

29 June 2009

## **HERCULES UNIT TRUST SECURES £100 MILLION INVESTMENT FROM CANADA PENSION PLAN INVESTMENT BOARD**

Hercules Unit Trust ('HUT' or the 'Trust') the specialist retail warehouse fund advised by The British Land Company PLC and managed by Schroders, is pleased to announce that Canada Pension Plan Investment Board ('CPPIB'), a major global investor, has made a £100 million capital investment into the Trust.

CPPIB has invested in HUT through its subscription for £100 million of subordinated Convertible Notes which are due in 2020 and carry a fixed coupon of 10%. Up to a further £100 million is expected to be raised through the issue of Notes on the same terms to the Trust's existing investors. £50 million of this has been underwritten by British Land.

It is anticipated that the commitment of this additional capital, together with the Trust's existing cash resources, will be used to make an early repayment of part of the Trust's REC Retail Park Limited debt facility. A commitment to pay down £300 million of debt is part of a package of proposals currently being considered by note holders that inter alia reduces the refinancing risk at maturity.

William Hill, Head of Property, Schroders, said:

"CPPIB's investment is a significant demonstration of their confidence in the quality and management of the HUT portfolio and we are very pleased to have them on board as a new and wholly supportive investor. This transaction ensures that the Trust will not breach its loan covenants at the end of June should agreed property sales fall through.

The introduction of the new capital provides the Trust with greater flexibility. It ensures that it is strongly placed to exploit market opportunities ahead and is able to maximise long term investment returns for investors."

Andrew Jones, a Director of British Land, added:

"The HUT portfolio has always benefited from a highly intensive programme of active asset management which has more recently involved a focused programme of disposals. This activity has supported the Trust throughout its life ensuring it is always on the front foot. This together with the restructuring will place the Trust on a stronger and more flexible footing as we move through the current cycle."

Graeme Eadie, Senior Vice-President, Real Estate Investments, CPPIB said:  
"CPPIB is pleased to be making a substantial investment into the Hercules Unit Trust, a unique portfolio of high quality UK retail warehouse assets. Hercules is well managed by Schroders and British Land and we expect it to provide an excellent platform for growth as the UK property market begins to recover."

-ENDS-



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## **Notes to Editors:**

### **Hercules Unit Trust**

HUT was created in September 2000 as a closed ended Jersey property unit trust to invest in retail warehouses and shopping parks throughout the United Kingdom. HUT's objective is to achieve an annual ungeared total return above the IPD UK Retail Warehouse Index over the life of the Trust. HUT had an initial life of ten years from September 2000. This has been extended to 2020 following unitholder approval.

HUT is the UK's largest specialist retail warehouse property unit trust with a property portfolio of **£1.44 billion** comprising of 24 retail and shopping parks (at 31 May 2009), including Glasgow Fort Shopping Park, Glasgow; and Fort Kinnaird Shopping Park, Edinburgh. The portfolio totals 5.4 million sq ft of retail park space and key tenants include Next, Boots, Arcadia, Marks & Spencer, Argos, DSG, Sports World and New Look.

For further information: [www.schroders.com/hercules](http://www.schroders.com/hercules)

British Land is one of the UK's largest Real Estate Investment Trusts with total assets, owned or under management, valued at £12.3 billion, as at 31 March 2009.

The hallmark of the business is a focus on customers, based on a portfolio in prime locations in the UK and more recently in Western Europe. Active management of these assets, purchases and sales and new development activity, tailor the property holdings to meet the needs of occupiers.

The portfolio, focused on the Out of Town Retail and London Office sectors, has the longest leases at average 13 years and occupancy rates at 96%, among the highest of the major UK REITs.

Retail assets account for 56% of the portfolio, 82% of which is located at prime out of town sites. Central London Offices comprise 42% of the portfolio. New office and retail developments complement these holdings.

Sustainability is at the core of the business - from community involvement in the planning process, through development, refurbishment and management, the aim is to provide attractive buildings that minimise resource use and meet the needs of occupiers today and tomorrow.

### **Schroders Property Business**

Schroders has managed property funds since 1971 and has £7.3 billion (€7.9 billion / US\$10.4 billion) of gross property assets under management (at 31 March 2009), excluding crossholdings.

The Schroders property team consists of over 100 individuals across ten offices located in London, Wiesbaden, Amsterdam, Milan, Jersey, Paris, Luxembourg, Stockholm, Zurich and Hong Kong. The team is experienced in property fund management, research and strategy, investor relations, finance and administration. The team also benefits from the significant resources of the Schroders Group. For further information about Schroders' property business visit [www.schroderproperty.com](http://www.schroderproperty.com)

### **Schroders**

**Schroders is a global asset management company with £103.1 billion (€111.3 billion / \$147.7 billion) under management at 31 March 2009.** Our clients are major financial institutions including pension funds, banks and insurance companies, local and public authorities, governments, charities, high net worth individuals and retail investors.



We apply our specialist asset management skills in serving the needs of our clients worldwide. With one of the largest networks of offices of any dedicated asset management company and over 300 portfolio managers and analysts covering all the major investment markets, we offer our clients a comprehensive range of products and services.

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Jersey based specialist property unit trusts are an attractive property investment route for institutional investors. These trusts offer a low cost, tax transparent way of gaining an exposure to property portfolios which, because of capital constraints, may otherwise not be available to them. Investors benefit from the unit trust being managed by specialists in the relevant sector who are highly incentivised to perform by their co investment in the trust.

HUT is a collective investment scheme within the meaning of Section 235 of the Financial Services and Markets Act ("FSMA"). It is not an authorised unit trust scheme, OEIC or recognised scheme within the meaning of the FSMA and therefore constitutes an unregulated collective investment scheme. As an unregulated collective investment scheme, the distribution and promotion of units are restricted, for the purposes of Sections 21 and 238 of the FSMA, to persons who are themselves authorised under the FSMA or who otherwise fall within the categories or exceptions made under Sections 21 and 238. All or most of the protections provided by the UK regulatory system do not apply to investment in the HUT and compensation under the Financial Services Compensation Scheme will not be available. Potential investors should be aware that past performance is not a guide to the future. The price of units and the income from them may fluctuate upwards or downwards and cannot be guaranteed. Property based pooled vehicles such as property unit trusts, invest in real property, the value of which is generally a matter of a valuer's opinion. It may be difficult to deal in the units or to sell them at a reasonable price because the underlying property may not be readily saleable. There is no recognised market for units in HUT and, as a result, reliable information about the value of units in HUT or the extent of the risks to which they are exposed may not be readily available.

This press release is not intended as an offer or solicitation for the purchase or sale of any Financial Instrument. The material is not intended to provide, and should not be relied on for accounting, legal or tax advice, or investment recommendations.

## **CPP Investment Board**

The CPP Investment Board 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 CPP 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 CPP Investment Board is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At March 31, 2009, the CPP Fund totaled \$105.5 billion. For more information about the CPP Investment Board, please visit [www.cppib.ca](http://www.cppib.ca).