Hammerson

RESULTS 2005

Monday, 27 February 2006

Good morning everybody. I took over as Chairman in October last year…so this is my first set of Hammerson full year results. Congratulations to John and the team on what I think you will all agree are excellent results.

John and Simon will be handling the presentation as usual. In addition, today you will be hearing from Peter Cole on our development programme. Gerard Devaux and John Bywater are also here to answer any questions you may have.

One or two reflections after six months in the job…I think there is a general view that listed property companies are all very similar. I believe there are some real differences between Hammerson and other companies in the sector.

The first is that we have a major development programme in place and a substantial pipeline of future developments, which provide us with the opportunity to add shareholder value over many years ahead. We have several major schemes underway – but equally importantly, we have a large and long pipeline of developments for the future. In some ways you can look at this pipeline as a call option in execution and timing terms to expand our portfolio to suit market conditions. To my mind this is the major differentiator for Hammerson.

The second is that Hammerson has a strong presence in both the UK and France, the two most liquid real estate markets in Europe. We have certainly seen the benefits of this in 2005. The third is the sheer quality of our property portfolio, particularly our major shopping centres and retail parks, but also our offices.

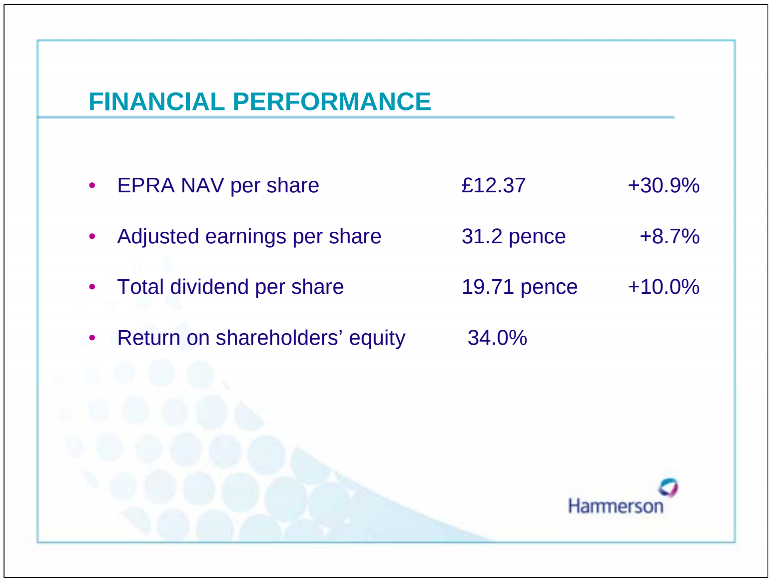
Whilst I do not think any of us expect yield compression to carry on as it has over the last year or two, I believe these three points of differentiation put Hammerson in a strong position going forward.

A few words on REITs. We obviously welcome the initiative being taken by the Government. I certainly believe there is an opportunity for Hammerson here.

Thank you John. Could I add my own welcome to you all to our 2005 results presentation.

This is our agenda today.

So lets start with the headline numbers for 2005.



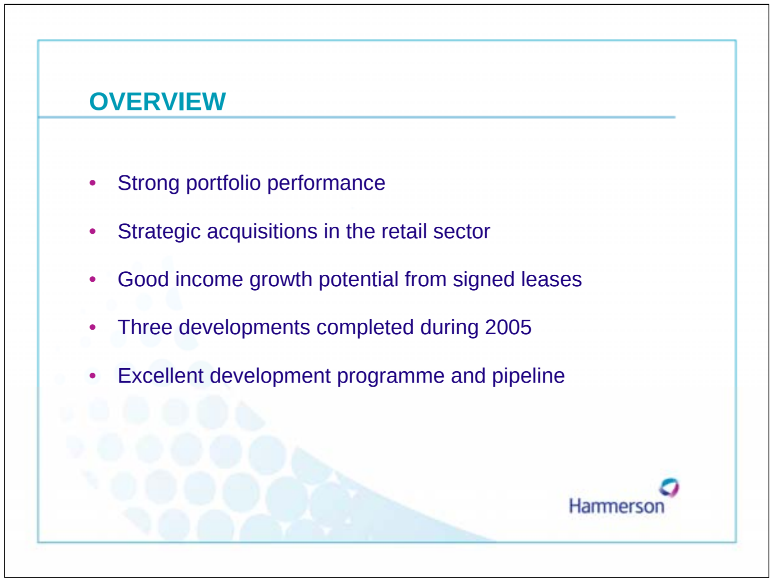
It was an excellent year for Hammerson.

Adjusted net asset value per share, that's on the defined EPRA basis, which is consistent with Hammerson's future reporting, increased by over 30% to £12.37.

Adjusted earnings per share increased by 8.7% to 31.2 pence.

Reflecting this strong performance and our confidence in the future, we are proposing a 10% increase in the dividend.

Finally, our return on shareholders' equity last year was 34%.



That return was driven by a very strong portfolio performance in 2005, with a capital return of 17.6%.

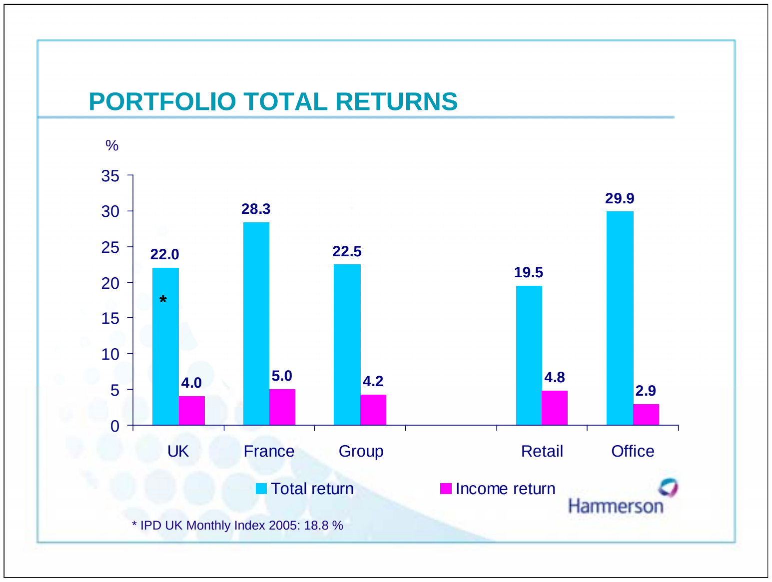
We made several strategic acquisitions in the retail sector, purchasing Villebon 2, a retail park near Paris, for £105 million and a 50% interest in the Queensgate Centre, Peterborough for £156 million.

We made good progress in letting some of the vacant office space in the City and secured a major pre-let at 9 place Vendôme in Paris. As I shall be explaining later, we shall achieve very good growth in income over the next three years from leases already signed.

Three major developments achieved practical completion last year. These showed an overall surplus at the year end of £232 million, on costs of £331 million.

Finally, we started two major development projects and made substantial progress on others in our pipeline.

Perhaps I could talk a little bit more about our portfolio performance.

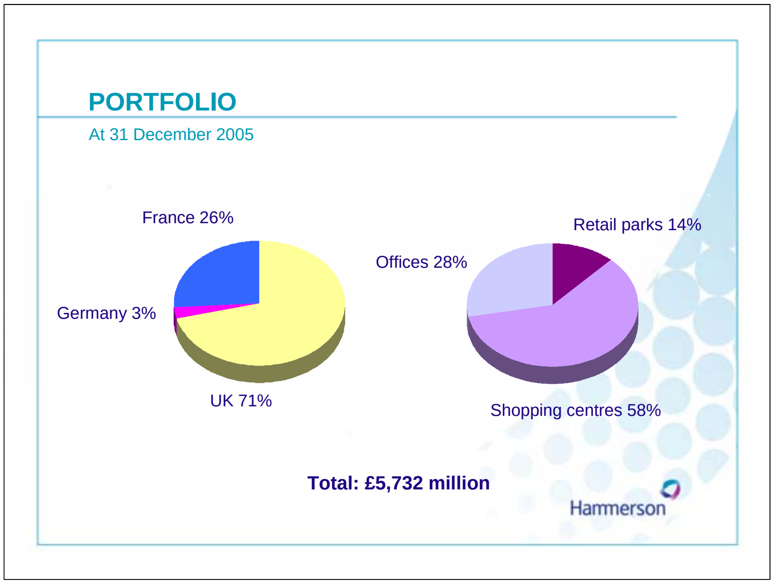


You can see from the middle bar on this chart that the total portfolio return was 22.5%.

Hammerson's UK portfolio showed a total return of 22.0%. That compares with IPD's monthly index based return of 18.8% for 2005.

You should also note the excellent performance of the office portfolio and France.

Let me turn to our portfolio.



The chart on the left shows the geographic split. The UK content increased by two percentage points to 71% during 2005, whilst the retail weighting increased by three percentage points to 72%.

There are a number of features of the retail sector which make it very attractive. First, prime, retail property has shown consistent growth over the long term, with rents rising broadly in line with GDP. Second, the restrictive planning environment, both in the UK and much of continental Europe, underpins shopping centre and retail park values. Third, the cost and 'reputational hurdle' for entry into this sector are high, so competition is limited, particularly for higher value assets. Fourth, the spread of tenants diversifies risk. Finally, and perhaps most importantly, we have a very experienced team, which has established excellent relationships with retailers, a good reputation amongst city councils and an unrivalled pipeline of future retail development opportunities.

The office sector, from which Hammerson has generated very good returns in the past, has somewhat different attributes. Office rents and values are more volatile than those of retail property. I anticipate that rents in both the UK and Paris will show good growth this year and next. Our approach is to unlock the value inherent in our office development landbank by phasing developments to exploit the market cycles. We intend to apply our expertise principally to larger and more complex projects, leveraging our skills acquired in complex city centre developments.

I'm going to say just a few words now about markets…starting with retail.

In the UK, consumer spending grew more slowly in 2005. Nevertheless, there was modest rental growth in prime shopping centres and retail parks. In the current retail environment, the attractions of prime shopping centres and lower costs of retail parks are expected to lead to stronger tenant demand than for the high street or secondary shopping centres.

In France, rental indexation is linked to the cost of construction and increased our rents by around 5.4% last year. However, index-linked income will rise by only 0.7% from 1 January 2006. Demand from retailers for additional space was concentrated in the best locations, supporting higher rents. Retail sales and rents for new leases are expected to grow modestly in 2006.

Reflecting the slowdown in office development during 2003 and 2004, the amount of new space completed during 2005 was lower than at any point in the past twenty years. The combination of sustained demand and little additional supply led to a reduction in the overall market vacancy rate during 2005, mainly driven by a large fall in vacancy in the City of London. The improvement in market conditions as the year progressed led to a shortening in rent-free periods and an increase of around 5% in prime headline rents. This positive trend is continuing and I think we can anticipate additional demand for space and tightening in the market over the next two years. Today headline rents for the best space are back to £55/ft² with rent free periods at around 18 months.

In the central Paris office market, there was a substantial increase in leasing activity in 2005. However, this was more a case of occupiers taking advantage of market conditions to upgrade the quality of their space and did not represent significant absorption. Now, however, the best space is in shorter supply. Top rents are around €700/m² and rent free periods are below 12 months. Like London, the outlook over the next 24 months appears favourable.

Looking at our own office portfolio…

OFFICE LETTING UPDATE

Scheme	Size m²	Percentage let or under offer %	Rental income contracted at 27 Feb 2006 £m	Rental income under offer 27 Feb 2006 £m
One London Wall	18,600	88	3.0	0.6
Moorhouse	30,100	76	4.7	3.0
18 & 19 Hanover Square	6,400	94	2.4	-
9 place Vendôme	27,700	83	5.9	0.3

This shows the three major office buildings that have been completed in London over the last two years or so and the office development in Paris, which completes in April.

One London Wall, London, EC2, is now 88% let, reflecting leases signed in 2005 and lettings agreed since the end of the year. At Moorhouse, London, EC2, 9,300 m² was leased to HVB Group during 2005. Leases in respect of a further 13,700m² have now been signed or are in solicitors' hands. This means that 76% of the building is now let or under offer.

Hammerson's West End office portfolio is now virtually fully let.

So the letting progress has been encouraging and we have further negotiations in respect of some of the remaining vacant office space.

I'd like to conclude my opening remarks with a few comments on Bishops Square, one of our most successful developments.

BISHOPS SQUARE, LONDON E1

- 75:25 JV with City of London
- - Offices 71,900 m²
  - Retail 4,000 m²
- Amount let: 100% office
  90% retail
- Income commencing
  - Office: Jun 2007
  - Retail: Jan 2006

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It is currently being fitted out by Allen & Overy who have taken all the office space.

Hammerson's estimated total development cost is £290 million and our net rent roll at the expiry of rent free periods is just over £25 million, giving a yield on cost of 8.8%. At the year end, the development surplus was £157 million.

I think that is an example of how we can add value through development.

Now I'd like to hand over to Simon Melliss to talk you through the numbers.

Thank you John. I would like to highlight the key points of the results for 2005.

NET RENTAL INCOME

	(£ million) 2005	2004
Properties owned throughout	185.2	174.0
Acquisitions	20.7	3.2
Properties sold	1.2	12.5
Developments	3.2	0.3
Exchange translation and other	-	(0.5)
Net rental income	210.3	189.5

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May I start with a look at the composition of net rental income. On the first line you will see that, for properties owned throughout the past two years, rental income increased to £185.2 million, growth of 6.4%. Interestingly this is a very similar rate to that seen in 2003 and 2004, so it is gratifying that we are achieving consistent growth in income. In 2005 we benefited particularly from indexation in France, rent reviews in the UK and also received surrender premiums totalling £4 million.

In terms of the contribution from acquisitions, shown on the second line here, about half of the income in 2005 was attributable to the purchase of the remaining 50% interest in West Quay Shopping Centre at the end of 2004.

So overall, net rental income totalled £210 million.

REVERSIONARY POTENTIAL

At 31 December 2005

	£ million
Investment portfolio	
Rent passing (1)	243.7
ERV of vacant space (2)	24.9
Reversionary potential	16.4
ERV of investment portfolio	285.0
Developments	
Rent passing	4.9
Income contracted not yet being received	35.8
	40.7
Total	325.7

Note:
(1) Includes £17.5 million of rents contracted on recent developments
(2) Includes £5.4 million of ERV in relation to areas at investment properties held for development.

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On this slide, I have summarised the reversionary position at the end of December 2005.

Dealing first with the investment portfolio.

- Rents passing, totalled £244 million. This includes income on signed leases at recently completed development such as One London Wall and the retail parks projects at Gloucester and Merthyr Tyfil where the income will be received as rent free periods expire.

- The rental value of vacant space was nearly £25 million, although as noted at the foot of the slide, some of this is in respect of investment properties we expect to redevelop.

In terms of the current and recently completed developments, there is £36 million of income contracted. This excludes the Bristol and Leicester projects which are at a very early stage and principally comprises Bishops Square and 9 place Vendôme. When fully let there is a further £3 million to come.

Turning now to the income statement for 2005.

INCOME STATEMENT

	(£ million) 2005	2004
Adjusted profit before tax	89.4	83.2
Gains/losses on revaluation	575.5	283.7
Property disposals and other	33.7	46.5
Profit before tax	**698.6**	**413.4**
Current tax	1.0	(80.9)
Deferred tax	(133.9)	104.2
Minority interest	(11.3)	(5.3)
Profit for the year	**554.4**	**431.4**

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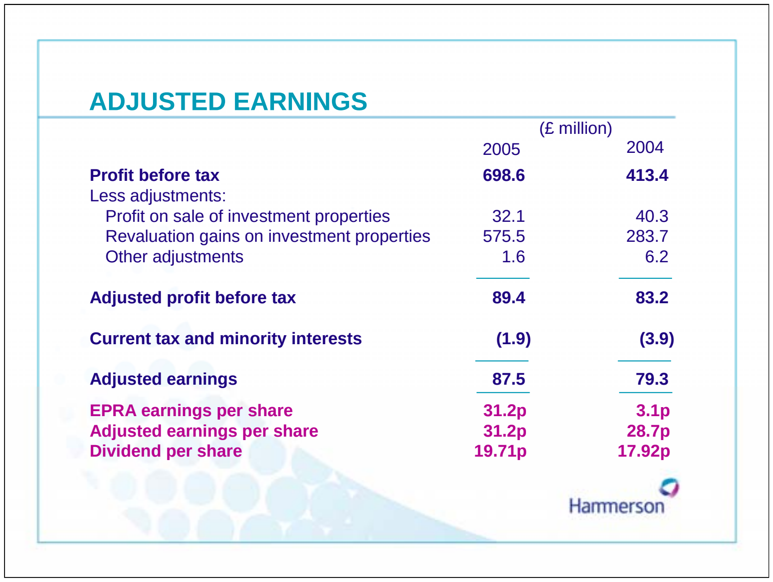
The adjusted profit before tax is shown on the first line of this slide and totalled £89.4 million an increase of £6 million on the previous year. Including revaluations and profits on disposals, profit before tax, as defined by IFRS, was £699 million.

You will see that current tax is a small credit of £1 million compared with a charge of £81 million in 2004. The latter principally comprised the provision for the French exit tax payable on the election of Hammerson into the SIIC regime. The reason for the credit in 2005 is that we have settled some older overseas tax issues and have written back £4 million in 2005.

We continue to benefit from the tax exemptions in France; from capital allowances; capitalised interest and brought forward losses in the UK. In 2006 and 2007, the effective current tax rate should not exceed 5%.

In relation to deferred tax, we have this year provided for deferred tax on revaluation gains, in 2004 there was a write back of deferred tax of £166 million as we released the French provision, which explains the deferred tax credit in that year.



ADJUSTED EARNINGS

(£ million)	2005	2004
Profit before tax	**698.6**	**413.4**
Less adjustments:		
Profit on sale of investment properties	32.1	40.3
Revaluation gains on investment properties	575.5	283.7
Other adjustments	1.6	6.2
Adjusted profit before tax	**89.4**	**83.2**
Current tax and minority interests	**(1.9)**	**(3.9)**
Adjusted earnings	**87.5**	**79.3**
EPRA earnings per share	**31.2p**	**3.1p**
Adjusted earnings per share	**31.2p**	**28.7p**
Dividend per share	**19.71p**	**17.92p**

This slide sets out for you the adjustments to reported profit to derive adjusted profit before tax. As I said a minute ago, adjusted profit rose by £6 million to £89 million. The principal reasons for the increased adjusted profit were: firstly a £7 million contribution from UK rent reviews and indexation in France; £4 million benefit in respect of lease surrenders; and £2 million contribution from a number of other items including lower interest costs. These positive variances were partly offset by a £7 million reduction in profit year on year from the development programme principally writing off interest and void costs at Moorhouse.

Earnings per share is shown at the foot of the slide. As you may know, in January this year EPRA published revised best practice guidance for financial reporting for European property companies. Included in that guidance is an approved definition of both earnings per share and NAV per share. The details of these calculations for Hammerson are in the Appendices of the pack. I have included the EPRA defined earnings per share for Hammerson on this slide. I expect companies and analysts gradually to adopt this common measure.

Just to explain the 2004 EPRA earnings for Hammerson of 3.1 pence - this is after deducting the SIIC exit tax provision.

As John mentioned at the beginning of this presentation the dividend has been increased by 10% year on year.

Can I now say a few words about cashflow.

CASH FLOW

		(£ million) 2005		2004
Cash generated from operations		175		162
Net interest		(110)		(79)
Tax		(20)		(22)
Cash flows from operating activities		45		61
Acquisitions	(308)		(321)	
Capital expenditure	(223)		(224)	
Disposals	224		399	
		(307)		(146)
Dividends		(51)		(47)
Other cash flows		17		8
Net cash flow before financing		(296)		(124)

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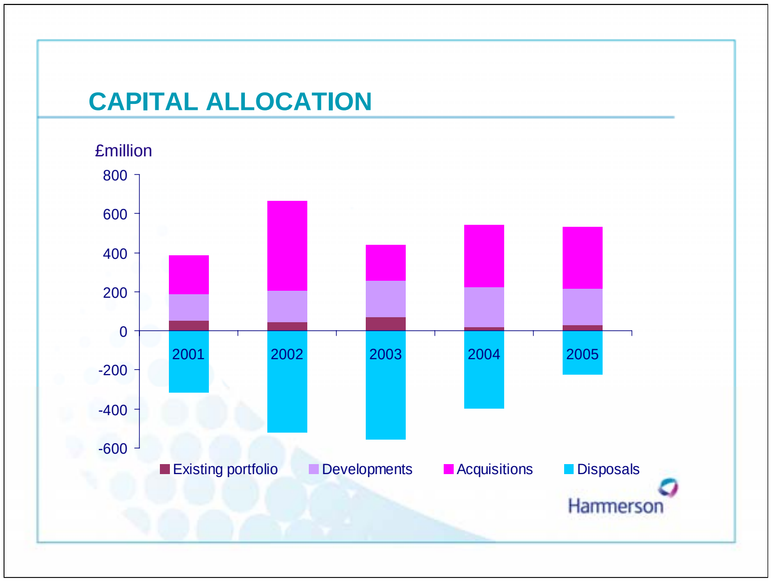
Adding the first two lines together, operating cash flow before tax reduced from £83 million to £65 million in the year. This was mainly because the first annual interest payment on the £300 million sterling bond issued in February 2004 was made in February 2005.

Included in the tax line in both years is £18 million we have paid in relation to the SIIC exit tax. The total amount is payable over four years.

Overall there was a net cash outflow before financing of nearly £300 million as expenditure both on acquisitions and the development programme exceeded the amount raised on the two disposals in the year - Sittingbourne Industrial Park and 14 boulevard Haussmann in Paris. Our net investment over the last two years amounts to £453 million.



Investment and sales are shown graphically on the slide where the blue bars below the line represent disposals and the bars above the zero line represent acquisitions, developments and expenditure on the investment portfolio. Over the whole five years, Hammerson has invested a total of £2.6 billion whilst realising £2.0 billion from disposals, actively recycling its assets.

BALANCE SHEET

	(£ million)	
	31 Dec 2005	31 Dec 2004
Property assets	5,732	4,603
Net debt	(2,049)	(1,746)
Other net liabilities	(151)	(234)
	3,532	2,623
Deferred tax	(406)	(213)
Equity shareholders' funds	3,126	2,410
EPRA NAV per share	**£12.37**	**£9.45**
Gearing	**66%**	**72%**
Gearing (excluding deferred tax)	**58%**	**67%**

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Reflecting the cash outflow in 2005 net debt increased to just over £2 billion, although gearing fell as values increased. Net asset value per share rose by 31% to £12.37 and this increase is analysed on the next slide.

NAV ANALYSIS

	Shareholders' funds* (£ million)	EPRA NAV* (£ per share)
31 December 2004	2,623	9.45
Revaluation – equity changes	212	0.74
– income changes	576	2.02
Retained profit (excluding revaluations)	111	0.39
Issue of shares	64	(0.02)
Dividend	(51)	(0.18)
Exchange loss and other movements	(10)	(0.03)
31 December 2005	3,525	12.37

* Excluding deferred tax and fair value of interest rate swaps

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Revaluations in Hammerson's accounts are now split between developments, where valuation changes are taken directly to equity, and investment properties where revaluations are included in the income statement. These are shown on the second and third lines here and together they increased NAV by £2.76 per share.

During the year we issued shares as part part consideration for the acquisition of the Villebon retail park in Paris, which had a very marginal dilutive effect of 2 pence per share.

Again you will see that I have used the EPRA definition of NAV.

Looking in a bit more detail at the capital returns achieved in 2005.

CAPITAL RETURNS

	Shopping centres		Retail parks		Offices		Total	
	Value £m	% change	Value £m	% change	Value £m	% change	Value £m	% change
UK	2,221	13.1	703	18.8	1,169	25.1	4,093	17.4
France	948	20.8	104	-	443	27.5	1,495	22.2
Germany	144	(15.1)	-	-	-	-	144	(15.1)
Total	**3,313**	**13.4**	**807**	**17.3**	**1,612**	**26.3**	**5,732**	**17.6**

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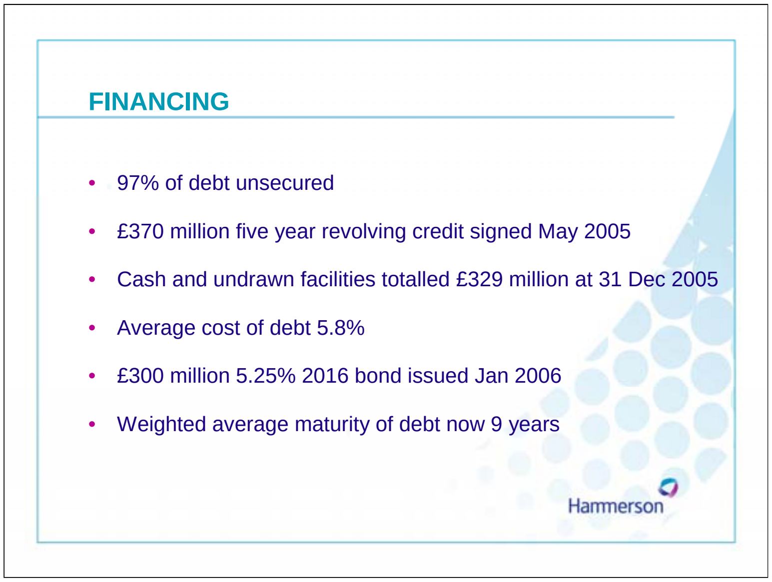
Overall, there was a capital return of 17.6%. That was for the group as a whole. The investment portfolio delivered a capital return of 14.6% and the development portfolio 42.2%. Valuation yields for Hammerson's UK shopping centres and retail parks reduced by an average of 50 basis points, whilst in France the reduction was around 100 basis points.

These lower yields contributed around 60% of the overall increased in value whilst improved rental values contributed a further 10%. The balance, we estimate, was directly attributable to either asset management initiatives or development profits partly offset by the withdrawal of stamp duty relief in the UK.

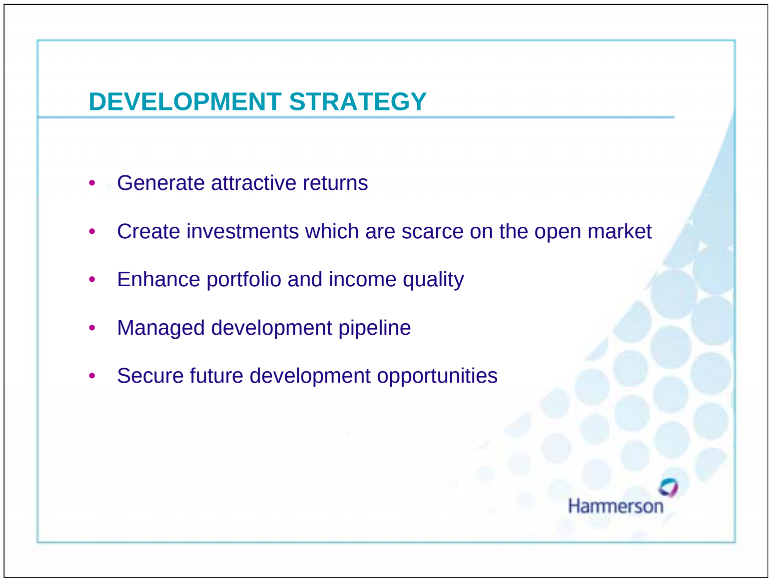


Hammerson has continued to borrow on an unsecured basis, a policy which supports our business model.

At the end of the year we had cash and undrawn facilities totalling £329 million and have subsequently issued an eleven year sterling bond raising a further £300 million so that currently liquidity available is over £600 million. We have subsequently swapped the proceeds of the bond issue into floating rate debt with a current running cost marginally above 5%.

The current strength in the financial markets means that Hammerson is extremely well placed to continue with the expansion of the business and in particular our development programme, which Peter will now explain in more detail.

Good morning everybody. As you have seen, Hammerson's development programme substantially enhanced our performance last year.



So why do we develop?

- obviously to generate attractive returns but also to create investments that are difficult to buy on the open market and which enhance our overall portfolio.

We now have a substantial pipeline of opportunities which we can manage to meet our development and subsequent investment requirements.

So, if that is our approach, what are we doing?

First, our current developments.

CURRENT DEVELOPMENTS

Scheme	Ownership interest %	Size m²	Cost at 31 Dec 2005 £m	Estimated total development cost £m	Amount let or under offer %	Anticipated completion date
Shopping Centres						
Merchants Quarter, Bristol	50	140,000	33*	230*	35	Sep 2008
New Shires, Leicester	60	60,000	16*	190*	26	Sep 2008
Retail Parks						
The Avenue Retail Park, Cardiff	100	4,500	23	25	79	Jan 2006
Dallow Road, Luton	100	8,700	24	28	100	Mar 2006
Westwood & East Kent, Thanet	100	8,400	11	17	80	Jun 2006
Offices						
9 place Vendôme, Paris 1er	50	27,700	79*	90*	83	Apr 2006

* Hammerson's share of costs shown for joint ventures

Hammerson

Six developments were underway at year end with an estimated total cost of £580 million. These properties already have delivered a valuation surplus of £95 million.

As you can see, we also made excellent letting progress on all projects.

Now I'd like to look at the two major retail schemes we started in the second half of the year, both of which continue our strategy of adding to our portfolio of regional shopping centres.

Firstly, Bristol …

Work started on Merchants Quarter in Bristol last September. The 93,000 m² scheme is anchored by House of Fraser and Harvey Nichols. Letting is going well with 25% let with a further 10% under offer. Completion is due in Autumn 2008.

Hammerson’s estimated total development cost is £230 million and the group’s share of the projected income is around £16 million.

In Leicester...

Hammerson has a joint venture with Hermes to carry out a major expansion of the existing Shires shopping centre. Construction started recently with completion scheduled for September 2008.

The New Shires scheme will create 60,000 m² of additional retail space. The extension will be anchored by a new John Lewis Partnership store, which will complement the existing scheme anchors Debenhams and House of Fraser.

The project will double the size of The Shires to nearly 110,000 m², virtually same size as the Bullring in Birmingham.

Hammerson's total development cost will be £190 million and share of the projected income is around £12 million.

Early letting progress has been positive and we're 26% let or under offer by income.

I am confident that Bristol and Leicester will turn out to be two more successful regional centres which will enhance our portfolio.

Turning now to Paris…

9 PLACE VENDOME, PARIS 1ER

- 50:50 JV with AXA REIM
- Office - 22,200 m²
  Retail - 5,500 m²
- Amount let : 83%
  - 13,000 m² let to Clifford Chance
  - 3,500 m² let to Proskauer Rose
  - Six of the eight retail units let or under offer
- Completion April 2006

Hammerson

Work is progressing well at 9 place Vendôme and we are on target for completion in April. Following on from the major pre-letting to Clifford Chance last year, we have now leased a further 3,500 m² of the office space to another international law firm.

At the year end the development surplus was £43 million, but like all developments, full value will be achieved only when the building is completed and fully let. I believe therefore there is further potential from this development.

Looking ahead to the next potential developments.

POTENTIAL DEVELOPMENTS 2006

	Scheme description	Size m²	Ownership interest %	Indicative total development costs £m
Retail				
Union Square, Aberdeen	Development	50,000	50	80*
West Berkshire Retail Park, Theale	Extension	11,100	100	23
Fife Central, Kirkcaldy	Extension	10,400	100	25
Parinor, Aulnay-Sous-Bois	Redevelopment	24,000	100	75
Offices				
125 Old Broad Street, London EC2	Development	30,700	100	160
60 Threadneedle Street, London EC2	Development	20,600	100	110
Opéra Capucines, Paris 2ème	Refurbishment	10,300	50	32*
Total				**505**

* Hammerson's share of costs shown for joint ventures

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There are seven schemes which we anticipate could start in 2006. The total costs of these is of the order of £500 million.

We have already started one of these at 125 Old Broad Street, the former Stock Exchange Tower.

We acquired the freehold of the former Stock Exchange buildings in 2004.

This is one of the best locations in the City and the sites were acquired at the very attractive price of £75 million, giving Hammerson a low break-even rent.

We have since been successful in obtaining new planning consents for two separate buildings. The first is the 26 storey tower building that will be redeveloped retaining only the structural frame to provide a new office building.

With the rapidly improving City market, I believe this project has significant potential.

Completion is due in December 2007 when market conditions for leasing are expected to be positive and I anticipate the building will be attractive to a wide range of occupiers.

The other building, 60 Threadneadle Street is a nine storey office building of 20,000 m².

We'll review the programme for this building in the second half of the year.

In Paris…

OPERA CAPUCINES, PARIS 2e

- 50:50 JV with MAAF
- Offices - 5,800 m²
  Retail - 4,500 m²
- Planning application submitted
- Anticipated start on site Q2 2006
- 42% let or under offer

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…we plan to redevelop Opéra behind its existing façades in a 50:50 joint venture with MAAF Assurance.

This is a very well-located building with a prominent frontage onto place de l’Opéra.

Construction is due to begin in the second quarter and we have already signed a major pre-let with Esprit for part of the retail content.

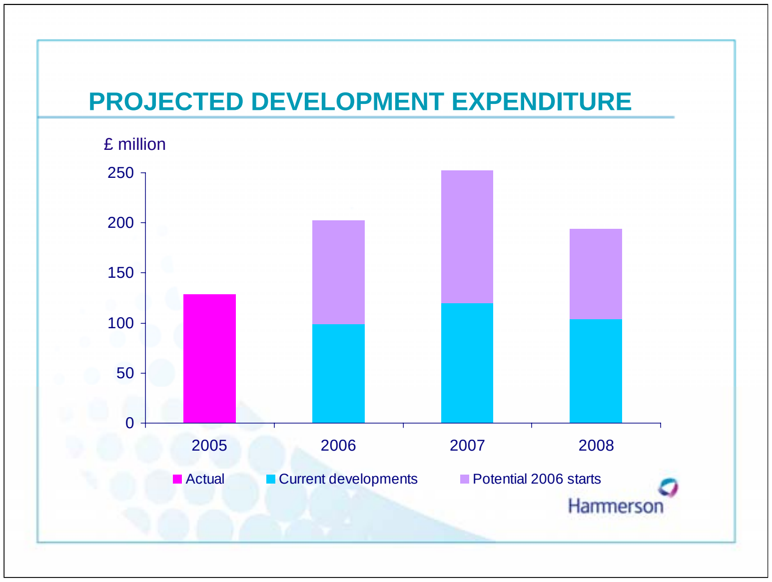
Like place Vendôme, this will create a prime asset in a market where quality investments are scarce.

As you probably know, planning restrictions for new retail centres are very tight in France, so our strategy is to progress a major expansion and improvement programmes at several of our existing shopping centres in and around Paris.

Parinor is a good example of this. We have acquired Castorama's interest and this gives us the opportunity to create 24,000 m² of new space.

We have applied for planning consent and works could start later this year with completion in 2008. The redevelopment would increase the size of Parinor to some 90,000 m², making it the largest shopping centre serving the north of Paris.

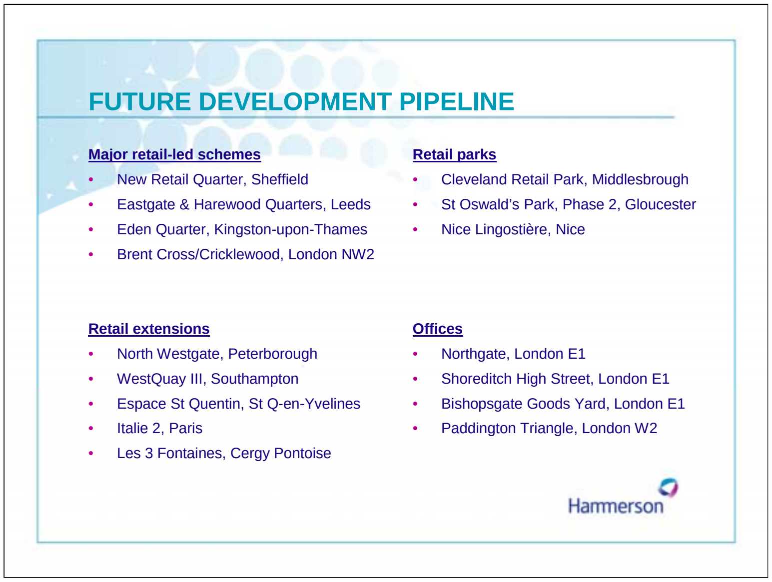
Looking at the total commitments of the projects.



This slide shows the anticipated expenditure both on the current developments and the seven schemes that could start this year.

The estimated cash outflow over the next three years totals £650 million. This does not include smaller projects, nor expenditure on the longer term development pipeline.

Beyond these current schemes, we have an excellent pipeline of future developments which could be progressed beyond 2007.



Our key projects are listed here as you can see. These cover all areas of our business. In total these schemes could provide over one million m² of new floor space.

In the UK, the pipeline includes the potential for five major retail projects which would further enhance our shopping centre portfolio.

All these projects are continuing to be advanced to give us future development options. To illustrate two of these projects.

Firstly, Peterborough …

We have worked on this project for three years and at the end of last year, acquired a 50% interest in Queensgate shopping centre Peterborough from Norwich Union. The total cost was £156 million and it showed us an initial yield of 5.1%.

We have now signed a development agreement to undertake a 60,000 m² extension, which will double the size of the centre to 130,000 m².

We intend to submit a planning application in the second half of this year and this scheme gives us significant potential to enhance the future performance of this asset.

And in London…

In July last year we entered into an option agreement with Hackney Council to acquire the long leasehold interest in Northgate, which adjoins our existing Norton Folgate site. It is just to the north of 201 Bishopsgate, the site of which is shown.

On the combined sites, we see the potential to create a mixed-use development totalling nearly 90,000 m² - approximately half offices and the balance a hotel and apartments.

We intend to submit a planning application in the next few months.

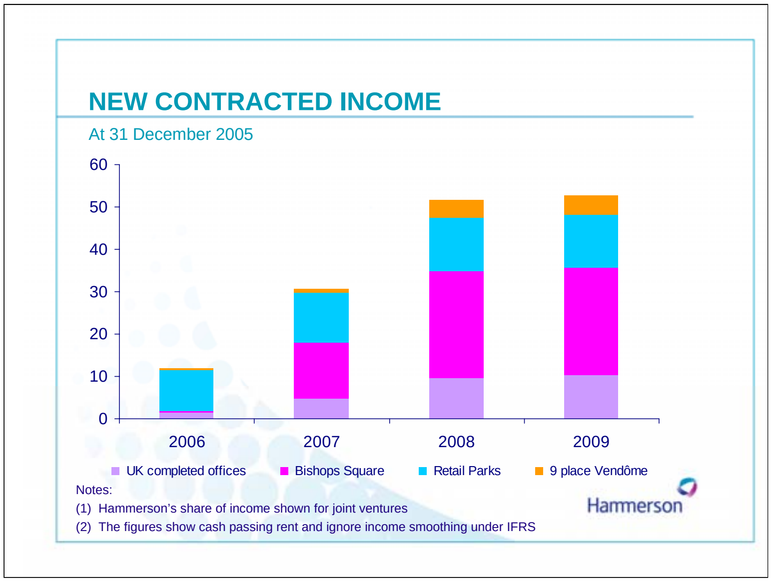
Hammerson also has two other potential office and mixed-use schemes in the area at Bishopsgate Goodsyard and on Shoreditch High Street. All in all this gives us some very exciting options to participate in the future expansion of the City.

In total, our investment in the development pipeline is only around £140 million and it generates an annual income of around £4 million and gives us some exciting future schemes offering very considerable upside potential.

I hope this demonstrates the significant additional value that development provides for Hammerson.

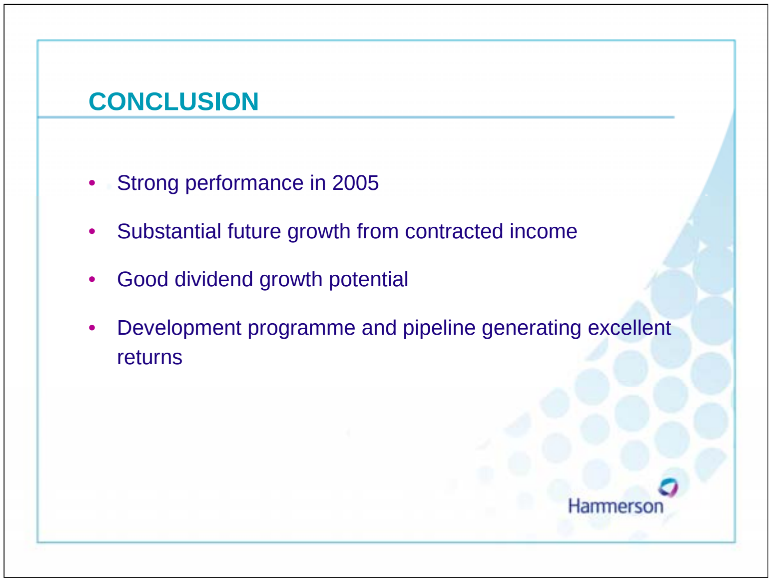
Thank you Peter.

I think you'll agree that our development programme provides a key means for us to add value and drive the income line.



Hammerson's share of the future rental income from completed office schemes in London, retail parks and current developments for which leases have already been signed or agreed, amounts to £53 million per annum.

These figures show cash passing rent and ignore income smoothing under IFRS. The effects of income smoothing are shown as one of the slides in the Appendix.



So…Hammerson has shown a very strong performance in 2005, particularly France.

Our rental income will grow substantially over the next three years from contracted deals.

That should pave the way for continuing dividend increases in the future.

Our development programme is generating good returns and we have, what I believe to be, the best development pipeline of any property company.

I have every confidence in Hammerson’s future.

Hammerson


APPENDICES
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EARNINGS PER SHARE (EPS)

Diluted EPS per IFRS income statement		197.6
(i)	Revaluation movement on investment properties, development properties held for investment and other investment interests	(205.1)
	Profits or losses on disposal of investment properties, development properties held for investment and other non current investment interests	(11.4)
	Tax on profits or losses on disposals	-
	Negative goodwill/goodwill impairment	-
	Movement in fair value of financial instruments	(0.6)
	Deferred tax	47.7
	Minority interests in respect of the above	3.0
Diluted EPRA EPS		31.2

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NET ASSET VALUE (NAV)

NAV per share per the financial statements	**1,097**
Effect of exercise of options, convertibles and other equity interests	-
Diluted NAV, after the exercise of options, convertibles and other equity interests	**1,097**
(i) Revaluation of investment properties, development properties held for investment and other non current interests	-
Fair value of tenant leases held as finance leases	-
Fair value of trading properties	-
Fair value of financial instruments	(2)
Deferred tax	142
Diluted EPRA NAV	**1,237**

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TOP TEN PROPERTIES

	Valuation 31/12/05	Passing rent**	Total return	Let by income
	£m	£m	2005	%
WestQuay	520	22.8	16.6	99
Bishops Square	401*	25.4*	42.4	99
Brent Cross	370*	16.2*	19.6	100
Bullring	297*	14.5*	15.2	99
The Oracle	266*	13.2*	21.7	99
Italie 2	242	12.7	26.5	99
Liberty	229	11.6	21.1	99
Les 3 Quartiers	195	8.8	18.9	79
Parinor, Paris	178	8.1	30.9	96
The Shires, Leicester	173*	8.5*	20.4	100

* Hammerson's share in respect of joint ventures
** Passing rents are post rent free periods

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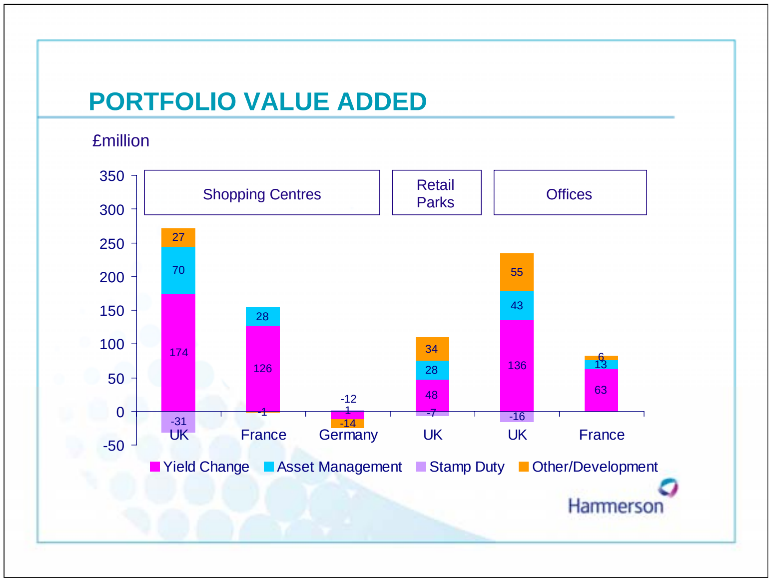
PORTFOLIO VALUE ADDED
£million
Shopping Centres
Retail Parks
Offices
350
300
250
200
150
100
50
0
-50
27
70
174
-31
28
126
-1
-12
-1
-14
34
28
48
-7
55
43
136
-16
6
13
63
UK
France
Germany
UK
UK
France
Yield Change
Asset Management
Stamp Duty
Other/Development
Hammerson

DISPOSALS IN 2005

	Proceeds £ million
Sittingbourne Industrial Estate	34
Néo, 14 boulevard Haussmann, Paris 9ème	185
Other	5
Total	**224**

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VACANT SPACE

	ERV vacant at 31 Dec 05 £m	Vacancy %
UK shopping centres	0.7	0.6
UK retail parks	1.2	3.7
UK offices	13.5	27.8
French retail	1.4	2.1
French offices	2.3	18.9
Group Total	**19.5**	**6.8**

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RENT REVIEWS

	Outstanding £m	2006 £m	2007 £m	2008 £m	Total 2006-8 £m
Rents passing from leases subject to review	32	26	14	22	62
Projected rent after review at current ERV	39	28	16	23	67
Potential rent increases	**7**	**2**	**2**	**1**	**5**

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LEASE EXPIRIES AND BREAKS

	2006 £m	2007 £m	2008-10 £m	Total £m
Rents passing from leases subject to expiries or break	17	10	36	63
Current ERV	20	12	38	70
Potential rent increases	**3**	**2**	**2**	**7**

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RENTS PASSING SECURED

New contracted income		2005 £m	2006 £m	2007 £m	2008 £m	2009 £m
Retail parks	- cash flow - IFRS basis	3.6 5.7	9.7 10.5	11.8 12.2	12.4 12.2	12.4 12.2
Bishops Square*	- cash flow - IFRS basis	- -	0.4 6.6	13.2 24.8	25.4 24.5	25.4 24.5
UK completed offices	- cash flow - IFRS basis	(0.5) 3.4	1.4 8.1	4.8 8.3	9.6 8.3	10.3 8.3
9 place Vendôme	- cash flow - IFRS basis	- -	0.3 3.1	1.0 4.9	4.2 4.9	4.7 4.9
Total	**- cash flow** **- IFRS basis**	**3.1** **9.1**	**11.8** **28.3**	**30.8** **50.2**	**51.6** **49.9**	**52.8** **49.9**

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DEVELOPMENT EXPENDITURE

	2005 Costs to date £m	2006 £m	2007 £m	2008+ £m	Future capitalised interest £m	Total £m
Current developments	186	99	140	123	32	580
Potential developments starting 2006	132	104	153	99	17	505
Total	**318**	**203**	**293**	**222**	**49**	**1,085**

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DISCLAIMER

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

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

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