

## Greenman eyes €400m French food retail pipeline as it prepares to launch SCPI

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Greenman got approval to set up a French asset manager at the end of August



**What** Greenman Arth (GMA) is reviewing €400m of food retail real estate investments in France

**Why** The new asset manager is preparing to launch an open-ended fund targeted at French retail investors

**What next** GMA is planning to close its first deal before the end of the year

Greenman Arth (GMA), the new Paris-based asset manager of Irish group Greenman, is reviewing €400m of food retail real estate investments in France as it prepares to launch an open-ended fund targeted at French retail investors, *React News* can reveal.

Amid ambitious plans to replicate the success of its German Open fund, one of Germany's largest food retail-focused property investment vehicles with about €900m in AuM, Greenman has hired Abhishek Jha, former deputy CIO of Klepierre and vice president at private equity firm Quilvest, as head of the business.

Greenman received approval from French financial regulator AMF for the new entity at the end of August and is in the process of securing approval for the launch of an open-ended SCPI (Société civile de placement immobilier) in the coming weeks. GMA is planning to close its first transaction by the end of the year.

### **The growing French food retail property market**

"Food-focused real estate is very active in France right now, with lots of sale-and-leaseback deals and first-hand transactions from developers," Jha, president at GMA, told *React News*. "We have a strong pipeline, with more than €400m of assets that we are looking at. We are under exclusivity for some of them and will probably have the opportunity to close 1-2 transactions before the end of the year, if everything goes according to plan."



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ABHISHEK JHA,  
GREENMAN ARTH

Jha is planning to grow his team to about six people by the end of this year and further increase the headcount to 12 by the end of 2022. Greenman Arth will operate as an independent entity with all services, including fund administration, run at the firm's Paris office on Rue de la Paix.

"Compared to Germany, where retailers started sale-and-leaseback transactions more than a decade ago, the French market is only on the cusp of opening to the food-focused real estate sector. It's been a relatively slow process and French retailers are only starting now to see SLBs as a way to unlock capital. But a lot of national and international investors are now focusing on the sector in France."



"French retailers are only starting now to see SLBs as a way to unlock capital," says Abhishek Jha from Greenman Arth

Greenman Arth is targeting hypermarkets as well as supermarkets across France, including in secondary cities – but it will also consider opportunities in Germany. The SCPI will seek to generate cash-on-cash returns in the region of 5% and use 30%-40% of leverage for acquisitions.

"The German market is much more competitive with yields that are more under pressure but the Open fund has been able to deliver consistent annual returns in the region of 5% for Irish investors and that's what we will aim to achieve in France," Jha told *React News*.

He notes, however, that pricing has already become competitive, with yield compression, in France as well. "I'm seeing a lot of deals, but we are being very prudent. We want to have stable assets with a long-term perspective and cash-on-cash returns that are relatively predictable."

## A successful model

When Greenman CEO Johnnie Wilkinson founded the company in 2005, the idea was to own and manage German income-producing real estate. In 2008, Greenman launched its first Luxembourg-domiciled, Germany-focused real estate fund.



Greenman's Open fund owns more than €900m of Food retail assets in Germany

Greenman's open-ended Open fund has proven very resilient during the pandemic, collecting about 92% of rent on average and raising an additional €115m of equity from new investors last year. The vehicle, which owns more than 70 centres, is set to exceed €1bn in GAV by the end of the year, with about half of the acquisitions coming from framework agreements and the other half from relationship with existing project developers.