

Intu Properties in €451m shopping centre deal

Intu Properties plc (ITU) has entered into a deal that will see it acquire Puerto Venecia shopping centre and retail park in Zaragoza, Spain for €451m, it announced on Wednesday, 24 December 2014.



Intu said that it had exchanged contracts with an entity indirectly fully owned by the Orion European Real Estate Fund III C.V, a fund managed by Orion Capital Managers, to acquire the property.

The transaction represented a net initial yield of 5% based on net rental income of €22.4m.

Intu said its development partner in Spain, Eurofund, was closely involved in the original development of the "award winning" centre which opened in 2008 (retail park) and 2012 (shopping centre).

It said a €225m bridging loan had been obtained from HSBC, which Intu could exchange for a five-year term loan secured on the asset, with the all-in cost of debt estimated to be about 3.5%.

The balance of the consideration will be met from Intu's existing resources. The acquisition, which is scheduled to be completed in January 2015, was expected to be "earnings accretive", according to Intu.

Intu chief executive David Fischel said the acquisition of the Puerto Venecia shopping centre substantially accelerated their activities in Spain. He said that Puerto Venecia represented an asset with an attractive combination of retail, restaurants and leisure.

"The centre is seeing strong growth in footfall and retailer sales from key names and provides an excellent template for the future development of sites we have under option, such as in Malaga where we expect to move the project forward significantly in 2015," the company said.

Intu, in partnership with Eurofund, has options on four development sites in Malaga, Valencia, Palma and Vigo. The Puerto Venecia acquisition substantially strengthens Intu's market position in Spain, ahead of embarking on the first of these projects which is likely to be the Malaga site.

Intu will be giving consideration during 2015 to introducing an investment partner into Puerto Venecia and possibly the development site at Malaga.

Source: BDpro via I-Net Bridge

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