



Media release

13 May 2015

Oxford Properties and Union Investment create 50:50 joint venture in London's Watermark Place

Oxford Properties Group ('Oxford') and Hamburg-based Union Investment Real Estate GmbH ('Union Investment') have created a 50:50 joint-venture (the "JV") regarding Watermark Place in London, with Oxford acting as asset manager to the JV. In parallel, the JV has refinanced the asset, raising a new 10-year £270 million debt facility from Pricoa Mortgage Capital. Union Investment will hold its 50 % interest for its open-ended real estate fund Unilmmo: Europa.

Watermark Place is a landmark 542,497 sq ft Grade A office building situated on the River Thames in the City of London and was Oxford's first investment in the London market. Oxford initially acquired a 50% interest in the asset in 2007 as a development site, which was completed in 2009, and subsequently purchased the building outright in November 2010. The building is currently 100% let to Nomura, the Japanese investment bank, on a long-term lease and is the home of its EMEA headquarters.

The transaction highlights the progression of Oxford's European platform and is consistent with its global strategy to manage its risk profile, selectively realise profits and recycle capital into higher-returning development opportunities. The deal allows Oxford to capitalise upon the substantial current investor demand for well-leased prime assets in core Central London locations. Going forward, the JV partners believe that the asset will provide an attractive income-led total return and is well positioned to take advantage of the continued strong growth fundamentals in the City of London market.

The introduction of a new partner is in line with Oxford's strategy to develop and grow partnerships with long-term strategic co-investors. By entering into a JV with Union Investment, Oxford is partnering with a like-minded investor with an aligned long-term investment horizon and deep real estate expertise. Union Investment is a global investment business across equity, fixed-income and money markets as well as alternative investments and quantitative structured funds. It has approximately £20 billion (€28.0 billion) in real estate assets under management invested across 350 properties worldwide.

Paul Brundage, Executive Vice President and Senior Managing Director, Oxford Properties Europe commented, "This transaction demonstrates the success of our early development ventures in the London market and the progression of our local asset management platform. Our partnership with Union Investment reinforces an important and growing relationship – this is our second deal together in Europe in 2015, following Oxford's acquisition of 92 Avenue de France in Paris. Union Investment shares our belief in the inherent value of a long-term approach to real estate investing

and we look forward to working together to unlock further value for our respective stakeholders. The refinancing also illustrates the strength of our global platform, with Pricoa Mortgage Capital being an existing lender to our U.S business.”

Dr. Frank Billand, CIO and Member of the Management Board of Union Investment Real Estate added, “We are delighted that 25 years after we have started our investment activities in London as a pioneer amongst the German open-ended funds, we are now moving into a new era by entering into joint ventures for trophy assets, in the UK and beyond, on behalf of our private investors. We are delighted to be able to team up with a renowned partner such as Oxford Properties and we look forward to more transactions of this nature in the future.”

Drew Abernethy, Head of European Originations for Pricoa Mortgage Capital added, “A pillar of Pricoa Mortgage Capital’s global strategy is to support our existing borrowers in their efforts to invest around the world. We also expect our growing presence in major city-markets outside of the US to give us better exposure to new borrowers, many of whom will have global reach themselves. This transaction with Oxford and Union is a near-perfect example of both strategies, and Pricoa Mortgage Capital looks forward to expanding these two important relationships over the coming years.”

Oxford Properties Group was advised by CBRE on the JV with Union Investment and Eastdil Secured on the refinancing. DLA Piper advised Oxford on both transactions. Union Investment was advised by Savills and Nabarro. Pricoa Mortgage Capital was advised by Herbert Smith Freehills LLP.

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About Oxford Properties Group

Oxford Properties Group is a global platform for real estate investment, development and management, with over 1,750 employees and C\$34bn of real assets that it manages for itself and on behalf of its co-owners and investment partners. Established in 1960, Oxford was acquired in 2001 by OMERS, one of Canada's largest pension funds with over C\$72bn in assets. Oxford has regional offices in Toronto, London and New York, each with investment, development and management professionals who have deep real estate expertise and local market insight. Oxford now has approximately C\$5.5bn of assets in Europe, with a focus on core office and high street retail assets in Central London and Paris.

For more information about Oxford visit: www.oxfordproperties.com.

About Union

Union Investment is a leading international investment manager specializing in open-ended real estate funds for private as well as institutional investors. Founded in 1965, the company now manages more than EUR 27 bn assets under management and has 350 properties in more than 23 countries worldwide. Union Investment is focussing its efforts on core investing in office buildings, shopping centers and hotels. Headquartered in Hamburg, Germany, and employing more than 300 real estate specialists the firm has local hubs in Madrid, New York City, Paris and Singapore.

For more information about Union Investment visit: www.realestate.union-investment.com.

About Pricoa Mortgage Capital

Pricoa Mortgage Capital is a full-service, commercial and multifamily mortgage finance business with more than \$87.9 billion in assets under management and administration as of March 31, 2015. Leveraging a 130-year history of real estate finance, the company offers one of the most comprehensive lines of real estate finance products and originates loans for Freddie Mac Targeted Affordable Housing programs, Fannie Mae DUS™, FHA, the insurance company's general account; and other institutional investors. The company maintains a loan servicing portfolio of approximately \$84.3 billion as of March 31, 2015.

For more information please visit: <http://www.prumortgagecapital.com>.