Good morning … Thank you for coming along today. Our principal reason for making this presentation is to explain the changes IFRS will make to Hammerson's results. However, we thought it would also be a good opportunity to show you Moorhouse and provide updates on the City of London office market and Hammerson's City portfolio.

In a moment I shall hand you over to Rob Martin, who will give you our thoughts on the market and then Michael Baker will talk through our office portfolio and plans for the future. First though, I would like to say a few words about Hammerson's office development strategy.

Our objectives from development are to generate attractive returns and enhance both our portfolio and income quality.

The key is buying well. And I think we can fairly claim to have a good track record of acquiring sites at advantageous times in the cycle. The site of 280 Bishopsgate and the purchase of the Railtrack portfolio are two transactions that spring to mind.

I believe that we have the best project management team in the business. They have consistently brought in some very complex schemes on time and on budget.

We have also demonstrated a willingness to sell office buildings and recycle the capital when we can see the potential to invest in projects offering more attractive returns.

To put my remarks in context it is worth taking a quick look at the past.

We have a proven track record of delivering profitable, high specification office buildings in London and Paris. This slide shows some of the great schemes we have developed in the last ten years.

They range from 99 Bishopsgate, which we still own, to Globe House, which we sold in 2003, to our most successful development ever, 280 Bishopsgate, which we sold in 2002 for £219 million, realising a surplus on development of £118 million. The slide also includes two important developments completed in Paris and then sold.

As you are aware, the office market is volatile and these schemes highlight the gains that can be made when you get your timing right in this market. With the portfolio we have today, I believe there is substantial potential upside in income and value that can be captured when the office occupational market improves.

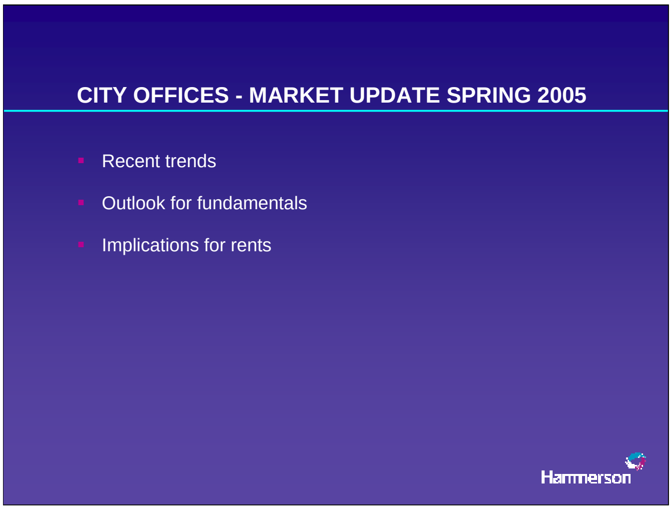
Now…over to Rob Martin, our property research analyst, who will talk you through the market.

Hammerson

City of London Office Market Presentation

Rob Martin – Property Research Analyst

Tuesday, 26 April 2005



Good Morning

I'm going to spend a few minutes setting out some key points on the City office market.

I'll address the recent trends, the outlook for the fundamentals and take that through into the implications for rents.

Much of the base data we'll be presenting is sourced from PMA. But the interpretation of those numbers reflects our own internal work

Many of you will be familiar with PMA. For those that are not, they are Property Market Analysis, one of the largest independent property research consultancies in Europe.

For their benefit, I need to show you their disclaimer...

PMA DISCLAIMER

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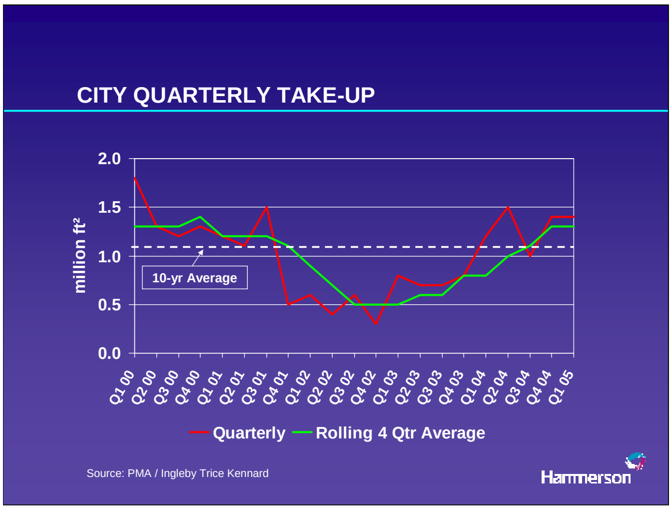


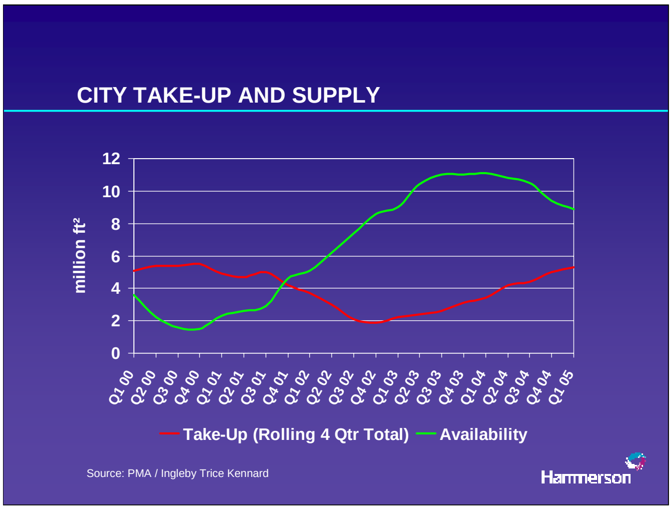
So to start, this chart shows take-up in the City on a quarterly basis since the start of 2000 up to the first quarter of this year.

As you will know, take-up tends to be rather 'lumpy', so we have also shown it as a rolling average of the last four quarters to identify the underlying trend, which is shown as the green line.

The ten-year average for quarterly take-up is around 1.1 million ft². Demand moved ahead of that over the course of 2004.

And the increase in demand has been broad-based. It's been split roughly equally between financial and business service occupiers.

Overall, the figures demonstrate that a substantial recovery in take-up has taken place since 2002.



This chart brings in the availability side of the equation. For take-up, you'll see that we've switched to a rolling four quarter total rather than an average, to more clearly demonstrate the relative shifts in the two numbers.

But the message is the same. Take-up has improved significantly since 2002.

Peak availability was reached in the first quarter of 2004 when it stood at 11 million ft². Since then it has fallen by around 20%.

But in absolute terms, there's no denying that availability remains high. The latest figure of 9 million square feet corresponds to a vacancy rate of just over 14%.

Looking at new space specifically, take-up in 2004 was concentrated in the central EC2 and EC4 postcodes.

It is particularly encouraging that the availability of new space fell more quickly than the average over the course of 2004. While the total amount of vacant space fell by 14%, the availability of new space fell by over 20%.

AVAILABILITY OF NEW OFFICE SPACE 100,000 ft²+

Building	Postcode	Space (ft²)
Moorhouse	EC2	301,700
10 Gresham Street	EC2	247,000
30 St Mary Axe	EC3	238,800
Broadgate West 2	EC2	164,000
Plantation Place South	EC3	157,900
41 Lothbury	EC2	154,700
Condor House	EC4	118,000
Plantation Place	EC3	105,900
Total		**1,488,000**

Source: Hammerson

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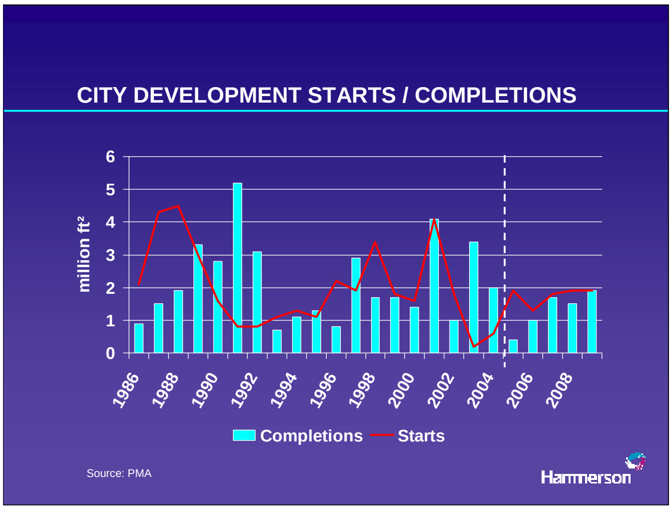
Partly as a result of that, there are now few buildings able to offer occupiers more than 100,000 ft² of new space.

At the end of 2003, there were 14. There are now just 8, shown in the schedule.

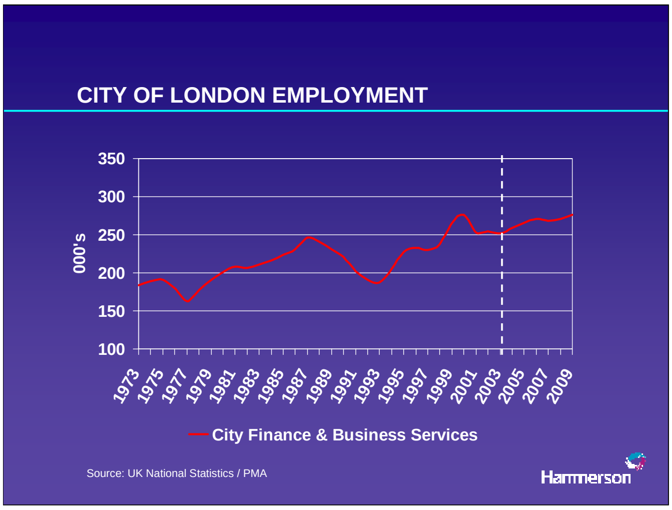


This chart shows the level of development starts in red and completions in blue in the City over the long term.

It confirms the large amount of development started in 1998 and 2001 that contributed to the current high level of availability.

But the chart also demonstrates that development starts were exceptionally subdued during 2003 and 2004.

And given the long lead times involved in development, we can be reasonably certain that this will result in a very low level of completions during 2005 and 2006.



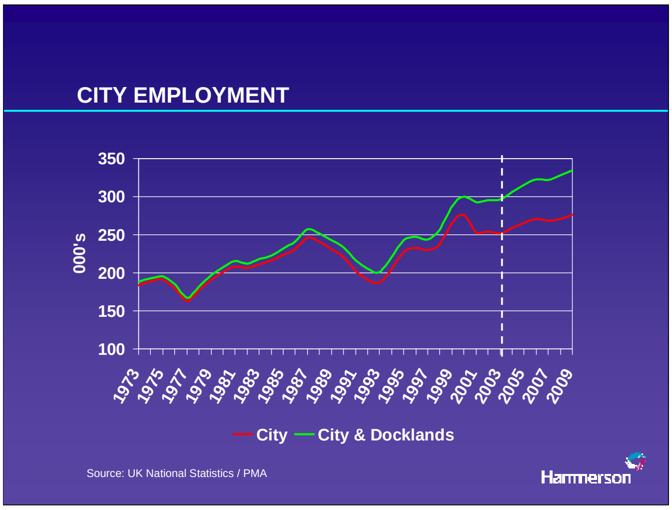
The City office market can only achieve sustainable growth if there is underlying expansion in the demand for office space.

This chart shows the level of employment in the City over the past thirty years, and forecasts going forward. We've focused on financial and business services, since these account for the majority of office demand.

It's clear that employment has grown over time. But the figures also show that employment in the City has fared comparatively poorly in recent years. There was around a 10% fall in employment between the peak in 2000 and the last year of hard data for 2003.

Employment is believed to have already recovered somewhat in 2004.

Looking ahead, the economic environment is forecast to be broadly benign in the next five years and this is set to support a further recovery in City employment.



But that only tells part of the story. If Docklands is included, the fall in employment since 2000 has been only marginal. Some of the jobs lost in the City, particularly in finance, have really been a transfer to Canary Wharf.

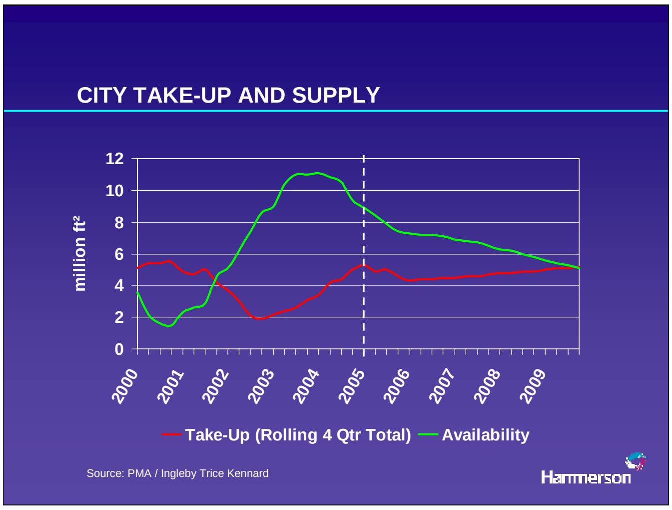
And there is clearly scope for this process to continue in the future.

But there are a number of factors that should act in favour of the City, one of which is demonstrated by the chart.

By the end of 2003, finance and business services employment in Docklands was estimated to be around 38,000. But employment in the City stood at 250,000, more than six times as many. It highlights the fact that there remains a critical mass of activity in the City.

Occupiers consistently report that ease of access to clients and to suppliers is a key factor in their location decisions. In that sense, the City continues to offer them major advantages. And so while Docklands may expand further, it won't be appropriate for everyone.

That underlies our belief that the City will see a sustained recovery in employment.



This chart of take-up and supply is the same as the one shown earlier, with forecasts inserted

We've said that City employment, which is the long term driver of office demand, is projected to increase.

But in the short term, variations in City take-up seem to be driven by output growth in financial and business services. That makes sense given that output growth is an indicator of current business conditions.

Over the past several quarters, output growth has weakened somewhat and business confidence has also moderated.

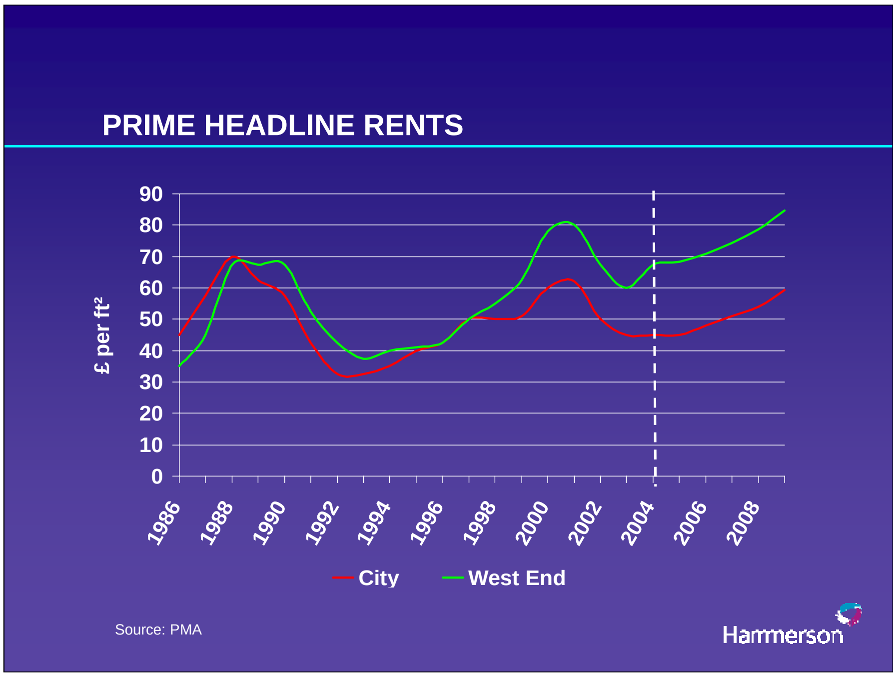
And this lies behind the expectation that take-up will fall back somewhat over the course of 2005.

But over the longer term, take-up is set to recover, as the fundamental driver of higher employment supports greater demand for space.

As we noted at the start of the presentation, office take-up tends to be lumpy. So this forecast will inevitably smooth reality. But the broad trend is believed to be robust.

Availability is forecast to continue falling, not least because of the very low levels of additional supply during 2005-6.

And crucially, the availability of new space of the type currently being marketed by Hammerson, is set to fall faster than the overall total.



PMA are forecasting that prime headline rents will remain broadly unchanged in the City during 2005 at £45 per ft². The improving supply / demand balance is set to drive headline rents higher from 2006.

But headline rents are only part of the story as one also needs to consider rent-free periods.

At the end of 2004, the rent free period for a 15 year lease on prime space in the City stood at around 36 months.

Rent-free periods are expected to shorten over the course of 2005, with further reductions in the following years.

As a result, rental growth in effective terms, which takes account of rent-frees, is actually set to be faster than the headline numbers would suggest.

We've also put the forecast for the West End on this chart. Having risen in 2004, headline rents are forecast to be stable in 2005, before picking up further from 2006.

SUMMARY

- Take-up has improved
- Sharply reduced development completions
- Availability falling
- Improving rental prospects

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Pulling the different elements together...

Take-up has improved significantly, which has already led to a reduction in availability

And with very little new space set to be delivered during 2005-6, vacant space is forecast to fall further.

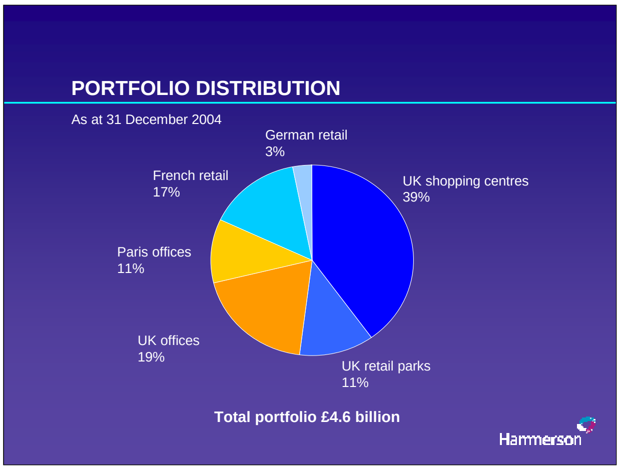
The availability of new space has fallen faster than the average, and there are now few buildings providing large volumes of new space

With the supply of office space tightening, headline rents are forecast to recover from 2006 and to rise significantly in the following years.

As you have seen from the previous presentation, the medium term outlook is encouraging.

Over the next 15 minutes or so I am going to try to give an insight into Hammerson's most significant City office developments including, of course, this building.

Firstly, to put matters into context.



This was the make up of Hammerson's overall property porfolio at the end of 2004.

UK Offices totalled £894 million or just under 20% of the group's total assets. City offices account for approximately 72% of the London office portfolio.

The UK Office portfolio is characterised by relatively large lot size properties.

UK CITY OFFICES PORTFOLIO

As at 31 December 2004

Property	Hammerson Ownership	Size (ft²)
Bishops Square	75%	807,000
99 Bishopsgate	100%	336,000
Moorhouse	67%	324,000
One London Wall	50%	200,000
Total		**1,667,000**

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The four largest assets are each worth substantially in excess of £100 million, although the more recent developments such as Moorhouse and One London Wall have been carried out in joint ventures, typically by way of Limited Partnership.

Joint ventures have been an excellent way for Hammerson to gain entry to new projects.

Of these assets only one significant property (99 Bishopsgate) has been held for more than 10 years.

Our most immediate opportunity for adding to the value of our portfolio will be to take advantage of tightening supply to lease up our recently completed developments.

SPACE AVAILABLE TO LET

Property	Availability (ft^2)*
Moorhouse	324,000
One London Wall	99,000
Total	**423,000**

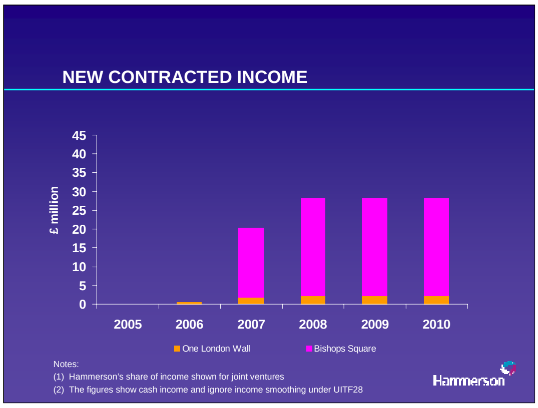
* The above represents the total availability in each property rather than Hammerson's share

These are the most significant opportunities which currently present themselves within our City office portfolio.

Allowing for our joint venture partners, that is Pearl Assurance on this building (Moorhouse) and Kajima on One London Wall, Hammerson's share of the potential rent from these two developments is £13.8 million per annum.

In addition to this, as you will be aware from our Report & Accounts, we also have the prospect of some office accommodation becoming available within 99 Bishopsgate as our major occupier within that building, Deutsche Bank, has exercised a break option on approximately 75,000 ft^2. This space, however, will not revert to us until the end of this year and following a modest refurbishment to take the accommodation back to open plan condition, we will start marketing the accommodation next year.

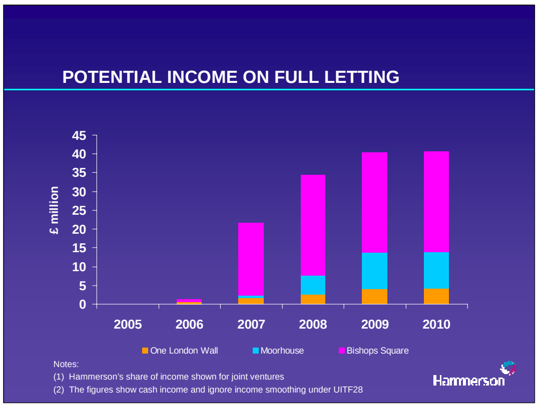
To give you a slightly better feel for this...



This shows rents receivable on a cashflow basis from signed leases at One London Wall and Bishops Square. It is rental income which is already contracted from leases signed over the last 12 months or in the case of Bishops Square, the prelet which was agreed in 2002 with Allen & Overy.

As you'll see from the footnote, the figures show cash income and ignore income smoothing under UITF28. From 2008, the rents receivable will total just over £28 million per annum.

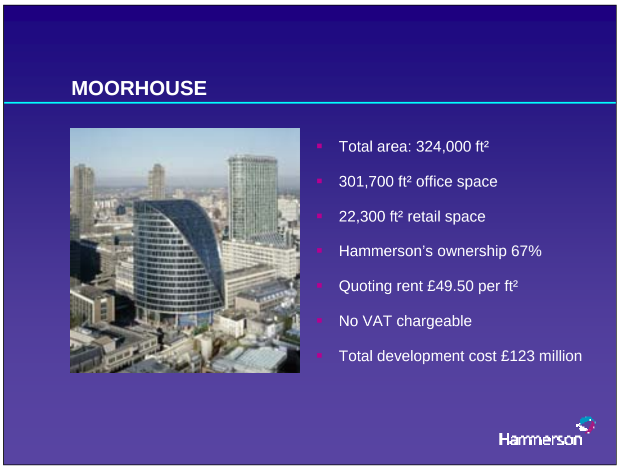
Over the course of the next 12 months or so, however, we expect this figure to increase substantially as additional leases are signed.



This shows the anticipated rents receivable, again on a cashflow rather than an accounting basis, arising from the letting up of additional space which is currently vacant within our City developments.

As you can see, taking this into account, rents receivable by 2010 should amount to around £41 million per annum.

Of this additional rent, a significant proportion should arise from lettings within this building – Moorhouse.



Moorhouse is the biggest of our current schemes at 324,000 ft².

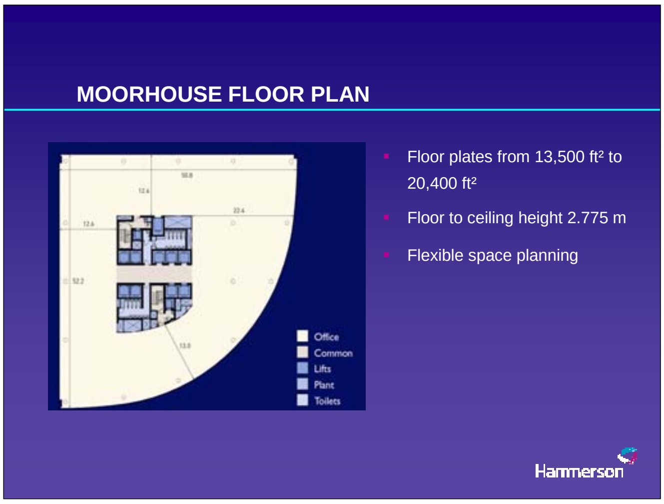
We reached practical completion in November last year and formally launched the building in January.

The property is owned in a limited partnership – two thirds Hammerson and one third Pearl Assurance.

We built-up our stake in this development in two tranches. The first 33% in 2002 and the second 33% in November of last year, when we bought out Greycoat and assumed the ongoing development management and asset management role.

To keep the marketing message simple, we do not differentiate the asking rent for the upper floors from the lower floors of the building, but one of the key features of Moorhouse is that the building has not been elected for VAT on rents and therefore to a bank or financial services occupier, which typically might have a low VAT recovery rate, this may make as much as £6 per sq ft difference. We are quoting a rent of £49.50 per ft² across the building.

The cost of Hammerson's investment in this property is £123 million.



We are offering the building on the basis of floor by floor lettings, although our current negotiations for a significant letting of approximately a third of the building is continuing to progress.

Perhaps not surprisingly a lot of occupiers are drawn to the upper floors of the building. However, in our experience the mid-level floor plates, at 20,000 ft², are more efficient and still have good views.

It might be worth me saying just a few words about why we are happy to make this building available on a floor by floor or multi-tenanted letting basis, when the research which Rob outlined earlier suggest that it is the availability of buildings able to offer units in excess of 100,000 ft² where there could be supply shortages in the not too distant future. The answer to this is partly because the market for units of 20,000 ft² or smaller is currently more active, but also because we believe, over time, a multi-let office building will give rise to more opportunities to “work” the asset.

Turning to our next largest currently available development…

One London Wall was completed in October of 2003 and is now over 50% let at a combined total income of £4.3 million per annum following the expiry of rent free periods.

The building totals 200,000 ft² and is a joint venture with Japanese company – Kajima. Hammerson's share of the development costs has been approximately £46 million.

Against a backdrop where take-up in City offices has been significantly below the long run average, we have probably achieved more than our fair share of success at One London Wall over the last 12 months.

The fact that 49% of the building still remains available reflects the degree of choice still available to City occupiers looking for new accommodation much of which, particularly at the smaller end of the market, is increasingly being offered with flexibility for the occupier to determine the lease within the first 10 years of the term.

As shown earlier our other major City development is Bishops Square.

The building is approximately 767,000 ft² of offices pre-let to Allen & Overy in 2002 at an average rent of £45 per ft², which should give rise to a total annual rent roll of circa £34 million pa.

The scheme also incorporates a further 40,000 ft² of retail with a local flavour.

I am pleased to report we are making good progress on site and we anticipate completion and handover to Allen & Overy on schedule in June of this year.

The development is being undertaken in conjunction with The Corporation of London on a 75:25 basis. Under the terms of the agreement, Hammerson will buy out the Corporation at a date around two years after practical completion.

Of the pipeline of future potential developments, the most immediate are the two buildings which Hammerson purchased during the summer of last year from the Stock Exchange.

This is a triangular freehold site bounded by Threadneedle Street, Throgmorton Street and Old Broad Street in the City. The site is arranged as two development parcels – the Eastern and Western building which we are renaming 125 Old Broad Street (the Tower Building) and 60 Threadneedle Street (which is a new development situated on the part of the site which was previously occupied by the Stock Exchange Market building).

We purchased this site with the benefit of existing planning consents for a total of £68 million, £34 million of which we paid in 2004, with the balance due in December this year.

This is an image of the proposed new tower designed by architects Nicholas Grimshaw.

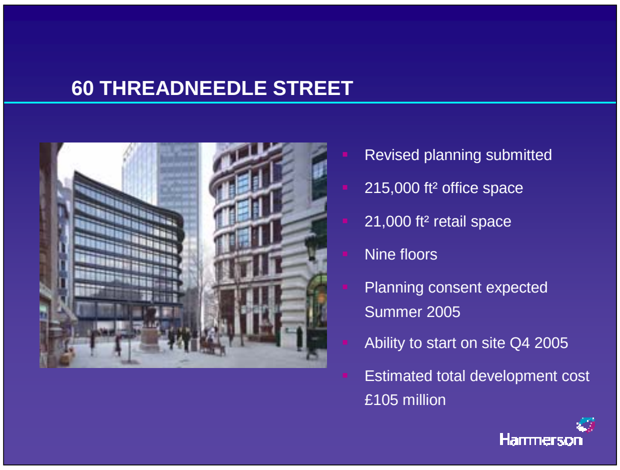
A planning application for this scheme was submitted late last year and I am pleased to report that we obtained planning approval last week.

The new scheme is for 345,000 ft² compared with the original planning consented area of 327,000 ft². Besides the increase in size, we believe we have improved significantly on the design of the building's entrance and lower floors.

The scheme involves creating what will be effectively be a new building using the existing structural frame, and the estimated total development cost is £160 million.

In common with our current approach on Moorhouse, it is likely that we will adopt a multi-letting strategy with this building with a strong emphasis upon providing flexible leases and a strong service offering.

Turning to the West Building or 60 Threadneedle Street.

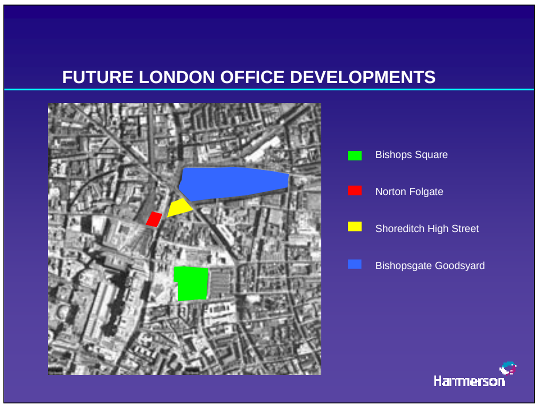


As with 125 Old Broad Street, since purchasing this development we have made a revised planning application for a new scheme, based upon a concept by Eric Parry Associates. This application was submitted just prior to Easter.

We anticipate a favourable determination during the late summer for a scheme of approximately 236,000 ft², arranged on ground and eight upper floors, compared with the original scheme of 184,000 ft².

The pre-letting market in the City remains quite resilient and with the right product, the prospect of securing an early letting is possible.

Before finishing, I would like to say a few words about the Bishopsgate sites, purchased over two years ago as part of the Railtrack Development acquisition.



These are three sites to the north-east of Broadgate. In order to orientate you, Bishops Square, which I have already spoken of is shown in green.

At Norton Folgate, which is the site shown in red, we have an established planning consent for approximately 200,000 ft².

At Shoreditch, the site in yellow, we have the opportunity to create circa 300,000 ft².

And, at Bishopsgate Goodsyard, which is the northern most of these sites (shown in blue), we believe there is opportunity to create a mixed use development of up to 2.5 million ft², in conjunction with developers Ballymore.

We are at an early stage with all of these potential schemes, developing a planning framework with the local authorities and neighbouring landowners involved. I believe over time this will give rise to some very strong value creating opportunities.

So, in summary, we are seeing signs of an improvement in the occupational market and the low level of development starts over the last two years means that supply of Grade A space coming to the market is very limited.

Investment demand remains strong for well let office property.

Hammerson offers the potential for significant growth in rents over the next few years from new income that is already contracted and from the leasing of vacant space.

Hammerson has the benefit of being able to add to its portfolio through the development process with the potential for growth in both income and capital.

So, I have every confidence in Hammerson's future.

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