

Cordatus Property Trust buys Mercor portfolio for £45m

By James Wallace - Monday, September 24, 2018 7:59

Cordatus Property Trust (CPT) has bought the Mercor portfolio, a package of 33 individual trade counter units let on long leases to Travis Perkins, for £45.35m from joint-owners Avignon Capital and Riverside Capital.

The deal reflects a net initial yield of 5.35%, and the assets are spread throughout the UK, including 30% by value located in the South East.

CPT is a programmatic venture that is exclusive to clients of CBRE Global Investment Partners (CBRE GIP) and managed by Cordatus Real Estate (Cordatus).

The portfolio offers the potential for long-term value creation. The units are all let on long leases with guaranteed rental uplifts backed by a strong covenant. The assets benefit from very low site density and offer the potential to add value through re-structuring leases and looking at alternative future uses and redevelopment.

Michael Cunningham, Cordatus Director, said: "This is a substantial acquisition for the Cordatus Property Trust – our largest to date – and offers very attractive, long term value. It's an opportunity for us to deploy our specialist skills to manage, re-gear and potentially redevelop the assets in line with our strategy of delivering an attractive income return to our investors with potential for capital growth. Since our first acquisition with the Lion Portfolio in late 2015, the Trust is going from strength to strength."

Alex Bignell, Region Head of UK, CBRE GIP, said: "We are very pleased with this latest acquisition by CPT. This portfolio purchase takes the total value of the CPT portfolio to approximately £175m demonstrating the ability of Cordatus, as one of our exclusive programmatic ventures, to achieve size while remaining focused on the quality of assets acquired."

Cordatus and CBRE GIP launched the Trust in December 2015 which targets investment opportunities in micro locations, primarily in UK regional markets, with typical lot sizes of between £3m to £15m, to generate above market income distribution.

HSM acted for Cordatus and JLL acted for the vendor.

The Mercor Portfolio includes 33 trade counters with 100% of the income secured to Travis Perkins (Properties) Ltd. The total floor area is 432,292 sq ft on 41.40 acres (which means a very low average site cover of 24%). With sites located nationwide, the portfolio was represented in five regions (South East, South West, Midlands, North and Scotland). Each region contains between five and eight properties, making up the total of 33 assets.

James Wallace is a freelance consultant and can be reached via [LinkedIn](#) or email: jawallace32@gmail.com

Adding Value in
Real Estate Finance

