.7)	(0.1)		Non-controlling interests	2	1.3		0.2	(0.9)	(0.1)
8.7	1.2		Debt and loan facility cancellation costs	4	1.0		0.1	–	–
(4.6)	(0.6)		Associates	10B	(0.7)		(0.1)	(0.3)	–
9.9	1.3				(1.2)		(0.1)	1.0	0.1
(527.8)	(72.3)	Total adjustments			(217.0)		(27.6)	(278.8)	(39.2)
171.3	23.4	EPRA			109.1	783.6	14.0	82.7	11.6
3.0	0.5	Net one-off restructuring charge[1]	Reported Group	2	–		–	2.8	0.4
–	–	Other adjustments	Joint ventures	9B	(2.9)		(0.4)	–	–
174.3	23.9	Adjusted			106.2	783.6	13.6	85.5	12.0

[1] The adjusted earnings and adjusted earnings per share for the six months ended 30 June 2014 have been restated to present the net one-off restructuring charge of £2.8 million as an adjusting item, which is consistent with the classification of the £3.0 million charge for the year ended 31 December 2014.

7. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE (Continued)

B. Net asset value per share

31 December 2014 Net asset value per share £		Equity shareholders' funds £m	Shares million	30 June 2015 Net asset value per share £	30 June 2014 Net asset value per share £
6.34	Basic	5,192.3	784.4	6.62	6.07
n/a	Company's own shares held in Employee Share Ownership Plan	-	(0.7)	n/a	n/a
n/a	Unexercised share options	2.0	0.4	n/a	n/a
6.35	Diluted	5,194.3	784.1	6.62	6.07
(0.39)	Fair value adjustment to borrowings[1]	(242.9)		(0.31)	(0.33)
5.96	EPRA triple net	4,951.4		6.31	5.74
(0.02)	Fair value of derivatives	(3.6)		–	0.01
0.39	Fair value adjustment to borrowings[1]	242.9		0.31	0.33
0.04	Adjustment for associates (see note 10D)	40.4		0.05	0.04
0.01	Adjustment for joint ventures (see note 9D)	7.2		0.01	–
–	Deferred tax	0.5		–	–
6.38	EPRA	5,238.8	784.1	6.68	6.12

Note
1. Adjustments include amounts relating to the Group's share of Property interests.

8. INVESTMENT AND DEVELOPMENT PROPERTIES

	Investment properties Valuation £m	Development properties Valuation £m	Total Valuation £m
Balance at 1 January 2015	4,273.2	154.1	4,427.3
Exchange adjustment	(144.0)	(3.2)	(147.2)
Additions			
– capital expenditure	36.5	43.8	80.3
– asset acquisitions	23.0	–	23.0
	59.5	43.8	103.3
Transfer from investment in joint ventures	11.0	–	11.0
Disposals	(63.1)	(0.6)	(63.7)
Transfers	(3.3)	3.3	–
Capitalised interest	0.6	2.2	2.8
Revaluation	88.0	12.3	100.3
Balance at 30 June 2015	4,221.9	211.9	4,433.8

Properties are stated at fair value as at 30 June 2015, valued by professionally qualified external valuers. DTZ Debenham Tie Leung, Chartered Surveyors have valued the Group's properties, excluding those held by the Group's premium outlets investments which have been valued by Cushman & Wakefield, Chartered Surveyors. All valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2014.

Real estate valuations are complex and derived from data that is not widely publicly available and involves 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 2015 the investment properties shown above included two properties for which sales contracts have been exchanged, with a total value of £88 million, with completion due later this year.

9. INVESTMENT IN JOINT VENTURES

The Group has investments in a number of jointly controlled property and corporate interests, which are equity accounted. The figures presented below show the Group's proportional share of joint ventures and are split between Property joint ventures and VIA Outlets. As explained in note 3, management reviews the business principally on a proportionally consolidated basis, except for its premium outlet investments in Value Retail and VIA Outlets.

A. Share of results of joint ventures

Year ended 31 December 2014 Total £m		Property joint ventures £m	VIA Outlets £m	Six months ended 30 June 2015 Total £m	Six months ended 30 June 2014 Total £m
142.0	Gross rental income	62.3	6.8	69.1	70.2
120.2	Net rental income	53.4	5.2	58.6	60.1
(1.5)	Administration expenses	(0.1)	(0.4)	(0.5)	(0.5)
118.7	Operating profit before other net gains/(losses)	53.3	4.8	58.1	59.6
164.3	Revaluation gains/(losses) on properties	63.2	3.3	66.5	124.6
283.0	Operating profit	116.5	8.1	124.6	184.2
0.3	Change in fair value of derivatives	0.6	(3.7)	(3.1)	0.2
–	Translation movement on intragroup funding loan	–	2.9	2.9	–
(3.8)	Other finance costs*	(1.2)	(1.0)	(2.2)	(1.4)
(3.5)	Net finance costs	(0.6)	(1.8)	(2.4)	(1.2)
279.5	Profit before tax	115.9	6.3	122.2	183.0
(0.1)	Current tax charge	–	(0.1)	(0.1)	–
(0.4)	Deferred tax charge	–	(1.0)	(1.0)	–
279.0	Profit for the period	115.9	5.2	121.1	183.0

*Other finance costs for the year ended 31 December 2014 includes £2.7 million in respect of Property joint ventures (30 June 2014: £1.4 million)

B. Reconciliation to adjusted earnings

Year ended 31 December 2014 Total £m		Property joint ventures £m	VIA Outlets £m	Six months ended 30 June 2015 Total £m	Six months ended 30 June 2014 Total £m
279.0	Profit for the period	115.9	5.2	121.1	183.0
(164.3)	Revaluation gains/(losses) on properties	(63.2)	(3.3)	(66.5)	(124.6)
(0.3)	Change in fair value of derivatives	(0.6)	3.7	3.1	(0.2)
–	Translation movement on intragroup funding loan	–	(2.9)	(2.9)	–
0.4	Deferred tax charge	–	1.0	1.0	–
(164.2)	Total adjustments	(63.8)	(1.5)	(65.3)	(124.8)
114.8	Adjusted earnings of joint ventures	52.1	3.7	55.8	58.2

9. INVESTMENT IN JOINT VENTURES (Continued)

C. Share of assets and liabilities of joint ventures

Year ended 31 December 2014 Total £m		Property joint ventures £m	VIA Outlets £m	Six months ended 30 June 2015 Total £m	Six months ended 30 June 2014 Total £m
	Non-current assets				
2,422.1	Investment and development properties	2,373.1	140.8	2,513.9	2,518.9
3.1	Goodwill	-	2.9	2.9	-
9.8	Interests in leasehold properties	9.4	-	9.4	9.8
-	Owner-occupied property	-	-	-	35.2
0.1	Receivables	0.5	-	0.5	0.4
2,435.1		2,383.0	143.7	2,526.7	2,564.3
	Current assets				
43.5	Receivables	30.6	3.6	34.2	31.6
37.8	Cash and deposits	27.9	6.8	34.7	37.5
81.3		58.5	10.4	68.9	69.1
2,516.4	Total assets	2,441.5	154.1	2,595.6	2,633.4
	Current liabilities				
71.6	Payables	65.0	6.9	71.9	67.5
	Non-current liabilities				
79.4	Borrowings - secured	38.6	33.2	71.8	43.5
9.8	Obligations under finance leases	9.4	-	9.4	9.8
10.1	Payables	5.2	5.1	10.3	5.6
4.0	Deferred tax	-	4.6	4.6	-
103.3		53.2	42.9	96.1	58.9
174.9	Total liabilities	118.2	49.8	168.0	126.4
2,341.5	Net assets	2,323.3	104.3	2,427.6	2,507.0

D. Reconciliation to EPRA adjusted investment in joint ventures

Year ended 31 December 2014 Total £m		Property joint ventures £m	VIA Outlets £m	Six months ended 30 June 2015 Total £m	Six months ended 30 June 2014 Total £m
2,341.5	Investment in joint ventures	2,323.3	104.3	2,427.6	2,507.0
3.1	Fair value of derivatives	1.3	4.2	5.5	(2.5)
4.0	Deferred tax	-	4.6	4.6	-
(3.1)	Goodwill as a result of deferred tax	-	(2.9)	(2.9)	-
4.0	EPRA adjustments	1.3	5.9	7.2	(2.5)
2,345.5	EPRA adjusted investment in joint ventures	2,324.6	110.2	2,434.8	2,504.5

9. INVESTMENT IN JOINT VENTURES (Continued)

E. Reconciliation of movements in investment in joint ventures

Year ended 31 December 2014 £m		Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m
2,470.8	Balance at beginning of period	2,341.5	2,470.8
110.8	Acquisitions	–	–
(3.2)	Joint venture formation costs written off	–	–
(279.1)	Transfer of investment property on acquisition by Reported Group	(11.0)	–
(151.8)	Disposals	–	(100.9)
279.0	Share of results of joint ventures	121.1	183.0
(100.4)	Distributions and other receivables	(41.3)	(48.2)
–	Revaluation gains on owner-occupied property	–	2.0
26.0	Other movements	34.0	4.9
(10.6)	Foreign exchange translation differences	(16.7)	(4.6)
2,341.5	Balance at end of period	2,427.6	2,507.0

10. INVESTMENT IN ASSOCIATES

At 30 June 2015, the Group had two investments in associates: Value Retail PLC and its group entities ('VR') and a 10% interest in Nicetoile, which was acquired in January 2015 and where Hammerson is the asset manager. Both investments are equity accounted under IFRS, although the shares of results in Nicetoile are included with the Group's 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.

A. Share of results of associates

Year ended 31 December 2014 Total £m		VR £m	Nicetoile £m	Six months ended 30 June 2015 Total £m	Six months ended 30 June 2014 Total £m
67.1	Gross rental income	33.2	0.6	33.8	30.0
49.6	Net rental income	26.3	0.5	26.8	23.5
(20.0)	Administration and other expenses	(14.9)	–	(14.9)	(10.6)
29.6	Operating profit before other net gains/(losses)	11.4	0.5	11.9	12.9
111.1	Revaluation gains/(losses) on properties	66.5	(0.2)	66.3	65.2
140.7	Operating profit	77.9	0.3	78.2	78.1
(14.0)	Net finance costs	(4.4)	–	(4.4)	(6.9)
(9.9)	Change in fair value of derivatives	0.1	–	0.1	(3.6)
4.6	Change in fair value of participative loans – revaluation movement	0.7	–	0.7	0.3
2.1	Change in fair value of participative loans – other movement	1.4	–	1.4	0.9
123.5	Profit before tax	75.7	0.3	76.0	68.8
(1.7)	Current tax charge	(1.3)	–	(1.3)	(0.5)
(11.9)	Deferred tax charge	(10.3)	–	(10.3)	(8.5)
109.9	Profit for the period	64.1	0.3	64.4	59.8

10. INVESTMENT IN ASSOCIATES (Continued)

B. Reconciliation to adjusted earnings

Year ended 31 December 2014 Total £m		VR £m	Nicetoile £m	Six months ended 30 June 2015 Total £m	Six months ended 30 June 2014 Total £m
109.9	Profit for the period	64.1	0.3	64.4	59.8
(111.1)	Revaluation (gains)/losses on properties	(66.5)	0.2	(66.3)	(65.2)
9.9	Change in fair value of derivatives	(0.1)	-	(0.1)	3.6
(4.6)	Change in fair value of participative loans – revaluation movement	(0.7)	-	(0.7)	(0.3)
11.9	Deferred tax charge	10.3	-	10.3	8.5
(93.9)	Total adjustments	(57.0)	0.2	(56.8)	(53.4)
16.0	Adjusted earnings of associates	7.1	0.5	7.6	6.4

When aggregated, the Group's share of VR's operating profit before other net gains amounted to 37.7% for the six months ended 30 June 2015 (31 December 2014: 35.2%; 30 June 2014: 36.4%).

C. Share of assets and liabilities of associates

31 December 2014 Total £m		VR £m	Nicetoile £m	30 June 2015 Total £m	30 June 2014 Total £m
65.7	Goodwill on acquisition	65.7	-	65.7	65.7
884.7	Investment properties	916.4	21.9	938.3	811.8
18.6	Other non-current assets	22.1	-	22.1	24.1
969.0	Non-current assets	1,004.2	21.9	1,026.1	901.6
30.2	Other current assets	33.7	0.2	33.9	30.5
28.4	Cash and deposits	54.6	0.6	55.2	27.8
58.6	Current assets	88.3	0.8	89.1	58.3
1,027.6	Total assets	1,092.5	22.7	1,115.2	959.9
(52.0)	Current liabilities	(18.0)	(0.2)	(18.2)	(53.3)
(253.6)	Borrowings	(307.6)	-	(307.6)	(252.3)
(83.6)	Other liabilities	(80.3)	(0.2)	(80.5)	(50.1)
(80.8)	Deferred tax	(83.2)	-	(83.2)	(80.2)
(418.0)	Non-current liabilities	(471.1)	(0.2)	(471.3)	(382.6)
(470.0)	Total liabilities	(489.1)	(0.4)	(489.5)	(435.9)
557.6	Net assets	603.4	22.3	625.7	524.0
71.2	Participative loans*	65.3	-	65.3	68.9
628.8	Investment in associates	668.7	22.3	691.0	592.9

In addition to the above investments, non-current receivables of the Group includes loans totalling €92.9 million (£65.8 million) (31 December 2014: €81.9 million, £63.5 million) secured against a number of Value Retail assets.

The analysis in the table above excludes liabilities in respect of distributions received in advance from VR amounting to £17.0 million (31 December 2014: £12.6 million) which are included within non-current liabilities within the Group's balance sheet. Hammerson's investment in VR as a proportion of VR's net assets is 38.0% (31 December 2014: 38.2%).

* 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.

D. Reconciliation to EPRA adjusted investment in associates

31 December 2014 Total £m		VR £m	Nicetoile £m	30 June 2015 Total £m	30 June 2014 Total £m
628.8	Investment in associates	668.7	22.3	691.0	592.9
(1.9)	Fair value of derivatives	4.2	-	4.2	(3.5)
80.8	Deferred tax	83.2	-	83.2	80.2
(47.0)	Goodwill as a result of deferred tax	(47.0)	-	(47.0)	(47.0)
31.9	EPRA adjustments	40.4	-	40.4	29.7
660.7	EPRA adjusted investment in associates	709.1	22.3	731.4	622.6

10. INVESTMENT IN ASSOCIATES (Continued)

E. Reconciliation of movements in investment in associates

Year ended 31 December 2014 £m		VR £m	Nicetoile £m	Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m
545.4	Balance at beginning of period	628.8	–	628.8	545.4
–	Acquisitions	–	24.2	24.2	–
109.9	Share of results of associates	64.1	0.3	64.4	59.8
(11.5)	Distributions	(3.5)	–	(3.5)	(4.5)
0.6	Revaluation movement on participative loan	(0.7)	–	(0.7)	0.3
(15.6)	Foreign exchange translation differences	(20.0)	(2.2)	(22.2)	(8.1)
628.8	Balance at end of period	668.7	22.3	691.0	592.9

11. BORROWINGS

A. Maturity

31 December 2014 £m		30 June 2015 £m	30 June 2014 £m
1,399.0	After five years	1,095.7	1,413.3
457.7	From two to five years	904.6	414.4
430.4	From one to two years	255.4	164.1
2,287.1	Due after more than one year	2,255.7	1,991.8
–	Due within one year	–	384.5
2,287.1		2,255.7	2,376.3
(5.1)	Current assets: Fair value of currency swaps	(1.0)	–
2,282.0		2,254.7	2,376.3

B. Analysis

31 December 2014 £m		30 June 2015 £m	30 June 2014 £m
	Unsecured		
198.0	£200 million 7.25% sterling bonds due 2028	198.1	198.0
297.4	£300 million 6% sterling bonds due 2026	297.5	297.3
383.4	€500 million 2% euro bonds due 2022	350.1	–
248.4	£250 million 6.875% sterling bonds due 2020	248.5	248.3
384.8	€500 million 2.75% euro bonds due 2019	351.5	396.9
271.5	£272 million 5.25% sterling bonds due 2016	271.7	271.3
–	€480 million 4.875% euro bonds due 2015	–	384.2
23.2	Senior notes due 2026	21.2	24.0
131.1	Senior notes due 2024	129.4	123.5
122.8	Senior notes due 2021	120.9	114.5
237.5	Bank loans and overdrafts	337.9	306.8
2,298.1		2,326.8	2,364.8
(16.1)	Fair value of currency swaps	(72.1)	11.5
2,282.0		2,254.7	2,376.3

Senior loan notes comprise £184.0 million (31 December 2014: £185.6 million) denominated in US dollars, £42.5 million (31 December 2014: £46.5 million) in euro and £45.0 million (31 December 2014: £45.0 million) in sterling.

11. BORROWINGS (Continued)

C. Undrawn committed facilities

31 December 2014 £m	Expiry	30 June 2015 £m	30 June 2014 £m
250.0	Within two to five years	282.0	183.0
339.0	Within one to two years	116.0	339.0
589.0		398.0	522.0

D. Currency profile

31 December 2014 Total £m		Borrowings excluding currency swaps £m	Fair value of currency swaps £m	30 June 2015 Total £m	30 June 2014 Total £m
500.2	Sterling	1,397.8	(821.3)	576.5	695.0
1,788.6	Euro	744.0	941.1	1,685.1	1,681.3
(6.8)	US dollar	185.0	(191.9)	(6.9)	-
2,282.0		2,326.8	(72.1)	2,254.7	2,376.3

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 2014			30 June 2015		30 June 2014	
Book value £m	Fair value £m		Book value £m	Fair value £m	Book value £m	Fair value £m
2,298.1	2,604.1	Borrowings, excluding currency swaps	2,326.8	2,569.7	2,364.8	2,602.9
(16.1)	(16.1)	Currency swaps	(72.1)	(72.1)	11.5	11.5
2,282.0	2,588.0	Total	2,254.7	2,497.6	2,376.3	2,614.4
(15.0)	(15.0)	Interest rate swaps	(3.6)	(3.6)	4.3	4.3

At 30 June 2015, the fair value of financial instruments exceeded their book value by £242.9 million (31 December 2014: £306.0 million) equivalent to 31 pence per share (31 December 2014: 39 pence per share) on an EPRA net asset value per share basis. There is no difference between the fair value and book value of financial instruments held by the Group's Property interests.

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 7 Financial Instruments: Disclosures. The fair values of the Group's outstanding interest rate swaps have been estimated by calculating the present values of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 7. The fair value of the Group's currency swaps has been estimated on the basis of the prevailing forward rates at the half-year, also representing Level 2 fair value measurements as defined by IFRS 7.

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	Net debt £m
Balance at 1 January 2015	0.1	28.5	5.1	(2,287.1)	(2,253.4)
Cash flow	-	(3.4)	(39.9)	(94.2)	(137.5)
Exchange	-	(1.6)	35.8	125.6	159.8
Balance at 30 June 2015 - Reported Group	0.1	23.5	1.0	(2,255.7)	(2,231.1)
Group's share of net debt in Property interests	1.7	26.8	-	(38.6)	(10.1)
Balance at 30 June 2015 - Proportionally consolidated	1.8	50.3	1.0	(2,294.3)	(2,241.2)

PORTFOLIO ANALYSIS

As explained in the Financial Review on page 11, management reviews the performance of the business including the Group's share of Property interests on a proportionally consolidated basis, but excludes the Group's interest in premium outlets through investments in Value Retail and VIA Outlets. This is because the Group has less day-to-day involvement and the premium outlets sector has different operational characteristics compared with the Group's property portfolio. The information in the following tables has been prepared on this basis.

TABLE 1: RENTAL INFORMATION

Rental data for investment portfolio for the six months ended 30 June 2015

Proportionally consolidated excluding premium outlets	Gross rental income £m	Net rental income £m	Vacancy rate %	Average rents passing £/m²	Rents passing £m	Estimated rental value £m	Reversion/ (over-rented) %
Notes			A	B	C	D	E
United Kingdom							
Shopping centres	78.1	68.7	2.2	530	155.3	163.3	3.1
Retail parks	43.5	41.6	1.8	190	83.4	84.1	(0.9)
Other	8.7	6.1	11.0	190	13.6	15.3	0.4
Total	130.3	116.4	2.6	340	252.3	262.7	1.6
France	48.5	42.7	3.3	350	87.6	98.4	8.3
Total investment portfolio	**178.8**	**159.1**	**2.8**	**340**	**339.9**	**361.1**	**3.3**
Developments	0.9	0.4					
Total property portfolio (note 2)	**179.7**	**159.5**					
Selected data for the year ended 31 December 2014							
Group							
UK	250.1	222.2	2.1	335	253.4	261.6	1.2
France	91.8	82.4	3.4	360	93.5	107.0	10.0
Total investment portfolio	**341.9**	**304.6**	**2.5**	**340**	**346.9**	**368.6**	**3.6**

Notes

A. 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.

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

C. The annual rental income receivable from an investment property at the period end, after any rent-free periods and after deducting head and equity rents.

D. The estimated market rental value of the total lettable space in a property at the period end, after deducting head and equity rents, 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.

E. The percentage by which the ERV exceeds, or falls short of, rents passing together with the estimated rental value of vacant space, all at the period end.

TABLE 2: LEASE EXPIRIES AND BREAKS AS AT 30 JUNE 2015

Proportionally consolidated excluding premium outlets	Rents passing that expire/break in 2015 £m	2016 £m	2017 £m	ERV of leases that expire/break in 2015 £m	2016 £m	2017 £m	Weighted average unexpired lease term to break years	to expiry years
Notes	A	A	A	B	B	B		
United Kingdom								
Shopping centres	18.6	8.1	9.2	22.1	8.1	9.5	6.4	8.2
Retail parks	6.8	1.1	2.0	7.7	1.2	1.9	8.8	9.8
Other	3.2	0.6	1.0	4.0	0.6	1.1	8.3	9.4
Total	28.6	9.8	12.2	33.8	9.9	12.5	7.4	8.8
France	11.8	3.8	3.5	12.9	4.0	5.1	3.9	6.3
Total investment portfolio	40.4	13.6	15.7	46.7	13.9	17.6	6.4	8.1

Notes

A. The amount by which rental income, based on rents passing at 30 June 2015, could fall in the event that occupational leases due to expire are not renewed or replaced by new leases. For the UK, it includes tenants' break options. For France, it is based on the date of lease expiry.

B. The ERV at 30 June 2015 for leases that expire or break in each year and ignoring the impact of rental growth and any rent-free periods.

TABLE 3: RENT REVIEWS AS AT 30 JUNE 2015

Proportionally consolidated excluding premium outlets	Rents passing subject to review in: Outstanding £m	2015 £m	2016 £m	2017 £m	Current ERV of leases subject to review in: Outstanding £m	2015 £m	2016 £m	2017 £m
Notes	A	A	A	A	B	B	B	B
United Kingdom								
Shopping centres	29.8	5.3	9.8	12.6	33.1	6.6	10.6	13.4
Retail parks	30.1	10.6	14.7	9.1	30.7	11.0	15.0	9.4
Other	3.1	2.7	0.9	0.8	3.3	2.8	1.0	0.9
Total	63.0	18.6	25.4	22.5	67.1	20.4	26.6	23.7

Notes

A. Rents passing at 30 June 2015, after deducting head and equity rents, which are subject to review in each year.

B. Projected rents for space that are subject to review in each year, based on the higher of the current rental income and the ERV as at 30 June 2015 and ignoring the impact of changes in rental values before the review date.

TABLE 4: NET RENTAL INCOME

Net rental income for the six months ended 30 June 2015

Proportionally consolidated excluding premium outlets	Properties owned throughout 2014/15 £m	Increase/ (Decrease) for properties owned throughout 2014/15 %	Acquisitions £m	Disposals £m	Developments and other £m	Total net rental income £m
United Kingdom						
Shopping centres	63.2	1.8	5.3	–	2.1	70.6
Retail parks	40.1	3.2	–	1.2	0.3	41.6
Other	2.9	(7.4)	0.1	–	1.5	4.5
Total	106.2	2.0	5.4	1.2	3.9	116.7
France	28.7	2.3	4.2	–	9.9	42.8
Total property portfolio	134.9	2.1	9.6	1.2	13.8	159.5

Net rental income for the six months ended 30 June 2014

Proportionally consolidated excluding premium outlets	Properties owned throughout 2014/15 £m	Exchange £m	Acquisitions £m	Disposals £m	Developments and other £m	Total net rental income £m
United Kingdom						
Shopping centres	62.1	–	(0.7)	–	1.7	63.1
Retail parks	38.9	–	–	1.7	1.0	41.6
Other	3.1	–	–	0.9	1.7	5.7
Total	104.1	–	(0.7)	2.6	4.4	110.4
France	28.0	3.9	1.7	–	2.9	36.5
Total property portfolio	132.1	3.9	1.0	2.6	7.3	146.9

TABLE 5: COST RATIO

Proportionally consolidated excluding premium outlets	Six months ended 30 June 2015 £m	Six months ended 30 June 2014 £m
Net service charge expenses – non-vacancy	1.8	1.0
Net service charge expenses – vacancy	4.5	3.7
Net service charge expenses – total	6.3	4.7
Other property outgoings	13.9	10.6
Employee and corporate costs	23.0	26.6
Management fees receivable	(2.9)	(2.8)
Net one-off restructuring cost	–	(2.8)
Total operating costs	40.3	36.3
Gross rental income, after rents payable	179.7	162.2
EPRA cost ratio including net service charge expenses – vacancy (%)	22.4	22.4
EPRA cost ratio excluding net service charge expenses – vacancy (%)	19.9	20.0

Staff costs amounting to £1.0 million (2014: £1.2 million) have been capitalised as development costs and are excluded from the table above. 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.

TABLE 6: TOP TEN TENANTS

Net rental income for the six months ended 30 June 2015

Proportionally consolidated excluding premium outlets	Passing rent £m	% of total passing rent
B&Q	12.1	3.6
Next	6.9	2.0
H&M	6.4	1.9
Dixons Carphone	6.3	1.8
Arcadia	6.1	1.8
Inditex	5.7	1.7
Home Retail Group	5.3	1.6
Boots	5.1	1.5
New Look	4.7	1.4
Debenhams	4.5	1.3
Total	63.1	18.6

TABLE 7: VALUATION ANALYSIS

Valuation data for the portfolio as at 30 June 2015

Proportionally consolidated	Properties at valuation £m	Revaluation in the period £m	Capital return %	Total return %	Initial yield %	True equivalent yield %	Nominal equivalent yield %
Notes					A	B	C
United Kingdom							
Shopping centres	2,948.4	86.8	3.0	5.5	4.7	5.3	5.1
Retail parks	1,606.5	(2.2)	0.0	2.6	4.8	5.7	5.5
Other	185.3	2.0	1.2	3.9	6.2	7.7	7.3
Total	4,740.2	86.6	1.9	4.4	4.8	5.5	5.3
France	1,734.3	59.6	3.6	6.2	4.4	5.0	4.8
Total investment portfolio	6,474.5	146.2	2.4	4.9	4.7	5.4	5.2
Developments	354.3	17.1	5.7	6.4			
Total property portfolio	6,828.8	163.3	2.5	5.0			
Premium outlets[D]	1,057.2		7.1	10.5			
Total Group	7,886.0		3.1	5.7			
Selected data for the year ended 31 December 2014							
Group							
UK	4,700.7	377.4	9.0	14.7	4.8	5.6	5.4
France	1,797.7	41.1	2.4	7.7	4.6	5.3	5.1
Total investment portfolio	6,498.4	418.5	7.4	13.1	4.7	5.5	5.3

Notes

A. Annual cash rents receivable, net of head and equity rents and the cost of vacancy, as a percentage of gross property value, as provided by the Group's external valuers. Rents receivable following the expiry of rent-free periods are not included. Rent reviews are assumed to have been settled at the contractual review date at ERV.

B. The capitalisation rate applied to future cash flows to calculate the gross property value. The cash flows reflect the timing of future rents resulting from lettings, lease renewals and rent reviews based on current ERVs and assuming rents are received quarterly in advance. The property true equivalent yields are determined by the Group's external valuers.

C. Nominal equivalent yields, which are similar to the true equivalent yields but assume rents are received annually in arrears, are included within the unobservable inputs to the portfolio valuations as defined by IFRS 13.

D. Represents the property returns for the Group's share of premium outlets through its investments in Value Retail and VIA Outlets.

E. The weighted average remaining rent-free period is 0.4 years.

TABLE 8: YIELD ANALYSIS

Investment portfolio as at 30 June 2015

Proportionally consolidated excluding premium outlets	Income £m	Gross value £m	Net book value £m
Portfolio value (net of cost to complete)		6,825	6,825
Purchasers' costs[A]			(350)
Net investment portfolio valuation as reported in the financial statements			6,475
Income and yields			
Rent for valuers' initial yield (equivalent to EPRA Net Initial Yield)	319.8	4.7%	5.0%
Rent-free periods (including pre-lets)	9.2	0.1%	0.1%
Rent for 'topped-up' initial yield[B]	329.0	4.8%	5.1%
Non-recoverable costs (net of outstanding rent reviews)	10.9	0.2%	0.2%
Passing rents	339.9	5.0%	5.3%
ERV of vacant space	9.5	0.1%	0.1%
Reversions	11.7	0.2%	0.2%
Total ERV/Reversionary yield	361.1	5.3%	5.6%
True equivalent yield		5.4%	
Nominal equivalent yield		5.2%	

Notes

A. Purchasers' costs equate to 5.3% of the net portfolio value.

B. The yield of 4.8% based on passing rents and gross portfolio value is equivalent to EPRA's 'topped-up" Net Initial Yield.

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, variety or DIY store or supermarket, occupying a large unit within a shopping centre or retail park, which serves as a draw to other retailers and consumers.
Average cost of borrowing or weighted average interest rate (WAIR)	The cost of finance expressed as a percentage of the weighted average of borrowings during the period.
BREEAM	Building Research Establishment's Environmental Assessment Method
Capital return	The change in property value during the period after taking account of capital expenditure and exchange translation movements, calculated on a monthly time-weighted basis.
Compulsory Purchase Order (CPO)	A Compulsory Purchase Order is 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".
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 assumes rents are received quarterly in advance. The nominal equivalent yield 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, after deducting head and equity rents, calculated by the Group's external valuers.
Gearing	Net debt expressed as a percentage of equity shareholders' funds.
Gross property value 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 commercial income, after accounting for the net effect of the amortisation of lease incentives.
IAS/IASB	International Accounting Standard/International Accounting Standards Board.
IFRS	International Financial Reporting Standard.
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.
IPD	Investment Property Databank. An organisation supplying independent market indices and portfolio benchmarks to the property industry.
Like-for-like (LFL)/underlying net rental income	The percentage change in net rental income for completed investment properties owned throughout both current and prior periods, after taking account of exchange translation movements.
LTV (Loan to value)	Net debt expressed as a percentage of the proportionally consolidated property portfolio value.
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.
Over-rented	The amount by which the ERV falls short of rents passing, together with the estimated rental value of vacant space.

GLOSSARY

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. 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.
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.
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.
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 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 and exchange translation movements, calculated on a monthly time-weighted basis.
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.
VIA Outlets (VIA)	A premium outlets joint venture, in which the Group has an investment. VIA owns and operates premium outlet centres in Europe.
Yield on cost	Passing rents expressed as a percentage of the total development cost of a property.