

Corporate governance

THE COMBINED CODE

The Board is committed to maintaining high standards of corporate governance and, except where otherwise stated, the Company has complied with section 1 of the 2008 Combined Code on Corporate Governance throughout the year ended 31 December 2010. The Company also now complies with the majority of the provisions of the UK Corporate Governance Code, which replaces the 2008 Combined Code, notwithstanding it will not apply to the Company until the year ending 31 December 2011. The Board also takes account of the corporate governance guidelines of institutional shareholders and their representative bodies.

BOARD OF DIRECTORS

The Board currently consists of the Chairman, three Executive Directors and five Non-Executive Directors. The Board, which meets routinely not less than ten times during the year and additionally as may be required, met on 11 occasions in 2010. Non-Executive Directors are encouraged to communicate directly with Executive Directors between formal Board meetings and, in addition to these regular Board meetings, the Board holds an annual strategy meeting at which it considers the future direction of the Company as part of the business planning process. All Directors are expected to attend all meetings of the Board, and of those Committees on which they serve, and to devote sufficient time to the Company's affairs to enable them to properly fulfil their duties as Directors. The following table shows Directors' attendance at Board and Committee meetings they were eligible to attend:

	Board	Audit	Remun- eration	Nomin- ation
John Nelson	11/11		8/8	6/6
David Atkins	11/11			
Peter Cole	11/11			
Terry Duddy	8/11	2/4		5/5
David Edmonds	11/11		7/8	
Jacques Espinasse	9/11	4/4		
John Hirst	11/11	4/4		
Simon Melliss	11/11			
Tony Watson	11/11	4/4	8/8	6/6

When Directors are unable to attend meetings, their comments on briefing papers to be considered at the meeting are provided in advance to the Chairman.

The roles and responsibilities of the Chairman, Chief Executive, Executive Directors and Non-Executive Directors are clearly defined and documented.

The Board, which has ultimate responsibility for Hammerson's overall management and its business and financial strategy, operates within the terms of its written authorities, which include a formal schedule of matters reserved for its approval, including:

- strategy;
- acquisition and divestment policy;
- approval of major capital expenditure projects;
- risk management;
- monitoring performance;
- internal control;
- treasury and the raising of finance;
- human resources; and
- corporate governance.

Specific responsibilities are delegated to the Audit, Remuneration and Nomination Committees and documented in their terms of reference. The procedures and accountability for these matters 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 them in a manner that enables them to fulfil their responsibilities. This includes the circulation of comprehensive briefing papers one week prior to board and committee meetings. Presentations on business and operational issues are made regularly to the Board by senior management and the annual programme of board meetings is tailored to enable some meetings to be held at the Company's properties. During 2010 the Board visited the Company's shopping centres at Brent Cross, London, Union Square, Aberdeen and Silverburn, Glasgow.

In accordance with the UK Corporate Governance Code, all directors, with the exception of David Edmonds, are submitting themselves for re-election at the 2011 Annual General Meeting.

Biographical details of all directors are provided on page 6.

RESOURCES

All Directors have access to independent professional advice at the Company's expense 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 Company Secretary is also responsible

for facilitating the programme of directors' induction and professional development and Board performance evaluation. The appointment and removal of the Company Secretary is a matter requiring approval of the Board.

TRAINING AND DEVELOPMENT

All Directors are kept informed of changes in relevant legislation and regulations and changing financial and commercial risks with the assistance of the Company's legal advisers and auditors where appropriate. Executive Directors are subject to the Company's performance development review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered. The performance of Non-Executive Directors is appraised annually by the Chairman. The training and personal development requirements of Non-Executive Directors is reviewed as part of this appraisal process and Non-Executive Directors are encouraged to attend seminars and undertake external training at the Company's expense in areas they consider to be appropriate for their own professional development including, in particular, on issues relevant to the Board Committees to which they belong. A record of such training is maintained by the Company Secretary.

BOARD EFFECTIVENESS

The effectiveness of the Board and its Committees is vital to the success of the Company and they therefore monitor and evaluate their own performance and the contribution made by individuals.

An external evaluation of the Board's effectiveness and procedures, and those of its Committees, was undertaken in December 2010 by ICSA Board Evaluation.

This evaluation concluded that the Board and its Committees were operating effectively, but highlighted some potential improvements in procedures. In future, the Nomination Committee will report directly to all Non-Executive Directors on all matters considered by the Committee. There will be a reduction in the number of routine board meetings held each year from 10 to nine and, as a consequence, there will be a review of the matters to be considered at board meetings to maximise the effective use of time. These changes are being implemented under the guidance of the Chairman and the Company Secretary. It is intended that the next external board evaluation will be undertaken in 2013 and that, in the intervening years, evaluations will be undertaken internally by the Company Secretary.

The Chairman meets as necessary, but at least twice each year, with the Non-Executive Directors without Executive Directors present. The Senior Independent Director chairs an annual meeting of Executive and Non-Executive Directors without the Chairman in order to appraise his performance and to provide an opportunity to address any other matters which the Directors might wish to raise. The outcome of these discussions is conveyed to the Chairman by the Senior Independent Director.

NON-EXECUTIVE DIRECTORS

The Board is satisfied that the Non-Executive Directors, each of whom is independent from management and has no material 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 as part of which they assist the executive management and challenge assumptions. The Chairman holds other positions which are set out on page 6. The Board is satisfied that these appointments do not adversely affect his commitment as the Company's Chairman. Positions held by Non-Executive Directors are also set out on page 6 and the Board is likewise satisfied that each of the Non-Executive Directors is able to devote sufficient time to the Company's business. Non-Executive Directors are advised on appointment of the time required to fulfil the role and are asked to confirm they can make the required commitment. Tony Watson is the Senior Independent Director. 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 Audit, Remuneration and Nomination Committees.

There is an induction programme in place which is based on the guidelines issued by the Institute of Chartered Secretaries and Administrators 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, finances, risks, strategy, procedures and the markets in which the Company operates. Non-Executive Directors also meet with members of senior management who provide further information on the Company's operations, including visits to the Company's properties, and with representatives from the Company's auditors and advisers.

RELATIONS WITH SHAREHOLDERS

The Company has an active dialogue with its shareholders through a programme of investor meetings which include formal presentations of the full and half-year results. All Non-Executive Directors are available to attend meetings if requested to do so by shareholders and may attend meetings between shareholders and management if desired. The Board receives reports of meetings with institutional shareholders together with regular market reports and brokers' circulars. This enables the Directors to obtain the required understanding of the views of shareholders. 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 on resolutions is announced at the Annual General Meeting and published on the Company's website.

EXTERNAL APPOINTMENTS

Executive Directors are encouraged to take non-executive positions in other companies, to broaden their experience. The appointment to such positions is subject to the approval of the Board which considers, in particular, the time commitment required.

Simon Melliss is a member of the committee of management of Hermes Property Unit Trust, for which he received a fee of £20,000 in 2010 and a non-executive director and chairman of the Audit Committee of Whitbread PLC, for which he received a fee of £65,000 in 2010. The fees paid are retained in recognition of the personal commitment and expertise required for such positions.

STANDING COMMITTEES OF THE BOARD

The Board has Audit, Remuneration and Nomination Committees, each of which has written terms of reference which are modelled closely on those recommended by the Institute of Chartered Secretaries and Administrators. They deal clearly with the authorities and duties of each Committee and are formally reviewed annually. Copies of these terms of reference are available on the Company's website. Each of these Committees is comprised of Independent Non-Executive Directors of the Company who are appointed by the Board on the recommendation of the Nomination Committee.

The Company Secretary is secretary to each Committee.

The Chairman of each Committee reports the outcome of meetings to the Board.

THE AUDIT COMMITTEE

The Audit Committee is responsible for ensuring that management has systems and procedures in place to ensure the integrity of financial information. The Committee maintains an appropriate relationship with the Group's external auditors and reviews the effectiveness, objectivity and independence of the external auditors and considers both the scope of their work and the fees paid to them for audit and non-audit services. The Committee reviews the Company's internal audit arrangements, internal financial controls and the audit process.

The Committee has access to employees and all documentation and information it may require.

Committee membership

Members	Date of appointment
John Hirst (Chairman)	19 August 2004
Terry Duddy	1 January 2010
Jacques Espinasse	1 May 2007
Tony Watson	1 January 2010

John Hirst, the Chairman of the Committee, is a Chartered Accountant and a member of the Association of Corporate Treasurers. He has been closely involved in financial issues as chief executive of the Met Office since 2007 and as chief executive of Premier Farnell plc between 1998 and 2005; prior to that he was group treasurer of ICI plc. The Board is satisfied that he has the required recent and relevant experience. Notwithstanding John Hirst has been a member of the Audit Committee for over six years, the Board considers that, given his experience and the need to provide continuity on the appointment of a new Chief Financial Officer, it is appropriate that he should continue to chair the Committee.

Meetings

The Committee meets at least four times each year with agendas organised around the Company's reporting cycle. During 2010 it met on four occasions.

The Chairman of the Company, the Chief Executive, the Chief Financial Officer and other senior finance management together with senior representatives of the external auditors are invited to attend all meetings. In order to fulfil its duties as defined in its terms of reference, the Audit Committee receives presentations and reviews reports from the Group's senior management, consulting as necessary with the external auditors.

Corporate governance (continued)

The Committee meets with Deloitte LLP, the Company's external auditors, and with BDO LLP, which undertakes the majority of the Company's internal audit reviews, in the absence of management at least once each year.

Review of the year

During the year, the Committee reviewed the draft Annual Report and the full and half-year results announcements prior to their approval by the Board.

These reviews considered the application of the Company's accounting policies and practices and any changes to them, major judgemental areas, adjustments resulting from the audit and going concern assumptions. The reviews also included consideration of the Group's compliance with statutory tax obligations, compliance with accounting standards and with regulatory requirements, the statement on internal control, property valuations and clarity of disclosure.

The Committee is required to assist the Board to fulfil its responsibilities relating to the adequacy and effectiveness of the control environment and the Group's compliance with the Combined Code. To fulfil these duties, the Committee reviewed:

- the external auditors' management letters;
- internal audit reports, including recommendations arising from them and the review of progress in implementing previous recommendations;
- reports on the systems of internal controls and the risk management framework; and
- the Company's approach to compliance with legislation and regulations and to the prevention of fraud, including arrangements for staff to raise concerns in confidence.

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit in which is set out the categories of non-audit services that the external auditors are, and are not, allowed to provide to the Group. Details are given below under the heading External Auditors.

The Committee has recommended to the Board that the external auditors should be reappointed.

REMUNERATION COMMITTEE

Members	Date of appointment
Tony Watson (Chairman)	1 February 2006
Terry Duddy	18 February 2011
David Edmonds	1 January 2010
John Nelson	21 July 2006

The Remuneration Committee comprises three independent Non-Executive Directors and the Company Chairman.

The Committee met eight times during 2010. Full details of the responsibilities of the Remuneration Committee and a review of its activities during the year are included in the report of the Remuneration Committee on pages 46 to 51. The Chief Executive (other than in respect of his own remuneration) is invited to attend meetings of the Committee.

NOMINATION COMMITTEE

Members	Date of appointment
John Nelson (Chairman)	7 April 2005
Terry Duddy	18 February 2010
Tony Watson	3 May 2007

The Committee met six times in 2010. The Committee undertakes an annual review of succession planning and ensures that the membership and composition of the Board, including the balance of Executive Directors and Non-Executive Directors, continues to be appropriate. As part of the review, the Committee considers the independence of Non-Executive Directors and the balance of skills and knowledge required of both Executive Directors and Non-Executive Directors. In addition to identifying potential successors for executive board level positions, the review considers senior functional positions within the Company.

Christophe Clamageran resigned as a director in November 2009. The Committee, advised by Russell Reynolds Associates, reviewed internal and external candidates for the position and, having concluded that Jean-Philippe Mouton was the most suitable candidate for the position, recommended his appointment as Managing Director of Hammerson France in April 2010.

Simon Melliss will retire as Chief Financial Officer on 30 June 2011. The Committee, advised by Spencer Stuart, considered successors for the position and, having concluded that Timon Drakesmith, with his background in banking and finance, most

recently as the finance director of a major listed property company, has the necessary skills and experience, recommended his appointment as Chief Financial Officer with effect from the end of May 2011.

OTHER COMMITTEES

In addition to the principal committees referred to above, the Board has established committees to deal with share plan administration, compliance with the Companies Act and the Listing, Prospectus, Disclosure and Transparency Rules and other relevant regulatory requirements and the administrative arrangements required for financing.

EXTERNAL AUDITORS

The Company's external auditors are Deloitte LLP. The audit partner responsible for the Company's audit matters is changed every five years in accordance with the Ethical Standards issued by the Auditing Practices Board. In forming their opinion on the independence and objectivity of the external auditors, the Audit Committee takes into account the safeguards operating within Deloitte LLP. Under the Company's policy governing the provision of non-audit services by the external auditors, they may not provide a service which places them in a position where they may be required to audit their own work.

Specifically, they are precluded from providing services relating to bookkeeping or other services relating to accounting records or financial statements of the Company, financial information system design and implementation, appraisal or evaluation services, actuarial services, any management functions, investment banking services, legal services unrelated to the audit, remuneration related services or advocacy services.

During 2010, services provided by Deloitte LLP to the Company, in addition to acting as external auditors, included acting as reporting accountants for the capital restructuring of subsidiaries, including intra-group distributions, and bond compliance work.

To fulfil its responsibilities regarding the external auditors, the Committee reviewed:

- the scope of the audit as set out in the external auditors' engagement letter for the forthcoming year;

- the external auditors' overall work plan for the forthcoming year;
- the external auditors' fee proposal;
- a report from the external auditors describing their arrangements to ensure objectivity and to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditors to ensure that they are not placed in a position to audit their own work.

Where non-audit services are provided, the fees are based on the work undertaken and are not success related. Consideration is given to the nature of and remuneration received for other services provided by Deloitte LLP to the Company and 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. The auditors' remuneration in respect of the year ended 31 December 2010, comprised £608,000 for year-end audit and half-year review work (2009: £626,000) and £49,000 for other work (2009: £64,000). The Audit Committee has reviewed the briefing paper on effective communication between audit committees and external auditors issued by the Auditing Practices Board. Having considered the recommendations of the briefing paper in respect of the external auditors, the Audit Committee has concluded that the relationship with Deloitte LLP meets the recommendations.

TRUSTEES OF THE PENSION SCHEME

The Company's defined benefit pension scheme was closed to new entrants on 31 December 2002 following which a Group Personal Pension Plan was established for new employees.

The defined benefit pension scheme, The Hammerson Group Management Limited Pension & Life Assurance Scheme, is administered by two corporate trustees, one of which is an independent trustee. The other is a subsidiary of the Company which has four directors. The Chairman of this subsidiary is David Edmonds, one of the Company's Non-Executive Directors. David Edmonds will continue as the Chairman of this subsidiary and chair meetings of the Trustees following his retirement in April 2011 as a director of the Company. Two of the remaining directors are employees, but not directors, of the Company and the other is a former employee. The Scheme's funds are invested and managed independently of the Company.

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. However, it must be recognised that 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.

Management has established a risk management framework and 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 and include plans for the continuity of the Company's business in the event of unforeseen interruption. The Board, which reviews the framework and procedures regularly, 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.

The Company conducts internal audit activities through a programme of reviews. These reviews, which are principally undertaken by BDO LLP, but also on occasion by Company employees, and the implementation of recommendations arising from them, are overseen and co-ordinated by an Internal Controls and Risk Management Committee. This Committee comprises executives from the finance and operational parts of the business, is chaired by the Chief Financial Officer, and is intended to ensure that internal control is integrated into Hammerson's daily operations. The Audit Committee considers these arrangements annually and is satisfied that they provide an appropriate overview of the Company's internal control procedures.

Other key elements of the Group's system of internal control include:

- 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. Monthly meetings of the Group Executive Committee and of the management boards in the UK and France are an important part of this structure;
- 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; and
- the measurement of the Group's financial performance on a regular basis against budgets and long-term financial plans.

The Company has a code of conduct which explains how the Company expects employees to fulfil their responsibilities by acting in the best interests of the Company and in line with its corporate and financial objectives. This includes compliance with laws and regulations, acting fairly in dealing with customers and suppliers, maintaining integrity in financial reporting, treating employees fairly, providing training and development and operating within a control framework which includes environmental and health and safety policies.

The Company has 'whistleblowing procedures' under which staff may report any suspicion of fraud, financial irregularity or other malpractice. No reports of any such matters have been received. The Company subscribes to the independent charity, Public Concern at Work, so that staff may have free access to its helpline.

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

Stuart Haydon
Secretary
21 February 2011

Directors' responsibilities

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

1. The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. The Business Review, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Signed on behalf of the Board on
21 February 2011

David Atkins
Director

Simon Melliss
Director

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS regulation to prepare the Group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006 and Article 4 of the IAS regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' report

The Directors submit their Report and the audited financial statements for the year ended 31 December 2010. The Corporate Governance Statement set out on pages 38 to 41 forms part of this report.

1: RESULTS FOR THE YEAR

The results for the year are set out in the consolidated income statement on page 54.

2: DIVIDENDS

The Directors recommend a final dividend of 8.8 pence per share which, together with the interim dividend paid on 1 October 2010, will make a total dividend for the year of 15.95 pence (2009: 15.45 pence). It is intended that warrants in respect of the final dividend will be posted on 12 May 2011 for payment on 13 May 2011 to shareholders on the register at the close of business on 11 March 2011.

It is intended that the final dividend will be paid as a Property Income Distribution (PID), net of withholding tax where appropriate.

Where shareholders elect for the scrip dividend alternative this will not be treated as a PID and will not be subject to withholding tax.

Shareholders participating in the scrip dividend alternative will receive new ordinary shares in Hammerson plc instead of cash in respect of the 2010 final dividend. Details of the Company's dividends can be found on the Company's website: www.hammerson.com on the 'Investors' page.

3: PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS

The principal activities of the Group have continued to be property investment and development. The Chairman's Statement, Business Review and Financial Review should be read in conjunction with this Directors' Report.

4: BUSINESS REVIEW

A detailed review of the business of the Group and a description of the principal risks and uncertainties facing it, including an analysis of the development and performance of the Group during the year and the position of the Group at the year end, including analysis using key performance indicators and any other information required to fulfil the requirements of section 417 of the Companies Act 2006, can be found on pages 4 and 5 and 12 to 32 and 34 to 37 which are incorporated into this Directors' Report by reference.

5: FIXED ASSETS

Changes in tangible fixed assets during the year are set out in notes 11 and 12 to the accounts on pages 76 and 77, whilst details of Hammerson's property portfolio are provided on pages 102 to 116.

6: SHARE CAPITAL

Changes to the Company's share capital, principally as a result of shares issued under the scrip dividend scheme during the year, are set out in note 24 to the accounts on pages 91 and 92. On 31 December 2010 there were 707,578,856 ordinary shares of 25 pence each in issue each with one vote, of which 800,000 shares were held in treasury.

There are no specific restrictions on the size of a holding nor on the transfer of shares except UK REIT restrictions. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

7: PURCHASE OF OWN SHARES

The Company was granted authority at the Annual General Meeting in 2010 to purchase its own shares up to a total aggregate value of 10% of the issued nominal capital. That authority expires on the date of the 2011 Annual General Meeting at which a resolution will be proposed for its renewal. To enhance net asset value, the Company purchased a total of 800,000 shares between 28 October and 1 November 2010 with a nominal value of £200,000 (representing 0.1% of the Company's issued share capital on 28 October 2010) at a total cost of £3,375,464. These shares are held in treasury.

8: GOING CONCERN

The current economic conditions have created a number of uncertainties as set out on page 15. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 18 to 26 of the Annual Report. The financial position of the Group, its liquidity position and borrowing facilities are described on pages 27 to 31 and in notes 18, 20 and 21 to the accounts.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review, the Directors considered the Group's cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of tenant leases. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report.

9: PROVISIONS ON CHANGE OF CONTROL

Four of the five outstanding bonds issued by the Company contain covenants specifying that, if the Company is downgraded to below investment grade following a change of control, and the rating remains below investment grade for a period of six months thereafter, the bondholders may require repayment at par.

In addition, under the Company's credit facilities, the lending banks may require repayment of outstanding amounts within 30 days of any change of control.

Directors' report (continued)

10: SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

At 17 February 2011 the following interests in voting rights over the issued share capital of the Company had been notified:

	Ordinary shares of 25p each	Percentage of total voting rights
Ontario Teachers' Pension Plan Board/2175972 Ontario Inc.	83,975,146	11.88
BlackRock Inc	49,523,222	7.01
APG Algemene Pensioen Groep N.V.	48,158,672	6.81
Cohen & Steers, Inc	36,739,170	5.20
Standard Life Investments	31,057,619	4.39
Legal & General Investment Management Ltd	25,983,018	3.68

11: DIRECTORS

The Directors of the Company, each of whom served throughout the year, and biographical details are shown on page 6.

Simon Melliss will retire as Chief Financial Officer on 30 June 2011 and Timon Drakesmith has been appointed as Chief Financial Officer with effect from the end of May 2011.

David Edmonds will be retiring as a Non-Executive Director on 28 April 2011.

With the exception of David Edmonds, all the Directors will retire in accordance with the UK Corporate Governance Code and will offer themselves for re-election at the forthcoming Annual General Meeting.

David Atkins, Peter Cole and Simon Melliss have service agreements with the Company. 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 the Remuneration Report on page 49. Details of the Directors' interests in the share capital of the Company are set out in paragraph 12 below.

12: DIRECTORS' INTERESTS

The beneficial interests of the Directors in the ordinary shares of the Company are set out below:

	31 December 2010	1 January 2010
John Nelson	49,000	24,000
David Atkins	93,085	60,632
Peter Cole	196,620	172,482
Terry Duddy	20,000	–
David Edmonds	19,578	19,368
Jacques Espinasse	12,000	12,000
John Hirst	13,425	13,351
Simon Melliss	211,197	186,144
Tony Watson	12,000	12,000

At 31 December 2010, Tony Watson had an interest in £60,000 nominal 6.875% Sterling bonds due 2020 and Simon Melliss had an interest in £56,000 nominal 7.25% Sterling bonds due 2028.

Between 1 January and 17 February 2011, the Directors' beneficial interests above have remained unchanged.

No contract existed during the year in relation to the Company's business in which any Director was materially interested.

13: DIRECTORS' REMUNERATION

Details of the remuneration of each of the Directors are set out in the Remuneration Report on pages 46 to 51.

14: DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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.

15: DONATIONS

During the year Hammerson made charitable donations in the United Kingdom of £125,075 (2009: £134,929). Under the Company's charitable donations policy, donations are made to a variety of children's, medical, music 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.

16: CREDITOR PAYMENT POLICY

It is the Group'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. The Group's creditor payment days as at 31 December 2010 represented 31 days' purchases (2009: 29 days).

17: FINANCIAL INSTRUMENTS

Details of the financial instruments used by the Group and the Company are set out in note 21 to the accounts on pages 85 to 90.

18: AUDITORS

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

19: DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this Report has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation has been given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

20: ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday 28 April 2011 at 10 Grosvenor Street, London W1K 4BJ at 11.00am. The Notice of Meeting and the explanatory notes will be included in a separate notice to be sent to all shareholders.

By Order of the Board

Stuart Haydon

Secretary

21 February 2011

Remuneration report

The Directors submit their report on remuneration for the year ended 31 December 2010. The report reflects the policy for that year, for 2011 and, subject to ongoing review by the Remuneration Committee, subsequent years.

This report has been approved and adopted by the Board and has been prepared in accordance with schedule 8 to the Accounting Regulations under the Companies Act 2006 and the Listing and Disclosure Rules and the principles relating to Directors' remuneration of the Combined Code. The information, the headings of which have been noted with an asterisk (*), is subject to audit in accordance with the Regulations.

THE REMUNERATION COMMITTEE

The Remuneration Committee's responsibilities are set out in its terms of reference which are available on request to shareholders and on the Company's website. These responsibilities include determination of company policy on the remuneration of Executive Directors and approval of the composition and level of remuneration of the Chairman, Executive Directors and certain senior executives. The fee of the Chairman, who is a member of the Committee, is discussed in his absence. This includes an annual review of all incentive plans to ensure that they remain appropriate to the Company's current circumstances and prospects and that, in particular, they are aligned with and based on the creation of value for shareholders and provide appropriate incentives for management to achieve this objective. The Board has accepted, without amendment, the Committee's recommendations relating to remuneration policy.

COMMITTEE MEMBERSHIP

The Committee comprises Tony Watson (Chairman), Terry Duddy (appointed with effect from 18 February 2011), David Edmonds and John Nelson. John Nelson was considered independent on his appointment as Chairman of the Company in 2005 and the Board considers each of the other members of the Committee to be independent.

David Edmonds will be retiring at the Annual General Meeting in April 2011.

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 attract, retain and

motivate experienced individuals, capable of making a major contribution to Hammerson's success. It is the Committee's objective, having regard to the views of investors, that the Company's remuneration policy should generally provide for median, or below median, basic salary but with the opportunity to increase total potential remuneration for superior performance through variable remuneration in the form of bonus and long-term incentives. Remuneration for Executive Directors and members of the Group Executive Committee takes account of performance through an annual performance-related bonus scheme and, for long-term performance, by the award of shares under a long-term incentive plan. Other members of the Company's senior management also participate in the performance-related bonus scheme and in the Company's Restricted Share Plan.

Shares to satisfy awards under the various schemes are acquired by market purchases either directly or on transfer from treasury.

In implementing the policy, following its approval by the Board, the Committee takes into account remuneration packages available within other comparable companies (whilst remaining mindful of the need to treat comparisons with caution), the Company's overall performance, internal relativities, achievement of corporate objectives, individual performance and published views of institutional investors and their representative bodies.

ADVISERS

Hewitt New Bridge Street has provided general advice and specific advice on executive remuneration to the Committee during the year. They have provided no other services to the Company during 2010.

The Chief Executive attends all meetings of the Committee by invitation, except when his own remuneration is being discussed, to provide information and advice.

REMUNERATION COMMITTEE – REVIEW OF THE YEAR

During the year, Hewitt New Bridge Street was commissioned to prepare a report on the variable pay arrangements for Executive Directors and other senior management. Following the review and consultation with major shareholders and shareholder representative bodies, the Committee has made a number of changes to 2011 remuneration arrangements in the light of evolving best practice, and to ensure the provision of remuneration packages that are

competitive by reference to market rates across competitor companies, which take account of the individual contribution of each executive and which reflect the performance of the Company against financial objectives, including:

- An increase in the length of the performance period for future awards under the Long-Term Incentive Plan from three to four years;
- An increase in the deferred share element of the annual bonus (from 30% to 40% of any bonus earned);
- An increase in the shareholding guideline requirement for the Chief Executive from 100% to 150% of gross basic salary;
- The introduction of a clawback facility in the annual bonus and Long-Term Incentive Plan whereby the Committee can recover incentive awards in the event that they are subsequently found to have been paid as a result of misstated figures.

Full details are set out in the appropriate parts of this report.

Since the year end the Committee, advised by Hewitt New Bridge Street, considered the remuneration package for Timon Drakesmith on his appointment which is expected to be at the end of May 2011 and decided that his base salary should be set at £400,000 per annum. In addition he will participate in the bonus scheme and the Long-Term Incentive Plan on the terms applicable to 2011 awards on the same basis as the other Executive Directors, as set out on pages 47 and 48. He will also be entitled to pension contributions, or a non pensionable salary supplement, equal to 20% of salary (which will not be included as salary for the calculation of bonus payments), a car allowance and other benefits including medical insurance and life assurance cover. In addition, the Committee decided to make two share-based awards to Timon Drakesmith on his appointment, both of which will be made pursuant to chapter 9.4.2 of the UKLA Listing Rules as being necessary to facilitate, in exceptional circumstances, his recruitment. The awards were made to compensate him for the loss of awards at his previous employer and are not envisaged to be worth more than the value forgone even after discounting to reflect any outstanding performance conditions.

The first award is over 250,000 Hammerson shares which will vest on the first anniversary of the award. This award is generally subject to continued employment but is not subject to other performance conditions as the size of the award was discounted to reflect the

absence of such conditions. The award is subject to early release in certain good leaver situations or the occurrence of a change of control. The award benefits from roll-up of the value of dividends over the period. The award contains standard discretions to adjust for variations in share capital or other exceptional events. The award may be amended with the consent of both parties and is not transferable or pensionable.

The second award is over Hammerson shares with a value of £400,000 (on the same date as the 2011 LTIP award is made). This award will be made on materially the same terms as the 2011 LTIP award, including the performance conditions.

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 reward corporate and individual performance. Details of all payments to Executive Directors are disclosed in the table on page 50. Over two-thirds of the Executive Directors' total target remuneration (excluding pension and benefits) is performance related which is felt to be appropriate.

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. This exercise is undertaken at the same time and on the same basis as the review of salaries of all employees within the Company. Benefits include the use of a company car or the provision of a car allowance, medical insurance and life assurance cover.

Annual performance-related bonus scheme*

Staff throughout the Company, including Executive Directors, participate in a performance-related bonus scheme. Payments under the scheme for 2010, which are not pensionable, are based on the achievement of earnings per share, relative net asset performance and personal objectives. The targets are reviewed and set annually by the Committee and are designed so that payment of the maximum would only be achieved for exceptional performance. Under the terms of the bonus scheme, the maximum amount payable to Executive Directors is up to 200% of their basic salary.

For 2010, for Executive Directors, 40% of the bonus payment is paid in cash (Part A) and the balance of 60% is paid in shares in two equal parts (Parts B and C). Shares under Part B of the scheme are awarded on the date the bonus is paid and the value thereof is included in the table of remuneration on page 50. Shares under Part C of the scheme are receivable in the form of nil cost options, the shares in respect of which vest two years after the date of grant, subject to remaining with Company. The entitlement to Part C shares is shown in a separate table on page 50.

The adjusted earnings per share target was achieved, for Executive Directors, to a level of 38.75% and the net asset value target was achieved to a level of 72.73%. This, together with individual achievement against operational targets and personal objectives, resulted in an average payment to Executive Directors representing 52.34% of the maximum potentially payable. This compares with a payment of 68.6% of the maximum potential in respect of 2009 when the maximum amount payable was reduced from 200% to 133% of salary for that year only in recognition of market conditions at that time.

A number of structural changes are being made to the bonus plan for 2011 in order to provide an improved alignment between performance and reward and to ensure the bonus plan remains valued by participants, consistent with current best practice and aligned with the interests of shareholders:

- The maximum bonus potential for 2011 will remain unchanged at 200% of salary.
- 60% of the bonus will now be paid in cash. The remaining 40% will be paid in shares, but all of these shares will now be deferred for two years.
- When the deferred shares vest, participants will receive the value of dividends that would have been paid during the deferral period.
- There will be an increase in the weighting of financial targets (from 50% to 60% of the bonus) with earnings per share and Total Property Return being the main financial targets to be used in 2011. The balance of the bonus will continue to be based on relevant non-financial and individual performance targets.
- A clawback facility is being introduced into the annual bonus plan whereby the Committee can recover deferred share bonuses in the event that they are subsequently found to have been paid as a result of misstated figures.

Long-Term Incentive Plan*

The Long-Term Incentive Plan, which was introduced in 2007, provides for conditional awards of Performance Shares worth up to 200% of salary (with a 300% limit in exceptional circumstances). Conditional awards of 200% of salary were made in 2010.

The performance measures applicable to the Plan are a combination of Total Shareholder Return ('TSR') performance (thus aligning the interests of Directors with shareholders) and Total Property Return ('TPR') (to focus on the underlying property returns). For Executive Directors, for grants made between 2007 and 2010, one half of the award is based on each of these performance measures over the relevant three-year performance period.

TPR performance is measured over the three financial years commencing with the year of grant and in comparison with a composite index comprising Investment Property Databank's ('IPD') Annual UK Index and Annual France All Property Index, the relative composition of which may vary with each grant to ensure that it reflects the Company's portfolio.

Vesting under the TPR performance condition is as follows:

Less than index	0%
Equal to index	25%
Index + 0.5% (average) p.a.	55%
Index + 1.0% (average) p.a.	85%
Index + 1.5% (average) p.a.	100%

Vesting for intermediate performance between these levels is pro-rata on a linear basis.

Prior to each grant, the Committee considers this range of targets to ensure they remain appropriate in the light of experience and anticipated future performance.

TSR performance is measured over the three-year period from the date of grant, in comparison with a comparator group, including some European real estate companies, as follows in respect of 2010:

The FTSE 100 Index, The British Land Company plc, Capital & Regional plc, Capital Shopping Centres Group PLC, Corio N.V., Derwent London plc, Great Portland Estates plc, IVG Immobilien AG, Klépierre S.A., Land Securities Group PLC, Quintain Estates and Development PLC, Shaftesbury PLC, SEGRO plc, St. Modwen Properties PLC and Unibail-Rodamco SE.

Remuneration report (continued)

Vesting under the TSR performance condition is as follows:

Less than TSR of median-ranked entity	0%
Equal to TSR of median-ranked entity	25%
Equal to TSR of upper quartile-ranked entity	100%

Awards between median and upper quartile entities are on a linear scale between 25% and 100%.

Vesting under the TSR performance condition is also subject to the Remuneration Committee's satisfaction that the Company's underlying performance has been satisfactory in comparison with that of the FTSE Real Estate Sector.

Having considered the existing structure of the plan, the Committee has made a number of changes that will apply to grants in 2011:

- **Performance measures:** In addition to the two existing relative performance measures, a portion of awards will be subject to absolute Net Asset Value ('NAV') growth targets. Therefore, one-third of 2011 awards will be subject to each of relative TSR, relative TPR and absolute NAV performance. The Committee believes that this will provide an appropriate balance of relative and absolute performance measures rather than the current exclusive focus on relative measures. The TSR and TPR targets remain as previously set. NAV growth of 7.5% p.a. will result in vesting under the NAV performance condition of 25%, with 100% vesting for NAV growth of 15% p.a. Vesting for intermediate performance will be pro-rata on a linear basis. There will be no vesting for NAV growth of less than 7.5%.
- **Performance period:** The Committee believes that for a long-term capital intensive and cyclical business, a longer performance period would be better aligned to the delivery of the business plan. The performance period for future awards will therefore be increased from three to four years. An immediate change to this policy would result in there being no vesting of an award in 2014. To avoid this, an enhanced award of 300% of salary will be granted in 2011 only, with half of this award subject to a three-year performance period (which would vest in 2014) and half subject to a four-year performance period (vesting in 2015). This will ensure there is no vesting 'gap' in 2014 and overall will result in only a modest reduction in potential awards vesting to executives in the three-year period from 2014 to 2016.
- **Clawback:** A clawback facility will be introduced whereby the Committee can recover vested awards in the event that they are subsequently found to have been paid as a result of misstated figures.

At 31 December 2010 the following conditional share awards, including the reinvestment of notional dividends, made to Executive Directors under the Long-Term Incentive Plan remained outstanding:

Date of grant	Date of grant/Maximum number of shares		
	1 April 2008	1 April 2009	30 April 2010
David Atkins	67,532	183,045	264,296
Peter Cole	84,413	228,808	211,437
Simon Melliss	84,413	228,808	222,400

The average middle market price, adjusted for the 2009 Rights Issue where appropriate, of the ordinary shares in the Company for the five dealing days before the award dates which were used for calculating the number of shares over which an award was made was 748.4p for the 2008 award, 258.6p for the 2009 award and 385.88p for the 2010 award.

Savings related share option scheme*

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 2010	Granted	Exercised	Lapsed	31 December 2010	Exercise price [†]	Expiry year
David Atkins	4,212	–	–	–	4,212	217.20p	2012
Peter Cole	3,481	4,980	–	3,481	4,980	312.24p	2015

[†]The exercise price has been adjusted where appropriate to take account of the 2009 Rights Issue.

Share Incentive Plan*

All UK employees are eligible to receive Free Shares up to a value of £3,000 each year, subject to achievement of a performance target under the Share Incentive Plan ('SIP'). In addition, such employees can purchase Partnership Shares, up to a value of £1,500 each fiscal year, which the Company will match through the award of Matching Shares on the basis of two Matching Shares for every Partnership Share purchased. Dividends on shares held under the Share Incentive Plan are used to purchase additional shares.

The Directors' interests in shares of the Company under the Share Incentive Plan at 31 December 2010 are as follows:

	Total SIP shares 1 January 2010	Partnership Shares purchased in 2010	Matching Shares awarded in 2010	Free Shares awarded in 2010	Dividend Shares purchased in 2010	Total SIP shares held 31 December 2010	Cost to Company of shares awarded in 2010
David Atkins	4,894	416	832	759	210	7,111	£6,835
Peter Cole	5,379	–	–	759	205	6,343	£3,812
Simon Melliss	4,828	–	–	759	185	5,772	£3,733

The middle market price of the Company's ordinary shares, as derived from the London Stock Exchange Daily Official List, was 417p on 31 December 2010 and the range during the year was 336p to 434p.

SHARE OWNERSHIP GUIDELINES

All Directors are encouraged to own shares in the Company. Certain elements of total remuneration are designed to encourage Executive Directors and senior executives, over a period of time, to acquire a shareholding with a value equivalent to 100% of their annual gross basic salary. The Chief Executive is expected to build up a shareholding equivalent to 150% of salary. Their interests are set out in the table on page 44.

SERVICE AGREEMENTS

David Atkins, Peter Cole and Simon Melliss have service agreements which may be terminated by the Company on 12 months' notice. Timon Drakesmith, who has been appointed an Executive Director of the Company with effect from the end of May 2011 will also have a service agreement which may be terminated by the Company on 12 months' notice. Prior to 1 January 2007, service agreements with Executive Directors provided that if a contract is terminated at short notice, any resulting compensation would not be subject to mitigation. The service agreements of Peter Cole and Simon Melliss were entered into prior to 1 January 2007.

Any compensation payable on termination at short notice to David Atkins or Timon Drakesmith, whose service agreements were entered into after 1 January 2007, would be subject to mitigation and, in the case of Timon Drakesmith, based on fixed remuneration only.

The basic annual salaries payable to Executive Directors are reviewed annually on 1 April. Salaries payable with effect from 1 April 2011 are:

David Atkins	£585,000
Peter Cole	£420,000
Simon Melliss	£433,500

David Atkins' salary was set on his appointment as Chief Executive at a level below the market rate, given both that he was new to the role and the wider economic circumstances. As he is now established in the role, the Committee concluded that it was appropriate for his salary to be increased to the benchmark level.

As previously disclosed, agreements had been made under which an Executive Director could elect to receive a pension compensation payment rather than further contributions being made to the Company's defined benefit pension scheme.

Simon Melliss made such an election on 3 December 2009 and therefore became entitled to a Pension Compensation Payment equal to 30% of basic salary whilst continuing in employment.

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 a period of three years to 30 September 2008, on completion of which it was extended for a further three years to 30 September 2011. Following review by the Board (excluding the Chairman), this appointment has been renewed for a further period of three years ending 30 September 2014. The appointments of the Non-Executive Directors, the dates of which are set out below, are reviewed by the Chairman and the Executive Directors every three years.

Terry Duddy	3 December 2009
David Edmonds	8 May 2003
Jacques Espinasse	1 May 2007
John Hirst	1 March 2004
Tony Watson	1 February 2006

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

All the directors, who retire in accordance with the UK Corporate Governance Code, with the exception of David Edmonds, offer themselves for re-election at the forthcoming Annual General Meeting.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Chairman of the Board, John Nelson, is a Non-Executive Director. His fee is determined by the Remuneration Committee 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 are not eligible for performance-related bonuses or participation in the Company's share plans and their fees are not pensionable.

The annual fees payable to the Chairman and the other Non-Executive Directors, are as follows:

Chairman	£270,000
Non-Executive Director – basic fee	£50,000

The level of fees is set to reflect the responsibilities of the role and, in order to recognise the additional responsibility of the Senior Independent Director and of membership and chairmanship of the Audit and Remuneration Committees, further fees are payable in respect of these positions as listed below:

Senior Independent Director	£10,000
Audit Committee chairmanship	£15,000
Audit Committee membership	£5,000
Remuneration Committee chairmanship	£10,000
Remuneration Committee membership	£5,000

In addition, David Edmonds receives a fee of £7,500 per annum as a director of Hammerson Pension Scheme Trustees Limited which is a corporate trustee of the Company's defined benefit pension scheme.

Remuneration report (continued)

REMUNERATION OF DIRECTORS*

The following table shows a breakdown of the remuneration of the Directors for the year ended 31 December 2010:

	Salaries/ fees £000	Performance related bonus £000	Benefits in kind £000	Total emoluments excluding pension contributions		LTIP gain on shares	
				2010 £000	2009 £000	2010 £000	2009 £000
Executive Directors							
David Atkins	500	477	17	994	622	-	36
Peter Cole	394	426	17	837	627	-	91
Simon Melliss	418	448	20	886	637	-	91
Non-Executive Directors							
John Nelson	259	-	-	259	225	-	-
Terry Duddy	52	-	-	52	3	-	-
David Edmonds	60	-	-	60	52	-	-
Jacques Espinasse	52	-	-	52	44	-	-
John Hirst	58	-	-	58	50	-	-
Tony Watson	72	-	-	72	44	-	-
	1,865	1,351	54	3,270	2,304	-	218

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.

During the year ended 31 December 2010 no payments were made to Directors for expenses other than those incurred wholly and directly in the course of their employment or appointment.

As explained on page 47, the performance related bonus in respect of 2010 is payable in three parts. One part is payable in cash (Part A) and a further element of the bonus is payable in shares (Parts B and C). The payment in shares is made in two parts, one of which (Part B) is made at the time the cash bonus is paid and the other of which (Part C) is deferred for two years and is subject to the participant remaining with the Company.

Payments under Part A and Part B are included in the remuneration table above and deferred entitlements under Part C are shown in the table below. However, in respect of the bonus for 2008 only, in view of market conditions, the Executive Directors agreed to defer the vesting of Part B shares such that they would be treated in the same way as Part C shares. Accordingly, for 2008 only, the entitlement to Part C shares given in the table below additionally includes the potential entitlement to Part B shares.

	2010 Bonus value £000	2009 Bonus Shares vesting in 2012	Part C Entitlements		Part C Shares vested		
			2009 Bonus Market value at date of grant £000	2008 Bonus Market value at date of grant £000	2007 Bonus Shares vested on 1 March 2010	2007 Bonus Market value at date of grant £000	
David Atkins	205	28,462	110	52,845	140	5,036	39
Peter Cole	183	26,288	101	49,075	130	7,664	59
Simon Melliss	192	25,899	100	52,471	139	7,664	59

Simon Melliss will retire on 30 June 2011 and, in accordance with the terms of the Scheme, the shares due to vest in 2012 will vest on the date of his retirement. In respect of the bonus for 2010, the Part B entitlement will be paid in cash on the date the bonus payment is made and the Part C entitlement will be paid in cash at retirement.

PENSIONS*

The Executive Directors all participate in the Company's defined benefit pension scheme, more fully described in note 6 to the accounts on pages 69 and 71 which provides pension and other benefits.

Pension entitlements are based on basic salary. In previous years, members who joined the Scheme on or after 1 June 1989 were subject to restrictions imposed by the Income and Corporation Taxes Act 1988. Following the introduction of the Finance Act 2004, these restrictions no longer apply for service accrued on or after 6 April 2006.

Since 6 April 2006 an individual's benefits under the Company's pension scheme would be subject to additional tax should those benefits exceed certain defined limits. The Remuneration Committee has agreed that, in these circumstances, a Director may elect to receive a Pension Compensation Payment rather than further contributions being made to the Scheme. Such compensation payments will be subject to income tax and national insurance contributions and will not qualify for annual bonus purposes or entitlements under long-term incentive plans.

David Atkins and Peter Cole are members of the Hammerson Group Management Pension and Life Assurance Scheme. David Atkins' pension is currently being provided with a 1/60th accrual rate. This is the rate of accrual received by all members of the Scheme who joined after

1 July 1994. Peter Cole's pension is accruing at a rate which will provide a pension of two-thirds of salary at retirement. This is equivalent to an accrual rate of 1/45th offered to provide competitive benefits at retirement. The Scheme has a normal retirement age of 60 and any pensions payable on early retirement would be reduced in accordance with the rules of the Scheme.

The following tables set out information on Directors' defined benefit pension entitlements:

	Age at 31 December 2010	Years' service at 31 December 2010	Normal retirement age	Accrual rate	Total accrued benefit at 31 December 2010 £000	Increase in accrued benefit during the year £000	Increase in accrued benefit during the year excluding inflation £000
David Atkins	44	12	60	1/60 th	56	20	13
Peter Cole	51	21	60	1/45 th	194	20	19

For each Director, the total accrued benefit at 31 December 2010 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 2010. 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 2009. The increase in accrued pension excluding the effect of inflation over the year is also shown.

Requirements under:

	Companies Act 2006		The Listing Rules	
	Transfer value at 31 December 2009 of total accrued benefit £000	Transfer value at 31 December 2010 of total accrued benefit £000	Value of increase in accrued benefit during the year £000	Transfer value at 31 December 2010 of increase in accrued benefit £000
David Atkins	334	550	216	187
Peter Cole	2,141	2,488	347	161

All transfer values have been calculated in accordance with regulation 7 to 7E of the Occupational Pensions Schemes (Transfer Values) Regulations 1996 and subsequent amendments. The transfer values of the accrued entitlement represent the value of assets that the Scheme would need to transfer to another pension provider on transferring the Scheme's liability in respect of the Director's pension benefits. They do not represent sums payable to individual Directors and therefore cannot be added meaningfully to annual remuneration.

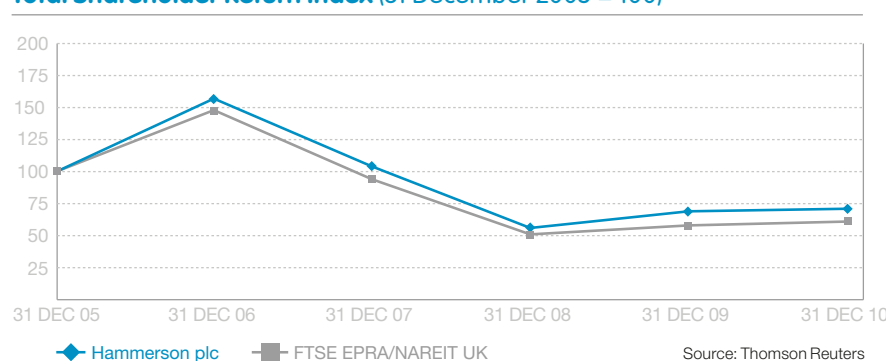
For each Director, the increase in transfer value of accrued benefits under the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is the transfer value of the total accrued benefit at 31 December 2010 less the corresponding transfer value at 31 December 2009. The transfer value for the increase in accrued benefits under the Listing Rules is the transfer value at 31 December 2010 of the increase in accrued benefits during the period (excluding inflation).

The transfer values disclosed above do not represent the sum paid or payable to the individual director. Instead, they represent a potential liability for the pension scheme.

SHAREHOLDER RETURN

The graph below shows the total shareholder return in respect of the Company's ordinary shares of 25 pence each for the five years ended 31 December 2010 relative to the total return of the FTSE EPRA/NAREIT UK Index, which comprises shares of the Company's peers. The total shareholder return is rebased to 100 at 31 December 2005. The other points plotted are the values at intervening financial year-ends.

Total Shareholder Return Index (31 December 2005 = 100)



By Order of the Board

Stuart Haydon

Secretary

21 February 2011