

News

Industry giants and giant deals reshape Europe's retail-scape

MAPIC will play host to a reshaping European market this year, with a huge merger, the re-emergence of Carrefour as a pan-European property force and the world's three largest retail real estate groups all arriving in Cannes heralding large investments (also see *Bulking up or Nicheing Down*, page 57).

French developer and landlord Klepierre and Dutch peer Corio this summer announced plans to merge in a share deal in which Klepierre will absorb Corio to become one of the largest European shopping centre groups. The deal was supported by the main shareholders in Klepierre, which are BNP Paribas and US giant Simon Property Group. It is also supported by Corio's main shareholder, ABP pension fund. Under the terms of the deal, David Simon will remain the chairman of the enlarged Klepierre, which represents a combined asset portfolio of €21bn, putting the company within range of the €25.6bn value of Europe's biggest retail property group, Unibail-Rodamco. Laurent Morel, chairman of Klepierre's executive board, said: "The reshaping of our portfolio resulting from the planned disposal of these galleries accelerates our ambition to address the challenges of the evolving retail environment more effectively. This will also allow us to better leverage our retail asset management expertise."

Also this summer Carmila, the shopping-mall operator owned by French grocery giant Carrefour and investors including Pacific Investment Management, agreed to pay €931m to acquire six shopping malls in France from Unibail-Rodamco. The shopping centres in Anglet-Bayonne, Paris, Calais,

Toulouse and Orleans all contain Carrefour stores. Separately, the board of directors of Coop Alsace also approved the sale of 129 stores to Carrefour.

Unibail-Rodamco CEO Christophe Cuvillier said of the transaction with Carrefour: "Carmila is the natural owner of these shopping centres, anchored by large Carrefour hypermarkets. Carmila will be able to generate significant synergies and returns consistent with the requirements of its shareholders."

Carmila is also acquiring three malls in Spain from Carrefour for €182m in a separate transaction. Carmila bought €2bn worth of malls in France, Spain and Italy from Klepierre in April. Carrefour, meanwhile, said it would pool the Klepierre malls with 45 Carrefour shopping malls in France worth a combined €700m to create a leading European shopping-malls group. The new company — with over 800,000 sq m of retail space and assets of €2.7bn — comprises €1.8bn of equity, of which some 42% is owned by Carrefour and the remainder by shareholders, including Colony Capital, insurer Axa and Credit Agricole Assurances. It is also backed by €900m of debt.

Georges Plassat, who joined the group as CEO in 2012, has implemented a 'back to basics' approach, selling several operations in emerging markets and investing in store refurbishments in Carrefour's domestic market. Carrefour re-established its real estate division with the 2012 creation of Carrefour Property, which manages France, Italy and Spain. It also operates Carrefour Property International in seven other markets with around 1,500 sites. Carmila owns 121 Carrefour-anchored malls



Carrefour has become a major European property player again

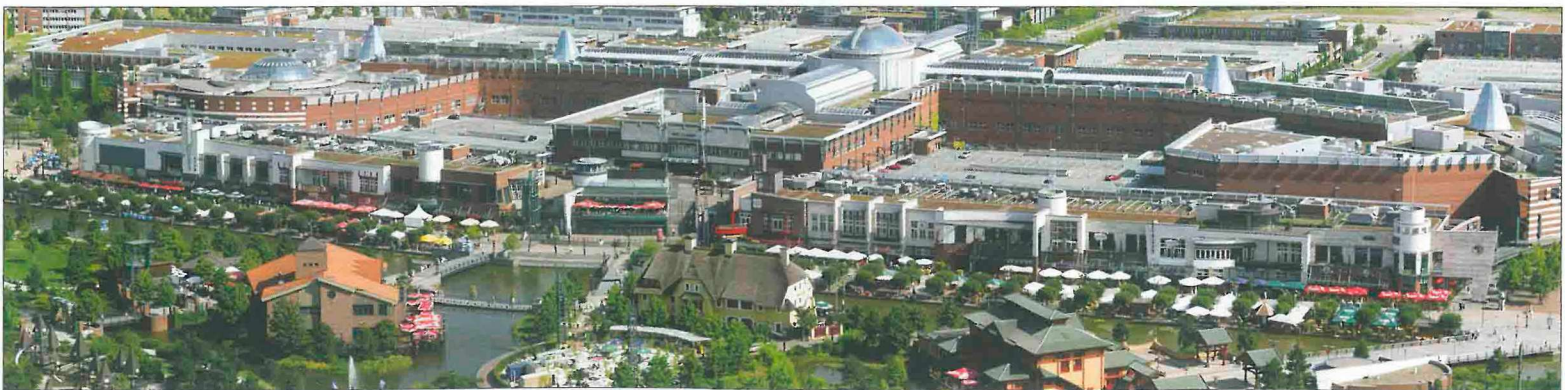


Klepierre is focusing on core schemes in target French regions

in partnership with Carrefour Property in France, Spain and Italy.

Unibail-Rodamco sold the malls to Carmila because it plans to focus on larger shopping centres as it continues its expansion with the acquisition of a stake in CentRO. Located in Oberhausen in the heart of the densely populated Ruhr region, the 232,000 sq m GLA shopping-centre complex is one of Germany's largest malls.

The transactions significantly rebalance Klepierre's shopping-centre portfolio in favour of its key strategic regions. In France, 94% of Klepierre's post-transaction portfolio is now located in the company's identified core regions of Ile de France, Toulouse-Montpellier, Lyon and Bordeaux. As a result of the transaction, Klepierre now operates 129 assets (compared with 256 previously).



CentRO, located in Oberhausen