Matheson

Key issues in Irish Real Estate M&A Transactions

Dublin Cork London New York Palo Alto San Francisco

Matheson LLP

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Matheson has advised on a number of the most high-profile Real Estate M&A transactions in the Irish market. The cross-departmental Real Estate M&A Group, made up of highly experienced deal specialists from our Real Estate, Construction, Corporate, Tax, Funds and Banking departments sets us apart in the market. The Group recognises the wide range of complex issues that arise on Real Estate M&A transactions – the multidisciplinary team is equipped with the experience and expertise to meet its clients' diverse needs. Group clients include sophisticated private equity sponsors, publicly-traded REITs, international acquirers, significant pension organisations, sovereign wealth funds and other institutional investors active in this space.

Matheson's Real Estate M&A Group advises on all matters connected to our clients' real estate and real estate-related activities from structuring and fundraising to deployment of capital including mergers, acquisitions, dispositions, take-privates and restructuring. The Group is also highly experienced on the leverage aspects of real estate transactions and regularly advises both lenders and borrowers across the entire capital structure. The Group's unique experience has been built up over years of applying a multi-disciplinary approach to advising both domestic and international clients across all major asset classes including office, industrial and logistics, data centres, infrastructure, retail, hotel, leisure, residential "buy-to-let" sectors and large-scale mixed use and multi-family developments.

Given Matheson's broad and deep knowledge of the Irish real estate market and regulatory and tax landscape, the Real Estate M&A Group is equipped to both deal with the ever-changing and rapidly growing real estate market, while remaining laser focused on delivering solutions for its new and existing clients.

Experience Highlights:

Goldman Sachs

Advising Goldman Sachs on the sale of Blanchardstown Centre, one of Ireland's leading shopping destinations, to Strategic Value Partners, LLC (the largest real estate deal of the year in 2024).

ARROW GLOBAL

Advising Arrow Global Adviser Limited and Eagle Street Partners Ireland Limited on their acquisition of the Square Shopping Centre through the acquisition of Oaktree's Indego group of companies.

Pandox™

Advising Pandox AB on the recommended cash offer of €1.4billion for the Dalata Hotel Group one of the largest real estate M & A deals in the Irish market in 2025.

BlackRock.

Advising Blackrock, global investment manager, on the acquisition of Jacobs Inn Dublin and the subsequent sale of the corporate entity holding that asset, together with a similarly sized real estate asset in Spain, to Azora, a Spanish real asset investment firm.

MACQUARIE

Advising Macquarie Asset Management in relation to its acquisition of:

- the Beacon Hospital Group, one of Ireland's most technologically advanced private hospitals, serving more than 200,000 patients each year; and
- Beauparc, the leading Irish and UK recycling and processing led waste-to-resource business spanning domestic and commercial waste management, renewable energy supply, recycling collection and processing, logistics, green fuels and recovery energy, a business that comprised many different real estate asset classes spanning large operational waste management plants to office blocks to landfill sites.

cellnex

Advising Cellnex Telecom, Europe's largest operator of towers and telecom infrastructures, on the sale of its Irish business to Phoenix Tower International;

Goldman Sachs

Advising Goldman Sachs on the recapitalisation of Blanchardstown Centre as well as the operating and management arrangements in respect of the centre, which is Ireland's largest shopping centre;

STARWOOD CAPITAL GROUP

Advising Starwood Capital in relation to:

- the purchase of the Elm Park Development from a NAMA appointed receiver;
- the sale to IRES REIT plc. of over 200 residential units, located in part of the Elm Park; and
- the sale to Standard Life of the Allianz plc. occupied office headquarters, located in part of the Elm Park Development.

Advising a European Infrastructure Fund on a number of nursing home acquisitions in Ireland.

BC8.

Advising BC8 on its acquisition of The Talbot Group, a leading provider of services for adults with an intellectual disability and acquired brain injury, and its subsequent sale of the Talbot Group to DIF Capital Partners.

Hammerson Allianz

Advising Hammerson and Allianz Real Estate on the purchase of Project Jewel - Ireland’s largest real estate transaction comprising a portfolio of prime retail assets including Dundrum Town Centre - and its subsequent loan to ownership conversion.

Brookfield

Advising Brookfield in respect of the acquisition of lands in connection with the development of a windfarm in Co. Tipperary

IRVING

Advising Irving Oil on its acquisition of a portfolio of over 130 real estate properties located throughout Ireland.

Blackstone

Advising Blackstone on the financing of the development by Lioncor of the Glassbottle site in Dublin, which when completed will be the single largest residential development in Dublin City comprising over 3,500 units.

Bank of America WELLS FARGO

Advising Wells Fargo and Bank of America on the acquisition financing to Blackstone for the purchase of the SalesForce Tower, the largest single office block in the Dublin market.

Oxley
OXLEY HOLDINGS LIMITED

Advising Oxley on the purchase, development, letting and sale of its Dublin Landings development comprising 600,000 sq ft of office space, 330 PRS units, retail and leisure and on the development, letting and sale of its Dublin Arch development comprising 400,000 square ft of office space, 200 PRS units, a 150 key Hotel, retail and leisure.

KENNEDY WILSON

Advising Kennedy Wilson on the acquisition and financing of its industrial portfolio in Ireland.

BARINGS

Advising Barings on the financing to KKR and Palm Capital in connection with its acquisition of the Core Industrial Portfolio.

ARROW
GLOBAL

Advising Arrow on the acquisition of Start Mortgage Group which includes over 12,000 residential mortgages.

Key considerations in Irish Real Estate M&A Transactions

1. Real Estate Diligence

- **Title** – Due diligence of title from a legal and technical perspective (ranging from establishing property titles to examination of the technical structure of the property).
- **Construction / Planning / Environmental / Building Regs** – Full legal and technical construction due diligence if development works have taken place within the previous 12 years, and planning, environmental and building regulations compliance diligence.
- **Change of Control Consents** - relevant if title held under lease and freeholder consent required. Utility contracts may require consent of Eirgrid or ESBN (most relevant in connection agreements for data centres).
- **Anchor tenant pre-emption.**

2. Tax

- **Optimum structure** - relevant so purchasing entity gets tax deduction for the interest on its borrowings - also relevant where a potential domestic CGT charge could be overridden by the terms of a double tax treaty.
- **Tax Heads** - (i) corporation tax, (ii) VAT, (iii) Relevant Contracts Tax, (iv) stamp duty, and (v) corporation tax on chargeable gains / capital gains tax to be reviewed. Any post-completion restructuring to be considered in tax structure planning.
- **Stamp Duty** – Transfer of shares in an Irish incorporated company is subject to Irish stamp duty at **1%** **note** an increased stamp duty of **7.5%** applies for equity transactions in certain land-rich companies which directly or indirectly derive the greater part of their value from Irish commercial real estate and a stamp duty of **10%** can apply on transfers of certain land-rich companies which hold 10 or more residential units (excluding apartments).
- **CGT Clearance Certificates** – if the target company derives the greater part of its value from Irish land and buildings, a CGT clearance cert is required. Determination of value derivation in a corporate requires review in the context of hospitals, hotels, nursing homes, solar farms, onshore wind farm developments and data centres. Also relevant where seller may be looking to avail of Ireland's participation exemption on their exit or where the current seller is non-Irish tax resident and is looking to ensure that their exit is not subject to Irish CGT.

3. Debt Finance

- **Pre-existing debt** – may be advantageous to purchase a real estate holding vehicle with its existing debt financing in situ. A number of considerations are relevant if this is the case including (i) mandatory prepayment provisions, (ii) break costs or prepayment fees for repayment post-completion, (iii) existing or future covenant breaches, (iv) compliance with loan-to-value requirements, and (v) fund related controls (if the target is a fund).
- **New debt** – the underlying real estate asset and any operational businesses generating revenue streams from that real estate will be the key credit support for lenders. As such, due diligence of such assets will be important.

4. Funds / partnerships holding real estate

- **Structuring** – if purchasing a fund / partnership interest, the purchaser will need to consider whether it is happy to retain the structure. If not, it should consider any associated termination or continuing costs. If the structure continues, the board and all service providers to the fund should be involved in the proposed transaction at an early stage to ensure that all fund requirements are taken into account.
- **Fund requirements** – the fund will be subject to certain minimum rules including: (i) calculating a net asset value for each subscription/redemption (but

crucially not a transfer of interests), and (ii) rules for related party transaction and in-kind rules that require depositary approval for certain transactions.

- **Seller affiliates** – the incumbent service providers (eg, AIFM/investment manager/investment advisor) and board representatives of the target may be affiliated with the seller and so cannot realistically be retained in the fund structure. Central Bank approval is required for director and service provider changes, so the regulatory process for any changes needs to be factored into any closing process.
- **Leverage Limits** – Irish regulated funds investing 50% or more of their total investments directly or indirectly in Irish property assets may only incur debt to a level of 60% of its total assets. This applies to all new property funds and will apply on 24 November 2027 for all existing property funds. If purchasing a fund structure, the purchaser may need to supplement up to 40% "equity" to meet this limitation.

5. Corporate

- **Irish Financial Assistance rules** – if the purchaser wishes to obtain acquisition financing and secure that finance on the shares being acquired, this will give rise to the prohibition on financial assistance (rules which are relevant under Irish law but were abolished in relation to private companies the UK in 2006 so unlikely to be on the radar of non-Irish acquirers). Assuming none of the exemptions to financial assistance apply (which would be unlikely in the above fact pattern), the summary approval procedure must be followed to 'cure' the financial assistance.
- **W&I Insurance** – if a financial sponsor is selling – warranty & indemnity insurance is likely going to be suggested to remove any tail risk to the fund in order to allow for return of capital to limited partnership. Early engagement with W&I providers is important.

Matheson Key Contacts

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