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2 March 2010

Mr C Hodge  
Corporate Governance Unit  
Financial Reporting Council  
5<sup>th</sup> Floor, Aldwych House  
71-91 Aldwych  
London  
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Dear Mr Hodge

### **Revised UK Corporate Governance Code - Consultation**

I am writing to you on behalf of the Board of Hammerson. We have reviewed the proposed changes to the existing Combined Code and would advise you that we support the proposed changes with one significant exception.

We do not agree with the new principle under which either the entire Board or the Chairman of the Board should be proposed for re-election annually. We understand the reasoning from certain sections of the investment community for putting this proposal forward. However, we believe that the unintended consequences of this proposal do not appear to have been given sufficient consideration, and, in our judgement, outweigh the advantages.

This proposal will encourage behaviour which cuts across the principle that Boards are there to ensure that management take a medium and long term view of the business without excessive concentration on the short term. In particular, it will encourage individuals on the Board to over concentrate on their individual contribution rather than collective. It will encourage vexatious parties to mount attacks on Boards and companies at little expense and, on a more regular basis. Their efforts will be aided and abetted by the media who are naturally on the hunt for stories.

We do not believe that this is in the best interests of shareholders since it would distract management and employees in addition to the direct financial and time cost to the company.

You will be aware that there are remedies within the Companies Act to deal with the removal of directors who do not perform to the correct standards. Furthermore, major listed companies now have well established procedures for communicating formally and informally with the investment community on all matters to do with the Board, its make up, its appraisal processes and remuneration. This is supported by the provisions of the Combined Code, which sets out clearly the roles and lines of communication with the investment community for the Chairman, the senior independent director and the non-executive directors in this regard.

If it is felt that the current arrangements are not sufficiently rigorous then we believe that the text covering process of communication within the Code should be looked at.

We would therefore re-emphasise that the introduction of annual re-election will act against the interest of shareholders and against encouraging Boards to take a medium and long term view of their business.

Yours sincerely

Stuart Haydon  
Company Secretary