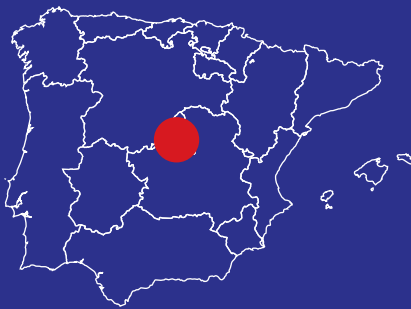


DEAL OF THE YEAR IN SPAIN

IBA CAPITAL PARTNERS –
FRANCISCO GERVÁS 10

LOCATION:

Madrid

SECTOR:

Offices

DATE:

Q4 2023

BUYER:

IBA Capital Partners
(Zambal Socimi)

SELLER:

Blackstone

INVESTMENT VOLUME:

€59M



The Francisco Gervás 10 deal represents the acquisition of an emblematic office in one of the best areas of Madrid's CBD, beside Plaza de Cuzco and Paseo de la Castellana. The building, with c. 8.000 sqm GLA, is fully rented to the "Courts of Comunidad de Madrid", a public entity. The transaction was executed through a share deal, for a total asset value of €59M.

The deal had been in market for months, having suffered the impact of interest rates hike and consequent investor sentiment change, resulting in a big bid-ask gap that has been difficult to bridge, and investment volumes decreased

dramatically, producing a situation where no references in terms of pricing and yield were available. A tailor-made structure built together with the seller, bringing on stable cash flows for both parties, guaranteed the fulfilment of all objectives.

The main aspects used to succeed in the deal were the following:

- Payment structure: including an intrinsic financing for the buyer. This produced an optimal combination of price for seller and return for investor, especially considering the current difficult bank financing context. IBA Capital Partners considered market prospects and seller requirements to define a right maturity, making our BP feasible with alternative strategies (flip over if the market shows opportunities, hold for the long term with the optionality of refinancing at accretive levels).
- Lease contract complexity: the former owner was able to extend the contract creating significant value through a long-term single tenancy schedule. IBA Capital Partners took the risk and obligation to execute certain capex commitments but put in place different compensation mechanisms to assure stable cash flow production from the asset.
- Coordination and no-risk execution: key to end up with a clean and fast delivery. Relevant volume of external advisors and tasks to be covered in a short period of time.