

Warsaw, 4th December 2017

Chariot Top Group BV, a company incorporated and co-managed by Griffin Real Estate, acquires a retail portfolio from Ares, AXA and Apollo Rida

Chariot Top Group BV, a company incorporated in the Netherlands, co-managed by Griffin Real Estate, through its subsidiaries, signed a preliminary agreement related to an acquisition of a portfolio of 28 retail properties from funds managed by Ares Management L.P., AXA Investment Managers – Real Assets and Apollo Rida. The value of the deal is around 1.0 billion euro. Following the closing of the transaction, under a separate agreement, the consortium will re-sell a part of the portfolio to EPP, which, upon the completion of the deal, will become the largest retail property owner in the region.

Under the first agreement, Chariot Top Group will acquire a portfolio of 28 real estate assets consisting of 9 M1 shopping centers, 12 hypermarkets, 4 power parks and 3 stand-alone DIY stores. The portfolio has a total GLA of about 704,000 sqm. The acquisition will be partially financed with approx. EUR 635 million bank debt.

The deal with EPP will be divided into three phases. As a result of the first phase, EPP will acquire 4 M1 centers: in Czeladź (52,800 sqm of GLA), Cracow (49,600 sqm), Zabrze (52,800 sqm of GLA) and in Łódź (38,400 sqm of GLA). The takeover of the four properties will be completed simultaneously with the acquisition of the portfolio by the consortium.

The second phase which shall be completed within 1.5 years, will cover 3 more M1 centers: in Radom (37,000 sqm of GLA), Częstochowa (29,900 sqm of GLA), Bytom (28,200 sqm of GLA) and 3 power parks: in Kielce (35,700 sqm of GLA), Olsztyn (32,500 sqm of GLA) and in Opole (20,700 sqm of GLA).

Two additional assets - M1 center in Poznań (45,400 sqm of GLA) and a power park in Tychy (22,700 sqm of GLA) - will be acquired as part of the third tranche of the deal by the middle of 2020.

All individual properties enjoy a long history of strong trading performance in their respective markets. In addition, the portfolio is characterized by a significant growth potential due to ca 285 ha of land, enabling value-accretive extensions of the assets.

“We had a unique opportunity to acquire a highly diversified and attractive portfolio of assets” says Maciej Dyjas, the managing partner at Griffin Real Estate. *“On the other hand managing and further developing the assets – without making any adjustments to the composition of the portfolio – would represent an enormous challenge due to their non-uniform nature. The transaction was however structured in such a way, that we had no choice but to acquire the entire package.”*

Hence the decision to divide it and to sell a part of it to EPP – an investment company focused on retail properties. *“This is a ‘win-win’ situation. The consortium can focus on managing the remaining assets in the portfolio”,* added Mr. Dyjas.

“EPP buys high-quality assets and is not exposed to the assets which, from EPP’s point of view, are non-core ones. The acquisition by EPP is also scheduled to take place over an extended period of time, which would enable EPP to optimally manage its capital needs,” says Mr. Dyjas.

“The acquisition is perfectly in line with our long-term strategy: to build a national retail champion,” says Hadley Dean, Chief Executive Officer of EPP, commenting on the deal. *“This deal trebles our portfolio catchment area and increases our annual footfall by 61%.”*

Mr. Dean added that the acquisition of the entire portfolio by EPP would not make much sense. *“We have acquired all of the shopping centers. The remaining assets are single retail units and therefore they do not fit our investment strategy.”*

Upon the completion of the deal, the portfolio of commercial properties owned by EPP will be valued at ca. EUR 2.4 billion.

„The volume of this transaction once again shows the high attractiveness of Poland and its economy”, says Rafał Nowicki of Apollo Rida commenting on the deal. “The outstanding fundamentals, the stability and the size make Poland the leading economy in the CEE region, while its real estate market still offers high yields and growth potential”.

Griffin Real Estate is Poland’s largest and the most dynamic investor on the commercial real estate market, with assets valued at about EUR 5 billion. Its strategic partners are funds managed by Oaktree Capital Management, L.P., funds managed by Pacific Investment Management Company, LLC and Re-define Properties from South Africa. Aside from its involvement in Echo Investment Griffin holds, directly and indirectly, several yield-generating real estate platforms, a student housing operator Student Depot, rental housing operator Resi 4 Rent and REIT-type Griffin Premium Re.

EPP (Echo Polska Properties) is a Dutch dual listed real estate investment company that follows the REIT formula, investing in commercial properties throughout Poland. With a current portfolio that includes 6 office, 14 retail projects totaling GLA over 660,000 sqm and two-retail development sites in Warsaw, their initial portfolio is highly diversified. The buildings are located in 17 cities across the country, characterized by their strong economy and purchasing power, and ability to attract international investment interests. EPP’s goal is to create Poland’s leading, cash-generating platform consisting of well-performing office, retail, and industrial assets that will deliver consistently high returns to EPP’s shareholders.

Apollo Rida, a pioneer of the Polish real estate market with history of carrying out development projects and investments in the office, warehouse and retail sectors. Apollo Rida manages a portfolio of investments with a total area of over 1 million sqm.

Ares Management, L.P. is a publicly traded, leading global alternative asset manager with approximately \$106 billion of assets under management as of September 30, 2017 and more than 15 offices in the United States, Europe, Asia and Australia. Since its inception in 1997, Ares has adhered to a disci-

plined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles. Ares believes each of its three distinct but complementary investment groups in Credit, Private Equity and Real Estate is a market leader based on assets under management and investment performance. Ares was built upon the fundamental principle that each group benefits from being part of the greater whole.

AXA is one of the leading global real estate asset managers through AXA IM – Real Assets. It is focused on fundamental value-creation across the value chain. The company carries out an active asset management while applying local approach.