

For immediate release 30 April 2009

## **Interim Management Statement for the period from 1 January 2009 to 30 April 2009**

### Extract from AGM statement

John Nelson, Chairman said:

“Although market conditions remain difficult with property values having shown further weakness in the first quarter, the fundamentals of Hammerson’s business remain sound and, following the rights issue, the Company’s financial condition has been strengthened substantially. Our high quality portfolio is focused on prime retail and office assets in the UK and France and continues to generate a robust income stream”.

### Financing and taxation

- Following the successful rights issue completed in March 2009, the net proceeds of £584 million have been used to reduce borrowings under Hammerson’s existing credit facilities.
- Borrowings were £3,098 million at 31 March 2009 and cash balances were £379 million to give net debt of £2,719 million (31 December 2008: £3,333 million). Undrawn committed bank facilities at 31 March 2009 totalled £552 million, of which £200 million expires at the end of 2009. In 2010, £131 million of undrawn facilities and £59 million of drawn facilities mature.
- Hammerson provides deferred tax in the UK for the potential tax that would arise on dividends receivable from its French subsidiaries. This could arise from the sale of French properties. The Government is proposing to exempt foreign dividends from tax from 1 July 2009 which, if enacted, should allow the Group to release virtually all of its net deferred tax balance in 2009. At 31 December 2008, the net deferred tax liability was £108 million.

### Operational update

- The occupancy rate in the investment portfolio at 31 March 2009 was 92% compared with 95% at 31 December 2008. The lower occupancy level reflected the completion of the office development at 60 Threadneedle Street, London EC2, lease expiries and occupiers entering administration and closing stores. Although the impact of the latter was mitigated by new lettings, the overall effect was a reduction in the group’s annual rental income of £1.6 million.
- During the quarter, rent reviews increased annual rents by £0.4 million whilst indexation in France added £5.8 million.
- In the UK, 97% of Hammerson’s rents were collected within 14 calendar days of the first quarter day of 2009, little changed from the last quarter of 2008. In France, the collection within 14 days of the due date was 90% compared with 91% in the previous quarter.

- At 24 April 2009, in the group's retail portfolio, 88 units out of a total of nearly 1,500 in the UK were let to tenants in administration, and of these, 50 are still trading. In France, there were 19 retail units in administration with 12 units still trading. The total income from tenants in administration is £9.3 million per annum (9 February 2009: £6.7 million), or 2.6% of the group's total passing rent, and of this £5.0 million relates to those units which are still occupied and trading (9 February 2009: £4.4 million).
- At 125 Old Broad Street in the City of London, 69% of the target income is now secured or under offer. The adjacent office building, 60 Threadneedle Street, achieved practical completion in January 2009. Currently, around 24% of the target income is in solicitors' hands.
- At the two major UK retail developments completed in 2008, Cabot Circus in Bristol and Highcross in Leicester, the amounts let or under offer, at 92% and 85% respectively, are little changed on the figures at 31 December 2008.
- At O'Parinor, the major shopping centre near Paris, 96% of the income from the extension, which opened in 2008, has now been secured.
- At Union Square in Aberdeen, the group's only remaining major development, 51% of the potential income is currently let or in solicitors' hands, with Marks & Spencer having signed as anchor tenant this month. The development is due to open in Autumn 2009.
- In our retail park portfolio the extension of Fife Central Retail Park at Kirkcaldy will be completed shortly. We have pre-let all but one unit and discussions with retailers are progressing in respect of the final unit. The extension to East Kent Retail Park in Thanet is due to complete in June and is 100% pre-let to Bhs Homestore, Brantano and Dunelm. Cleveland Retail Park, Middlesbrough, is on programme and is substantially pre-let.
- The completion of our development programme at Union Square and our other smaller retail park schemes requires additional capital expenditure of £165 million.
- In April, Southampton City Council granted outline planning consent for Hammerson's Watermark WestQuay scheme on a four hectare brownfield site adjacent to Hammerson's existing WestQuay Shopping Centre. The mixed-use scheme will include up to 24,000m<sup>2</sup> of retail space, a hotel, a residential building with up to 240 apartments and other leisure facilities. Hammerson continues to progress planning and design for the scheme, but it is unlikely to commence works on site before economic conditions improve.
- Hammerson is currently negotiating the sale of certain properties although, as we indicated at the time of the rights issue, in the current economic environment property disposals are proving protracted.

### Occupational markets

The operating environment has continued to be challenging for retailers in the UK, resulting in a decline in occupier demand, which has led to pressure on rental levels and an increase in the number of retailers going into administration. In France, although we expect the consumer downturn to be less severe and shorter than in the UK, we have also seen a combination of market weakness and increased competition.

With regard to offices, continued weakness in the financial and business services sector has significantly reduced the demand for accommodation in both London and Paris. In addition, development completions in 2008 have increased the vacancy rate in London. As a result, headline rents continue to fall.

### Investment Markets

There was a low volume of transactions in the real estate investment markets in the UK and France in the first quarter of 2009, with a reduction in values in both countries. In the UK, there have been recent tentative signs of some investors returning to the market, particularly for high quality assets let to good tenants with substantial unexpired lease terms. However, market activity remains curtailed by the continuing lack of available finance.

### Conference call

There will be a conference call for investors and analysts at 08.00 today. To participate in the call, please dial:

UK	0808 109 0700
International	0044 203 037 9060
US	1 866 966 5335
Netherlands	0800 022 9132
France	0805 630 061
Germany	0800 673 7932

For a replay of the conference call, please dial:

Local dial-in numbers are required for the following countries:	Number to be used	Access Code
UK	0208 196 1998	8150823
USA	1 866 583 1035	8150823
France	0800 900 228	8150823
Germany	0800 181 6174	8150823
Netherlands	0 800 022 0532	8150823

### For further information

John Richards, Chief Executive

Tel: 020 7887 1000

Simon Melliss, Group Finance Director

Tel: 020 7887 1000

Morgan Bone, Director of Corporate Communications

Tel: 020 7887 1009  
morgan.bone@hammerson.com

### Financial information

The financial information contained in this statement is based on unaudited management accounts for the three months ended 31 March 2009.

### Forward-looking statements

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed in or implied by these statements. Many of these risks and uncertainties relate to factors that are beyond Hammerson's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Hammerson does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Company should not be relied upon as a guide to future performance.