

## NEWS RELEASE

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### **Acquisition of Silverburn shopping centre**

Hammerson and Canada Pension Plan Investment Board (CPPIB) announced today that they have entered into a 50:50 joint venture which has acquired Retail Property Holdings Ltd from The Elementary Property Company Ltd (acting by its receivers). Retail Property Holdings' main asset is the freehold interest in Silverburn, a 93,000 m<sup>2</sup> prime regional shopping centre near Glasgow.

The purchase price for the property, including the costs of acquisition, is £297 million, representing a commitment for each party of £148.5 million. The current gross rental income is £18.4 million, representing an initial yield of circa 6%, and an equivalent yield of 6.8%. After operating costs, net income will be approximately £17 million in 2010. Hammerson will be the asset manager for the joint venture.

Silverburn, which opened in 2007, is a single-level covered centre anchored by Debenhams, M&S, New Look, Next and Tesco Extra. It provides 94 retail units let to high quality retailers, has an occupancy level of 98%, and an average unexpired lease term of over 12 years. The centre attracts approximately 14 million customers per year.

Silverburn offers opportunities for Hammerson to create value through active asset management. Average prime zone A rents are £140 per square foot (based on Scottish 30 foot zones), with overall rents passing estimated to be up to 20% below current market rental levels. First rent reviews at the centre start from 2012. In addition there is potential to extend the centre by around 9,300 m<sup>2</sup>, and the acquisition also includes 69,000 m<sup>2</sup> of adjacent development land.

Hammerson will fund the acquisition from existing bank facilities which have a margin of 37.5 basis points over LIBOR.

David Atkins, Chief Executive of Hammerson said:

"Silverburn is a high quality, modern shopping centre which complements Hammerson's existing portfolio of dominant centres in prime retailing locations. It provides a good range of retailers in a strong catchment area. Regional centres like Silverburn have shown strong performance in their first ten years of operation and we believe that by applying our skills at asset management and optimising the tenant mix we can increase retail sales and achieve good growth from this asset."

Graeme Eadie, Senior Vice-President, Real Estate Investments for CPPIB said:

"This transaction represents a unique opportunity to acquire a high quality asset alongside one of the top retail developers and operators in Europe. We are delighted to be partnering with Hammerson as co-investor and manager, given their proven track record in managing similar assets."



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### Notes to editors

- 1) Silverburn is one of Scotland's largest purpose built shopping centres. It is situated five miles south west of Glasgow city centre. The scheme benefits from excellent communication links: it adjoins the M77 motorway and is well served by a local bus network. It has 4,500 free car parking spaces, and accessibility will increase further when the M74 Glasgow orbital motorway opens (scheduled for 2011). The prominent centre has a large catchment area covering 1.6 million people, including areas of high affluence to the South and West.

Silverburn has been let to a strong mix of mainstream and aspirational retailers, as well as a range of food outlets. In addition to the five anchors the tenant mix includes Argos, Boots, H&M, Hobbs, LK Bennett, Nandos, Pizza Hut, Republic, River Island, Swarovski, The Body Shop, Topman/Topshop, Wagamama and Zara. The centre is comprised of modern flexible units, which have been built for both current and future retailer requirements.

- 2) Hammerson is a FTSE 100 company with a real estate portfolio in the UK and France of around £4.7 billion. Hammerson has investments in 15 major shopping centres and 18 retail parks providing a total of 1.4 million m<sup>2</sup> of retail space. The Company owns seven office buildings, in central London and Paris, which provide 150,000 m<sup>2</sup> of prime accommodation. Benefiting from tax-efficient REIT status in the UK and SIIC in France, Hammerson is listed on both the London Stock Exchange and Euronext Paris. Further information is available on [www.hammerson.com](http://www.hammerson.com)
- 3) The Canada Pension Plan Investment Board (CPPIB) is a professional investment management organization that invests the funds not needed by the Canada Pension Plan to pay current benefits on behalf of 17 million Canadian contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, the Canada Pension Plan Investment Board invests in public equities, private equities, real estate, inflation-linked bonds, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in London and Hong Kong, the CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At September 30, 2009, the CPP Fund totalled C\$123.8 billion. For more information about the Canada Pension Plan Investment Board, please visit [www.cppib.ca](http://www.cppib.ca).
- 4) Advisors for the Joint Venture were Culverwells, DTZ, Biggart Baillie and Herbert Smith. Advisors for the vendor were Jones Lang LaSalle and Dickson Minto.