

Catalyst's European hat-trick

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Fund manager teams up with Abu Dhabi for €100m Belgian office deal and buys €155m German portfolio

Catalyst Capital this week completed a hat-trick of spectacular European deals.

The European real estate fund manager has made its largest transaction in continental Europe for five years, bought a building with the Abu Dhabi Investment Authority (ADIA) and leased a property to Amazon for its French headquarters.



In the first deal, it has bought 30 retail assets in Germany, totalling 1.35m sq ft, from an undisclosed private equity vendor for €155m.

The assets are mostly anchored by food retailers and supermarkets, such as Edeka, Rewe and Real in the Bavaria and Baden-Württemberg areas. The net initial yield is around 8.75%.

"We structured and completed the transaction in close co-operation with the vendor," said Steven Jedlicki, Catalyst's Germany country head.

"The assets have a good balance between medium and long-term leases, strong anchor tenants, as well as value-add potential in several locations, all of which are important parts of our strategy."

Kean Hird, the partner in charge of Catalyst's German and central and eastern European operations, said the purchase "complements our existing investments in continental Europe and we have further acquisitions in the pipeline in Germany, Poland and France".

The purchase was for Catalyst's first European fund, Catalyst European Property Fund, which closed in November 2008 after raising €228.5m of equity. Debt financing at a loan-to-value ratio of 60% was provided by PBB Deutsche Pfandbriefbank and Austrian bank BAWAG PSK.

Jones Lang LaSalle and Real Estate Advisory Group advised Catalyst; James Andrew International's chairman, Harvey Soning, who has known Hird and Catalyst's co-founder Julian Newiss for 30 years, brokered the deal with Frankfurt firm Kintyre Investments; Clifford Chance acted for the vendor.

In the second deal, ADIA has paid around €100m for a 650,000 sq ft office building at G Crommenlaan 9 in Ghent. The multi-let property was developed in 2006. It was bought from an Icelandic investor in the control of the lending banks. Catalyst has been appointed asset manager.

In the last two years, Catalyst European Property Fund has bought the Stratford Centre in east London for £91.5m and Houndshill Shopping Centre in Blackpool for £85m — both in joint venture with Blackstone — the Moniuszki Tower in central Warsaw; a pair of office buildings on New Bridge Street in London's Midtown for £18.5m; Apex 123 in Edinburgh for £16.8m; the Weisseritz Centre in Fietal near Dresden for €24.8m and the Front de Parc office complex in Clichy, Paris.

At Clichy, Catalyst has just agreed a letting at the renamed Les Ateliers du Parc to Amazon for its new French headquarters. Amazon has signed for around 110,000 sq ft, which comprises nearly all the vacant space in the 355,000 sq ft scheme.

The property includes the 1908 listed warehouse building of the Printemps department store. The exterior has an art nouveau-style iron structure and is known locally as the "Eiffel building".

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