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This Announcement contains inside information

18 April 2018

Hammerson plc ("Hammerson" or the "Company")

Withdrawal of recommendation in respect of Intu Properties plc ("Intu")

On 6 December 2017, the Board of Hammerson announced an all-share offer for Intu (the "Intu Acquisition"). The Hammerson Board firmly believed in the strategic rationale of combining Intu's portfolio with Hammerson's, under the leadership of the Hammerson management team, and the opportunity it provided for value creation in the medium to long term. Notwithstanding this, for the reasons explained below, the Board has now concluded that the proposed Intu Acquisition is no longer in the best interests of shareholders. The Board therefore today announces it is withdrawing its recommendation to Hammerson shareholders to vote in favour of the Intu Acquisition.

Reasons for withdrawal of recommendation

Despite the resilience of Hammerson's portfolio and strong operating metrics in Q1 2018, the equity market's perception of the broader UK retail property market has deteriorated since the start of the year. This has led to a disconnect between the Company's share price and the fundamental value of its business and prospects. This perception has been intensified by market concerns over the extended period of time that it would take to complete the transaction and realise longer-term returns from the Intu Acquisition.

The Board of Hammerson reassessed the proposed acquisition of Intu in light of updated information on current market dynamics in the UK. Over the last five months, the financial strength of retailers and other tenants in the UK has softened and a number of retailers have entered into administrations or CVAs, while consumer confidence has also remained subdued. Whilst Hammerson has proven its portfolio is well positioned to weather the current environment, the equity market now perceives a heightened level of risk associated with the UK retail property sector as a whole. It is also apparent from extensive engagement with shareholders, in particular in recent weeks, that there is a wide range of views on the merits of the Intu Acquisition. As a result, the Board of Hammerson has concluded that the heightened risks associated with the Intu Acquisition outweigh the long-term rewards that can be expected in comparison to other strategic options open to the Company. The Board has therefore now concluded that the proposed Intu Acquisition is no longer in the best interests of Hammerson shareholders. The Board recognises and thanks Intu for its commitment during the past months.

The Board has notified Intu of the withdrawal of its recommendation that shareholders vote in favour of the Intu Acquisition. Under the conditions of Hammerson's offer and the terms of the Co-operation Agreement between Hammerson and Intu, the withdrawal of the recommendation alone will not cause a lapse of Hammerson's offer or terminate the Co-operation Agreement. Unless Intu and the Panel on Takeovers and Mergers agree otherwise, Hammerson must convene a Hammerson shareholder meeting to consider the Intu Acquisition. Hammerson's offer will lapse if its shareholders do not approve the acquisition at such shareholder meeting.

Hammerson's attractive standalone business

The Board of Hammerson is committed to maximising value for shareholders in the shorter and longer term and has the highest confidence in Hammerson's prospects as a standalone business.

Since the announcement of the Intu Acquisition, Hammerson's financial and operating performance has been strong and the Company continues to pursue a disciplined approach to asset disposals at attractive valuations.

Hammerson's strategy of creating best-in-class retail destinations has been a major contributor to its success in delivering strong and consistent financial returns. The Company has deliberately focused on assets in growing cities with strong consumer catchments, including high-quality shopping centres, convenient retail parks and premium outlets.

Hammerson has an exceptional standalone track record of financial delivery, generating high single-digit growth over the last five years in earnings (CAGR: +8.3%), dividends (CAGR: +7.6%) and EPRA NAV per share (CAGR: +7.4%) since 2012 (when Hammerson became solely focused on retail). Hammerson has sold £1.3 billion of assets in the last three years, broadly in line with book value. Previous capital allocation initiatives have delivered high returns including the Company's investment in Premium Outlets which have generated an IRR of 28% since 2011 and its exceptional development pipeline which included Les Terrasses du Port, Marseille, with an IRR of 14% since 2009.

The Board believes that Hammerson's unique and irreplaceable portfolio, the opportunities it has for value creation and the management team's proven track record of financial delivery is not reflected in the current share price. The Board is therefore reviewing options to accelerate the delivery of value for shareholders and actions which include:

- Reassessing the optimal portfolio mix through appropriate disposals
- Seeking opportunities to invest further into higher-growth segments such as Premium Outlets and Ireland
- An updated evaluation of the risk-adjusted potential returns from the Company's capital projects
- Pursuing capital returns to shareholders, as appropriate, and in line with Hammerson's strong credit metrics
- Targeting the most efficient cost and operating structure while maximising customer and retailer experience

More detail on these actions will be provided to shareholders in the coming months.

David Tyler, Chairman of Hammerson, said:

"After careful consideration, the Board has concluded it is no longer in the best interests of shareholders to carry out the Intu Acquisition."

"In recent weeks, investors have told us they share our view of the exceptional quality of our portfolio and that they have great confidence in our management team. The Board has complete conviction in Hammerson's prospects as a standalone business as we pursue our plans for future growth."

David Atkins, Chief Executive of Hammerson, added:

"Hammerson is an ambitious company with a disciplined approach to the pursuit of compelling investments to strengthen its portfolio. It is clear that the heightened risks to the Intu Acquisition now outweigh the longer-term benefits. We have a clear strategy that has delivered consistent, strong returns on a standalone basis and we look forward to updating the market in the near term on our plans to accelerate the delivery of further value for shareholders."

The person responsible for making this Announcement is Sarah Booth, General Counsel and Company Secretary.

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Further information

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Forward-looking statements

This Announcement contains certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of Hammerson. These forward-

looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", or other words of similar meaning. These statements are based on assumptions and assessments made by Hammerson, in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement. Hammerson does not assume any obligation to update or correct the information contained in this section of the website (whether as a result of new information, future events or otherwise), except as required by applicable law.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

Publication of this Announcement

In accordance with Rule 26.1 of the Code, a copy of this Announcement will be available on Hammerson's website at www.hammerson.com/investors by no later than 12 noon (London time) on the business day following this Announcement).

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