

METHODOLOGICAL STATEMENT - FINANCIAL INDICATORS FOR CLIMATE CHANGE & ENERGY AND RESOURCE USE

In 2008, we were the first property company to use the Connected Reporting Framework (CRF) to disclose financial indicators related to our sustainability performance.

Following the publication of a CRF property-specific example by Accounting for Sustainability in 2009, and the drafting of our Performance Indicator Manual, we revised the methodology used for the calculation of these indicators. Below are the details of our core calculations for our Climate Change and Energy and Resource Use financial indicators. Details on the calculation of our Community Regeneration, Supply Chain and Customers financial indicators are simpler and therefore incorporated in the commentary alongside those indicators. Note that, this year, the data was reviewed by our CR advisors, which led to a number of restatements as explained below.

General principles

- * The same exchange rate as for our Annual Report and Accounts 1 GBP = 1.123 Euros is used
- * All financial indicators exclude VAT
- * Retail parks have been excluded from all financial indicators due to insufficiently reliable utilities and waste data

ENERGY, WASTE AND WATER COST

DEFINITION

Energy cost: charges for building energy consumption (excluding transport), including standing charges and environmental taxes (e.g. climate change levy)

Waste cost: standing charges, landfill/environmental taxes (e.g. Landfill Tax in the UK), labour costs, and equipment rental

Water cost: charges for both water and wastewater along with standing charges and any water/environmental taxes

DATA COVERAGE

Energy

- * All properties included for 2009
- * For all energy types with kWh consumption, we include corresponding energy cost
- * All Hammerson-obtained energy (including tenant sub-metered consumption)
- * Inclusion of electricity cost for the French head office (Rue de Washington, not managed by Hammerson)

Waste

- * Inclusion of all managed properties except for Grand Maine shopping centre, due to poor data reliability

Water

- * All UK and French managed properties included

DATA QUALITY AND PRINCIPLES APPLIED

Energy and water In order of priority:

- * Cost information from bills (or alternatively unit cost) where available
- * Where no cost was provided by the assets, the 2009 average unit cost for that property type (preferably from the same country) is applied to the consumption

Waste: cost information provided by the assets

Climate Change Levy expenditure: this reflects the amount of electricity and gas upon which Climate Change Levy is due and the appropriate Levy, respectively £0.0047 for electricity and £0.00164 for gas

RESTATEMENT

No restatement to data prior to 2009. However, note that 2007 and 2008 data related to UK offices and shopping centres only.

ENERGY, WASTE AND WATER ESTIMATED SAVINGS

DEFINITION

Estimated savings from utilities and waste reflect our year-on-year changes and improvement in the management of our environmental impacts.

DATA COVERAGE

Energy and water

- * Inclusion of all like for like properties - consistent properties with data in both 2008 and 2009 (excluding those that have been extended such as Highcross and Parinor)
- * All Hammerson-obtained consumption (including tenant sub-metered consumption)

Estimated savings from landfill tax aversion (UK only)

- * Inclusion of all UK properties with data in both 2008 and 2009

DATA QUALITY AND PRINCIPLES APPLIED

Energy and water: Same principles as for energy and water cost

Income from sale of waste: All data provided directly by the assets

Estimated savings from landfill tax aversion: waste averted from landfill is in line with Hammerson's UK waste target and therefore includes direct and indirect aversion. A cost of 40 GBP/tonne for the whole of 2009 was applied (to reflect the escalation in landfill tax rate the corresponding rate was used for prior years 32 GBP/tonne and 24 GBP/tonne for 2008 and 2007 respectively).

We currently do not have sufficient information on the final destination of our waste in France to report on estimated savings from our French landfill tax (TGAP) aversion.

RESTATEMENT**Energy**

The estimated energy savings prior to 2009 have not been restated, and are not directly comparable with 2009, as they reflected estimations of savings based upon the payback of our energy efficiency investments in the UK.

Waste

The 2007 and 2008 figures that we published in our 2008 Annual and CR reports under the indicator "Waste savings/Savings on landfill expenditure and sustainable investment" intended to reflect our savings from sale of waste, tax saved as a result of landfill aversion and from our improved overall waste management. These figures were incorrect and have now been restated in this year's report under the two following categories: income from sale of waste and estimated savings from tax saved due to UK landfill aversion.

Water

No data published in our 2008 CR report.

SUSTAINABILITY INVESTMENT**DEFINITION**

Our sustainability investment covers energy efficiency investment, investment in our waste and water management and other Resource Use investment such as the cost associated with our biodiversity audits. We are currently defining the boundaries of our reported investment through our internal Performance Indicators Manual.

DATA COVERAGE

All our managed assets

DATA QUALITY AND PRINCIPLES APPLIED

All data is provided directly through the Sustainability Forum for Innovation in the UK and the asset specific sustainability business plans in France. Where investments are made jointly by Hammerson and its joint venture partners or co-owners, Hammerson's share of the investment is reported.

RESTATEMENT

No restatement