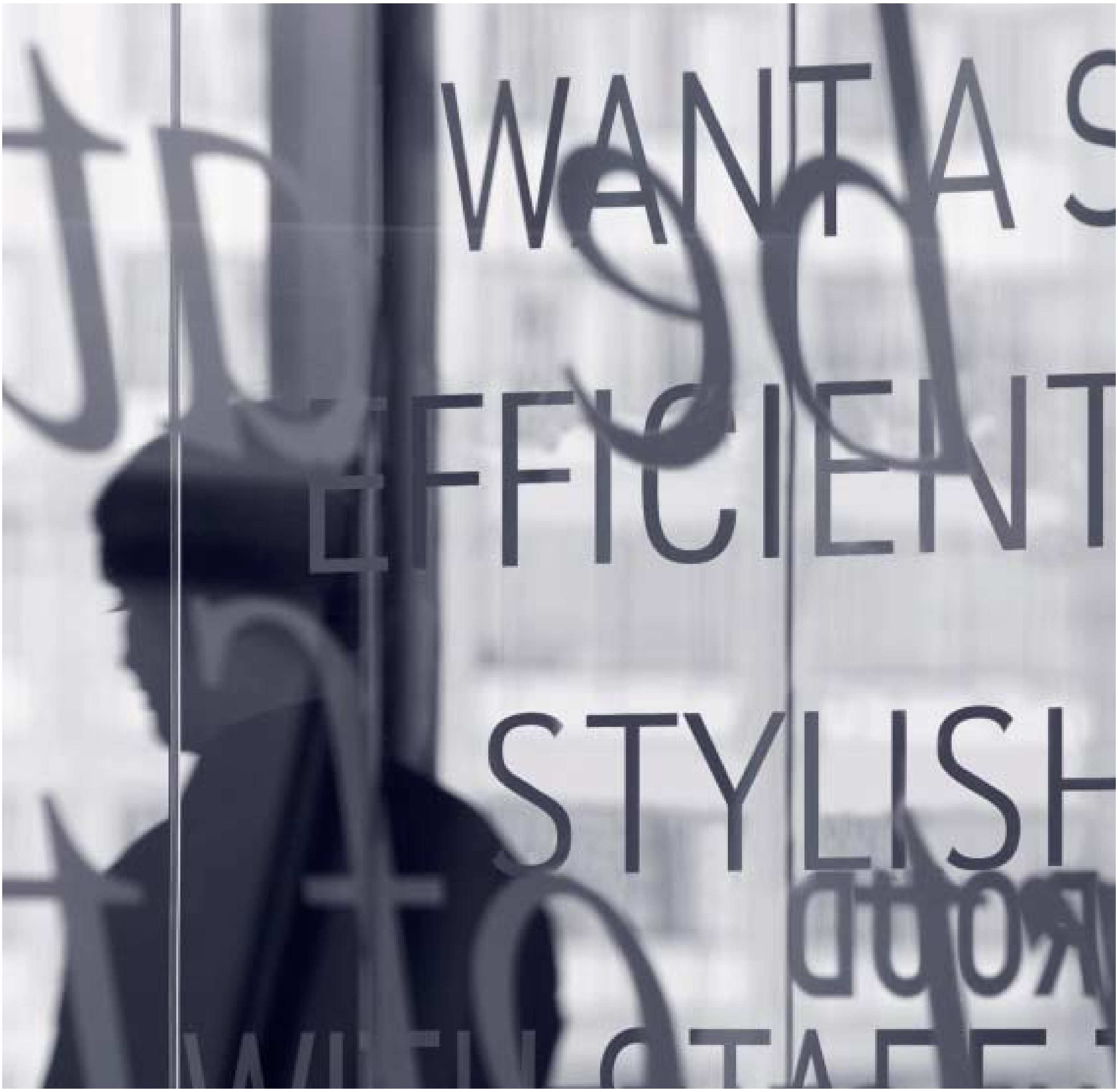


DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2004

Hammerson

Directors' Report and Financial Statements

Contents

Profit and Loss Account

Net rental income was £188.4 million in 2004 compared with £189.5 million in 2003. An increase in rents from properties owned throughout the year, from completed developments and from acquisitions was more than offset by a reduction in rents in respect of property disposals.

Net rental income reconciliation

	2004 £m	2003 £m
Properties owned throughout 2004 and 2003	**153.3**	145.4
Acquisitions	**7.3**	0.8
Developments	**15.7**	5.0
Properties sold	**11.5**	37.9
Exchange translation and other	**0.6**	0.4
Net rental income	**188.4**	189.5

Net rental income in 2004 included £4.3 million in respect of turnover rent and £7.4 million in respect of income from car parks, after costs. During the year rental income receivable of £2.4 million has been accrued and allocated to rent free periods.

Administration expenses in 2004 rose by £1.9 million to £26.7 million, which included a one-off charge of £0.8 million in respect of the closure of the group's Berlin office. Increases in staff costs and professional fees relating to tax restructuring in France were offset to some extent by increased management fees receivable from joint venture partners.

The group's net financing costs were £74.8 million in 2004 compared with £78.7 million in 2003. Following the completion of several developments, less interest was capitalised during 2004. However, this was more than offset by a higher level of interest receivable, reflecting cash received from property disposals. The average cost of borrowing was 6.3%, compared with 6.0% in 2003. Interest cover was 2.0 times, compared with 1.8 times in 2003.

Profit before tax was £127.2 million, after including exceptional profits of £40.3 million on the sale of properties. These profits arose principally on the sale of office properties and a retail park in the UK. Adjusted profit before tax, excluding exceptional items, was £86.9 million, an increase of 1.2% over 2003.

The tax charge in 2004 was £8.7 million, reflecting a current tax charge of £49.0 million largely offset by a deferred tax credit of £40.3 million. The election into the SIIC regime accounted for £43.6 million of the current tax charge and £45.0 million of the deferred tax credit, being the exit tax payable and the release of deferred tax respectively. Excluding the effects of the SIIC regime, the low tax rate arose principally due to low tax on foreign earnings, UK capital allowances and relief for interest capitalised.

Adjusted earnings per share, after excluding profits on property disposals, deferred tax and the SIIC exit charge, were 30.0 pence, compared with 29.8 pence in 2003, an increase of 0.7%.

A final dividend of 12.47 pence per share is proposed which, together with the interim dividend of 5.45 pence per share, makes a total of 17.92 pence per share for the year. This represents an increase of 6.5% over the total dividend for 2003.

Cash Flow

Cash flow from operating activities was £164 million, compared with £174 million in 2003. The decrease was principally due to the timing of working capital receipts and payments.

The cash outflow in respect of acquisitions and other capital expenditure of £544 million was £106 million less than capital additions of £650 million. The difference was due to:

	£m
Borrowings assumed on acquisition	32
Negative goodwill on acquisitions	28
Payments deferred until 2005	34
Interest capitalised	21
Working capital and other movements	(9)
Total	106

Property disposals realised £399 million and, after paying tax, interest and dividends, there was a cash outflow, before financing, of £129 million during the year.

Balance Sheet
At 31 December 2004, Hammerson's property portfolio was valued at £4,608 million, compared with £3,956 million at the end of 2003. The increase arose from capital additions of £650 million, a revaluation surplus of £344 million and exchange translation gains of £6 million, partly offset by the disposal of properties with a book value of £348 million.

Adjusted net asset value per share increased by 133 pence, or 16.6%, to 936 pence at the year end. The portfolio revaluation accounted for 124 pence of the increase, with the balance principally reflecting retained profits and the negative goodwill arising on the acquisitions of the additional interests in WestQuay shopping centre and the Moorhouse office scheme. Provision was made in the year for the tax cost of entering the SIIC regime in France, which reduced adjusted net assets per share by 25 pence.

Borrowings
In February 2004, Hammerson issued £300 million 6% unsecured bonds maturing in 2026. In addition, the group signed a new £230 million five year revolving credit facility in June 2004, refinancing a £250 million facility that expired at that time.

At 31 December 2004, Hammerson's borrowings totalled £1,800 million and it had undrawn committed facilities of £475 million. The weighted average maturity of borrowings at 31 December 2004 was approximately 11 years.

Unsecured borrowings represented 96% of total debt at 31 December 2004, compared with 99% at the end of 2003. Secured borrowings of £65 million principally comprised the group's share of the facility relating to Moorhouse.

Net debt amounted to £1,746 million at 31 December 2004 after taking into account cash and deposits of £54 million. Gearing was 68% compared with 73% at the end of 2003, whilst the loan to value ratio was 38%.

The market value of borrowings and interest rate swaps at the year end was £1,974 million, some £175 million greater than the book value, equivalent, after tax relief, to 44 pence per share.

Return on Shareholders' Equity
Hammerson's return on shareholders' equity for the year ended 31 December 2004 was 22.1%, excluding deferred tax and the effects of entry into the SIIC regime. This compares with the group's estimated cost of equity of 7.8%. Over the last three years the group has achieved an average return on shareholders' equity of 11.9%.

Tax
In March 2004, Hammerson plc obtained a secondary listing for its shares on Euronext Paris, the French Stock Exchange, enabling the group to elect into the new Sociétés d'Investissements Immobiliers Côtées ("SIIC") tax regime. The group's income and capital gains in the French subsidiaries are now tax exempt, although intercompany dividends receivable in the UK from France are taxable.

Full provision has been made for the £71 million SIIC regime entry charge, payable in four annual instalments, the first of which was made in December 2004. This provision was partly offset by the write back of deferred tax of £45 million, giving rise to a net charge of £26 million. In addition, the contingent tax liability in respect of Hammerson's French business was largely eliminated, with a reduction of £120 million to £3 million at the end of 2004.

International Financial Reporting Standards ('IFRS')
With effect from 1 January 2005, all companies quoted in the European Union are required to adopt IFRS. Hammerson will report its interim and final results for 2005 under the new accounting regime.

The main changes to Hammerson's financial statements will be the recognition of property revaluation surpluses and deficits in the income statement, rather than the statement of recognised gains and losses, and the inclusion in the balance sheet of contingent tax that may arise on the disposal of all properties in the portfolio. In addition, the movements in the fair value of interest rate derivatives will be recognised in the income statement and lease incentives capitalised and amortised through the income statement over the lease term, rather than the period to the first rent review.

Hammerson is maintaining a dialogue with other property companies to ensure that the standards are applied as consistently as possible across the sector. Hammerson will present its 2004 results restated under IFRS in April 2005. The presentation will be available on the Company's website.

Treasury

Hammerson operates a centralised treasury function with clear authorities for the implementation of the treasury objectives and policies adopted by the Board.

The treasury department operates as a cost centre and not as a profit centre and there are internal controls to ensure that no transactions can be undertaken on a speculative basis. Regular reports are produced, which enable management to monitor and control treasury activities closely.

Policies and practices followed to achieve these objectives are as follows:

DEBT MANAGEMENT

The group generally borrows on an unsecured basis on the strength of its covenant in order to maintain operational flexibility. Management arranges the group's borrowings to ensure an appropriate maturity profile and maintain short term liquidity. Acquisitions may be financed initially using short term funds before being refinanced for the longer term when market conditions are most appropriate. Short term funding is raised principally through syndicated revolving credit facilities from a range of banks and financial institutions with whom Hammerson maintains strong working relationships. Medium and long term debt mainly comprises the group's fixed rate unsecured bonds.

INTEREST RATE MANAGEMENT

Interest rate swaps are used to alter the interest rate basis of the group's debt, allowing changes from fixed to floating rates or vice versa. Clear guidelines exist for the group's ratio of fixed to floating rate debt and management regularly reviews the interest rate profile against these guidelines.

FOREIGN CURRENCY MANAGEMENT

The impact of foreign exchange movements is managed by financing the cost of acquiring euro denominated assets with euro borrowings. The group borrows in euros as well as using currency swaps as an alternative means of matching foreign currency assets with foreign currency liabilities.

PROFIT AND LOSS ACCOUNT AND BALANCE SHEET MANAGEMENT

The group maintains internal guidelines for interest cover and gearing. Management monitors the group's current and projected financial position against these guidelines.

CASH MANAGEMENT

Cash levels are monitored to ensure sufficient resources are available to meet the group's operational requirements. Short term money market deposits are used to manage liquidity whilst maximising the rate of return on cash resources, giving due consideration to risk.

A summary of the system of governance adopted by the Company is set out below. Throughout the year ended 31 December 2004, except where otherwise explained, the Company has complied with the Code provisions set out in section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003.

Board of Directors

The Board operates within the terms of its written authorities, which include a schedule of matters reserved for the approval of the Board. The Board currently consists of the Chairman, five executive and six non-executive directors who meet not less than ten times during the year. All directors were present at all meetings of the Board held during the year, with the exception of J R Hirst and J F Nelson, who were each unable to attend one meeting as a result of commitments entered into prior to their appointments to the Board and D A Edmonds who was unable to attend one meeting due to his absence abroad. The roles and responsibilities of the Chairman, Chief Executive, executive directors and non-executive directors are clearly defined.

The Board has ultimate responsibility for Hammerson's overall strategy, acquisition and divestment policy, risk management, internal control, approval of major capital expenditure projects, treasury and the raising of finance, ensuring appropriate human resources are available and corporate governance. The procedures and accountability for these matters, which are delegated to management, are set out in the Company's operations and control manuals. A schedule of routine matters to be addressed by the Board and its Committees is agreed on an annual basis and information is supplied to the Board in a manner which enables the Board to fulfil its responsibilities. Presentations on business and operational issues are made regularly to the Board by senior management. All directors are kept informed of changes in relevant legislation and changing commercial risks.

The Board and its Committees have, in the past, continuously monitored and evaluated their own performance and the contribution made by individuals. This process of board evaluation was formalised during 2004 with the introduction of structured and objective evaluation procedures and a review was undertaken by the Board during 2004, from which it was concluded that the Board and its Committees act effectively and that the individual directors who serve the Board and its Committees are performing a valuable role. In particular, the contribution made by each of R J O Barton and J C Clare who retire by rotation and G F Pimlott who retires having been a director for more than 11 years, all of whom seek re-election at the Annual General Meeting, has been fully considered by the Board. The Board has concluded that each of them makes an effective contribution to the Board and the Committees on which they serve and that they continue to demonstrate commitment to their respective roles. G F Pimlott's contribution as the former Chairman of the Audit Committee has been particularly valued given his financial experience. He will be retiring from the Board on 31 December 2005, having made a considerable contribution as a director for a period of over 11 years throughout which he has been able to adopt a fresh approach to all issues.

The Chairman meets as necessary, but at least once each year, with the non-executive directors without executive directors present. The non-executive directors meet annually without the Chairman in order to appraise his performance. This meeting is chaired by the Deputy Chairman.

All directors have access to independent professional advice and to the advice and services of the Company Secretary who is responsible to the Board for advice on corporate governance matters and for ensuring that Board procedures are followed and that the Company and the Board operate within applicable legislation, rules and regulations. The appointment and removal of the Company Secretary is a matter requiring approval of the Board.

The Company maintains directors' and officers' liability insurance which is reviewed annually. The Company's directors and officers are adequately insured in line with the guidelines produced by the Institute of Chartered Secretaries and Administrators.

In accordance with the Company's Articles of Association, directors are required to submit themselves for election at the first opportunity after their appointment and thereafter for re-election at least every three years.

R R Spinney, formerly the Chief Executive, was appointed non-executive Chairman in 1999. The Board is satisfied that he and the other non-executive directors, each of whom is independent from management and has no commercial or other connection with the Company, are able to exercise independent judgement. Their experience, gained from varied commercial backgrounds, enables them to make a valuable contribution to the Company. The Board is also satisfied that G F Pimlott's independence is not compromised by the period he has held the position as a non-executive director of the Company.

R R Spinney holds other positions which are set out on page 7 of the Annual Review and Summary Financial Statements. The Nomination Committee is satisfied that these appointments do not adversely affect his commitment as the Company's Chairman.

R R Spinney will retire as non-executive Chairman on 30 September 2005 and will be succeeded by J F Nelson, who joined the Board in May 2004 as a non-executive director.

G F Pimlott, as Deputy Chairman, acts as the senior independent non-executive director as defined in the Code and is available to shareholders if the normal channels of contact are inappropriate for whatever reason. In this role he would deputise for the Chairman in his absence and is available to advise and counsel particularly non-executive, but also executive colleagues. He is a member of the Remuneration and Nomination Committees and, until 31 December 2004, was a member of the Audit Committee, which he chaired until 23 August 2004. He will be standing down from the Board on 31 December 2005 and the Board intends, in due course, to appoint a new senior independent director.

The Company has developed an induction programme which is tailored to the specific requirements of newly appointed non-executive directors. On their appointment, non-executive directors meet with the Chairman and the Chief Executive and are provided with briefings on their responsibilities as directors and on the Company's business and procedures. Non-executive directors also meet with representatives from the Company's auditors and advisers and with members of senior management who provide further information on the Company's operations including visits to the Company's properties.

Executive directors are encouraged to take non-executive positions in other companies to broaden their experience. S R Melliss is a member of the Committee of Management of Hermes Property Unit Trust for which he receives a fee of £17,500 per annum and J A Bywater is a non-executive director of Workspace Group plc and Land Management Limited for which he receives fees of £25,000 per annum and £10,000 per annum respectively. Each of them retains the fees payable in respect of these positions.

Standing Committees of the Board

The Board has Audit, Remuneration and Nomination Committees, each of which has written terms of reference which are regularly reviewed and which deal clearly with their authorities and duties. Copies of these terms of reference are available on the Company's website and in writing on request. Each of these committees is comprised of non-executive directors of the Company. Details of these committees are set out below:

a) Audit Committee

The Audit Committee comprises J R Hirst (Chairman), J C Clare and D A Edmonds. J R Hirst, who is a Chartered Accountant, was appointed to the Committee on 6 May 2004 and became Chairman on 23 August 2004, succeeding G F Pimlott who retired from the Committee on 31 December 2004. The Committee met on six occasions during 2004 and, with the exception of J R Hirst, who was unable to attend one meeting owing to a commitment entered into prior to his appointment to the Committee, all members of the Committee attended all meetings which they were eligible to attend. The Committee reviews matters affecting Hammerson's internal controls and their effectiveness and, on an annual basis, external audit arrangements including the level of fees and the independence and objectivity of the auditors, the merits of establishing an internal audit function and the provision of non-audit services to the Company by the external auditors. It also reviews the interim and full year financial statements prior to their submission to the Board, the application of the Company's accounting policies, any changes to financial reporting requirements and such other related matters as the Board may require. Senior representatives of the external auditors and executive directors may be invited to attend the meetings.

b) Remuneration Committee

The Remuneration Committee comprises R J O Barton (Chairman), J C Clare, J F Nelson and G F Pimlott. J F Nelson was appointed to the Committee on 19 August 2004. The Committee met on seven occasions during 2004 and all members of the Committee attended all meetings which they were eligible to attend. It reviews the terms and conditions of employment of the executive directors and senior staff. The report of the Remuneration Committee is given on pages 12 to 18. The Chairman and the Chief Executive may be invited to attend the meetings.

c) Nomination Committee

The Nomination Committee comprises R R Spinney (Chairman), R J O Barton and G F Pimlott. All members of the Committee were present on each of the five occasions on which the Committee met in 2004, other than when their own positions were under review. It undertakes an annual review of succession planning for senior executives and ensures that the membership and composition of the Board, including the balance of executive and non-executive directors, continues to be appropriate. This review includes consideration of the independence of non-executive directors and of the balance of skills and knowledge required of both executive and non-executive directors.

In seeking candidates for new appointments, the Committee uses the services of external recruitment consultants.

During the year, on the recommendation of the Committee following a review undertaken in 2003, the appointments of J R Hirst and J F Nelson were approved by the Board. In addition, as part of that review, the Committee's recommendations that J R Hirst be appointed as a member and Chairman of the Audit Committee and that J F Nelson be appointed as a member of the Remuneration Committee, were approved by the respective committees and by the Board.

R R Spinney's appointment, which was initially for the period ended 30 September 2003, was extended to 30 September 2005. During 2004, R R Spinney confirmed to the Board that it was his intention to retire as a director and Chairman at that time. A special Nomination Committee was formed comprising all non-executive directors, with the exception of any individual who wished to be considered for the post of Chairman, for the sole purpose of ensuring the appointment of a new Chairman. G F Pimlott, as Deputy Chairman, chaired the committee.

During 2004, an external adviser was appointed to propose suitable candidates, following which, the Nomination Committee recommended to the Board that J F Nelson be appointed Chairman with effect from 1 October 2005 for a period of three years ending on 30 September 2008.

It was also agreed that G F Pimlott, who had previously advised the Board of his intention to retire prior to the expiry of his term of appointment on 31 December 2005, would remain a director and Deputy Chairman up until that date in order to provide continuity for a period of three months following J F Nelson's appointment as Chairman.

External Auditors

The Company's external auditors are Deloitte & Touche LLP. The audit partner responsible for the Company's audit matters is changed in accordance with the current applicable guidance of the Institute of Chartered Accountants in England and Wales.

In forming their opinion on the independence and objectivity of the external auditors, the Audit Committee takes into account the safeguards operating within Deloitte & Touche LLP. Regard is had to the nature of and remuneration received for other services provided by Deloitte & Touche LLP to the Company and, inter alia, confirmation is sought from them that the fee payable for the annual audit is adequate to enable them to perform their obligations in accordance with the scope of the audit.

In respect of the year ended 31 December 2004, the auditors' remuneration comprised £764,000 for audit work and £126,000 for other work.

The Audit Committee has reviewed the briefing paper on effective communication between audit committees and external auditors issued in September 2002 by the Auditing Practices Board and, having considered the recommendations of the briefing paper with the external auditors, has concluded that the relationship between the Audit Committee and Deloitte & Touche LLP is in accordance with the objectives contained therein.

Trustees of the Pension Scheme
The Company's principal pension scheme, The Hammerson Group Management Limited Pension & Life Assurance Scheme, is administered by two corporate trustees. One is an independent trustee and the other is a subsidiary of the Company which has five directors, three of whom are employees, but not directors, of the Company. The Scheme's funds are invested and managed independently of the Company.

This Scheme is closed to new entrants and a Group Personal Pension Plan has been established for new employees.

Shareholders
The Board aims to achieve clear reporting of financial performance to shareholders. The group implements an investor relations programme whereby the executive directors and other senior executives make presentations to and meet institutional investors and analysts during the year, and, in particular, following the announcement of Hammerson's annual and interim results. Presentations and the accompanying script are simultaneously posted on the Company's website. Any views expressed at such meetings and presentations are reported to the Board.

Private shareholders are invited to ask questions at the Company's Annual General Meeting and meet the directors informally after the meeting. The number of proxy votes cast in resolutions is announced at the Annual General Meeting.

Internal Control
The Board has ultimate responsibility for the group's system of internal control and for reviewing its effectiveness. This system is designed to safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records, provide reliable financial information and ensure compliance with relevant legislation and regulations.

There is a regular review process throughout the year of the effectiveness of the group's system of internal controls, including financial, operational and compliance controls and risk management, although any such system can only provide reasonable and not absolute assurance against material misstatement or loss. This system is designed to manage the achievement of business objectives.

The group has established, and the Board regularly reviews, its risk management procedures and the procedures necessary to enable the directors to report on internal controls in compliance with the Code. The risk management procedures involve the analysis, evaluation and management of the key risks to the group, including those relating to joint venture arrangements. The Board has allocated responsibility for the management of each key risk to executive directors and senior executives within the group who report on these risks to the Board. Any recommendations arising from such reports and reviews are implemented under the supervision of the Board.

The Company conducts internal audit activities through a programme of internal controls reviews which are undertaken by a combination of Company employees and external advisers as appropriate. The reviews are overseen and co-ordinated by an Internal Controls and Risk Management Committee, which was established in July 2004. The Committee comprises executives from the finance and operational parts of the business, is chaired by the Group Finance Director, and is intended to ensure that internal control is integrated into Hammerson's daily operations.

The Audit Committee has reviewed these arrangements and is satisfied that they provide an appropriate overview of the Company's internal control procedures and continue to be an effective alternative to a dedicated internal audit function.

The other key elements of the group's system of internal control are as follows:

- Regular meetings of the Board and the Audit Committee whose overall responsibilities are set out above.
- A management structure that is designed to enable effective decision making with clearly defined responsibilities and limits of authority. An important part of this structure is a monthly meeting of the executive directors and monthly meetings of management boards in the UK and France.
- The maintenance of operational control manuals setting out a control framework for management to operate within and containing guidance and procedures for the group's operations.
- The measurement of the group's financial performance on a regular basis against budgets and long term financial plans.

The system of internal control and the effectiveness thereof have been reviewed by the Board for the year under review and during the period up to the date of this report and the process accords with the Turnbull guidance.

By Order of the Board

S J Haydon
Secretary 14 March 2005

Directors' Responsibilities in Respect of the Preparation of the Financial Statements

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the group as at the end of the financial year and of the profit or loss of the group for the financial year.

The directors ensure that, in preparing the financial statements, suitable accounting policies have been selected and consistently applied, reasonable and prudent judgements and estimates made, applicable United Kingdom accounting standards followed and that it is appropriate to use the going concern basis.

The directors are responsible for maintaining proper accounting records so as to enable them to comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the group and for taking all reasonable steps to prevent and detect fraud and other irregularities.

The directors submit their Report and the audited financial statements for the year ended 31 December 2004.

1 Results for the Year
The results for the year are set out in the consolidated profit and loss account on page 20.

2 Dividends
The directors recommend a final dividend of 12.47p per share which, together with the interim dividend paid on 29 October 2004, will make a total dividend for the year of 17.92p (2003: 16.83p). It is intended that warrants in respect of the final dividend will be posted on 11 May 2005 for payment on 12 May 2005 to shareholders on the register at the close of business on 15 April 2005.

3 Principal Activities and Future Prospects
The principal activities of the Company have continued to be property investment and development. The Annual Review and Summary Financial Statements should be read in conjunction with this report.

4 Fixed Assets
Changes in tangible fixed assets during the year are set out in notes 10 and 11 to the financial statements on pages 34 and 35, whilst details of Hammerson's property portfolio are provided on pages 49 to 56.

5 Share Capital
Changes in the Company's share capital are set out in note 19 to the financial statements on pages 41 and 42. On 31 December 2004 there were 277,252,593 ordinary shares of 25p each in issue.

6 Going Concern
After making appropriate enquiries, the directors have a reasonable expectation that the Company has the resources to continue in business for the foreseeable future. Therefore, the financial statements have been prepared on the going concern basis.

7 Substantial Interests in the Share Capital of the Company
At 28 February 2005 the following substantial interests in the issued share capital of the Company had been notified:

	Ordinary shares at 25p each	Percentage of total issued capital
Stichting Pensionenfonds ABP	14,929,685	5.38%
Legal & General Group PLC	11,194,864	4.04%

8 Directors
The directors of the Company and biographical details are shown on page 7 of the Annual Review and Summary Financial Statements. R R Spinney, G F Pimlott, R J G Richards, R J O Barton, J A Bywater, J C Clare, P W B Cole, G Devaux, D A Edmonds and S R Melliss served throughout the year.

J R Hirst and J F Nelson were appointed as non-executive directors with effect from 1 March 2004 and 1 May 2004 respectively.

R R Spinney will be retiring as a director on 30 September 2005.

R J G Richards, R J O Barton, J C Clare and S R Melliss retire by rotation and offer themselves for re-election. R J O Barton is Chairman of the Remuneration Committee and a member of the Nomination Committee. J C Clare is a member of the Audit and Remuneration Committees.

G F Pimlott has been a director of the Company for more than 11 years. He is therefore required to retire at the Annual General Meeting in accordance with the Revised Code and offers himself for re-election. He will be standing down from the Board on 31 December 2005. He is a member of the Nomination and Remuneration Committees.

R J G Richards, J A Bywater, P W B Cole and S R Melliss have service agreements with the Company. G Devaux's appointment is governed by a deed of appointment. The appointments of the non-executive directors, including the Chairman, are governed by letters of appointment. Details of the service agreements and the letters of appointment are set out in paragraph 5 of the Remuneration Report on page 15. Details of the directors' interests in the share capital of the Company are set out in paragraph 9 below.

9 Directors' Interests
The beneficial interests of the directors in the ordinary shares of the Company are set out below:

	1 March 2005	**31 December 2004**	1 January 2004 (or subsequent date of appointment)
R R Spinney	**34,915**	**34,915**	44,915
G F Pimlott	**7,000**	**7,000**	7,000
R J G Richards	**29,538**	**25,599**	20,563
R J O Barton	**6,000**	**6,000**	9,000
J A Bywater	**11,662**	**9,316**	6,530
J C Clare	**7,000**	**7,000**	7,000
P W B Cole	**16,959**	**14,470**	6,327
G Devaux	**12,007**	**10,432**	8,053
D A Edmonds	**2,000**	**2,000**	2,000
J R Hirst	**1,455**	**1,455**	–
S R Melliss	**19,394**	**16,632**	12,782
J F Nelson	**10,000**	**–**	–

In addition, as beneficiaries under the discretionary trust which holds shares to satisfy awards under the Hammerson plc Deferred Share Plan, each of R J G Richards, J A Bywater, P W B Cole, G Devaux and S R Melliss had an interest on 31 December 2004 in the 605,408 shares held by that trust (1 January 2004: 642,414).

10 Directors' Remuneration
Details of the remuneration and share options of each of the directors are set out in the Remuneration Report on pages 12 to 18.

11 Donations
During the year Hammerson made charitable donations in the United Kingdom of £103,385 (2003: £108,681). Under the Company's charitable donations policy, donations are made to a variety of social, medical and arts charities and to charities connected to localities in which the Company is represented. In addition to these charitable donations, the Company provides financial assistance to other projects of benefit to the community. Political donations are not made.

12 Creditor Payment Policy
It is the Company's policy and practice that the terms of payment to suppliers are agreed in advance of the supply of any goods and services and that payments are made in accordance with those terms and conditions provided that the supplier has also complied with them. At 31 December 2004, the Company had 29 days' (2003: 41 days') purchases outstanding.

13 Auditors
Deloitte & Touche LLP are willing to be reappointed as auditors to the Company and a resolution concerning their reappointment will be proposed at the Annual General Meeting. Their reappointment has been considered and recommended by the Audit Committee.

14 Annual General Meeting
The Annual General Meeting will be held on Thursday 5 May 2005 at 100 Park Lane, London W1K 7AR at 10.30am. The Notice of Meeting and the explanatory notes can be found in a separate notice accompanying the Annual Review and Summary Financial Statements.

By Order of the Board

S J Haydon
Secretary 14 March 2005

Corporate Responsibility

Hammerson has recently published a Corporate Responsibility report outlining its approach and commitment to continuous improvement in this area. The Company's policies and procedures are supported by appropriate targets and performance measures, which are reported on the Company's website www.hammerson.co.uk.

Hammerson recognises that it has responsibilities towards all those with whom it has dealings, including investors, employees, occupiers, suppliers and local communities. The Company is also aware of its responsibilities towards the environment.

The Corporate Responsibility Committee, which comprises senior employees from different disciplines and is chaired by J A Bywater, is responsible for formulating and monitoring Corporate Responsibility policies.

Within the Company's risk management programme, the Board approves all policies relating to ethical, social, environmental, health and safety issues and receives regular reports on these matters. This ensures that internal standards are met and legislation complied with.

The Company undertakes regular independent research to ascertain and monitor the perceptions of its stakeholders. Such research enables Hammerson to enhance the quality of its working practices and relationships.

Business Ethics
Hammerson has made a public commitment, through the Hammerson Charter, to all its business partners and advisers over the way in which it deals with them. In particular, it aims to be honest, professional and fair and it encourages suppliers and sub-contractors to operate according to similar principles.

All employees receive a copy of the Hammerson Code of Conduct. This makes clear the standard of behaviour expected from them and their responsibility for maintaining and enhancing the Company's reputation.

Investors
The Board believes in the importance of effective communication. All investor relations activities are undertaken within the guidelines and regulations set by the UK Listing Authority, the London Stock Exchange and Euronext Paris.

Hammerson seeks to improve investors' understanding of its objectives and strategy and its progress in meeting these. The Company implements a comprehensive investor relations programme, making available the Chief Executive, Finance Director and other senior directors, to meet with investors in order to explain Hammerson's business and financial performance and to answer questions.

The Company's approach to corporate governance is set out on pages 4 to 6.

Employees
Hammerson provides its employees with clean, healthy and safe working conditions and respects their human rights. It recognises the need to attract and retain employees of a high calibre and is committed to the principle of equal opportunity, within a framework of clear terms of employment. The Company invests in its employees, offering training and development to help them maximise their potential and contribute fully to the Company's business objectives. Individual performance is regularly appraised. In the United Kingdom, Hammerson has had an accreditation from Investors in People since 1997.

The Company believes in a fair remuneration policy and that employees should have an interest in the Company's financial performance. Subject to length of service, employees are eligible for grants of options. Details of the Company's share option scheme and deferred share plan are set out in the Remuneration Report which follows on pages 12 to 18. In addition, employees are able to participate in a savings related share option scheme.

Health and Safety
Hammerson operates and continually reviews its health and safety policies and practices, monitoring current and proposed legislation to ensure appropriate safety standards are maintained. All its properties are subject to an external health and safety audit programme. Employees receive appropriate training and are made aware of health and safety policy and their responsibilities for its implementation.

Local Communities
The support of local communities is crucial to the success of Hammerson's developments, particularly its city centre, retail-led regeneration schemes. Attention is paid to ensuring that interested parties have an opportunity to understand the development proposals and voice their opinions.

Property Industry
Directors and senior management are encouraged to represent the Company's views and contribute towards the development of the property industry by serving on the boards of industry bodies such as the British Property Federation, the British Council of Shopping Centres, the City Property Association, the European Public Real Estate Association, the National Council of Shopping Centres in France and the Fédération des Sociétés Immobilières et Foncières.

Environment
The Company's environment policy, which may be viewed on the Company's website, www.hammerson.co.uk, sets out the procedures concerning environmental management that Hammerson follows to ensure compliance with environmental legislation in those countries in which it operates. The policy, which is regularly reviewed, covers environmental matters relating to the management of its investment and development properties and the conduct of its business.

The Company carries out regular maintenance and, where practicable, improvement programmes to ensure the efficient operation of its buildings and to reduce energy consumption having regard to tenants' needs and the age of buildings. In addition Hammerson encourages tenants to follow environmental procedures compatible with its own.

The environmental impact of developments and building works is managed through careful consideration of design, selection of materials and construction techniques. Consultants and contractors are required to adhere to the Company's policy and encouraged to suggest improvements.

Prior to any property acquisition, an environmental assessment is undertaken to identify possible contamination or the presence of materials considered environmentally harmful. Remedial action is taken where appropriate.

In its day to day business, Hammerson follows guidelines aimed at reducing energy consumption, uses appropriate materials and encourages recycling. It recycles paper, toner cartridges and glass at its own offices. Employees are aware of the Company's responsibilities and their duties in implementing environmental management procedures.

The Company has set itself a number of environmental targets and management tasks with clearly allocated responsibilities. Progress against these targets is certified and reported on Hammerson's website www.hammerson.co.uk.

A founding member of the Property Environment Group (PEG – www.pegonline.net), Hammerson was ranked amongst the best performing companies in the March 2005 PEG benchmarking survey of environmental engagement in the property industry. The Company also participates in the Business in the Environment annual index of the FTSE 350.

The directors submit their report on remuneration for the year ended 31 December 2004.

This report has been approved and adopted by the Board and has been prepared in accordance with the requirements of s234B of the Companies Act 1985 (as amended by The Directors' Remuneration Report Regulations 2002 ("the Regulations")) and the Listing Rules. The information contained in paragraphs 3, 6 and 7 below is subject to audit in accordance with the Regulations.

1 The Remuneration Committee ('The Committee')

The Board has appointed a Remuneration Committee which meets no less than twice a year to consider, for recommendation to the Board, company policy on the remuneration of executive directors and to approve the composition and level of remuneration of executive directors and certain senior executives. The Board has accepted, without amendment, the Committee's recommendations relating to remuneration policy.

The Committee currently comprises R J O Barton (Chairman), J C Clare, J F Nelson and G F Pimlott.

2 Remuneration Policy

In determining an appropriate remuneration policy for recommendation to the Board, the Committee's objective is to ensure that the Company continues to be able to attract, retain and motivate experienced individuals, capable of making a major contribution to Hammerson's success. Remuneration for executive directors and senior executives takes account of performance through an annual performance related bonus scheme and, for long term performance, by the award of shares under the Deferred Share Plan.

To assist the Committee in determining remuneration policy, the Committee has received advice from Hay Group who have been appointed by the Committee and who provide no other services to the Company. In addition, although they are not members of the Committee, information and advice has been provided and recommendations have been made by R R Spinney, R J G Richards (other than in respect of his own position) and by the group's Director of Human Resources, E A Houlihan.

In implementing the policy, following its approval by the Board, the Committee takes into account remuneration packages available within other comparable companies, the Company's overall performance, achievement of corporate objectives, individual performance and published views of investors and their representatives.

3 Remuneration of Executive Directors and Senior Executives

The remuneration packages for senior staff, including executive directors, consist of the following elements and are structured to relate reward to corporate and individual performance. Details of all payments to executive directors, which are disclosed in the table in paragraph 6 on pages 15 and 16 show the relative values of basic and performance related elements of remuneration.

i) Basic Salary and Benefits

Basic salaries for executive directors and other senior executives are reviewed by the Committee, normally annually or otherwise on promotion, having regard to responsibility, competitive market practice, company and individual performance and independently compiled salary survey information. Benefits include the use of a company car or the provision of a car allowance, medical insurance and life assurance cover. Details of directors' emoluments are given in paragraph 6 on pages 15 and 16.

ii) Annual Performance Related Bonus Scheme

Full time staff throughout the Company, including executive directors, participate in a performance related bonus scheme. Payments under the scheme are based on the achievement of profit, net asset value and operational targets, which are set such that they are both relevant to the specific circumstances of the Company and designed to enhance performance. Such payments, which are not pensionable, are agreed by the Remuneration Committee and take account of individual performance, seniority and responsibilities. The amount payable to executive directors in any one year could be up to 85% of their basic salary, with part of the payment receivable in shares in the Company of which half vest two years after the date of grant.

Between 1 January 2004 and 1 March 2005 the following shares were issued to executive directors under the bonus scheme:

	Number of shares	
	17 March 2004	1 March 2005
R J G Richards	5,036	3,939
J A Bywater	2,786	2,346
P W B Cole	3,221	2,489
G Devaux	2,379	1,575
S R Melliss	3,850	2,762

iii) Pensions
The UK resident executive directors are members of the Company's non-contributory pension scheme, details of which are set out in note 5 to the financial statements on pages 28 to 30.

iv) Deferred Share Plan
Executive directors and selected senior executives may be awarded shares under the Hammerson plc Deferred Share Plan ("the Plan"). The Plan was established to align the rewards received by participants to the Company's financial performance and provide them with the opportunity to build a holding of shares in the Company. The Committee approves awards under the Plan by way of nil cost options. Under the terms of the Plan, the actual number of shares to be awarded to participants in respect of grants made between 2000 and 2002 has been determined by reference to the average annual return on equity achieved over a three year performance period on a straightline basis between 7.5% and 20%. Following shareholder approval on 6 May 2004, the performance target is now based on the comparative total shareholder return performance of the Company against a peer group of the eight largest quoted UK property companies, including Hammerson. There will be no vesting of shares unless the Company's performance is in the top half of the comparator group and there will be a progressive vesting schedule according to the Company's ranking within the top half of the comparator group as follows:

Ranking	% of shares awarded
1st	100.00
2nd	83.33
3rd	66.67
4th	50.00

The annual value of awards under the Plan are set to a maximum of 95% of salary.

The Plan is administered by a Trustee which has acquired 700,000 shares, financed by drawing down £3,191,381 of interest free loan facilities of £3,300,000 from the Company, to satisfy the issue of shares to participants under the Plan and under the Annual Performance Related Bonus Scheme referred to in paragraph 3(ii) above. Following earlier transfers of shares to participants the Trustee now holds 605,408 shares.

Under the terms of the Trust, the Trustee is obliged to waive dividends on this holding of shares, except for a nominal amount.

At 31 December 2004 the maximum number of shares which could be awarded to executive directors under all grants made under the Plan to date was as follows:

			Maximum number of shares
Date of grant	3 April 2002	26 September 2003	11 May 2004
R J G Richards	55,618	55,822	55,165
J A Bywater	32,818	33,288	31,523
P W B Cole	32,818	33,288	33,672
G Devaux	36,272	36,702	32,956
S R Melliss	42,318	42,677	38,687

The average annual return on equity achieved during the three year performance period relating to the grant made on 3 April 2002 was 11.89%, resulting in 31.77% of the maximum number of shares vesting. Accordingly, in respect of the grant made on 3 April 2002, the executive directors now have interests over nil cost options exercisable until 30 June 2005 as follows:

	Number of nil cost options
R J G Richards	17,669
J A Bywater	10,426
P W B Cole	10,426
G Devaux	11,523
S R Melliss	13,444

Following the introduction of the Plan, participants are no longer eligible for grants of options under the Company's share option schemes which are described below.

v) Share Options
Employees, including executive directors prior to the introduction of the Deferred Share Plan, have been granted share options under the Hammerson plc 1995 Approved and Unapproved Share Option Schemes. No payment is made by participants in consideration for the grant of options. The Unapproved Scheme was established to allow the grant of options where the cumulative value of subsisting options as at the date of their grant is in excess of £30,000. The Committee approves grants, which are phased, of share options under the schemes. Both schemes are subject to performance targets and restrictions which the Board considers to be a realistic test of management performance and which are designed with a view to securing the long term growth of the Company. Options can be exercised only if the rate of increase in the Company's earnings per share over any three year period is at least 6% in excess of the rate of increase in the Retail Price Index during that period. No variations have been made to the rules of the Scheme since it was implemented.

At the Annual General Meeting shareholders will be asked to approve the renewal of and alteration to the Scheme, which expires in 2005, together with the introduction of a Share Incentive Plan. The proposals for both these schemes are explained in the circular to shareholders which accompanies the Annual Review and Summary Financial Statements.

Details of the directors' interests in options over ordinary shares of the Company under the Company's executive share option schemes are as follows:

	1 January 2004	Granted	Exercised	Lapsed	31 December 2004	Exercise price	Market price at date of exercise	Gain £000	Date from which exercisable	Expiry date
R J G Richards	4,600	–	(4,600)	–	–	390p	716.00p	15	–	–
	19,121	–	(19,121)	–	–	528p	761.00p	45	–	–
	38,806	–	–	–	38,806	379p	–	–	11.11.2001	10.11.2005
	63,081	–	–	–	63,081	480p	–	–	04.10.2002	03.10.2006
	125,608	–	(23,721)	–	101,887			60		
J A Bywater	47,962	–	–	–	47,962	417p	–	–	01.04.2002	31.03.2006
	47,962	–	–	–	47,962			–		
P W B Cole	7,700	–	(2,000)	–	5,700	347p	846.25p	10	30.06.1998	29.06.2005
	19,547	–	(10,000)	–	–	528p	716.00p	19	–	–
			(9,547)			528p	846.25p	30		
	13,955	–	(10,000)	–	–	379p	716.00p	34	–	–
			(3,955)			379p	846.25p	18		
	11,356	–	–	–	11,356	417p	–	–	01.04.2002	31.03.2006
	52,558	–	(35,502)	–	17,056			111		
G Devaux	2,061	–	(2,061)	–	–	528p	846.25p	7	–	–
	19,733	–	(19,733)	–	–	379p	846.25p	92	–	–
	83,756	–	–	–	83,756	417p	–	–	01.04.2002	31.03.2006
	105,550	–	(21,794)	–	83,756			99		
S R Melliss	33,100	–	(17,000)	–	16,100	347p	745.50p	68	30.06.1998	29.06.2005
	32,900	–	(32,900)	–	–	528p	745.50p	72	–	–
	50,418	–	–	–	50,418	379p	–	–	11.11.2001	10.11.2005
	116,418	–	(49,900)	–	66,518			140		

The directors' interests in options over ordinary shares of the Company under the Company's savings related share option scheme are as follows:

	1 January 2004	Granted	Exercised	Lapsed	31 December 2004	Exercise price	Expiry year
R J G Richards	5,360	–	–	–	5,360	342.8p	2006
P W B Cole	4,922	–	(4,922)	–	–	342.8p	–

The middle market quotation of the Company's ordinary shares, as derived from the London Stock Exchange Daily Official List, was 868.5p on 31 December 2004 and the range during the year was 608.0p to 869.5p.

4 Share Ownership Guidelines
All directors are encouraged to own shares in the Company. The Deferred Share Plan and the Annual Performance Related Bonus Scheme are designed to encourage executive directors, over a period of time, to acquire a shareholding of equal value to their salary.

5 Service Agreements
R J G Richards, J A Bywater, P W B Cole and S R Melliss have service agreements which may be terminated by the Company on 12 months' notice. These agreements were entered into on 28 February 2002. If a contract is terminated at short notice, any resulting compensation would not be subject to mitigation.

G Devaux's appointment is governed by a deed of appointment under which there is a notice period of four weeks. He is based in Paris and, in accordance with French employment legislation, has a service agreement as an employee and director with a French subsidiary of the Company with a notice period of three months, but under which any payment made in the event of termination at short notice is subject to a minimum of 12 months and a maximum of 21 months.

The Chairman and the non-executive directors do not have service contracts with the Company. Their appointments are governed by letters of appointment which are available for inspection on request. The Chairman's appointment, which is subject to 12 months' notice, was initially for the period ending 30 September 2003, but following review by the executive directors and the non-executive directors was extended to 30 September 2005 when he will retire as a director and Chairman of the Company. The appointments of the non-executive directors are reviewed by the Chairman and the executive directors every three years and, accordingly, will next be reviewed as follows:

D A Edmonds	7 May 2006
J R Hirst	28 February 2007
R J O Barton	30 June 2007
J C Clare	31 December 2007
J F Nelson	30 September 2008

G F Pimlott, whose appointment is due for review on 31 December 2005, has indicated that he will be resigning as a director on that date.

Notwithstanding the intention that the appointments of non-executive directors are for the term of three years, such appointments are at all times subject to the right for either party to terminate the appointment on not less than three months' notice.

G F Pimlott, having been a director for more than 11 years, retires at the forthcoming Annual General Meeting and offers himself for re-election. R J G Richards, R J O Barton, J C Clare and S R Melliss, who retire in accordance with the Articles of Association, also offer themselves for re-election.

6 Remuneration of Directors
The Chairman of the Board, R R Spinney, is a non-executive director and his fee, and those of the other non-executive directors, are determined by the Board, having regard to the contribution required from and the responsibility taken by non-executive directors and current market practice including the level of fees paid to non-executive directors of comparable companies. Non-executive directors currently receive a basic annual fee of £35,000 plus an additional sum of £3,500 in respect of membership of the Audit and Remuneration Committees. To reflect their additional responsibilities, further fees of £5,000 are payable to the Chairman of each of these committees and the Deputy Chairman is paid an additional fee of £15,000. Non-executive directors are not eligible for performance related bonuses or grants of options and their fees are not pensionable. G F Pimlott's fees are payable to a company of which he is a director.

The following table shows a breakdown of the remuneration of the directors for the year ended 31 December 2004:

	Salary and fees £000	Performance related bonus £000	Benefits in kind £000	Total emoluments excluding pension contributions 2004 £000	2003 £000	Long term incentive plan gain on shares 2004 £000	2003 £000	Gain on exercise of share options 2004 £000	2003 £000
Executive directors									
R J G Richards	371	133	34	**538**	471	**–**	66	**60**	54
J A Bywater	214	79	24	**317**	277	**–**	42	**–**	–
P W B Cole	225	85	16	**326**	282	**–**	37	**111**	27
G Devaux	264	68	1	**333**	288	**–**	54	**99**	–
S R Melliss	265	94	21	**380**	353	**–**	49	**140**	23
Non-executive directors									
R R Spinney	185	–	26	**211**	200	**–**	–	**–**	–
G F Pimlott	50	–	–	**50**	45	**–**	–	**–**	–
R J O Barton	36	–	–	**36**	30	**–**	–	**–**	–
J C Clare	35	–	–	**35**	30	**–**	–	**–**	–
D A Edmonds (appointed 8 May 2003)	32	–	–	**32**	19	**–**	–	**–**	–
J R Hirst (appointed 1 March 2004)	29	–	–	**29**	–	**–**	–	**–**	–
J F Nelson (appointed 1 May 2004)	21	–	–	**21**	–	**–**	–	**–**	–
	1,727	459	122	**2,308**	1,995	**–**	248	**410**	104

The performance related bonus for 2004 included in the table above is payable as to 40/70ths in cash and 30/70ths in shares. A further element of the performance related bonus is receivable in the form of options, the shares in respect of which vest two years after the date of grant. The potential entitlement to shares under this element of the scheme, subject to the terms of the scheme, is set out below.

	Number of shares
R J G Richards	6,676
J A Bywater	3,977
P W B Cole	4,219
G Devaux	3,424
S R Melliss	4,682

The value of benefits in kind includes the use of a company car or provision of a car allowance, medical insurance and life assurance cover as referred to in paragraph 3(i) on page 12.

During the year ended 31 December 2004 no payments were made to directors for expenses other than those incurred wholly and directly in the course of their employment or appointment.

7 Pensions

The UK resident executive directors all participate in the Company's pension scheme, more fully described in note 5 to the financial statements on pages 28 to 30, which provides pension and other benefits.

Pension entitlements, which are based on basic salary, are subject to restrictions imposed by the Income and Corporation Taxes Act 1988. R J G Richards and P W B Cole commenced pensionable service with the Company prior to the introduction of these restrictions and are not, therefore, subject to them. In the case of J A Bywater and S R Melliss, pension arrangements to contractual retirement age of 60 are provided under the scheme. In addition, in the case of J A Bywater, provision is made by way of an unfunded commitment to ensure a pension of 1/30th of final salary for each year of pensionable service and in the case of S R Melliss, provision in respect of pensionable salary above the restriction is paid to a money purchase arrangement. G Devaux also participates in the unfunded pension scheme to obtain the same overall level of pension provision as other executive directors. No pension arrangements are made by the Company for non-executive directors.

The following tables set out information on executive directors' defined benefit pension entitlements, including funded and unfunded arrangements:

	Age at 31 December 2004	Years' service at 31 December 2004	Total accrued benefit at 31 December 2004 £000	Increase in accrued benefit during the year £000	Increase in accrued benefit during the year, excluding inflation £000
R J G Richards	48	23	176	33	28
J A Bywater	57	7	50	13	12
P W B Cole	45	15	83	19	17
G Devaux	56	18	76	10	9
S R Melliss	52	13	44	5	4

For each director, the total accrued benefit at 31 December 2004 represents the annual pension that is expected to be payable on eventual retirement, given the length of service and salary of each director at 31 December 2004. The increase in accrued benefit earned during the year represents the increase in this expected pension, including the effect of inflation, when compared with the position at 31 December 2003. The increase in accrued pension excluding the effect of inflation over the year is also shown.

Requirements under:	Schedule 7A of the Companies Act 1985			The Listing Rules
	Transfer value at 31 December 2003 of total accrued benefit £000	Transfer value at 31 December 2004 of total accrued benefit £000	Value of increase in accrued benefit during the year £000	Transfer value at 31 December 2004 of increase in accrued benefit £000
R J G Richards	1,253	1,643	390	261
J A Bywater	578	862	284	207
P W B Cole	487	673	186	138
G Devaux	1,031	1,360	329	161
S R Melliss	420	520	100	47

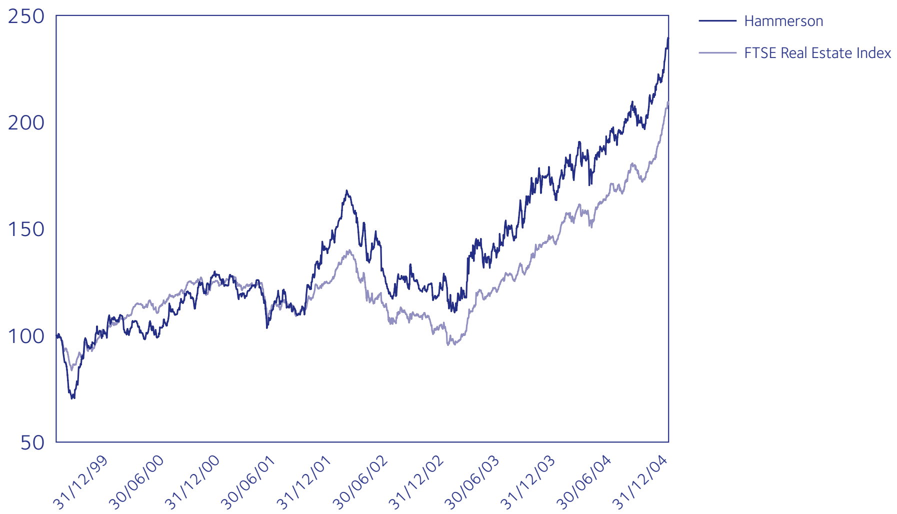
For each director, the value of the increase in accrued benefit under the requirements of Schedule 7A of the Companies Act 1985 is the amount obtained by subtracting from the transfer value of the total accrued benefit at 31 December 2004 the corresponding transfer value at 31 December 2003. The value of the increase in accrued benefit under the Listing Rules is the transfer value at 31 December 2004 of the increase in accrued benefit during the period, excluding inflation.

In addition a payment of £79,000 was made to S R Melliss' money purchase arrangement during 2004 (2003: £103,000).

8 Shareholder Return

The graph below shows the total shareholder return in respect of the Company's ordinary shares of 25p each for the five years ended 31 December 2004 relative to the total return of the FTSE Real Estate Index which comprises shares of the Company's peers. The total shareholder return is rebased to 100 at 31 December 1999.

(Source: Datastream)



By Order of the Board

S J Haydon
Secretary

14 March 2005

Independent Auditors' Report to the Members of Hammerson plc

We have audited the financial statements of Hammerson plc for the year ended 31 December 2004 which comprise the consolidated profit and loss account, the consolidated and Company balance sheets, the statement of total recognised gains and losses, the note of historical cost profits and losses, the reconciliation of movements in shareholders' funds, the consolidated cash flow statement and the related notes 1 to 26 and A to G. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the Annual Review and Summary Financial Statements and Directors' Report and Financial Statements including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the July 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the Annual Review and Summary Financial Statements and Directors' Report and Financial Statements for the above year as described in the contents section including the unaudited part of the directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the group as at 31 December 2004 and of the profit of the group for the year then ended; and
- the financial statements and the parts of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
14 March 2005

Consolidated Profit and Loss Account

for the year ended 31 December 2004

	Notes	**2004 £m**	2003 £m
Gross rental income, after rents payable	2	**212.3**	215.3
Other property outgoings	2	**(23.9)**	(25.8)
Net rental income		**188.4**	189.5
Loss on disposal of properties held for resale		**–**	(0.1)
Management fees receivable		**4.0**	3.3
Cost of property activities		**(16.3)**	(15.8)
Corporate expenses		**(14.4)**	(12.3)
Administration expenses	3	**(26.7)**	(24.8)
Operating profit		**161.7**	164.6
Exceptional items: Profit/(Loss) on the sale of investment properties		**40.3**	(18.8)
Profit on ordinary activities before interest		**202.0**	145.8
Cost of finance (net)	6	**(74.8)**	(78.7)
Profit on ordinary activities before tax		**127.2**	67.1
Current tax	7(a)	**(49.0)**	(1.7)
Deferred tax	7(a)	**40.3**	(13.1)
Tax charge on profit on ordinary activities		**(8.7)**	(14.8)
Profit on ordinary activities after tax		**118.5**	52.3
Equity minority interests		**(2.2)**	(2.0)
Profit for the financial year		**116.3**	50.3
Dividends	8	**(49.6)**	(46.4)
Retained profit for the financial year	20	**66.7**	3.9
Basic earnings per share	9	**42.1p**	18.3p
Diluted earnings per share	9	**42.0p**	18.2p
Adjusted earnings per share	9	**30.0p**	29.8p

All results derive from continuing operations.

Consolidated Balance Sheet

as at 31 December 2004

	Notes	2004 £m	2003 £m
Fixed assets			
Land and buildings	10	**4,607.8**	3,955.5
Fixtures, fittings and equipment	11	**1.1**	1.3
Tangible assets		**4,608.9**	3,956.8
Investments	13	**46.4**	40.7
		4,655.3	3,997.5
Current assets			
Debtors – Due within one year	14	**86.1**	109.7
– Due after more than one year	14	**23.3**	32.8
Cash and short term deposits	15	**53.7**	187.0
		163.1	329.5
Creditors falling due within one year			
Borrowings	16	**(0.7)**	(249.0)
Other	17	**(307.2)**	(253.8)
Net current liabilities		**(144.8)**	(173.3)
Total assets less current liabilities		**4,510.5**	3,824.2
Creditors falling due after more than one year			
Borrowings	16	**(1,798.8)**	(1,523.2)
Other	17	**(72.1)**	(36.0)
Provisions for liabilities and charges			
Deferred tax	7(d)	**(17.3)**	(58.7)
Equity minority interests		**(41.6)**	(38.1)
		2,580.7	2,168.2
Capital and reserves			
Called up share capital	19	**69.3**	69.1
Share premium account	20	**597.8**	594.1
Revaluation reserve	20	**1,086.8**	764.7
Capital redemption reserve	20	**7.2**	7.2
Other reserves	20	**35.9**	8.4
Profit and loss account	20	**785.6**	726.9
Investment in own shares	21	**(1.9)**	(2.2)
Equity shareholders' funds		**2,580.7**	2,168.2
Diluted net asset value per share	9	**930p**	784p
Adjusted net asset value per share	9	**936p**	803p

These financial statements were approved by the Board of directors on 14 March 2005.
Signed on behalf of the Board

R J G Richards Director
S R Melliss Director

Statement of Total Recognised Gains and Losses

for the year ended 31 December 2004

	Note	**2004 £m**	2003 £m
Profit for the financial year		**116.3**	50.3
Unrealised surplus on revaluation of properties		**344.4**	110.8
Unrealised surplus on revaluation of investments and minority interests		**2.9**	0.5
Unrealised surplus on acquisition of minority interest		**–**	1.5
Negative goodwill	20	**27.5**	–
Current tax on property disposals relating to prior year revaluations		**(4.7)**	(0.3)
Deferred tax on property disposals relating to prior year revaluations		**–**	(4.7)
French exit tax payable on election for SIIC status relating to prior year revaluations		**(27.2)**	–
Exchange translation movements		**(1.3)**	16.4
Total recognised gains and losses for the year		**457.9**	174.5

Note of Historical Cost Profits and Losses

for the year ended 31 December 2004

	2004 £m	2003 £m
Profit on ordinary activities before tax	**127.2**	67.1
Realisation of previous years' revaluation gains	**25.8**	145.2
Historical cost profit on ordinary activities before tax	**153.0**	212.3
Historical cost profit for the financial year after tax, equity minority interests and dividends	**60.6**	144.1

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 2004

	2004 £m	2003 £m
Retained profit for the financial year	**66.7**	3.9
Amortisation of investment in own shares	**0.3**	–
Other recognised gains and losses	**341.6**	124.2
Issue of shares	**3.9**	1.9
Net increase in shareholders' funds	**412.5**	130.0
Equity shareholders' funds at 1 January	**2,168.2**	2,038.2
Equity shareholders' funds at 31 December	**2,580.7**	2,168.2

Consolidated Cash Flow Statement

for the year ended 31 December 2004

	Notes	**2004 £m**	2003 £m
Net cash flow from operating activities	22	**163.6**	173.5
Returns on investment and servicing of finance	22	**(77.2)**	(104.6)
Tax paid		**(22.0)**	(0.5)
Capital expenditure and investment	22	**75.5**	176.1
Acquisitions and disposals	22	**(221.1)**	(60.9)
Equity dividends paid		**(47.4)**	(44.4)
Cash (outflow)/inflow		**(128.6)**	139.2
Decrease in short term deposits	24	**128.6**	50.9
Net cash outflow from financing	23	**(5.7)**	(195.2)
Decrease in cash in the year		**(5.7)**	(5.1)

Reconciliation of Net Cash Flow to Movement in Net Debt

for the year ended 31 December 2004

	Notes	**2004 £m**	2003 £m
Decrease in cash in the year		**(5.7)**	(5.1)
Net decrease in debt		**9.6**	197.1
Decrease in short term deposits		**(128.6)**	(50.9)
Change in net debt resulting from cash flows		**(124.7)**	141.1
Short term deposits acquired on acquisition of interests in joint ventures		**1.0**	–
Debt acquired on acquisition of interests in joint ventures		**(32.1)**	–
Exchange adjustment		**(4.8)**	(84.9)
Movement in net debt in the year		**(160.6)**	56.2
Net debt at 1 January		**(1,585.2)**	(1,641.4)
Net debt at 31 December	24	**(1,745.8)**	(1,585.2)

1 ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with all applicable United Kingdom accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated. In addition, the group's treatment of negative goodwill represents a departure from Financial Reporting Standard 10, "Goodwill and intangible assets" as described in note 20.

Basis of Consolidation

The group financial statements consolidate the financial statements of the Company and all its subsidiaries, together with the group's share of results, assets, liabilities and cash flows arising from investments and developments which are under the joint control of the group and its partners.

Foreign Currencies

All assets, liabilities and results denominated in foreign currencies are translated into sterling at rates of exchange ruling at the year end. The principal foreign currency used is the euro and the exchange rate ruling at 31 December 2004 was £1 = €1.41 (31 December 2003: £1 = €1.42).

Differences arising from the translation of the net equity investment in overseas subsidiaries and currency loans for such investments are dealt with through reserves. Differences arising on the revaluation surplus are accounted for in the revaluation reserve. Other differences resulting from the conversion of one currency into another are dealt with in the profit and loss account.

Net Rental Income

Rent increases arising from rent reviews are taken into account when such reviews have been agreed with tenants. Where a lease incentive does not enhance the property, it is amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease term. On new leases with rent free periods, rental income is allocated evenly over the period from the date of lease commencement to the date of the first rent review.

Differences between property operating expenditure incurred and that recovered from tenants through service charges are included in net rental income.

Profits on Sale of Properties

Profits on sale of properties are taken into account on the completion of contract. Profits arising from the sale of trading properties acquired with a view to resale are included in the profit and loss account as part of the operating profit of the group. Profits or losses arising from the sale of investment properties are calculated by reference to book value at the end of the previous year, adjusted for subsequent capital expenditure, and treated as exceptional items.

Cost of Properties

The net development outgoings, including interest, attributable to properties held for development or resale are added to the cost of such properties. Lease incentives which enhance the property are added to the cost of properties. A property is regarded as being in the course of development until ready for its intended use. For buildings that are let this will be when construction and fitting out are complete, whilst for unlet buildings this will be at the end of the construction period.

Valuation of Properties

Properties held for the long term are valued at the balance sheet date at market value. Surpluses and deficits arising from revaluation are taken to the revaluation reserve. Properties held for resale are stated at the lower of cost and net realisable value.

Where properties held for resale are transferred to or from the investment portfolio, they are transferred at market value.

1 ACCOUNTING POLICIES (continued)

Depreciation

In accordance with Statement of Standard Accounting Practice No. 19 "Accounting for investment properties", no depreciation is provided in respect of freehold properties or leasehold properties with over 20 years to expiry. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

Depreciation is provided on fixtures, fittings and equipment on a straight line basis having regard to their estimated useful lives of between three and five years.

Borrowing Expenses

All costs incurred directly in connection with the issue of debt are deducted from the proceeds and the net amount included in liabilities. The costs, together with any discount on issue, are charged to the profit and loss account over the term of the debt at a constant return on the carrying amount of the liability.

Financial Derivatives

The group currently uses forward rate agreements and interest rate and currency swaps to help manage its exposures to movements in interest and exchange rates.

Differences between interest payable and receivable on interest rate swaps are dealt with, on an accruals basis, within the group's cost of finance. In the case of currency swaps, which are used to hedge foreign currency assets, any differences arising on translation at the balance sheet date are taken to reserves.

Tax

The tax charge on disposals is allocated between the current element, which is included in the profit and loss account and the element relating to prior years' revaluation gains, which is included in the statement of total recognised gains and losses.

Deferred Tax

Deferred tax is provided on all timing differences and is reduced by available tax losses. Deferred tax balances are not discounted. No provision is made for tax that may arise on the future disposal of the group's properties.

Pensions

The costs of the group's defined benefit pension schemes are spread over the remaining service lives of participants of the schemes.

2 SEGMENTAL ANALYSIS

	Gross rental income £m	Rents payable £m	Other property outgoings £m	2004 Net rental income £m	2003 Net rental income £m
Rental income					
United Kingdom					
Retail: Shopping centres	**84.7**	**(1.7)**	**(11.6)**	**71.4**	62.2
Retail parks	**21.2**	**–**	**(0.6)**	**20.6**	16.3
	105.9	**(1.7)**	**(12.2)**	**92.0**	78.5
Office: City	**24.2**	**(4.6)**	**(0.9)**	**18.7**	25.1
West End	**5.5**	**(0.4)**	**(0.1)**	**5.0**	12.1
Docklands and other	**11.6**	**(0.4)**	**(1.5)**	**9.7**	8.9
	41.3	**(5.4)**	**(2.5)**	**33.4**	46.1
Total United Kingdom	**147.2**	**(7.1)**	**(14.7)**	**125.4**	124.6
France					
Retail	**46.1**	**–**	**(4.8)**	**41.3**	37.8
Office	**15.0**	**–**	**(0.6)**	**14.4**	15.3
Total France	**61.1**	**–**	**(5.4)**	**55.7**	53.1
Germany					
Retail	**11.2**	**(0.1)**	**(3.8)**	**7.3**	11.8
Total Continental Europe	**72.3**	**(0.1)**	**(9.2)**	**63.0**	64.9
Group					
Retail	**163.2**	**(1.8)**	**(20.8)**	**140.6**	128.1
Office	**56.3**	**(5.4)**	**(3.1)**	**47.8**	61.4
Total Group	**219.5**	**(7.2)**	**(23.9)**	**188.4**	189.5

Included in net rental income for 2004 is £2.4 million (2003: £8.8 million) in respect of accrued rent receivable allocated to rent free periods and a deduction of £0.5 million (2003: £0.8 million) in respect of amortisation of lease incentives.

Profit before tax has not been analysed by sector or geographical segment as administration expenses and net cost of finance cannot be allocated to these segments.

	Assets employed £m	Net debt £m	2004 Net assets £m	2003 Net assets £m
Net assets				
United Kingdom	**3,001.8**	**(949.7)**	**2,052.1**	2,005.7
Continental Europe	**1,324.7**	**(796.1)**	**528.6**	162.5
	4,326.5	**(1,745.8)**	**2,580.7**	2,168.2

Net assets have not been analysed by retail and office sectors as net debt cannot be allocated to these sectors.

As part of the group's foreign currency hedging programme, at 31 December 2004 the group had sold €446.0 million forward against sterling for value on 4 January 2005, at a spot rate of £1 = €1.41.

3 ADMINISTRATION EXPENSES

Staff costs, including directors

	Notes	2004 £m	2003 £m
Salaries and wages		**15.5**	12.4
Performance related bonuses – payable in cash		**1.7**	1.5
– payable in shares		**0.7**	0.4
		2.4	1.9
Employee Share Ownership Plan	21	**0.3**	–
Social security		**2.6**	2.2
Net pension expense	5	**3.2**	2.2
		24.0	18.7

Of the above amount £2.6 million (2003: £2.3 million) was recharged to tenants.

Staff numbers

	2004 Number	2003 Number
Average number of staff	**212**	229
Staff recharged to tenants, included above	**42**	39

	2004 £000	2003 £000
Auditors' remuneration: Company audit	**16**	16
Other audit	**748**	687
Other fees in the UK	**77**	62
Other fees overseas	**49**	39
Depreciation of fixtures, fittings and equipment	**502**	533

Other audit fees included, in 2004, £185,000 relating to the implementation of International Financial Reporting Standards.

In addition to the remuneration of the group auditors shown in the table above, other auditors' remuneration was £20,000 (2003: £nil) for audit services and £24,000 (2003: £28,000) for internal control services.

4 DIRECTORS' EMOLUMENTS

Full details of the directors' emoluments, as required by the Companies Act 1985, are disclosed in the audited sections of the Remuneration Report on pages 12 to 18.

5 PENSIONS

The group operates the following pension schemes:

	2004		2003	
	Net pension expense £m	**Pension asset/ (liability) £m**	Net pension expense £m	Pension asset/ (liability) £m
Defined benefit schemes				
Hammerson Group Management Pension & Life Assurance Scheme	**1.8**	**0.6**	1.4	–
UK unfunded unapproved retirement benefit scheme	**0.5**	**(1.5)**	0.2	(1.0)
US unfunded unapproved scheme	**–**	**(3.3)**	–	(4.1)
Other schemes	**0.9**	**–**	0.6	–
	3.2	**(4.2)**	2.2	(5.1)

Hammerson Group Management Pension & Life Assurance Scheme ("the Scheme")

The funds of the Scheme are administered by trustees and are independent of the group's finances. The Scheme was closed to new entrants with effect from 1 January 2003 and a Group Personal Pension Plan has been established for new employees.

The pension cost has been assessed in accordance with the advice of a qualified actuary using the Attained Age method. The most recent actuarial investigation was carried out at 31 December 2003.

Principal actuarial assumptions

	31 December 2003
Rate of investment return	**7.0%**
Increase in pensionable salaries	**3.0%**
Increase in retail price index	**3.0%**
Increase in pensions in payment	**3.0%**
Valuation of investments	**Market values**

At the date of this actuarial investigation, the market value of the assets was £21.5 million, and the actuarial value of the assets was sufficient to cover 81% of the benefits that had accrued to members after fully allowing for future salary increases. In calculating the net pension expense the deficit is amortised over the remaining expected service lives of the employees on a percentage of salary basis. As far as cash payments are concerned, the deficit is being recovered over a ten year period to January 2015 by fixed monetary amounts.

Financial Reporting Standard 17 "Retirement Benefits" ("FRS 17")

The full requirements of FRS 17 must be adopted for accounting periods beginning on or after 1 January 2005. The following information is disclosed for the Scheme in line with the transitional arrangements of FRS 17:

Principal actuarial assumptions for FRS 17

	2004	2003	2002
Discount rate for scheme liabilities	**5.8%**	6.0%	5.5%
Increase in pensionable salaries	**3.0%**	3.0%	4.0%
Increase in retail price index	**2.5%**	2.5%	2.0%
Increase in pensions in payment	**2.5%**	2.5%	2.0%

For the purposes of FRS 17 the actuary has derived the present value of liabilities at 31 December 2004 by updating the results of a full actuarial valuation carried out at 31 December 2003.

5 PENSIONS (continued)

Scheme assets and expected rates of return

	2004		2003		2002	
	Long term rate of return %	**Value of scheme £m**	Long term rate of return %	Value of scheme £m	Long term rate of return %	Value of scheme £m
UK index-linked funds	**4.5**	**3.7**	4.3	3.4	5.5	3.1
UK equities	**6.5**	**11.8**	7.0	10.5	7.8	8.8
Overseas equities	**6.5**	**5.1**	7.0	4.6	8.3	3.8
Cash	**4.5**	**4.9**	4.0	3.0	2.5	2.0
Fair value of assets		**25.5**		21.5		17.7
Present value of liabilities		**(32.6)**		(26.4)		(26.6)
Deficit in scheme		**(7.1)**		(4.9)		(8.9)
Related deferred tax asset		**2.1**		1.5		2.7
Net pension liability		**(5.0)**		(3.4)		(6.2)

Unfunded schemes

UK unfunded unapproved retirement benefit scheme

Details of this scheme are disclosed in the Remuneration Report on pages 17 and 18. The value of the unfunded commitment at 31 December 2004 amounted to £1.5 million (2003: £1.0 million). This liability has been included in creditors on the group's balance sheet.

The assumptions used for the purposes of the FRS 17 valuation of the scheme are the same as those used for the Hammerson Group Management Pension & Life Assurance Scheme. The liability under the scheme was £1.5 million at 31 December 2004 (2003: £1.0 million).

US unfunded unapproved scheme

The US unfunded pension commitment relates to obligations to five former employees or their spouses. The value of the liability has been calculated by a qualified actuary using the Attained Age method. An actuarial investigation was carried out at 31 December 2003 with the principal actuarial assumptions being a rate of investment return of 6.5% and an increase in pensions in payment of 5.0%.

At the date of this actuarial investigation the present value of the pension commitment was £4.4 million. A liability of £3.3 million is included in creditors on the group's balance sheet.

For the purpose of FRS 17 for both 2003 and 2004, the discount rate for scheme liabilities was 6.5% and the increase in pensions in payment was assumed to be 5.0%. The present value of the liabilities at 31 December 2004 amounted to £4.4 million (2003: £4.1 million).

Amounts which would be recognised in the profit and loss account under FRS 17 in respect of Hammerson's defined benefit schemes

	2004 £m	2003 £m
Amounts to be included within operating profit:		
Current service cost	**1.5**	1.5
Amounts to be included as other finance costs:		
Expected return on scheme assets	**(1.4)**	(1.2)
Interest cost on scheme liabilities	**1.9**	1.8
Net finance charge	**0.5**	0.6

5 PENSIONS (continued)

Amounts which would be recognised in the statement of total recognised gains and losses under FRS 17

	2004 £m	2003 £m
Difference between actual and expected return on scheme assets	**1.1**	1.7
Experience (losses)/gains arising of scheme liabilities	**(0.5)**	0.5
Effects of changes in assumptions underlying the present value of scheme liabilities	**(4.0)**	2.1
Total amount recognised in the statement of total recognised gains and losses	**(3.4)**	4.3

History of experience gains and losses

	2004	2003	2002
Difference between actual and expected return on scheme assets:			
Amount (£m)	**1.1**	1.7	(5.1)
Percentage of scheme assets	**4.3%**	7.9%	28.8%
Experience (losses)/gains arising on scheme liabilities:			
Amount (£m)	**(0.5)**	0.5	0.8
Percentage of the present value of scheme liabilities	**1.5%**	1.6%	2.5%
Effects of changes in assumptions underlying the present value of scheme assets:			
Amount (£m)	**(4.0)**	2.1	(1.1)
Percentage of the present value of scheme liabilities	**12.3%**	6.7%	3.4%
Total amount recognised in the statement of total recognised gains and losses:			
Amount (£m)	**(3.4)**	4.3	(5.4)
Percentage of the present value of scheme liabilities	**10.4%**	13.7%	16.9%

Movement in the group's net pension liability in the year

	2004 £m	2003 £m
At 1 January	**(10.0)**	(14.2)
Current service cost	**(1.5)**	(1.5)
Contributions	**2.4**	1.8
Settlements	**–**	0.2
Net finance charge	**(0.5)**	(0.6)
Actuarial (loss)/gain	**(3.4)**	4.3
At 31 December	**(13.0)**	(10.0)

The consolidated balance sheet includes net pension liabilities of £4.2 million (2003: £5.1 million) and related deferred tax assets of £0.3 million (2003: £0.5 million). Were FRS 17 to be fully adopted, pension liabilities would increase by £8.8 million (2003: £4.9 million), deferred tax assets would increase by £2.3 million (2003: £1.0 million) and net assets would decrease by £6.5 million (2003: £3.9 million).

6 COST OF FINANCE (NET)

	2004 £m	2003 £m
Interest payable on:		
Bank loans and overdrafts	**11.7**	22.9
Other loans	**98.6**	85.6
Other interest payable	**3.4**	5.2
Interest payable and similar charges	**113.7**	113.7
Less:		
Interest payable capitalised	**(20.9)**	(25.1)
Interest receivable	**(18.0)**	(9.9)
Cost of finance (net)	**74.8**	78.7

7 TAX

(a) Tax charge

Current tax	2004 £m	2003 £m
UK corporation tax on profits before exceptional items	**0.5**	1.1
Foreign tax on profits before exceptional items	**1.2**	0.6
UK corporation tax on exceptional items	**3.7**	–
French exit tax payable on election for SIIC status	**43.6**	–
	49.0	1.7
Deferred tax		
Deferred tax on profits before exceptional items	**4.7**	13.1
Deferred tax released on election for SIIC status	**(45.0)**	–
	(40.3)	13.1
Tax charge on profits on ordinary activities	**8.7**	14.8

(b) Current tax reconciliation

	2004 £m	2003 £m
Profit on ordinary activities before tax	**127.2**	67.1
Profit multiplied by UK corporation tax rate of 30%	**38.2**	20.1
Effects of:		
French exit tax payable on election for SIIC status	**43.6**	–
Lower effective tax on foreign profits	**(14.3)**	(3.4)
Lower effective tax under capital gains rules on property disposal (surpluses)/deficits	**(8.4)**	5.6
Tax relief for capitalised interest	**(6.0)**	(6.7)
Capital allowances for the year	**(5.8)**	(6.4)
Utilisation of UK tax losses	**(1.5)**	(10.9)
Pre-acquisition surpluses in subsidiaries	**–**	2.7
Other items	**3.2**	0.7
Current tax charge for the year	**49.0**	1.7

7 TAX (continued)

(c) Factors which may affect future tax charges

It is anticipated that in future years the group will benefit from the tax-exempt status in France and from brought forward UK tax losses.

(d) Deferred tax

Movement in year	2004 £m	2003 £m
Opening provision	**54.8**	34.8
(Credit)/Charge in profit and loss account	**(40.3)**	13.1
Charge on realisation of revaluation gains on property disposals	**–**	4.7
Corporate acquisitions and disposals	**2.6**	(0.5)
Exchange differences	**0.2**	2.7
Closing provision	**17.3**	54.8

Net deferred tax provision	Note	2004 £m	2003 £m
UK			
Capital allowances		**25.5**	27.1
Other timing differences		**4.7**	1.5
Dividends receivable from France		**3.7**	–
Tax losses		**(16.6)**	(18.6)
Net UK deferred tax provision		**17.3**	10.0
France			
Tax depreciation		**–**	35.9
Other timing differences		**–**	8.9
France deferred tax provision		**–**	44.8
Net deferred tax provision		**17.3**	54.8
Analysed as:			
Deferred tax asset	14	**–**	(3.9)
Deferred tax provision		**17.3**	58.7
		17.3	54.8

(e) Contingent tax

Should the group's properties and investments be sold at book value, it is estimated that the maximum tax liabilities arising, in addition to the deferred tax provided in the balance sheet, would be:

	2004 £m	2003 £m
UK	**181.0**	99.0
UK tax on dividends receivable from France following property disposals	**15.0**	–
France	**3.0**	123.0
	199.0	222.0

The tax arising may be reduced depending on how sales are structured. In particular, if the group retains all capital allowances on disposals, the liability would be £45.0 million (2003: £45.0 million) less than the total disclosed deferred and contingent tax.

7 TAX (continued)

(f) Effects of French SIIC elections

In April 2004 the group elected for all its French business, with the exception of 9 place Vendôme, to enter the French SIIC tax-exempt regime with effect from 1 January 2004. Exit taxes totalling £70.8 million, equivalent to 25p per share on an adjusted net asset value basis, arose on the conversion and will be payable in four equal annual instalments with £17.7 million being paid in December 2004. The part of the exit taxes relating to prior year revaluations, £27.2 million, is included in the statement of total recognised gains and losses with the balance of £43.6 million dealt with in the profit and loss account. Deferred tax of £45.0 million has been written back and £121.0 million of contingent tax released. The SIIC rules require Hammerson's French subsidiaries to distribute a proportion of their profits to Hammerson plc and allowance is made within deferred tax and contingent tax for the UK tax that may arise when dividends are received.

8 DIVIDENDS

	2004 £m	2003 £m
Interim paid 5.45p (2003: 5.12p) per share	**15.1**	14.1
Final proposed 12.47p (2003: 11.71p) per share	**34.5**	32.3
	49.6	46.4

9 EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

The calculations for earnings per share, diluted earnings per share and adjusted earnings per share, based on the weighted average number of shares, are shown in the table below. The weighted average numbers of shares exclude those shares held in the Hammerson Employee Share Ownership Plan (note 21) which are treated as cancelled.

			2004			2003
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share
Basic	**116.3**	**276.1**	**42.1**	50.3	275.4	18.3
Adjustments:						
Dilutive share options	**–**	**0.6**	**(0.1)**	–	0.3	(0.1)
Diluted	**116.3**	**276.7**	**42.0**	50.3	275.7	18.2
Adjustments:						
Exceptional items	**(40.3)**	**–**	**(14.5)**	18.8	–	6.8
Tax on exceptional items	**3.7**	**–**	**1.3**	–	–	–
SIIC exit tax	**43.6**	**–**	**15.7**	–	–	–
Deferred tax	**(40.3)**	**–**	**(14.5)**	13.1	–	4.8
Adjusted	**83.0**	**276.7**	**30.0**	82.2	275.7	29.8

The calculations for basic, diluted and adjusted net asset value per share are shown in the table below:

	Shareholders' funds £m	Shares million	**Net asset value per share pence**
Basic	2,580.7	277.3	**931**
Company's own shares held in Employee Share Ownership Plan	–	(0.6)	**n/a**
Unexercised share options	8.8	1.8	**n/a**
Diluted	**2,589.5**	**278.5**	**930**
Deferred tax	17.3	–	**n/a**
Adjusted	**2,606.8**	**278.5**	**936**

10 LAND AND BUILDINGS

	Valuation		Cost	
	2004 £m	2003 £m	**2004 £m**	2003 £m
Investment properties				
Fully developed properties	**4,074.8**	3,627.7	**3,080.0**	2,882.1
Properties held for or in the course of development	**533.0**	327.8	**437.3**	302.3
	4,607.8	3,955.5	**3,517.3**	3,184.4

All properties are stated at market value as at 31 December 2004, valued by professionally qualified external valuers. In the United Kingdom, office properties and the group's interests in the Birmingham Alliance properties were valued by DTZ Debenham Tie Leung, Chartered Surveyors, and all other retail properties were valued by Donaldsons, Chartered Surveyors. In France and Germany the group's properties were valued by Cushman & Wakefield Healey & Baker, Chartered Surveyors. The valuations have been prepared in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors.

At 31 December 2004 the total amount of capitalised interest included in development properties was £18.2 million (2003: £8.6 million) and is calculated based on the group's average cost of borrowings.

	Freeholds £m	Long leaseholds £m	Short leaseholds £m	Total £m
Movements in the year				
Balance at 1 January 2004	2,179.3	1,769.8	6.4	3,955.5
Exchange adjustment	5.8	–	–	5.8
Additions	249.9	379.5	–	629.4
Disposals	(50.9)	(295.7)	(1.6)	(348.2)
Capitalised interest	10.3	10.6	–	20.9
Revaluation surplus	184.5	159.9	–	344.4
Balance at 31 December 2004	**2,578.9**	**2,024.1**	**4.8**	**4,607.8**

	2004 £m	2003 £m
Capital commitments	**287.8**	362.4

11 FIXTURES, FITTINGS AND EQUIPMENT

	Cost £m	Depreciation £m	Net book value £m
Balance at 1 January 2004	3.4	(2.1)	1.3
Additions	0.4	–	0.4
Charge for the year	–	(0.5)	(0.5)
Disposals	(0.2)	0.1	(0.1)
Balance at 31 December 2004	**3.6**	**(2.5)**	**1.1**

12 JOINT INVESTMENTS AND DEVELOPMENTS

As at 31 December 2004 certain property and corporate interests have been proportionally consolidated, and these are set out in the following table:

	Group share %	Partner(s)
Investments		
Brent Cross Shopping Centre	41.2	Standard Life Investments
Brent Cross Shopping Park	40.6	Standard Life Investments
Bristol Alliance Limited Partnership	50	Land Securities PLC
Opéra Capucines SCI	50	MAAF Assurances
Shires Limited Partnership	60	Hermes
The Bull Ring Limited Partnership	33.33	Land Securities PLC, Pearl Assurance plc
The Grosvenor Street Limited Partnership	50	Grosvenor West End Properties
The London Wall Limited Partnership	50	Kajima London Wall Limited
The Martineau Galleries Limited Partnership	33.33	Land Securities PLC, Pearl Assurance plc
The Moor House Limited Partnership	66.67	Pearl Assurance plc
The Oracle Limited Partnership	50	Akaria Investments Limited
Developments		
9 place Vendôme SCI	50	AXA REIM France
Bishopsgate Goodsyard Regeneration Limited	50	Ballymore Properties Limited
Paddington Triangle	50	Ballymore Properties Limited
Union Square Developments Limited	50	Stannifer Group Holdings Limited
Wensum Developments Limited	50	Gazeley Properties Limited

The group's interests in Shires Limited Partnership and The Moor House Limited Partnership do not confer the majority of voting rights nor the right to exercise dominant influence over the partnerships. Instead the partnerships are under the joint control of Hammerson and its respective partners. Consequently, the group's interests are accounted for by proportional consolidation and are not treated as subsidiaries.

12 JOINT INVESTMENTS AND DEVELOPMENTS (continued)
The following summarised profit and loss account and balance sheet show the proportion of the group's results, assets and liabilities that is derived from its joint investments and developments:

Profit and loss account

	2004 £m	2003 £m
Net rental income	**57.0**	46.2
Administration expenses	**(0.1)**	(0.2)
Operating profit	**56.9**	46.0
Exceptional items: Loss on the sale of investment properties	**(2.8)**	–
Cost of finance (net)	**0.1**	0.3
Profit on ordinary activities before taxation	**54.2**	46.3

Balance sheet

	2004 £m	2003 £m
Fixed assets – Land and buildings at valuation	**1,382.9**	1,339.0
Other current assets	**11.6**	12.3
Cash and short term deposits	**16.9**	22.2
	28.5	34.5
Borrowings falling due within one year	**(0.5)**	–
Other creditors falling due within one year	**(28.1)**	(35.3)
Net current liabilities	**(0.1)**	(0.8)
Total assets less current liabilities	**1,382.8**	1,338.2
Borrowings falling due after more than one year	**(64.3)**	(15.9)
Other creditors falling due after more than one year	**(7.2)**	(15.0)
Provisions for liabilities and charges	**–**	(0.6)
Net assets	**1,311.3**	1,306.7

On 13 December 2004, the group acquired the remaining 50% interest in West Quay Shopping Centre Limited ("West Quay") and on 23 November 2004, a further one-third interest in The Moor House Limited Partnership ("Moor House").

The summarised profit and loss account above includes the group's existing 50% share of West Quay's results until 12 December 2004 and the group's share of the results for Moor House. In addition the summarised balance sheet above includes the group's share of the assets and liabilities of Moor House. Further details of these acquisitions are given in note 25.

The borrowings falling due after more than one year of £64.3 million (2003: £15.9 million) arise in Moor House. The other joint investments and developments are funded by the Company and the relevant partner.

13 INVESTMENTS

	2004 £m	2003 £m
Value Retail Investors Limited Partnerships	**31.4**	25.3
Interests in Value Retail plc and related companies	**13.8**	14.0
Other investments	**1.2**	1.4
	46.4	40.7

The group has an effective 33.5% interest in Value Retail Investors Limited Partnership I and an effective 27.5% interest in Value Retail Investors Limited Partnership II, both of which have interests in a designer outlet centre in Bicester, in the United Kingdom. The total cost of the interests was £15.7 million and they are included at a total value, based on the market value of the underlying property, at 31 December 2004 of £31.4 million, the property elements of which have been reviewed by Donaldsons, Chartered Surveyors. These investments have not been consolidated within the group accounts as the group does not have significant influence over the management of the partnerships. Investments in Value Retail plc and certain related companies are included at cost.

Other investments include the group's 15% stake in Stonemartin plc, which was acquired for a total cost of £4.4 million. Stonemartin plc, which operates serviced offices under the brand name of the Institute of Directors, is listed on the Alternative Investment Market ("AIM") and at the balance sheet date the investment has been included at market value.

14 DEBTORS

	Note	2004 £m	2003 £m
Due within one year			
Trade debtors		**27.8**	39.5
Other debtors		**55.6**	66.5
Corporation tax		**0.4**	0.7
Prepayments		**2.3**	3.0
		86.1	109.7
Due after more than one year			
Other debtors		**23.3**	28.9
Deferred tax	7(d)	**–**	3.9
		23.3	32.8

Other debtors due after more than one year at 31 December 2004 included a loan of €30.0 million (2003: €30.0 million) to Value Retail plc bearing interest based on EURIBOR and maturing on 10 October 2006. At 31 December 2004, other debtors due within one year included a loan of €11.0 million advanced to Value Retail European Holdings BV, which bears interest at 13%. The loan matures on 31 July 2005 and €4.0 million was repaid in January 2005.

15 CASH AND SHORT TERM DEPOSITS

	2004 £m	2003 £m
Cash at bank	**23.9**	29.6
Short term deposits	**29.8**	157.4
	53.7	187.0
Analysis by currency		
Sterling	**49.7**	169.9
Euro	**4.0**	17.1
	53.7	187.0

At 31 December 2004 short term deposits mainly comprised deposits placed on money markets with rates linked to LIBOR for maturities of not more than one month, at an average interest rate of 4.4% (2003: 3.5%).

16 BORROWINGS

	2004 £m	2003 £m
Unsecured		
£200 million 7.25% Sterling bonds due 2028	**197.4**	197.3
£300 million 6% Sterling bonds due 2026	**296.3**	–
£250 million 6.875% Sterling bonds due 2020	**246.7**	246.6
£200 million 10.75% Sterling bonds due 2013	**195.2**	194.9
€500 million 6.25% Euro bonds due 2008	**352.2**	350.1
€300 million 5% Euro bonds due 2007	**211.5**	210.1
Bank loans and overdrafts	**235.2**	556.7
	1,734.5	1,755.7
Exchange difference on currency swaps	**0.2**	–
	1,734.7	1,755.7
Secured		
Sterling variable rate mortgages due 2007	**64.3**	16.0
Sterling variable rate loans due within one year	**0.5**	0.5
	64.8	16.5
	1,799.5	1,772.2

Security for secured borrowings as at 31 December 2004 is provided by charges on property.

16 BORROWINGS (continued)

Maturity

	Bank loans and overdrafts £m	Other loans £m	2004 Total £m	2003 Total £m
After five years	–	935.6	935.6	641.7
From two-five years	299.5	563.7	863.2	628.5
From one-two years	–	–	–	253.0
Due after more than one year	299.5	1,499.3	1,798.8	1,523.2
Due within one year	0.5	0.2	0.7	249.0
	300.0	1,499.5	1,799.5	1,772.2

At 31 December 2003 and 2004 no loans due after five years were repayable by instalments.

Undrawn committed facilities

	2004 £m	2003 £m
Expiring within one year	250.0	0.5
Expiring after more than two years	225.4	181.7
	475.4	182.2

Interest rate and currency profile

2004

	Fixed rate borrowings %	Fixed rate borrowings Years	Fixed rate borrowings £m	Floating rate borrowings £m	Total £m
Sterling	7.66	15	822.6	176.8	999.4
Euro	5.78	3	563.7	236.4	800.1
	6.90	10	1,386.3	413.2	1,799.5

2003

	Fixed rate borrowings %	Fixed rate borrowings Years	Fixed rate borrowings £m	Floating rate borrowings £m	Total £m
Sterling	8.09	17	655.4	(0.8)	654.6
Euro	5.78	4	560.4	557.2	1,117.6
	7.03	11	1,215.8	556.4	1,772.2

16 BORROWINGS (continued)
Floating rate borrowings bear interest based on LIBOR, with the exception of certain euro borrowings whose interest costs are linked to EURIBOR. The above analysis reflects the effect of currency and interest rate swaps in place at 31 December 2003 and 2004.

As part of the group's foreign currency hedging programme, at 31 December 2004 the group had also sold €446.0 million forward against sterling for value on 4 January 2005, at a spot rate of £1 = €1.41.

The Company has interest rate swaps of £176.4 million maturing in 2026. Under these swaps the Company receives interest at a fixed rate of 6.0% and pays interest at variable rates linked to LIBOR. At 31 December 2004, the fair value of these swaps was a net asset of £6.1 million. In addition the group has a two-third share of £95.0 million of fixed rate sterling swaps maturing in September 2005. The fair value of Hammerson's share of these swaps at 31 December 2004 was a net liability of £0.4 million.

Rates at which interest is charged on borrowings due after one year

	2004 £m	2003 £m
Up to 7%	**993.7**	824.4
7% to 10%	**197.4**	197.4
Over 10%	**195.2**	195.2
	1,386.3	1,217.0
Variable rates	**412.5**	306.2
	1,798.8	1,523.2

17 CREDITORS – OTHER

	2004 £m	2003 £m
Falling due within one year		
Trade creditors	**45.7**	64.7
Tax	**63.0**	39.6
Other creditors	**147.5**	104.9
Accruals	**16.5**	12.3
Dividends payable	**34.5**	32.3
	307.2	253.8
Falling due after more than one year		
Tax	**35.4**	–
Other creditors	**36.7**	36.0
	72.1	36.0

18 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2004		2003	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Overdrafts and short term borrowings	**(0.5)**	**(0.5)**	(250.6)	(250.6)
Gross long term borrowings	**(1,816.8)**	**(1,997.0)**	(1,536.9)	(1,704.4)
Unamortised borrowing costs	**18.0**	**18.0**	15.3	15.3
Interest rate swaps	**–**	**5.7**	–	(0.5)
Currency swaps	**(0.2)**	**(0.2)**	–	–
Total borrowings	**(1,799.5)**	**(1,974.0)**	(1,772.2)	(1,940.2)

The fair values of the group's long term borrowings have been estimated on the basis of quoted market prices. The fair values of the group's outstanding interest rate swaps have been estimated by calculating the present value of future cash flows, using appropriate market discount rates. The adjustment on interest rate swaps is an asset of £5.7 million (2003: liability of £0.5 million), which includes a liability of £0.4 million (2003: £0.5 million) relating to swaps maturing in less than one year.

Details of the group's cash and short term deposits are set out in note 15. Their fair values and those of other debtors and creditors equate to their book values.

At 31 December 2004 the fair value of financial liabilities exceeded their book value by £174.5 million (2003: £168.0 million), equivalent to 63p per share (2003: 60p per share) on a diluted net asset value per share basis. On a post tax basis, the difference was equivalent to 44p per share (2003: 42p per share).

The group's policies relating to derivatives and financial instruments are set out in the Financial Review on page 3 and Accounting Policies on page 25.

19 SHARE CAPITAL

	Authorised		Called up, allotted and fully paid	
	2004 £m	2003 £m	**2004 £m**	2003 £m
Ordinary shares of 25p each	**94.8**	94.8	**69.3**	69.1

	Number
Movements in issued share capital	
Number of shares in issue at 1 January 2004	276,421,668
Exercise of share options – Share option scheme	815,084
– Save As You Earn	15,841
Number of shares in issue at 31 December 2004	**277,252,593**

19 SHARE CAPITAL (continued)

Share options

At 31 December 2004 the following options granted to executive directors and staff remained outstanding under the Company's executive share option schemes:

Expiry year	Exercise price (pence)	Number of ordinary shares of 25p each
2005	347-651	178,530
2006	417-480	224,688
2007	391-456.5	20,536
2008	379-528	62,411
2009	417-562.5	185,883
2010	391-422	448,042
2011	517.5-651	330,293
2012	472.5-562.5	63,548
2013	422	96,753
2014	651	72,553
		1,683,237

At 31 December 2004 the following options granted to executive directors and staff remained outstanding under the Company's savings related share option scheme:

Expiry year	Exercise price (pence)	Number of ordinary shares of 25p each
2005	298.0	25,592
2005	480.8	13,824
2006	342.8	5,360
2006	386.0	3,846
2006	384.0	27,796
2007	480.8	1,101
2007	550.0	14,385
2008	384.0	5,558
2009	550.0	2,972
2011	550.0	3,200
		103,634

20 RESERVES

	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m
Balance at 1 January 2004	594.1	764.7	7.2	8.4	726.9
Exchange adjustment	–	0.6	–	–	(1.9)
Premium on issue of shares	3.7	–	–	–	–
Unrealised surplus arising on revaluation of properties	–	344.4	–	–	–
Unrealised surplus arising on revaluation of investments and minority interests	–	2.9	–	–	–
Negative goodwill	–	–	–	27.5	–
Current tax on property disposals relating to prior year revaluations	–	–	–	–	(4.7)
French exit tax payable on election for SIIC status relating to prior year revaluations	–	–	–	–	(27.2)
Transfer to profit and loss account on disposal of properties	–	(25.8)	–	–	25.8
Retained profit for the year	–	–	–	–	66.7
Balance at 31 December 2004	**597.8**	**1,086.8**	**7.2**	**35.9**	**785.6**

The negative goodwill credited to other reserves is the discount received on the purchase by the group of the remaining 50% of West Quay Shopping Centre Limited and a further one-third interest in The Moor House Limited Partnership. The discount on West Quay Shopping Centre Limited relates principally to contingent tax. This accounting treatment does not comply with Financial Reporting Standard 10 “Goodwill and intangible assets”, which requires that negative goodwill be recognised in the balance sheet as a fixed asset. However, in accordance with a ruling made in February 2002 by the Financial Reporting Review Panel over a similar issue, the directors consider that the accounting treatment adopted is necessary in order for the financial statements to give a true and fair view of the state of affairs of the group.

21 INVESTMENT IN OWN SHARES

	2004 £m	2003 £m
Ordinary shares of Hammerson plc	**1.9**	2.2

The Trustee of the Hammerson Employee Share Ownership Plan acquired 700,000 of the Company’s own shares at a cost of £3.2 million (nominal value £0.2 million). The shares may be awarded to participants in accordance with the terms of the Plan. The number of shares held as at 31 December 2004 was 605,408 (2003: 642,414) following awards to participants during the year of 37,006 shares (2003: 57,586).

The cost of the shares is being amortised over the anticipated vesting periods, taking account of the group’s financial performance. The amortisation is included in staff costs within administration expenses.

The Trustee has waived the right to receive dividends, except for a nominal amount, on the shares held in the Plan.

22 ANALYSIS OF CASH FLOWS

	2004 £m	2003 £m
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	**161.7**	164.6
Depreciation and amortisation	**1.4**	1.3
Increase in accrued rents receivable	**(2.4)**	(8.8)
Decrease in debtors	**19.9**	11.8
(Decrease)/Increase in creditors	**(17.0)**	4.6
	163.6	173.5
Returns on investment and servicing of finance		
Interest received	**21.0**	7.4
Interest paid	**(96.5)**	(110.8)
Dividends paid to minorities	**(1.7)**	(1.2)
	(77.2)	(104.6)
Capital expenditure and investment		
Purchase and development of property	**(323.2)**	(363.8)
Purchase of investments	**–**	(16.3)
Sale of property	**398.7**	556.2
	75.5	176.1
Acquisitions and disposals		
Purchase of interests in joint ventures and subsidiary companies	**(221.5)**	(60.9)
Cash acquired with interests in joint ventures	**0.4**	–
	(221.1)	(60.9)

23 ANALYSIS OF CASH FLOW FROM FINANCING

	2004 £m	2003 £m
Issue of shares	**3.9**	1.9
Increase/(Decrease) in medium and long term borrowings	**239.8**	(354.0)
(Decrease)/Increase in short term borrowings	**(249.4)**	156.9
Net cash outflow from financing	**(5.7)**	(195.2)

24 ANALYSIS OF MOVEMENT IN NET DEBT

	Short term deposits £m	Cash at bank £m	Borrowings due within one year £m	Borrowings due after one year £m	**Net debt £m**
Balance at 1 January 2004	157.4	29.6	(249.0)	(1,523.2)	**(1,585.2)**
Purchase of interests in joint ventures	1.0	0.4	–	(32.1)	**(30.7)**
Cash flow	(128.6)	(6.1)	249.4	(239.8)	**(125.1)**
Exchange	–	–	(1.1)	(3.7)	**(4.8)**
Balance at 31 December 2004	**29.8**	**23.9**	**(0.7)**	**(1,798.8)**	**(1,745.8)**

25 ACQUISITIONS

	Book value			**Adjustments**	
	West Quay £m	**Moor House £m**	**Total £m**	**Fair value £m**	**Fair value £m**
Investment properties	**207.8**	**43.9**	**251.7**	**33.4**	**285.1**
Debtors	**0.1**	**0.1**	**0.2**	**–**	**0.2**
Short term deposits	**1.0**	**–**	**1.0**	**–**	**1.0**
Cash	**0.3**	**0.1**	**0.4**	**–**	**0.4**
Creditors	**(1.4)**	**(0.3)**	**(1.7)**	**–**	**(1.7)**
Borrowings due after more than one year	**–**	**(32.1)**	**(32.1)**	**–**	**(32.1)**
Provisions for charges – deferred tax	**(2.0)**	**–**	**(2.0)**	**(1.3)**	**(3.3)**
Net assets acquired	**205.8**	**11.7**	**217.5**	**32.1**	**249.6**

Satisfied by:	
Cash	**221.0**
Costs paid	**0.5**
	221.5
Costs accrued	**0.6**
Negative goodwill	**27.5**
	249.6

On 13 December 2004 the group acquired the remaining 50% interest in West Quay Shopping Centre Limited ("West Quay") for consideration of £203.0 million, in respect of which acquisition accounting has been adopted. On 23 November 2004 the group acquired a further one-third interest in The Moor House Limited Partnership ("Moor House") for consideration of £18.0 million.

The fair value adjustments adjust the values of the net assets acquired to their fair values.

26 CONTINGENT LIABILITIES

There are contingent liabilities of £11.9 million (2003: £16.8 million) relating to guarantees given by the group.

Company Balance Sheet

as at 31 December 2004

	Notes	2004 £m	2003 £m
Fixed assets			
Investments in subsidiary companies	B	**3,772.4**	3,209.5
Current assets			
Debtors – Due within one year	C	**10.8**	2.5
Due after more than one year	C	**22.1**	30.2
Short term deposits		**20.0**	145.7
Cash		**13.6**	4.6
		66.5	183.0
Creditors falling due within one year			
Borrowings	D	**(0.2)**	(248.4)
Other	E	**(1,051.1)**	(645.8)
Net current liabilities		**(984.8)**	(711.2)
Total assets less current liabilities		**2,787.6**	2,498.3
Creditors falling due after more than one year			
Borrowings	D	**(1,734.5)**	(1,507.3)
		1,053.1	991.0
Capital and reserves			
Called up share capital	19	**69.3**	69.1
Share premium account	F	**597.8**	594.1
Capital redemption reserve	F	**7.2**	7.2
Other reserves	F	**0.1**	0.1
Profit and loss account	F	**380.6**	322.7
Investment in own shares	21	**(1.9)**	(2.2)
Equity shareholders' funds		**1,053.1**	991.0

These financial statements were approved by the Board of directors on 14 March 2005.
Signed on behalf of the Board

R J G Richards Director
S R Melliss Director

A. PROFIT FOR THE YEAR

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these financial statements. The profit for the year attributable to shareholders dealt with in the financial statements of the Company was £107.5 million (2003: £68.5 million).

B. INVESTMENTS IN SUBSIDIARY COMPANIES

	Shares £m	Loans £m	Total £m
Balance at 1 January 2004	1,982.7	1,226.8	3,209.5
Additions	283.4	805.8	1,089.2
Provision for impairment	(68.9)	–	(68.9)
Disposals	(184.3)	–	(184.3)
Repayments	–	(273.1)	(273.1)
Balance at 31 December 2004	**2,012.9**	**1,759.5**	**3,772.4**

Investments are stated at cost less provision for impairment.

C. DEBTORS

	2004 £m	2003 £m
Due within one year		
Other debtors	**10.8**	2.5
Due after more than one year		
Deferred tax	**0.9**	1.3
Other debtors	**21.2**	28.9
	22.1	30.2

Other debtors due after more than one year at 31 December 2004 represented a loan of €30.0 million (2003: €30.0 million) to Value Retail plc bearing interest based on EURIBOR and maturing on 10 October 2006. At 31 December 2004, other debtors due within one year included a loan of €11.0 million advanced to Value Retail European Holdings BV, which bears interest at 13%. The loan matures on 31 July 2005 and €4.0 million was repaid in January 2005.

D. BORROWINGS

	Bank loans and overdrafts £m	**Other loans £m**	**2004 Total £m**	2003 Total £m
After five years	**–**	**935.6**	**935.6**	641.7
From two-five years	**235.2**	**563.7**	**798.9**	612.6
From one-two years	**–**	**–**	**–**	253.0
Due after more than one year	**235.2**	**1,499.3**	**1,734.5**	1,507.3
Due within one year	**–**	**0.2**	**0.2**	248.4
	235.2	**1,499.5**	**1,734.7**	1,755.7

Details of the group's borrowings are given in note 16. The Company's borrowings are all unsecured and comprise sterling and euro denominated bonds, currency and interest rate swaps and bank loans.

E. CREDITORS – OTHER

	2004 £m	2003 £m
Creditors falling due within one year		
Amounts owed to subsidiaries	**957.7**	570.0
Tax	**0.4**	0.4
Other creditors and accruals	**58.5**	43.1
Dividends payable	**34.5**	32.3
	1,051.1	645.8

The amounts owed to subsidiaries are unsecured, repayable on demand and are interest bearing at variable rates based on LIBOR.

F. RESERVES

	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m
Balance at 1 January 2004	594.1	7.2	0.1	322.7
Premium on issue of shares	3.7	–	–	–
Retained profit for the year	–	–	–	57.9
Balance at 31 December 2004	**597.8**	**7.2**	**0.1**	**380.6**

G. PRINCIPAL SUBSIDIARY COMPANIES

All principal subsidiary companies are engaged in property investment, development, trading or investment holding. Unless otherwise stated, the companies are 100% owned subsidiaries. As permitted by section 231 of the Companies Act 1985, a complete listing of all the group's undertakings has not been provided. A complete list of the group's undertakings will be filed with the Annual Return.

Subsidiaries are incorporated/registered and operating in the following countries:

England

Hammerson International Holdings Limited
Hammerson UK Properties plc
Grantchester Holdings Limited
99 Bishopsgate Limited*
Hammerson Oracle Investments Limited
Hammerson Property Limited
Hammerson Group Management Limited
Hammerson Management Services Limited
Hammerson Leicester Limited
West Quay Shopping Centre Limited

France

Hammerson SAS
Hammerson France SAS
Hammerson Bercy SAS
Hammerson Holding France SAS
Hammerson Centre Commercial Italie SAS
Hammerson Madeleine SAS
Hammerson Pillet-Will SNC
Hammerson Université SAS
SCI SDPH (64.5%)
Marketing & Communication SAS
Marketing & Valorisation SAS
OCC SAS

The Netherlands

Hammerson Europe BV

Germany

Hammerson GmbH
Forum Steglitz 2 GmbH
MV Geschaftshaus Verwaltung GmbH & Co Märkisches-Zentrum KG

*Incorporated/registered in Vanuatu.

PROPERTY PORTFOLIO INFORMATION

for the year ended 31 December 2004

	Net rental income £m	Properties at valuation £m	True equivalent yield %	Underlying valuation change %	Total return %	Vacancy rate %	Rents passing £m	Estimated rental value £m	Reversionary/ (Over-rented) %
Notes			(1)				(2)	(3)	(4)
United Kingdom									
Retail: Shopping centres	71.4	1,784.1	5.7	10.3	17.4	2.9	92.3	103.8	10.6
Retail parks	20.6	503.2	5.7	21.3	29.3	7.8	18.5	22.3	10.6
	92.0	2,287.3	5.7	12.5	20.0	4.2	110.8	126.1	10.6
Office: City	18.7	639.7	6.5	7.0	15.7	47.6	16.6	24.1	(22.0)
West End	5.0	89.1	6.6	13.2	17.6	66.3	1.9	5.6	–
Docklands and other	9.7	164.7	7.5	6.5	13.2	14.5	10.7	10.6	(18.3)
	33.4	893.5	6.8	7.5	15.9	33.3	29.2	40.3	(17.9)
Total United Kingdom	125.4	3,180.8	5.9	11.1	18.9	10.3	140.0	166.4	3.0
France									
Retail	41.3	750.7	6.5	10.6	17.2	2.4	44.8	53.7	18.3
Office	14.4	515.6	6.1	5.8	9.7	11.3	25.7	28.6	5.9
Total France	55.7	1,266.3	6.3	8.6	14.1	4.4	70.5	82.3	13.7
Germany									
Retail	7.3	160.7	6.6	(21.8)	(18.7)	14.0	9.6	11.1	4.4
Total Continental Europe	63.0	1,427.0	6.4	4.0	9.1	6.9	80.1	93.4	12.5
Group									
Retail	140.6	3,198.7	5.9	9.7	16.3	4.7	165.2	190.9	12.3
Office	47.8	1,409.1	6.5	6.8	13.3	28.3	54.9	68.9	(8.2)
Total Group	188.4	4,607.8	6.1	8.8	15.4	9.4	220.1	259.8	6.2

Notes

(1) True equivalent yield is based on rents passing and estimated rental values. The calculation excludes properties in the course of development.

(2) Rents passing after deducting head and equity rents post any rent free periods.

(3) Estimated rental value including vacant space and after deducting head and equity rents.

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

SECURITY OF INCOME/REVERSION

as at 31 December 2004

	Rents passing that expire/break in 2005 £m	Rents passing that expire/break in 2006 £m	Rents passing that expire/break in 2007 £m	ERV of leases that expire/break in 2005 £m	ERV of leases that expire/break in 2006 £m	ERV of leases that expire/break in 2007 £m	Average unexpired lease term years
Notes	(1)	(1)	(1)	(2)	(2)	(2)	
United Kingdom							
Retail: Shopping centres	4.7	2.0	2.2	4.9	2.4	3.0	12
Retail parks	0.5	–	–	0.6	–	–	16
	5.2	2.0	2.2	5.5	2.4	3.0	13
Office: City	4.3	–	–	3.2	–	–	7
West End	0.8	–	–	0.7	–	–	7
Docklands and other	0.9	1.0	0.9	0.9	0.7	0.7	7
	6.0	1.0	0.9	4.8	0.7	0.7	7
Total United Kingdom	11.2	3.0	3.1	10.3	3.1	3.7	11
France							
Retail	4.3	1.4	2.7	5.6	1.8	3.3	6
Office	1.4	1.0	0.2	1.6	1.1	0.5	7
Total France	5.7	2.4	2.9	7.2	2.9	3.8	6
Germany							
Retail	1.0	0.2	0.2	1.1	0.2	0.2	5
Total Continental Europe	6.7	2.6	3.1	8.3	3.1	4.0	6
Group							
Retail	10.5	3.6	5.1	12.2	4.4	6.5	10
Office	7.4	2.0	1.1	6.4	1.8	1.2	7
Total Group	17.9	5.6	6.2	18.6	6.2	7.7	9

Notes

(1) These figures show the amount by which rental income, based on rents passing at 31 December 2004, 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 and Germany, it is based on the earliest date of lease expiry.

(2) The estimated rental value at 31 December 2004 for space that expires or breaks in each year, after deducting head and equity rents and ignoring the impact of rental growth and any rent free periods.

RENT REVIEWS

as at 31 December 2004

	Rents passing subject to review in				Projected rent at current ERV of leases subject to review in			
	Outstanding £m	2005 £m	2006 £m	2007 £m	Outstanding £m	2005 £m	2006 £m	2007 £m
Notes	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)
United Kingdom								
Retail: Shopping centres	9.7	19.8	13.6	7.2	11.2	22.8	14.4	7.7
Retail parks	1.7	4.3	0.4	4.4	2.2	5.1	0.4	5.0
	11.4	24.1	14.0	11.6	13.4	27.9	14.8	12.7
Office: City	1.5	1.1	14.9	0.6	1.5	1.1	14.9	0.6
West End	–	1.3	–	–	–	1.3	–	–
Docklands and other	1.4	4.0	1.5	0.2	1.5	4.0	1.5	0.2
	2.9	6.4	16.4	0.8	3.0	6.4	16.4	0.8
Total United Kingdom	14.3	30.5	30.4	12.4	16.4	34.3	31.2	13.5

The majority of rents in France and Germany are subject to annual indexation.

Notes

(3) These figures show the rents passing at 31 December 2004, after deducting head and equity rents, which is subject to review in each year.

(4) These figures are the projected rents for space that is subject to review in each year and are based on the higher of the current rental income and the estimated rental value as at 31 December 2004, after deducting head and equity rents and ignoring the impact of changes in rental values before the review date.

Property/address	Property net internal area m²	Key dates	Tenure	Principal occupiers	Number of tenants	Weighted average unexpired lease term years	Vacancy rate %	Rent passing p.a. £m**	Average rent passing £ per m²†
UNITED KINGDOM									
RETAIL									
LONDON AND SOUTH									
Brent Cross, London NW4 (41% ownership)	81,300	1976 completed 1995 refurbished	Leasehold	John Lewis, Fenwick, Marks & Spencer, W H Smith, Gap, Zara, H&M, Boots	110	12	nil	15.5	970
Bristol properties (50% ownership)	57,200	2000/2004 acquired	Leasehold	Bhs, Dixons, Sports Soccer, Superdrug, Argos	87	11	6.8	4.0	160
Kingston Properties, Kingston-upon-Thames	3,000	2004 acquired	Majority Freehold	NCP, Town & City Parking	8	3	79.5	0.3	170
Liberty Shopping Centre, Romford	48,900	1968 completed 2001/2 refurbished	Freehold	Bhs, Boots, W H Smith, Next, H&M, Waterstones	109	13	3.3	11.5	260
Paris Street and Sidwell Street, Exeter	8,500	1999 acquired	Leasehold	MVC, Sofa Workshop, Iceland	27	5	9.1	1.0	130
The Oracle, Reading (50% ownership)	71,000	1999 completed	Leasehold	House of Fraser, Debenhams, Boots, H&M, Vue, Zara	114	11	0.1	11.8	420
The Point, Milton Keynes	7,000	2004 acquired	Freehold	United Cinemas, City Centre Restaurants	4	15	12.0	0.5	90
WestQuay, Southampton	76,300	2000 completed	Leasehold	John Lewis, Marks & Spencer, Gap, H&M, Next	97	11	3.7	22.0	490
MIDLANDS AND NORTH									
Bullring, Birmingham (33% ownership)	124,900	1996 acquired 2003 completed	Leasehold	Selfridges, Debenhams, Next, Gap, Zara, H&M	157	13	4.0	14.0	460
Grosvenor House Hotel, Sheffield	4,000	2001 acquired	Leasehold	Regal Hotels, Halifax Building Society, Nottingham Building Society	22	13	6.3	0.7	160
Martineau Galleries, Birmingham (33% ownership)	52,700	1999 acquired	Leasehold	NCP, Virgin, HSBC Bank, Argos, Next	71	8	6.7	1.6	100
The Shires, Leicester (60% ownership)	49,200	2002 acquired	Freehold	Next, W H Smith, Debenhams, Rackhams	82	14	nil	8.2	440

Property/address	Property net internal area m²	Key dates	Tenure	Principal occupiers	Number of tenants	Weighted average unexpired lease term years	Vacancy rate %	Rent passing p.a. £m**	Average rent passing £ per m²†
RETAIL PARKS									
Battery Retail Park, Selly Oak, Birmingham (25% ownership)	12,600	2002 acquired	Leasehold	Homebase, B&Q, PC World, Currys, Comet, Halfords	8	10	nil	0.7	240
The Avenue Retail Park & 374 Newport Road, Cardiff	10,500	2002 acquired	Freehold	MFI, Matalan	3	8	nil	1.1	120
Central Retail Park, Falkirk (25% ownership)	37,200	2002 acquired 2003 extended	Leasehold	Next, Cineworld, Boots, Homebase, Tesco, Currys, Comet	24	18	5.5	1.2	160
*St Oswald's Retail Park, Gloucester	20,500	2005 completion	Freehold	B&Q	–	–	–	–	–
Brent Cross Shopping Park, London NW4 (41% ownership)	8,500	2004 completed	Freehold	Next, TK Maxx, Borders, DFS	5	16	17.4	1.4	490
Dallow Road, Luton	10,100	2002 acquired	Freehold	B&Q, Aldi	2	15	nil	1.1	110
Cleveland Retail Park, Middlesbrough	23,000	2002 acquired 2003 redeveloped	Freehold	B&Q, Matalan, Wickes, Currys, MFI	10	20	2.3	2.5	110
*Cyfarthfa Retail Park, Merthyr Tydfil	23,600	2005 completion	Freehold	B&Q, Next, Argos, Boots, JJB, Dixons	–	–	–	–	–
Victoria Retail Park, Nottingham	15,400	2002 acquired 2003 redeveloped	Freehold	Halfords, Focus, B&Q	6	21	nil	2.2	140
West Berkshire Retail Park, Theale, Reading	12,700	2002 acquired	Freehold	Homebase, Megabowl	2	15	8.0	1.6	130
Drakehouse Retail Park, Sheffield	20,500	2003 acquired	Freehold	Focus, Co op, Comet, Currys, Carpetright, JJB, JD Sports	17	17	5.5	3.0	150
Westwood & East Kent Retail Parks, Thanet	16,600	2002 acquired	Freehold	Homebase, Matalan, Comet, Currys	11	17	nil	2.4	150

Property/address	Property net internal area m²	Key dates	Tenure	Principal occupiers	Number of tenants	Weighted average unexpired lease term years	Vacancy rate %	Rent passing p.a. £m**	Average rent passing £ per m²†
OFFICES									
CITY									
99 Bishopsgate, London EC2	31,200	1993 acquired 1995 developed	Leasehold	Deutsche Bank, Latham & Watkins	6	5	nil	14.7	600
*Bishops Square, London E1 (75% ownership)	75,000	2000 acquired 2005 completion	Leasehold	Allen & Overy	–	–	–	–	–
Moorhouse, London EC2 (67% ownership)	30,100	2001 acquired 2004 completed	Leasehold	–	–	–	100.0	–	–
*125 Old Broad Street, London EC2	32,000	2004 acquired	Freehold	–	–	–	–	–	–
One London Wall, London EC2 (50% ownership)	18,600	1999 acquired 2003 completed	Leasehold	Osborne Clarke, Melli Bank, Dewey Ballantine	3	12	59.7	1.5	460
1 Puddle Dock, London EC4	10,000	1995 acquired	Leasehold	KPMG	1	72	nil	0.4	40
*60 Threadneedle Street, London EC2	22,000	2004 acquired	Freehold	–	–	–	–	–	–
WEST END									
10 Grosvenor Street, London W1 (50% ownership)	5,900	1994 acquired 2003 completed	Leasehold	Associated British Foods, Poltrona Frau	2	19	73.5	0.6	810
83/85 Pall Mall, London SW1	4,200	1984 completed 1999 refurbished	Leasehold	Soros Funds, General Atlantic, Houlihan Lokey Howard & Zukin	3	2	26.7	1.3	500
18 Hanover Square, London W1	3,700	1999 acquired 2004 refurbished	Leasehold	–	–	–	100.0	–	–
*19 Hanover Square, London W1	2,700	1999 acquired 2005 completion	Freehold	–	–	–	–	–	–
DOCKLANDS AND OTHER									
Exchange Tower, 1&2 Harbour Exchange Square, London E14	44,800	1999 acquired	Freehold	Secretary of State, Platform Home Loans, Centre File, Sapient	41	7	19.3	9.5	260
1 Harbour Quay, London E14	2,400	2001 acquired	Leasehold	EDS, Medscreen	2	2	nil	0.2	110
Eastgate House, Leeds	6,200	2000 acquired	Freehold	Secretary of State	20	4	nil	0.7	110

Property/address	Property net internal area m^2	Key dates	Tenure	Principal occupiers	Number of tenants	Weighted average unexpired lease term years	Vacancy rate %	Rent passing p.a. £m**	Average rent passing £ per m^2†
FRANCE									
RETAIL									
Bercy 2, Charenton le Pont (company ownership 19,900m^2)	35,200	2000 acquired	Freehold	H&M, Carrefour, Darty, Sport Leader, Etam, Go Sport, La Grande Récré, Esprit, Extrapole	73	5	0.4	4.0	230
Espace Saint Quentin, Saint Quentin-en-Yvelines (company ownership 21,400m^2)	58,700	1994 acquired	Freehold	Carrefour, C&A, Darty, H&M, Société Générale, Armand Thiery, Sephora, Pizza Pino, L'Homme Moderne	109	6	6.8	7.0	350
Italie 2, Paris 13ème	56,600	1998 acquired 2001 refurbished	Freehold	Printemps, Champion, Jennyfer, Darty, Tati, Alain Manoukian, Zara, Go Sport	129	6	4.3	11.8	250
Les 3 Fontaines, Cergy Pontoise (company ownership 22,500m^2)	58,900	1995 acquired 1996 refurbished	Freehold	Auchan, Darty, C&A, H&M, Etam, Mango, Grand Optical, La Redoute	84	6	2.7	7.0	320
Parinor, Aulnay sous Bois (company ownership 37,800m^2)	84,100	2002 acquired	Freehold	FNAC, Zara, Toys 'R' Us, Darty, H&M, Boulanger, Carrefour, C&A, Castorama	135	5	0.8	7.8	200
Place des Halles, Strasbourg (65% ownership of 37,600m^2)	39,800	1998 acquired 2002 refurbished	Freehold	C&A, Surcouf, H&M, BHV, Galeries Gourmandes, Go Sport, Orchestra, Naf Naf, Sephora, Armand Thiery, Mango	121	6	nil	7.3	200
OFFICES									
Néo, 14 boulevard Haussmann, Paris 9ème	26,700	2001 acquired 2003 completed	Freehold	La Société du Figaro, US Embassy, CCF, De Fursac, Hôtelière Lutetia	5	9	5.5	10.4	410
Les Trois Quartiers, 21 boulevard de la Madeleine, Paris 1er	29,700	2000 acquired	Freehold	Barclays, CSFB, Madelios, Décathlon	25	5	0.9	9.9	340
4 place de l'Opéra, Paris 2ème (50% ownership)	9,400	2001 acquired	Freehold	Maty, Indiana Opéra, Brioche Dorée	12	1	53.0	0.4	310

Property/address	Property net internal area m²	Key dates	Tenure	Principal occupiers	Number of tenants	Weighted average unexpired lease term years	Vacancy rate %	Rent passing p.a. £m**	Average rent passing £ per m²†
FRANCE OFFICES									
148 rue de l'Université, Paris 7ème	10,300	1999 acquired 2002 completed	Freehold	Microsoft, SAPRR, Japanese Delegation for UNESCO, LBO Finance	4	7	3.8	5.0	500
*9 place Vendôme, Paris 1er (50% ownership)	27,700	2002 acquired 2006 completion	Freehold	–	–	–	–	–	–
GERMANY RETAIL									
B5, Berlin	11,100	2000 completed	Freehold	Nike, Tommy Hilfiger, Mexx, Mango	38	5	16.1	1.0	100
Forum Steglitz, Berlin (93% ownership)	28,900	2000 acquired	Freehold	Rewe, Schaulandt, Karstadt, H&M	61	2	5.0	3.3	120
Märkisches Zentrum, Berlin	54,700	1996 acquired 2002 refurbished	Freehold	Wöhrl, Fitness Company, H&M, Woolworth	180	5	18.3	5.4	120

Notes

*Properties held in the course of development or for potential future development. Property net internal area is an estimation at completion. Principal occupiers are significant pre-lettings only.

**Net of head and equity rents, post any rent free periods.

†Before deducting head and equity rents and excluding rents passing from anchor units and car parks.

Current Developments

Project	Ownership interest	Cost at 31 December 2004* £m	Retail/ Office	Estimated total development cost* £m	Size m²	Anticipated completion date
Cyfarthfa Retail Park, Merthyr Tydfil	100%	29	Retail	35	23,600	Jan 2005
St Oswald's Retail Park, Gloucester	100%	25	Retail	44	20,500	Jun 2005
Bishops Square, London E1	75%	184	Office	280	75,000	Jun 2005
19 Hanover Square, London W1	100%	16	Office	21	2,700	Aug 2005
9 place Vendôme, Paris 1er	50%	65	Office	90	27,700	Jul 2006

*Hammerson share.

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