

23 November 2016

## VIA Outlets acquires European portfolio

Hammerson plc and its partners in VIA Outlets, APG, Meyer Bergman and Value Retail, have signed an agreement to acquire, subject to regulatory clearance, four established outlet centres as part of its growth strategy in the European outlet market.

The retail venues, located close to major cities in Germany, Portugal, Spain and Poland, represent total gross asset value of €587 million (£502 million) and a blended net initial yield of 5.5%. The transaction takes the total size of the VIA Outlets portfolio to €1.1 billion across 10 assets and delivers critical mass to this successful European outlets venture.

VIA Outlets has identified opportunities to drive growth in sales densities and operating income by evolving the brand mix and delivering marketing and tourist initiatives. To support the enlarged portfolio, the VIA Outlets organisational structure has been enhanced through secondments and external hires to expand its asset management, marketing and finance teams. The five-year forecast unlevered IRR for the acquired assets is 11%.

In line with Hammerson's 47% interest in VIA Outlets, its share of the acquisition funding, taking into account existing centre-level debt financing, will be €170 million (£145 million). Following the acquisition, Hammerson's exposure to the fast-growing European outlet market is around 17% of its gross asset value (pro-forma 30 June 2016). The transaction is accretive to forecast EPS and NAVPS. Hammerson's planned £500 million disposal programme is on track with £435 million already completed. Further disposals have been identified for 2017.

The largest outlet to be acquired is in Zweibrücken, Germany, at 29,000m<sup>2</sup> with 114 tenants. It is located on the border between France, Germany and Luxembourg and connected by the main arterial

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roads in the region. It was Germany's first established retail outlet and includes Versace, Michael Kors, Polo Ralph Lauren, Tommy Hilfiger and Esprit. Sales density is the highest across the VIA Outlets portfolio at €6,000/m<sup>2</sup> and annual footfall is 3.8 million.

Located close to Porto, Portugal, the outlet in Vila Do Conde receives annual footfall of 4.3 million. The outlet covers 28,000m<sup>2</sup> with 129 tenants and the acquired site has further adjacent development land. Brands trading at the outlet include Polo Ralph Lauren, Michael Kors and Carolina Herrera with average sales density of €4,000/m<sup>2</sup>.

The outlet in Spain is located north east of Seville attracting a growing number of tourists visiting the Andalusia region. The outlet is 16,400m<sup>2</sup> and has 65 retail units with brands including Tommy Hilfiger, Mango, Polo Ralph Lauren and Adidas. The outlet has sales density of €3,600/m<sup>2</sup> and annual footfall is 2.0 million.

The outlet in Wroclaw, Poland, is the only retail outlet in the western Poland region and includes 15,800m<sup>2</sup> of retail space and 87 units. The outlet houses brands such as Nike, Tommy Hilfiger, Adidas, Guess and Calzedonia and sits within a wider retail offer. Sales density is €3,300/m<sup>2</sup> and annual footfall is 2.8 million.

**Timon Drakesmith,  
CFO and Managing Director, Premium Outlets, Hammerson plc  
Chairman, VIA Outlets Advisory Committee, said:**

“This is a rare opportunity to acquire strong outlet centres in an off-market transaction. Well-positioned European outlets continue to deliver strong sales growth supported by an improving customer offer and increasing tourist numbers across Europe. Our active capital recycling programme is tilting Hammerson's portfolio towards faster-growth end-markets to reinforce our consistent earnings growth profile.”

**ENDS**

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### **For further information:**

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#### **Notes to Editors**

Hammerson is a FTSE 100 owner, manager and developer of retail destinations in Europe. Our portfolio of high-quality retail property has a value of around £9 billion and includes 22 prime shopping centres, 18 convenient retail parks and investments in 19 premium outlet villages, through our partnership with Value Retail and the VIA Outlets joint venture. Key investments include Bullring, Birmingham, Bicester Village, Dundrum Town Centre, Dublin and Les Terrasses du Port, Marseille.

Exchange rate (as at 22 November 2016) EUR:GBP 1.17