

Press release

29 March 2016

AEW Europe secures landmark anchor letting at Festival Place, Basingstoke

AEW Europe (“AEW”) announces that it has secured the letting of an anchor store to existing tenant Next at Festival Place. The letting places the retailer as a new anchor tenant at the 1.1 million sq ft Hampshire shopping centre in the biggest leasing transaction in terms of both size and value to take place there in the past ten years.

Next is significantly increasing the size of its presence at Festival Place by relocating within the centre to a brand new two-floor store, almost doubling its floor space to c. 48,000 sq ft. The new store, which is expected to open in Q4 2016, will enable the brand to better showcase its extensive fashion, kidswear and Next Home ranges, and will also include a café within the store.

This letting is the first in a series of asset management initiatives planned by AEW Europe, following the acquisition of the centre in December 2015 on behalf of its partnership with the Teacher Retirement System of Texas. These initiatives include further new lettings and substantial improvements to St John’s Square and car parking facilities.

The new Next anchor store adds to a strong line-up of leading UK and international brands at Festival Place, including Debenhams, Marks & Spencer, Apple, H&M, Zara and New Look. The centre benefits from a large and affluent catchment area of c. 2.3 million people and also has a significant leisure offer in place with a 10 screen Vue multiplex cinema and around 20 restaurants, including Ask Italian, Pizza Express, Wagamama, Costa, Gourmet Burger Kitchen, Giraffe and Nandos.

Russell Jewell, Managing Director and Head of Private Equity Funds at AEW Europe commented: “Securing Next as a new anchor tenant at Festival Place so soon after our acquisition of the centre clearly reflects AEW’s ability to plan and successfully execute our asset management strategy. This deal with Next represents the largest leasing transaction in the centre for the past ten years and is indicative of the positive retail sentiment in Basingstoke and appetite from both international and national brands. We look forward to signing further deals with other leading retailers in the coming months with a view to driving footfall, dwell times and enhancing the profitability of the centre.”

Steve Ardron, Regional Estates Manager at Next commented: “The new anchor unit is in a great pitch between Debenhams and M&S. It will allow us to trade from 2 floors, each with

direct access from the shopping centre, giving our customers an easy and more pleasant shopping experience."

AEW were advised by co-leasing agents Lunson Mitchenall and Cushman & Wakefield and by Shoosmiths LLP on the legal side.

Ends

About AEW Europe

AEW Europe is one of the leading European real estate asset and investment managers, with €18.1 billion of assets under management as at 31 December 2015. AEW Europe manages a diverse range of real estate investment funds and accounts on behalf of institutional clients. The investment strategies of these clients range from core through to opportunistic and across the main sectors and markets in Europe.

Together with AEW Capital Management in the United States and Asia, AEW Europe and its regulated subsidiaries form a global real estate platform of over €49 billion in assets under management. AEW has over 30 years' experience in the management of real estate funds and separate institutional mandates with over 580 employees in 14 locations around the world, including head offices in Boston, London, Paris and Hong Kong.

The Teacher Retirement System of Texas (Texas TRS) is the largest public retirement system in Texas in both membership and assets, serving almost 1.5 million participants. Texas TRS is a major investor in the property sector worldwide investing both through property funds and directly on its own account. As of 31st August 2015, Texas TRS net assets totalled \$128.5bn. They have recently opened an office in London to aide their European investment strategy.

Festival Place is the first direct investment by Texas TRS in UK property. It will be managed by an AEW team based in their London office. The new owners propose to undertake a number of new initiatives to enhance the long term performance of the centre. These will include substantial improvements to St Johns Square and enhancing the quality and efficiency of the car park. It is also anticipated that there will be significant changes in the retailer line up over the next 12 to 24 months which will enhance footfall, dwell times and profitability for all occupiers. Further announcements will be made about the detailed proposals in due course.

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