



PRESS RELEASE

22nd March 2011

Tristan Capital/AEW Europe Partners with Addington Capital to Purchase Three UK Shopping Centres out of Administration.

London, 22nd March 2011

European Property Investors Special Opportunities, L.P. (EPISO), a fund co-advised by Tristan Capital Partners and AEW Europe, has partnered with Addington Capital to complete the purchase of the Sapphire Retail Portfolio in the UK for £145 million representing a net initial yield of c.7.75%.

The portfolio comprises three regional shopping centres; Charter Walk, Burnley, Queens Arcade, Cardiff and the Harvey Centre, Harlow. The centres comprise over 1,125,000 sq ft of retail and ancillary accommodation and are let to over 270 tenants. The current net income from the portfolio is approximately £12 million per annum with an ERV of in excess of £15 million per annum.

The centres were put into administration in August last year by a syndicate of Banks led by LBG. Grant Thornton was appointed as Administrators and London & Associated Properties, asset manager.

Commenting on the deal, Ric Lewis CEO of Tristan Capital Partners said "We are pleased to have acquired these three shopping centres and to be partnered with Addington Capital who have an excellent reputation and vast experience in asset managing centres such as these.

We are buying these properties at a tough time in the cycle, but we think there is a lot of upside potential. We are glad to be further diversifying the Fund by investing in the UK shopping centre market".

Peter Mather, Co-Head of Investment at AEW Europe commented "This opportunity allowed us to purchase a portfolio of good quality shopping centres which provide many opportunities to add significant value over our intended hold period. With a planned capex budget our aim is to stabilise and then increase NOI through the leasing of vacant space, reducing irrecoverable expenditure, development, amalgamation of units as well as general improvement to the shopping environments. Working with the experienced team at Addington will make sure we hit our business plan objectives efficiently and effectively".

Martin Roberts of Addington added "we are delighted to have secured the Sapphire portfolio as our first investment deal with our partners at AEW Europe and Tristan Capital and are looking to double the size of the targeted investment portfolio over the next 12 months if conditions allow. We believe that our ability to move quickly and provide certainty with the support of a cash underwritten bid was decisive in securing the portfolio in the face of some high quality competition.

Each of the centres has suffered from a lack of capital expenditure over the last few years and there is plenty that can be done to improve not only net income, but also the look and feel of the centres and of course, tenant mix. We believe that these secondary centres will respond well to strong management and capital investment given that footfall at each centre is between 10 & 12 million people a year."

Addington Capital will be retained as asset manager of the portfolio, overseeing the property and facility management and driving the lease up of the centres.

There were over 40 shopping centres available in Q4 2010, ranging from super prime through to tertiary and all attracted interest from multiple potential purchasers. The market remains constrained by a lack of supply rather than any weakness in investor sentiment. It will be interesting to see whether the bank induced selling accelerates this year or continues to ebb and flow as in 2010. Our view is that the market can sustain a significantly higher level of supply before the availability of debt or weakening investor appetite leads to weaker pricing for the better secondary centres.



Addington & EPISO were advised by King Sturge, the Administrators were advised by Franc Warwick.

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About us:

Tristan Capital Partners is an employee-owned investment management boutique specialising in public and private market real estate investment strategies across the UK and Continental Europe.

Tristan is the Portfolio Manager for Curzon Capital Partners III and for the private equity funds European Property Investors, LP, European Property Investors Special Opportunities, LP and EPISO 3 LP. Its pan-European real estate funds include core-plus and value-added/opportunistic strategies with total assets under management of €3 Billion. Tristan's headquarters are in London and it has offices in Luxembourg, Milan, Paris, Stockholm, Dusseldorf and Warsaw.

www.tristancap.com

AEW Europe is one of the leading European real estate asset and investment managers. Together with AEW Capital Management in the United States and Asia, AEW Europe and its regulated subsidiaries - AEW Europe LLP, NAMI-AEW Europe and AEW Europe SGP - form a global real estate platform with more than €36 billion in assets under management (of which €18.6 billion is in Europe). AEW has over 30 years experience in the management of real estate funds and separate institutional mandates with 500 employees in 13 locations around the world, including head offices in Boston, London, Paris and Singapore. AEW's innovative investment strategies are research-driven and rigorously controlled for risk, with implementation carried out by professional teams in its extensive network of local offices on the ground.

AEW regularly receives industry awards in recognition of its investment performance and adherence to principles of sustainability. AEW Europe is a founding member of the group of leading real estate fund managers applying the Bureau Veritas "Green Rating" standards to its European investment portfolio and is a signatory to the United Nations' Principles for Responsible Investment. The company is also an active member of the European Association for Investors in Non-listed Real Estate Funds (INREV) and its portfolios are benchmarked by the Investment Property Databank (IPD). AEW Europe is a subsidiary of Natixis Global Asset Management, one of the top 15 asset managers in the world.

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