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## Patrizia sells first retail park portfolio to GPEP

**It was a big portfolio deal by any measure, although everyone's still being very coy about the price (thought to be about €230m). Still, in a first for the group, Augsburg-based Patrizia AG sold a 68-asset German food-anchored retail portfolio to a fund managed by GPEP, after a holding period in which it says it significantly increased the portfolio's WALT.**

The deal still leaves Augsburg managing more than €7bn in the European retail sector throughout Europe, with the bulk of that invested in the German food retail sector.

The portfolio sale to Frankfurt-based GPEP, whose platform specializes in supermarkets and retail parks across Germany, consists of about 122,000 sqm of total rental space in established retail locations, anchored by big German retail names like Rewe, EDEKA, Lidl, Netto and Penny. 90% of the assets are in Bavaria, Hesse, Lower Saxony and North Rhine-Westphalia. 85% of the space is let to these big-name food retailers, and the occupancy rate is 98%.

Patrizia's Daniel Hermann, responsible for Fund Management Retail, said: "As one of the first institutional movers into the food retail sector, we are well placed to capitalise on the growing investor focus on the German market. This transaction is our first large scale disposal in the segment of supermarkets and discounters. We are pleased that growing numbers of German and international institutions see grocery assets as a key element in their investment strategy."

He added, "PATRIZIA is still an active buyer in the German food retail market. Even with this sale we will have grown our AUM in the sub-sector over the last 18 months. We continue to look for future investments, although we do so selectively and only where we see the opportunity to deliver strong returns."

GPEP is launching an institutional fund to house the assets along with Hamburg-based HANSAINVEST Hanseatische Investment-GmbH, who incepted the fund. The fund will hold discount stores, supermarkets, retail centres and retail parks – established properties with stable long-term leases, as well as others with low vacancy rates and short-term leases, increasing their value through active asset management. The current investors are a major insurance company and a well-known German investment management company, although GPEP said it intends to bolster the fund by seeking additional capital commitments.

GPEP's managing director Herwart Reip said that VICTORIAPARTNERS acted as financial advisor on the deal. He said, "This transaction illustrates the undiminished appeal of this asset class to institutional investors looking for investments with an appropriate risk/return profile." GPEP has developed a portfolio of more than €1bn since it set up in 2015..