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## **Banks edging their way back to real estate financing (Translated by Crédit Agricole CIB)**

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Crédit Agricole CIB recently refinanced EUR 133 million of debt for OPCI Immocio. This transaction's conservative nature set antennae twitching in the banking community.

Banks are gradually coming back to real estate financing and refinancing, and the EUR 133 million refinancing of OPCI Immocio, a real estate mutual fund, marks a certain re-emergence of inter-bank competition. "This is one of the first post-crisis transactions enabling us and our competitors to size up the market," points out Thierry Lefèvre, head of real estate structured finance at Crédit Agricole CIB and arranger and agent for the Immocio loan. This call for tenders was not won by one of the German banks – significant because in 2009 they were practically the only ones offering finance in France thanks to the Pfandbriefe refinancing system, which was only marginally affected by the credit crunch. As it happens, because the assets were located in Réunion, these banks would not have been able to use Pfandbriefe secured bonds to finance the loan.

The call for tenders launched by Immocio's shareholder, Generali, nevertheless attracted other banks - on account of the portfolio's quality. Immocio, which is managed by Ciloger, holds 13 Casino-brand hypermarkets and supermarkets and six warehouses in Réunion. The portfolio is valued at EUR 280 million, close to the valuation used for the initial investment at end-2007. "These assets are located in a buoyant market. The leaser – Casino subsidiary Vindémia – is experiencing solid revenue growth thanks to the island's demographic vitality," observed Thierry Lefèvre. Moreover, the loan-to-value ratio of around 50% is in line with the level of risk banks are currently prepared to take.

Generali originally acquired the asset portfolio through Immocio from Casino at the end of 2007. Given the cracks starting to appear in the credit market at that time, the insurer set up an internal two-year bridging loan underwritten by Generali IARD. When the loan came to term in January, with the credit market gradually coming back to life Generali launched a call for tenders to obtain bank refinancing. Crédit Agricole CIB won the contract and set up a five-year term loan underwritten mainly by Crédit Agricole group entities.

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