

Merlin Knows How To Spend €1.056 billion on Property In Spain

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The Merlin Real Estate Investment Trust, which debuted in July as the largest initial public offering in Spain in three-years, has already invested almost all its funds.

The REIT, known as a Socimi in Spain, has spent €1.056 billion of the €1.291 million it raised in the initial public offering, or-82 per cent, after the purchase of an office building in Barcelona. Merlin paid €46.75 million last week for the World Trade-Center Almeda Park, a fully-leased Class-A office building with 14,535 square meters of leasable space.

The deal follows the €260 million purchase of the Marineda Shopping Centre in the northwest town of A Coruña, the-second-largest shopping and leisure complex in Spain. Merlin bought the three-year-old centre from Invest Cos, a group-which includes Manuel Jove, Modesto Rodríguez, José Collazo and Jose Souto. The shopping complex includes an IKEA-and an El Corte Inglés, as well as a hotel.

Merlin touted the purchase as the biggest “single asset investment”-in a Spanish shopping center since 2008.

“The Marineda City shopping centre is an example of an-exceptional asset which is rarely found in the market,” Merlin CEO-Ismael Clemente said in a statement.

Merlin's biggest purchase, which was set before the IPO, was the €739.5 million deal to buy Tree Inversiones Inmobiliarias S.A., a portfolio of commercial properties owned by Ares Management, Europa Capital, Deutsche Bank and Banca March. The properties are fully leased to BBVA.

With the purchase of the Barcelona office building, Merlin controls more than 500,000 square meters of leasable space and expects to generate gross rental income of €110 million a year. In its prospectus, Merlin said it would focus investments on Spain's main cities and, to a lesser extent, on Portugal. It's primarily looking to invest in offices, shopping centres, industrial and logistics facilities and urban hotels.