



Árma Real Estate SOCIMI, S.A.  
Fernando el Santo 15  
28010 Madrid - Spain  
T. (+34) 910 532 803  
info@arimainmo.com

## **SPANISH NATIONAL STOCK MARKET COMMISSION**

Pursuant to the provisions in articles 17 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April, on market abuse, and 226 of the consolidated text of the Spanish Stock Market Act, approved by Royal Legislative Decree 4/2015 of 23 October and its concordant provisions, Árma Real Estate SOCIMI, S.A. (hereinafter, "Árma" or the "Company") hereby notifies the following

### **INSIDE INFORMATION**

Árma files to the CNMV the 2018 Consolidated Financial Statements as well as the 2018 Earnings Report.

Please find attached hereafter the Earnings Report and press release.

Madrid, 18<sup>th</sup> February 2019

Mr Luis Alfonso López de Herrera-Oria  
Chief Executive Officer  
Árma Real Estate



ÁRIMA

FY2018  
RESULTS  
PRESENTATION

## > DELIVERING ON IPO PLANS

IPO PLANS	CURRENT SITUATION
<p>1 <b>INVESTMENT PERIOD (6 – 9 MONTHS)</b></p>	<p>✓ → Net proceeds raised in IPO already invested → 4 transactions executed in 3 months</p>
<p>2 <b>ROBUST TRANSACTION SOURCING</b></p>	<p>✓ → Off-market transactions → Competitive prices, below market levels</p>
<p>3 <b>FOCUS ON OFFICES</b></p>	<p>✓ → 100% exposure to office assets</p>
<p>4 <b>FOCUS ON PRIME LOCATIONS IN MADRID</b></p>	<p>✓ → 100% exposure to Madrid office market → Prime locations across CBD and other established business areas</p>
<p>5 <b>HIGH QUALITY PROPERTIES WITH SIGNIFICANT UPSIDE POTENTIAL</b></p>	<p>✓ → Exceptional buildings with intensive asset management requirements → Estimated IRR of 15%-18% on current portfolio in line with target TSR (12%-15%)</p>

*On track to implement value-added investment strategy*

## > INVESTMENT ACTIVITY



## > INVESTMENT ACTIVITY

### STRONG INVESTMENT ACTIVITY SINCE IPO...

- Strategic deployment of equity proceeds raised (#2 most active player in the Madrid office market)<sup>1</sup>
- **€108m total investment** (€94m total acquisition price, acquisition cost and an estimated capex plan of €12m) vs. €97m net proceeds from IPO
- **Bridge loan** amounting to €30m recently signed and advanced negotiations with financial entities for further financing

### ...BUILDING A HIGH QUALITY PORTFOLIO WITH SIGNIFICANT UPSIDE POTENTIAL...

- Properties following **different value-add strategies** (refurbishment, lease-up and re-leasing, ownership consolidation)
- Diversified portfolio located in **CBD and established business areas in Madrid**

### ...DEMONSTRATING OUR VALUE CREATION CAPABILITIES...

- Ability to buy at attractive €/sqm: average **acquisition price c.19% below market comparables<sup>2</sup>** and **+8.7% valuation growth on acquisition price** in 2 months
- 6.7% yield on cost<sup>3</sup> vs 3,5% Madrid prime office yield<sup>4</sup>
- EPRA NAV<sup>5</sup> increased from €9.7 p.s. from IPO to **€10.13 p.s.** as of 31st January 2019

### ... COUPLED WITH AN ATTRACTIVE PIPELINE OF OPPORTUNITIES PENDING TO BE EXECUTED

- **€1.5 bn** of identified projects currently in our **pipeline**

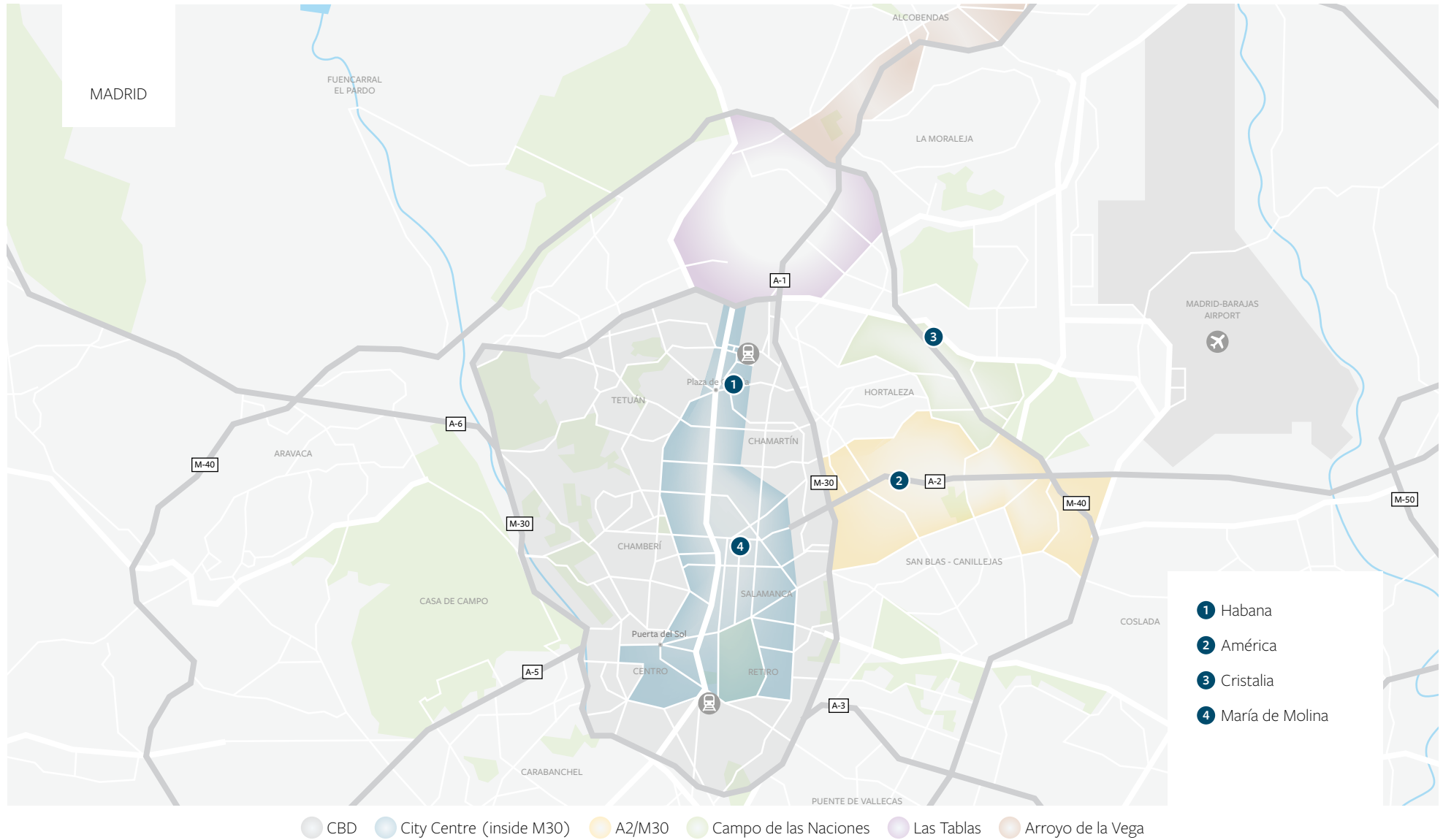




> PROPERTY OVERVIEW



> PROPERTY OVERVIEW **ASSET MAP**

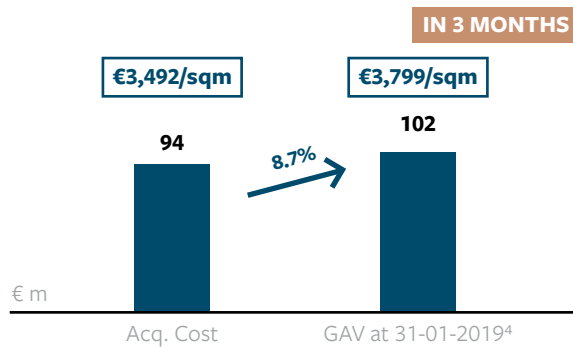


## > PROPERTY OVERVIEW

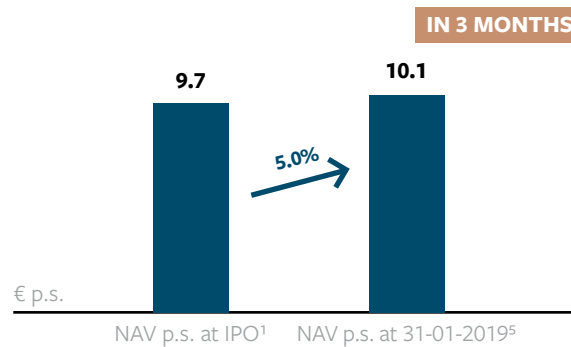
### HIGH QUALITY PORTFOLIO WITH SIGNIFICANT UPSIDE POTENTIAL

#### CLEAR VALUE CREATION STRATEGY ALREADY CRYSTALIZING...

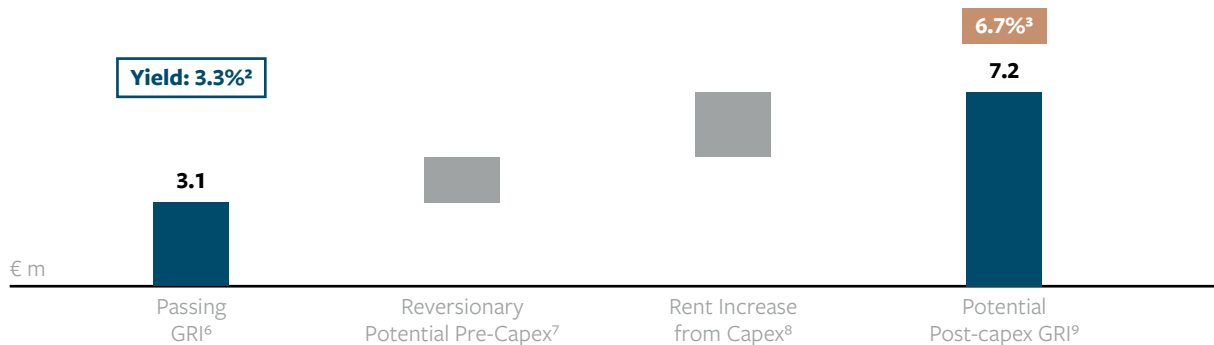
##### > ASSET VALUATION



##### > NAV PER SHARE



#### ...BUT STILL WITH SIGNIFICANT UPSIDE POTENTIAL AHEAD

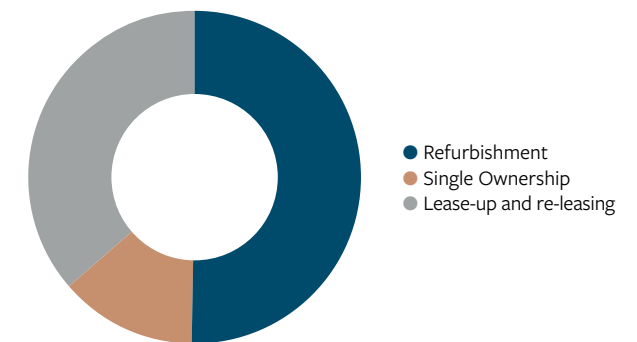


#### IPO PROCEEDS FULLY INVESTED

- 4 off-market acquisitions successfully closed in 3 months
- 100% Madrid Office
- 26,879 sqm GLA
- €12m capex plan

#### FOLLOWING DIFFERENT VALUE CREATION STRATEGIES

##### > BY TOTAL INVESTMENT



Notes: **(1)** Net IPO proceeds of €97m divided by the number of outstanding shares 1,006,300. **(2)** Passing gross yield defined as passing gross rents over GAV. **(3)** Yield on cost defined as post-capex GRI divided by total investment (acquisition cost plus expected capex). **(4)** According to CBRE Valuation as of 31st December 2018 for María de Molina and Habana assets; and Savills Valuation as of 31st January 2019 for América and Cristalia assets. **(5)** As per Company Financials as of 31st January 2019. **(6)** Defined as annualized gross rents. **(7)** Includes mark-to-market of rents and leasing vacant space. **(8)** Expected increase in rents from capex investments. **(9)** Expected gross rental income after realizing reversionary potential and effects from capital expenditures.



## > PROPERTY OVERVIEW HABANA

**LOCATION**  
Madrid  
CBD

**ACQ. DATE**  
December  
2018

**STRATEGY**  
Full  
refurbishment

**GLA**  
4,339 sqm

**PARKING UNITS**  
70

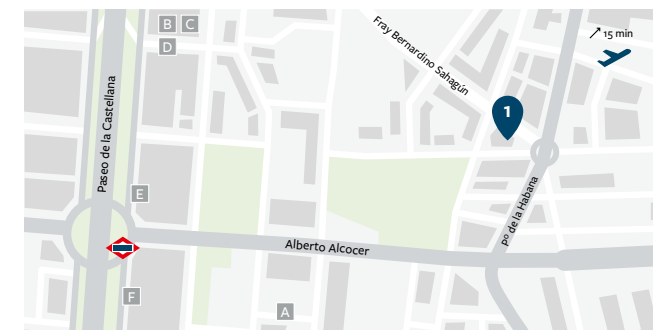
**TENANTS**  
Cegos  
Formación



### ACQUISITION RATIONALE

- **Off-market acquisition** of a free-standing office building in **Madrid CBD**, with a metro station within 5 minutes walking distance
- **Free-standing complex** benefits from **excellent visibility**
- **Spacious** floor plates of c. 1,000 sqm
- Currently occupied by **single tenant** under a **sale-and-lease back** while urban planning and administrative permits are obtained
- Upon end of lease, **full refurbishment** to result in a **Class A building**
- **Refurbishment project** designed by Fenwick Iribarren Arquitectos with full involvement of Arima's team, includes renovation of façade, entrance hall and common areas

### LOCAL MAP



A Philip Morris  
B CBRE  
C LinkedIn

D Sony  
E Ministerio de Industria  
F Ministerio de Economía

# > PROPERTY OVERVIEW HABANA STRATEGY / ASSET MANAGEMENT PLAN

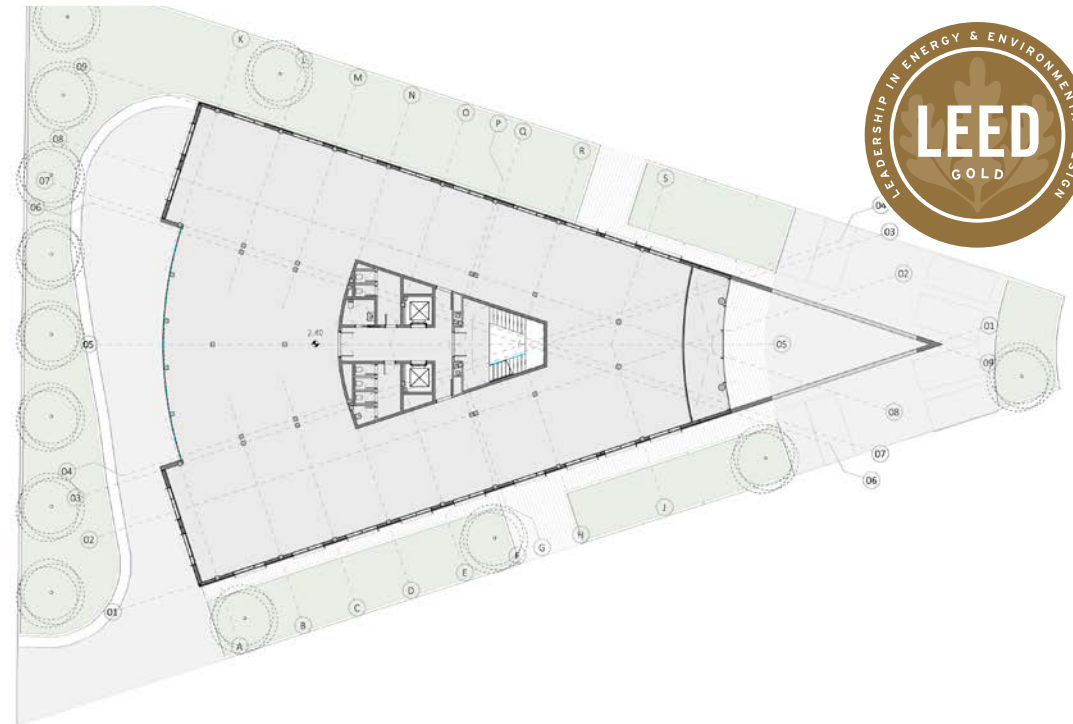
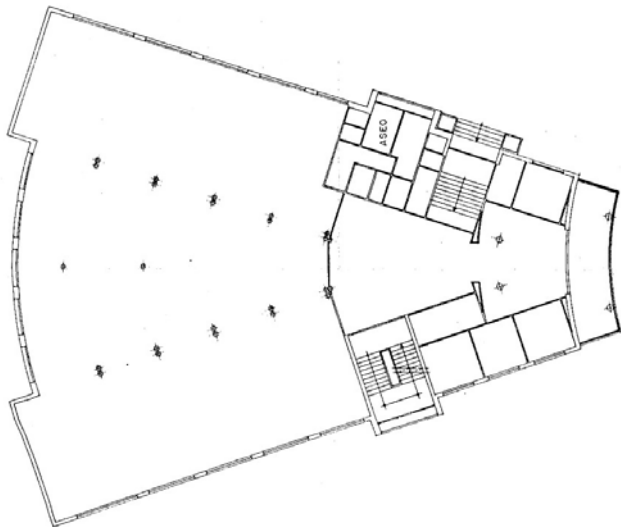
> BEFORE



> AFTER



- Analysis of building configuration allowing for the **existing structure and volume**
- **Compliance** with building **regulations** and **capex optimisation**
- **Reconfiguration** within existing structure to **maximise open space** and the **net-to-gross lettable area ratio**
- Vertical communications moved to entrance, **allowing natural light** into the office space
- Improvement of working environment and reduction of electricity costs
- **Floor to ceiling glass façade** renews the property's image and improves building quality
- **Interior and exterior materials** carefully selected based on durability, sustainability and environmental efficiency





## > PROPERTY OVERVIEW AMÉRICA

**LOCATION**  
Madrid  
A2/M30

**ACQ. DATE**  
January  
2019<sup>1</sup>

**STRATEGY**  
Partial  
refurbishment

**GLA**  
9,272 sqm

**PARKING UNITS**  
193

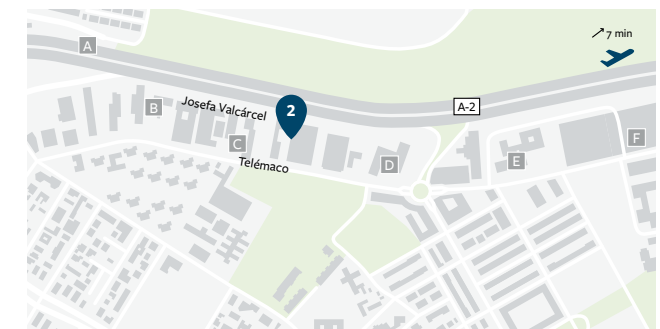
**TENANTS**  
La Razón  
Planeta



### ACQUISITION RATIONALE

- **Off-market** acquisition of a **prominent office building** in the well-established Madrid submarket of A2/M-30
- **Excellent visibility** from the A2 highway, located next to the new premises of Banco Santander and to Arturo Soria
- **Well-connected** building with quick access to the airport. New Metro Line (línea 11) planned to serve the area has been approved
- Good floor plates and common areas with strong potential
- Currently **74% occupied** by high quality tenants, with **leases ending in the short term**
- **Full refurbishment** aiming to result in a **class A building office**
- Project designed by Estudio Alvarez-Sala, includes renovation of façade, entrance hall and common areas
- Strategy includes re-leasing upon completion of refurbishment project

### LOCAL MAP



A Honeywell  
B World Duty Free Group  
C Merck

D L'oreal  
E Grupo Vocento  
F Banco Santander

Notes: (1) Binding agreement signed in December 2018 but acquisition closed in January 2019.

## > PROPERTY OVERVIEW **AMÉRICA** STRATEGY / ASSET MANAGEMENT PLAN

> BEFORE



> AFTER



- **Rebranding** through replacement of outdated façade with **modern, efficient and durable curtain wall** solution
- **Improves** exterior and interior **visibility**
- Thorough analysis to reconfigure internal spaces, **improving floor plate efficiency** and flexibility
- **Simplification** of building elements to **improve external appearance**
- Reconfiguration of the **reception area** to enhance appearance and comfort by installing **underfloor heating** and **incorporation of green areas**
- Latest **technology advances** to improve services for future tenants

> BEFORE









> AFTER





## > PROPERTY OVERVIEW CRISTALIA

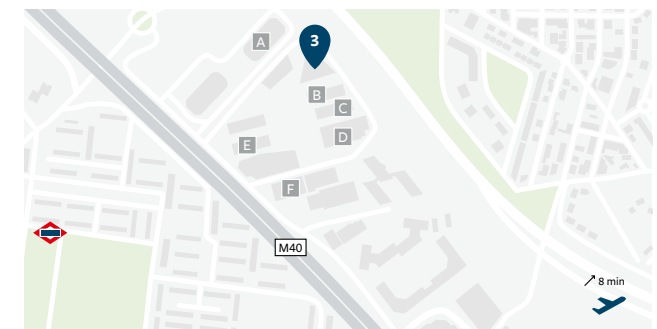
					
<b>LOCATION</b>	<b>ACQ. DATE</b>	<b>STRATEGY</b>	<b>GLA</b>	<b>PARKING UNITS</b>	<b>TENANTS</b>
Madrid - Campo de las Naciones	January 2019 <sup>1</sup>	Lease-up and re-leasing	10,928 sqm	202	Aegon



### ACQUISITION RATIONALE

- **Off-market acquisition** of a **free-standing** office building located in the **established Cristalía Business Park**, in Campo de las Naciones
- Located in a highly sought after **business park** with a **strong tenant roster**
- **Highly efficient building** with **Leed Gold** certification and column-free floor plates of 1,400 sqm
- Currently **partially occupied** (67%), with the remainder under advanced negotiations with a **high quality tenant**
- Attractive reversionary potential explaining strategy of re-gearing of existing leases and lease-up of vacant space

### LOCAL MAP



- |                   |                   |
|-------------------|-------------------|
| A UPS             | D Altadis         |
| B Metro de Madrid | E Electronic Arts |
| C Novo Nordisk    | F Ericsson        |

Notes: (1) Binding agreement signed in December 2018 but acquisition closed in January 2019.



## > PROPERTY OVERVIEW **MARÍA DE MOLINA**

**LOCATION**  
Madrid  
CBD

**ACQ. DATE**  
December  
2018

**STRATEGY**  
Single  
ownership

**GLA**  
2,340 sqm

**PARKING UNITS**  
8

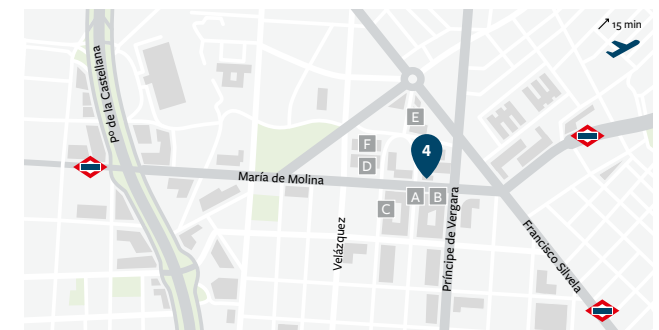
**TENANTS**  
—



### ACQUISITION RATIONALE

- **Off-market acquisition** of 9th and 10th floors of a prominent office building located **in Madrid's prime CBD**
- Located on one of **Madrid's prime arteries**, benefitting from **excellent access and transport options**
- **Prominent office building** with **strong signage potential** and spacious floor plates above 1,000 sqm
- Value creation strategy includes **obtaining single ownership, with negotiations underway**
- **Floor-by-floor refurbishment** and eventual renovation of façade once single ownership obtained
- Future **leasing strategy** focused on **multi-tenant approach**

### LOCAL MAP



A Farmaindustria  
B Renovalia  
C A.E. de Admón. Tributaria

D SEPI  
E Navantia  
F CNMV



> FY 2018 FINANCIALS





## > FY 2018 FINANCIALS KEY FINANCIALS

### > KEY BALANCE SHEET ITEMS

€ 000 (unless specified)	31/12/2018	31/12/2019
Gross Asset Value (GAV)	39,975 <sup>1</sup>	102,106 <sup>2</sup>
Gross Debt	-	29,930 <sup>3</sup>
Cash & Equivalents	57,970	30,128 <sup>3</sup>
Net Debt	-	(198) <sup>3</sup>
Gross LTV	n.a.	29.3%
Net LTV	n.a.	n.a.
NAV	97,634	100,763
NAV p.s. (€)	9.81	10.13

### > P&L ACCOUNT

€ 000 (unless specified)	31/12/2018 <sup>4</sup>
Gross Rental Income (GRI)	12
Net Rental Income (NRI)	12
Operating Income (EBITDA)	(495)
EBIT	1,124
Net profit	1,124

→ Metrics as of 31st January 2019 also include €30m bridge financing closed in January 2019

→ Assets' contribution is limited for the full-year results. Having acquired two assets in December 2018 and two in January 2019, the Company has obtained valuation appraisals as of 31st January 2019 for the two properties acquired in January 2019

**Notes:** **(1)** Including €6.3m of investment properties in progress (down payments made in the context of two acquisitions). **(2)** According to CBRE Valuation as of 31st December 2018 for María de Molina and Habana assets; and Savills Valuation as of 31st January 2019 for América and Cristalia assets. **(3)** Including bridge loan facility of €30m. **(4)** For the period June 13, 2018 – December 31, 2018.



> MARKET UPDATE

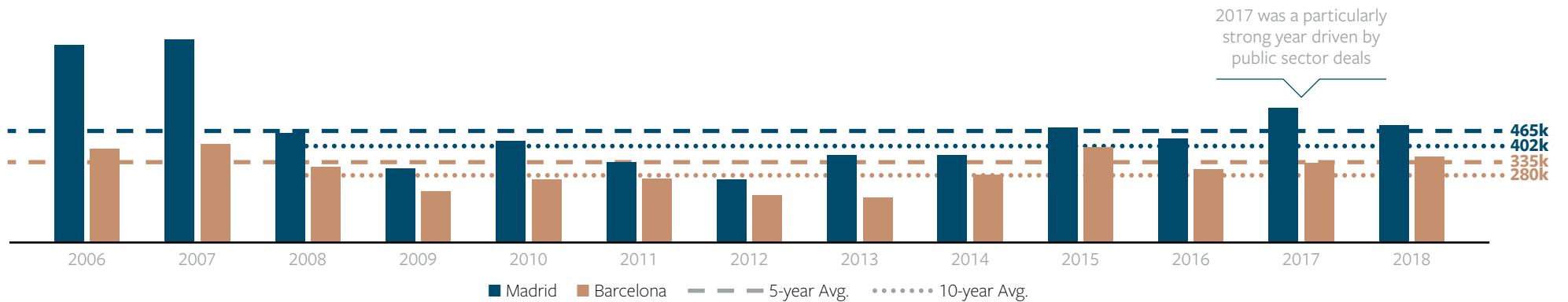


## > MARKET UPDATE SPANISH OFFICE MARKET

### ROBUST DEMAND CONTINUES TO DRIVE INCREASE IN RENTS

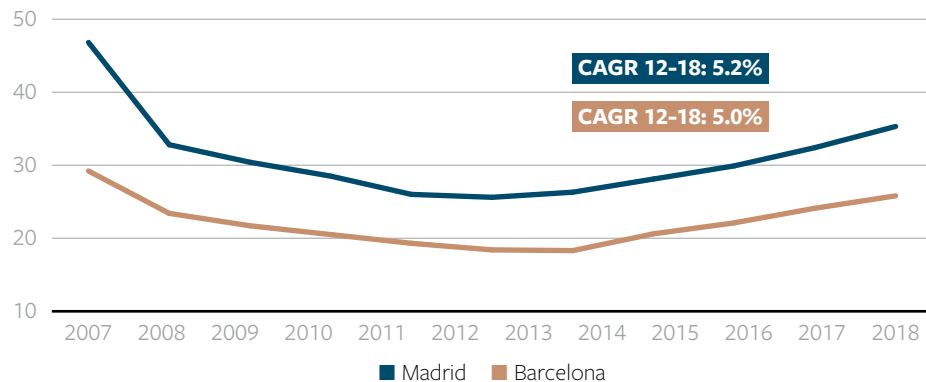
#### HEALTHY TAKE UP LEVELS ABOVE 5 AND 10 YEAR AVERAGES...

> TAKE-UP EVOLUTION ('000 SQM)



#### ...WITH CONTINUOUS THE INCREASE IN PRIME RENTS IN BOTH MADRID AND BARCELONA SINCE 2013...

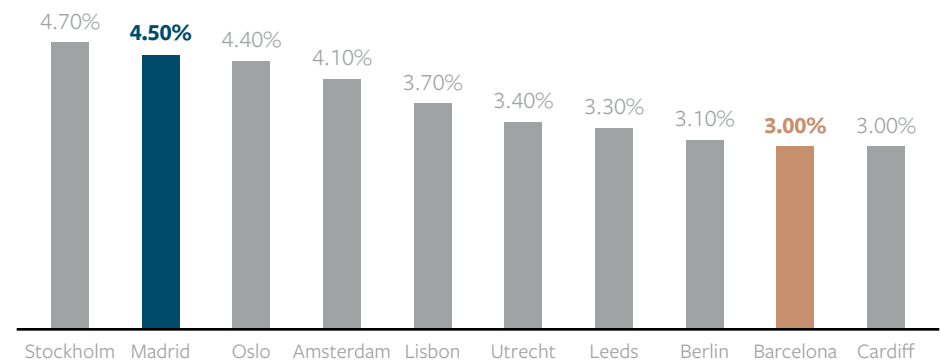
> PRIME RENTS (€/SQM/MONTH) - ADJUSTED FOR INFLATION



Source: JLL

#### ...WHICH IS EXPECTED TO CONTINUE IN THE UPCOMING YEARS RELATIVE TO OTHER EUROPEAN CITIES

> TOP 10 EUROPEAN CITIES 2018 - 2022 AVG. RENTAL GROWTH (%)



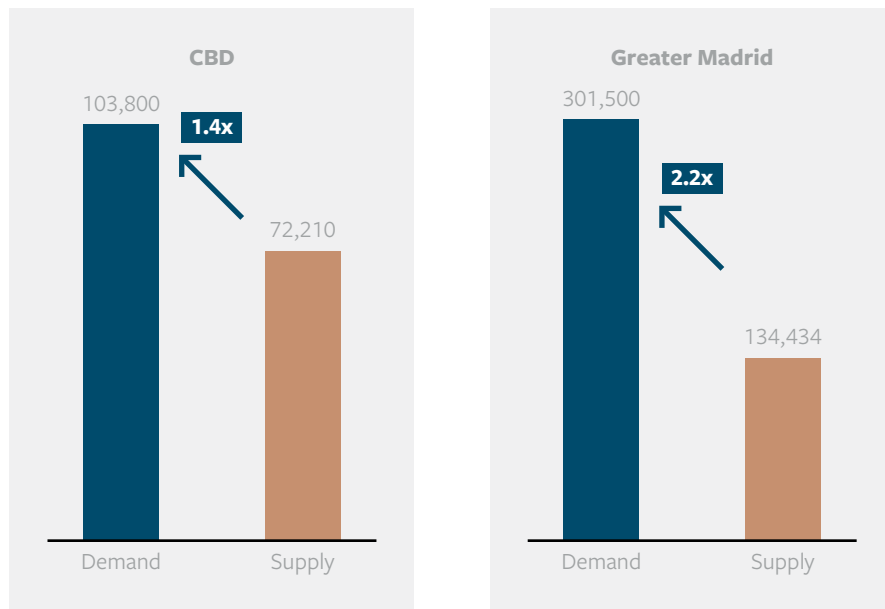


## > MARKET UPDATE MADRID OFFICE MARKET

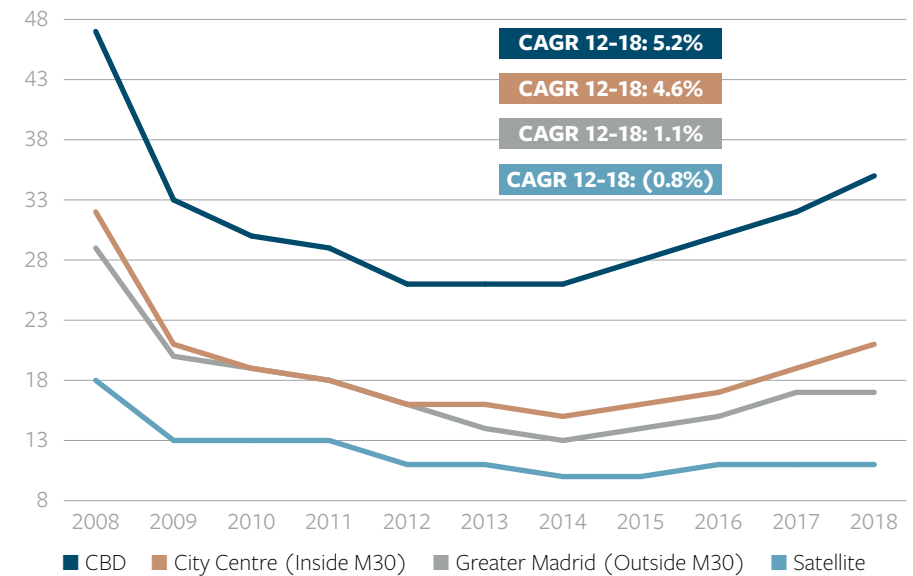
MISMATCH BETWEEN DEMAND AND AVAILABLE SPACE LEADING TO RENTAL GROWTH ACROSS SUBMARKETS

**PRIME RENTS IN MADRID CONTINUE TO RISE, ESPECIALLY IN CBD AND CITY CENTRE AREAS. THE GAP IN RENTS BETWEEN CBD AND GREATER MADRID STARTING TO PUT PRESSURE ON RENTS ACROSS SUB-MARKETS**

> DEMAND VS. GRADE A OFFICE SPACE SUPPLY (SQM)



> PRIME RENTS EVOLUTION BY SUBMARKET (€/SQM/MONTH) ADJUSTED FOR INFLATION



CBD and city centre submarkets have experienced significant recovery from 2012 lows but there is still room for additional increase potential when compared to peak levels

Greater Madrid areas are far from peak levels and have ample headroom for recovery

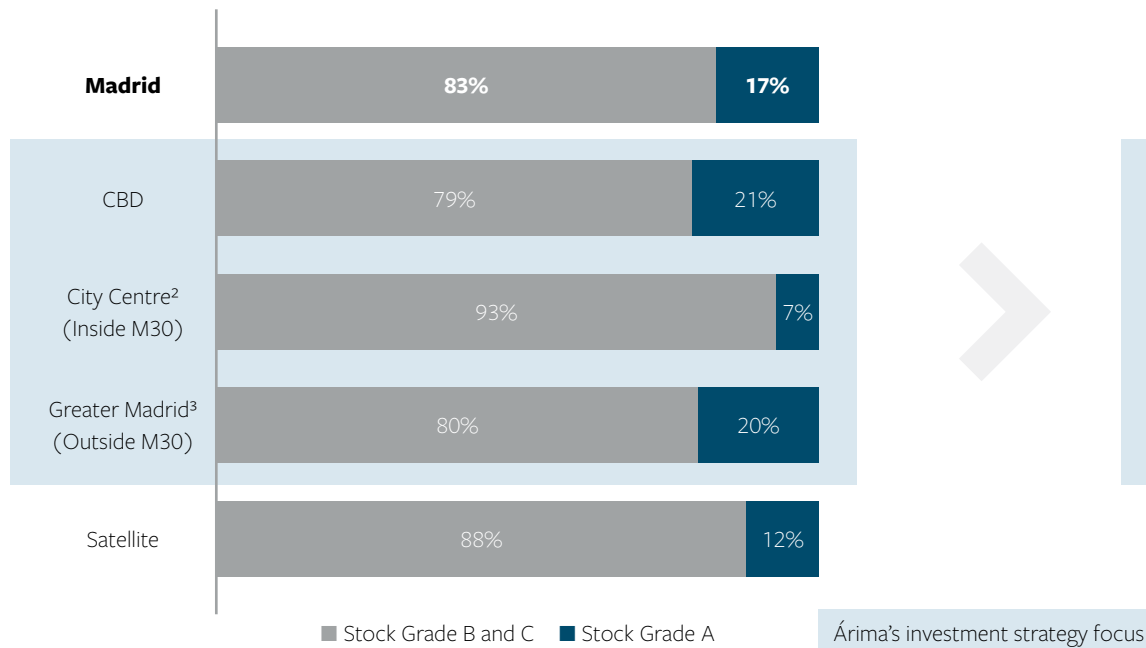
Source: JLL  
Note: Supply and demand data as of February 2019

## > MARKET UPDATE MADRID OFFICE MARKET

### SCARCITY OF GRADE A OFFICES PROVIDING A COMPELLING OPPORTUNITY

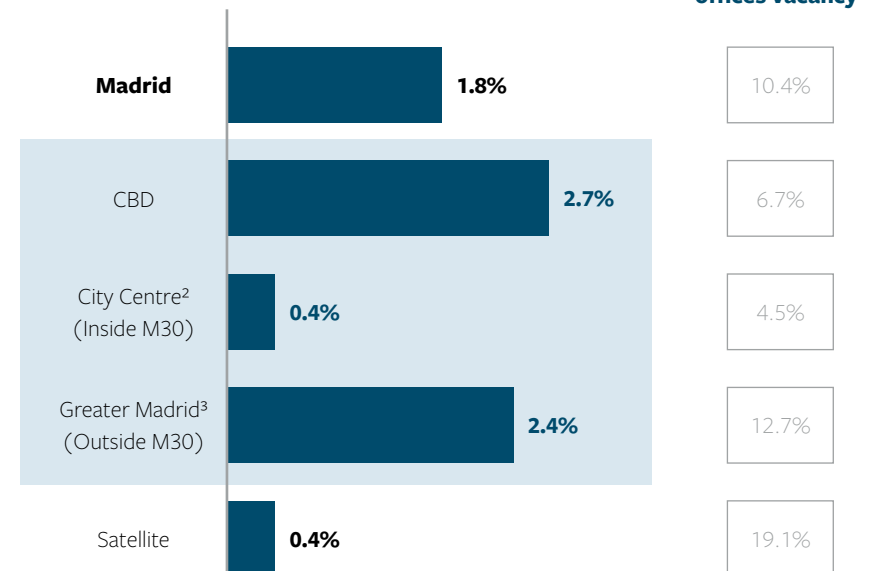
#### LACK OF GRADE A OFFICE SPACE IN ALL SUBMARKETS...

> GRADE A STOCK (% BY GLA)



#### ...REFLECTED IN LOW VACANCY

> GRADE A OFFICES VACANCY (% BY GLA)



*Unique Opportunity for Árima's Strategy of Creating Quality Grade A Office Space Through Redevelopment*

Source: JLL

Notes: (1) Including Grade A, B and C. (2) "Secondary" area as per JLL. (3) "Periphery" area as per JLL.

> 2019 PRIORITIES



## > 2019 PRIORITIES PROPERTY MANAGEMENT

### ACTIVE PROPERTY MANAGEMENT TO CAPTURE GRADE A DEMAND, RENTAL UPSIDE AND IMPROVE TENANT EXPERIENCE

→ Properties follow different **value-add strategies**

→ Combination of different strategies leading to a **balanced portfolio with significant upside**

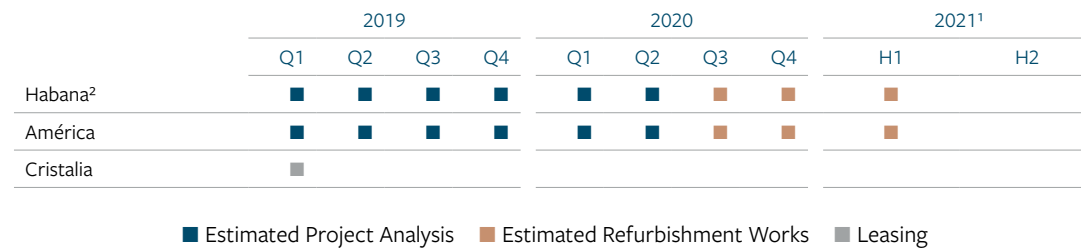
→ **Refurbishment** and redevelopment to improve quality and capture additional rent upside in its area of influence

→ **Leasing vacant**, re-gearing and **maximising occupancy**

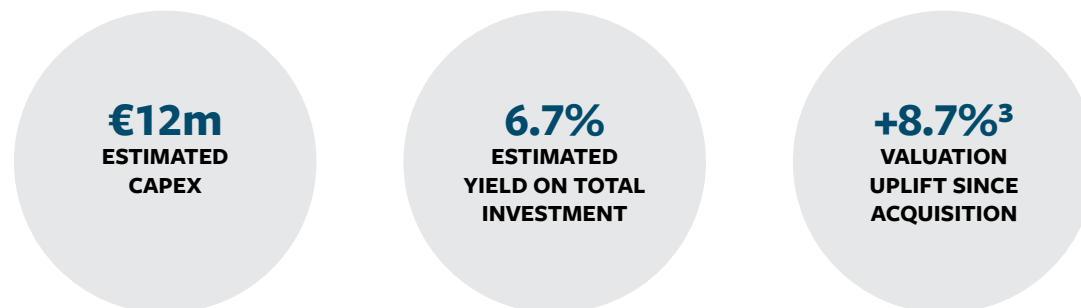
→ **Obtaining single ownership**

→ **Innovation & technology**: focus on efficiency and services

#### > REDEVELOPMENT PLAN<sup>1</sup>



#### > VALUE CREATION STRATEGY



Source: Company Information.

Notes: **(1)** Strategy for Maria de Molina is consolidation of single ownership, after which a full refurbishment will be carried out. **(2)** Current lease agreements in place. Refurbishment works will commence upon maturity of these contracts. **(3)** Calculated as GAV of €33.7 MM as of 31 December 2018 plus €68.4 MM as of 31st Jan 2019 vs. Acquisition cost of €93.8 MM.



## > 2019 PRIORITIES FINANCING

### THE ACQUISITION OF THE FOUR PROPERTIES IN THE PORTFOLIO CURRENTLY HAS BEEN FULLY FINANCED WITH EQUITY

- Current acquisitions **financed fully with equity**
- **Target leverage** of ~50% mortgage debt with long-term relationship debt providers
- Company secured a **€30m four-month bridge facility** in January 2019
  - Effective cost of 0.58%
- Company already working on long-term financing with relationship banks
- As contemplated in the IPO prospectus, as supplemented, the **Company intends to explore raising up to €200 million of new equity**, subject to shareholders' approval and market conditions, to continue funding the growth of its business



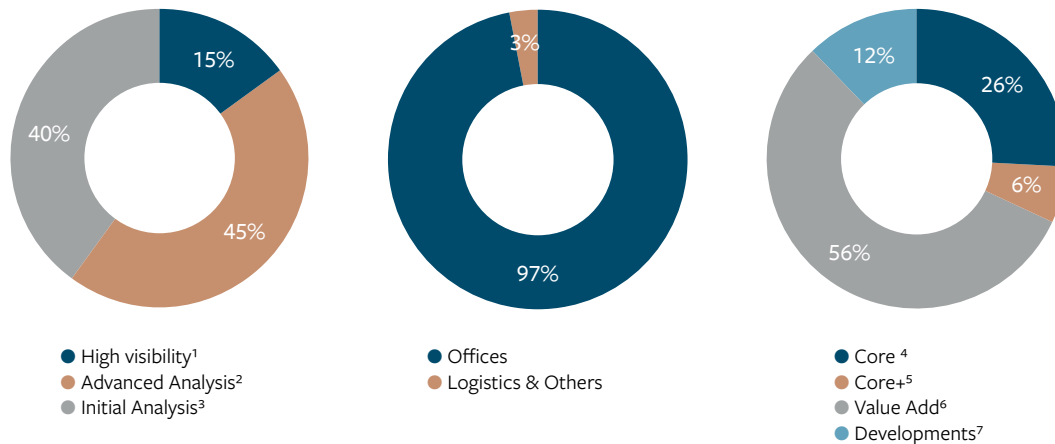


## > 2019 PRIORITIES PIPELINE

### EXECUTION OF EXISTING PIPELINE IN LINE WITH VALUE CREATION STRATEGY

c. €1.5Bn CURRENT PIPELINE

#### > BY TOTAL ESTIMATED INVESTMENT



→ Current **pipeline** mainly comprised of **Madrid offices**

→ **c.€225m with high visibility and c.€675m at an advanced analysis phase**

→ **Target IRR<sup>8</sup>** in the range of 12% to 15%

→ **Target YoC<sup>9</sup>** in the range of 6% to 8%

Source: Company Information.

Note: **(1)** Investments for which the Company has conducted advanced analysis and a potential transaction is considered possible on acceptable terms. **(2)** Sufficient information has been received, analyzed and considered adequate by the Company to perform an advanced analysis of the property. **(3)** Company has received certain information regarding the property but such information is either incomplete or has not yet been analyzed in full by the Company. **(4)** Core: stabilized assets. **(5)** Core+: assets in which minor refurbishments or changes in tenancy are expected. **(6)** Value Add: assets where ongoing/planned repositioning/full refurbishment programs and/or significant capex investment are expected. **(7)** Development: potential properties to be built in an urbanized plot of land or properties where more than 50% of the existing building is demolished or removed and must be redeveloped. **(8)** IRR: "Internal Rate of Return". **(9)** YoC: "Yield on Cost".

> THE TEAM



## > THE TEAM MANAGEMENT TEAM

HIGHLY EXPERIENCED MANAGEMENT TEAM: FULLY COMMITTED TEAM WITH SIGNIFICANT EXPERIENCE IN SPANISH REAL ESTATE



**Majority of team has worked together** since the **creation** and expansion of **Prima** (one of the first listed Commercial Real Estate portfolios in Spain) and founders of **Axiare Patrimonio SOCIMI**



**Balanced profile** with proven deal sourcing and execution as well as extensive property management capabilities



**Sole internally managed SOCIMI with exclusive dedication**



**Luis López de Herrera-Oria**  
Founding Partner & CEO



**Chony Martín**  
CFO



**Fabio Alen Viani**  
Real Estate Director



**Fernando Arenas**  
Real Estate Director



**Guillermo Fernández-Cuesta**  
Real Estate Director  
Deputy CEO



**Stuart W. McDonald**  
Real Estate Director



**Carmen Boyero-Klossner**  
Chief Investor  
Relations Officer

### IN-HOUSE ACTIVITIES

- Acquisitions
- Budget Control
- Disposals
- Property Business Plan
- Refurbishment / Development
- Sourcing
- Tenant Relationships

### OUTSOURCED ACTIVITIES

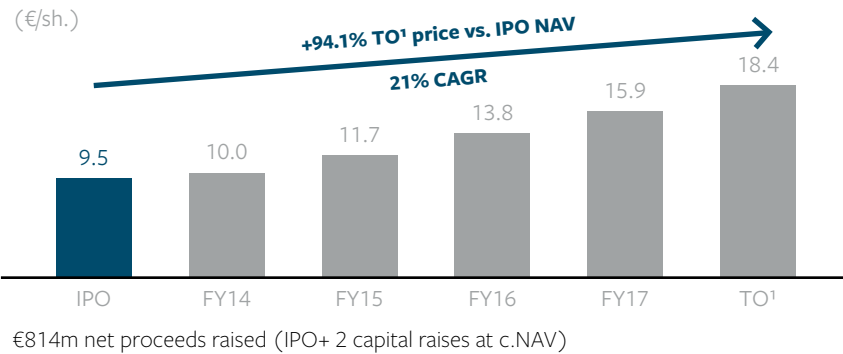
- Brokerage Services
- Legal Advice
- PR, Marketing
- Property Administration
- Technical / Architecture

## > THE TEAM SUCCESS

TEAM'S RECENT SUCCESS AT A GLANCE (AXIARE): HIGH "α" PLAY: OUTPERFORMANCE & OVERDELIVERY

### AXIARE - KEY PERFORMANCE INDICATORS (JUL'14 - JAN'18)

#### EPRA NAV PER SHARE

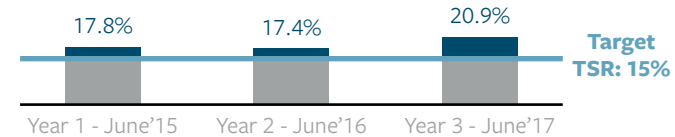


#### TO1 PRICE VS. IPO NAV: +94.1%

- 21% CAGR NAV per share growth since IPO
- Capital raises with no or minimal shareholder dilution
- Sustained GAV growth since IPO

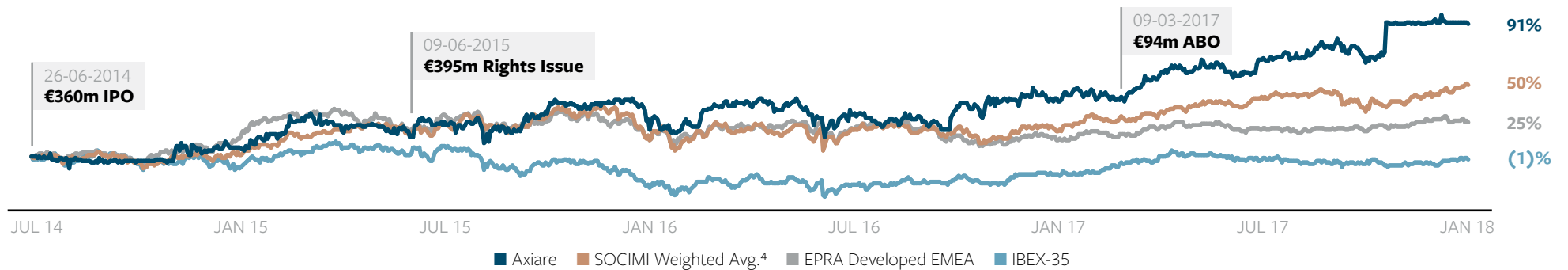
#### OVER-DELIVERING TARGET TSR<sup>2</sup>

> ANNUAL TSR VS. TARGET



#### BEST SHARE PRICE PERFORMANCE OF ALL SPANISH SOCIMIS AND SIGNIFICANT ABOVE MARKET

> SHARE PERFORMANCE (REBASED TO 100), REBASED TO AXIARE'S IPO PRICE<sup>3</sup>



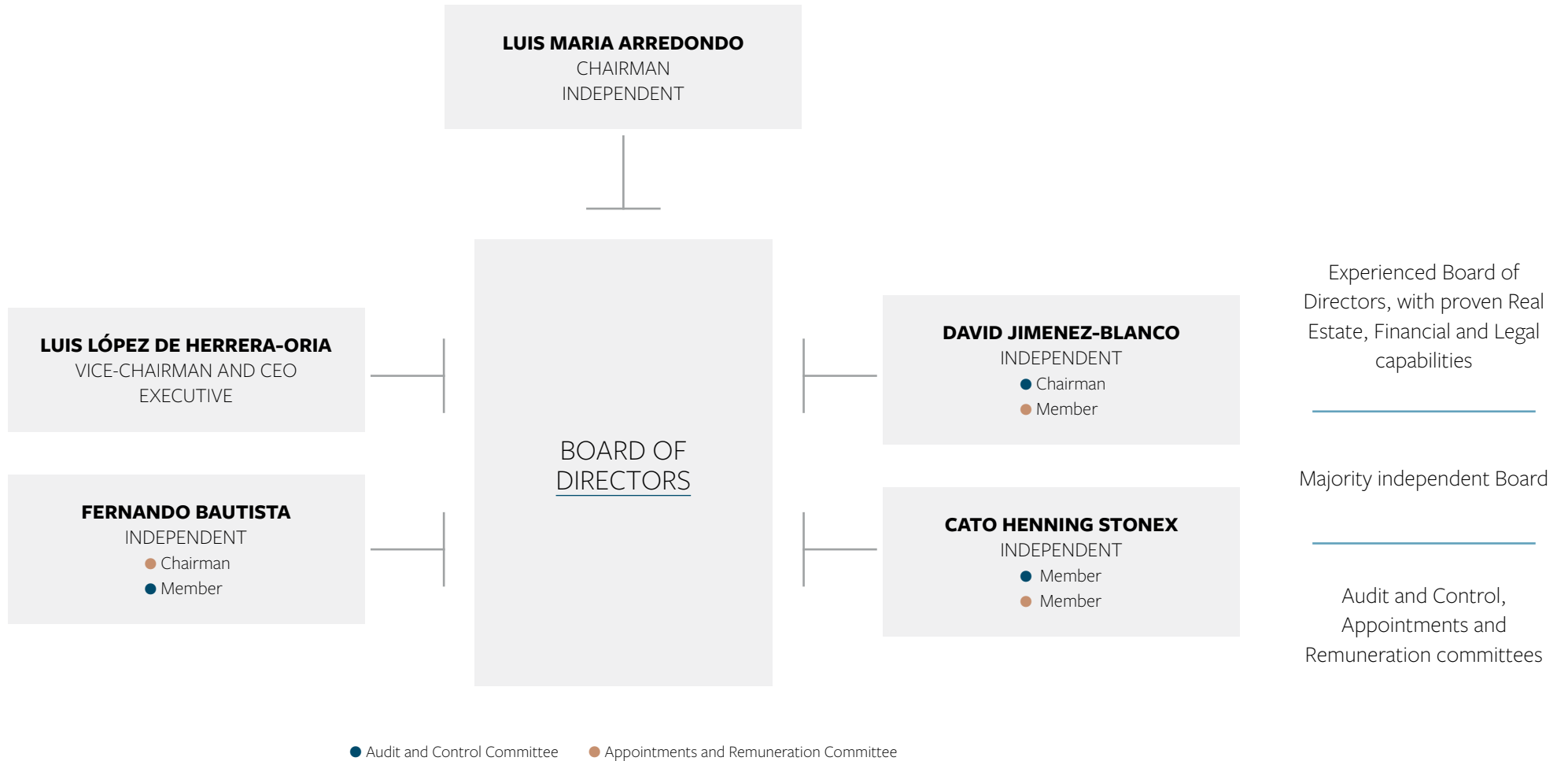
Source: Bloomberg, Axiare.

Notes: (1) Colonial's Tender Offer. (2) Total shareholder return (share price + cumulated dividend). (3) Axiare's IPO price adjusted for dividends and capital increases. (4) Weighted average by market capitalisation of Merlin Properties, Inmobiliaria Colonial, Lar España and Hispania Activos Inmobiliarios.



## > THE TEAM BOARD OF DIRECTORS

SHAREHOLDER-FRIENDLY STRUCTURE & CORPORATE GOVERNANCE. SAME COMPOSITION AS AXIARE'S BOARD



> APPENDIX



## > APPENDIX FY 2018 FINANCIALS<sup>1</sup>

Arima's FY2018 P&L account does not reflect the operating income of our current portfolio of properties given that we acquired two of our four properties at the end of 2018 and the other two properties in January 2019

### > CONSOLIDATED P&L ACCOUNT (IFRS)

€ 000 (unless otherwise specified)	31/12/2018 <sup>1</sup>
<b>Gross Rental Income (GRI)</b>	<b>12</b>
Non-reimbursable property expenses	-
<b>Net Rental Income (NRI)</b>	<b>12</b>
Overheads	(507)
<b>Operating Income (EBITDA)</b>	<b>(495)</b>
Amortization & Provisions	(2)
Change in fair value of assets	1,621
<b>EBIT</b>	<b>1,124</b>
Net financial charges	-
Tax	-
<b>Net profit</b>	<b>1,124</b>
<b>Reported EPS (€ p.s.)</b>	<b>0.33</b>

### > CONSOLIDATED BALANCE SHEET

€ 000 (unless otherwise specified)	31/12/2018
<b>Non Current Assets</b>	<b>40,038</b>
Property plant & equipment	63
Investment property	39,975
<b>Current assets</b>	<b>58,444</b>
Trade and other receivables	369
Other assets	105
Cash & cash equivalents	57,970
<b>Equity</b>	<b>97,088</b>
Share Capital	100,063
Reserves	(3,553)
Retained earning	1,124
Treasury shares	(546)
<b>Liabilities</b>	<b>1,394</b>
Non-current liabilities	-
Current liabilities	1,394
Trade & other payables	1,394

Notes: (1) For the period June 13, 2018 – December 31, 2018.



## > APPENDIX JANUARY 2019 FINANCIALS<sup>1</sup>

Arima's FY2018 P&L account does not reflect the operating income of our current portfolio of properties given that we acquired two of our four properties at the end of 2018 and the other two properties in January 2019

### > CONSOLIDATED P&L ACCOUNT (IFRS)

€ 000 (unless otherwise specified)	January/2019
<b>Gross Rental Income (GRI)</b>	<b>52</b>
Non-reimbursable property expenses	-
<b>Net Rental Income (NRI)</b>	<b>52</b>
Overheads	(218)
<b>Operating Income (EBITDA)</b>	<b>(166)</b>
Amortization & Provisions	(1)
Change in fair value of assets	3,887
<b>EBIT</b>	<b>3,720</b>
Net financial charges	(4)
Tax	-
<b>Net profit</b>	<b>3,716</b>
<b>Reported EPS (€ p.s.)</b>	<b>0.37</b>

### > CONSOLIDATED BALANCE SHEET

€ 000 (unless otherwise specified)	31/01/2019
<b>Non Current Assets</b>	<b>102,621</b>
Property plant & equipment	62
Investment property	102,106
Long-term financial investments	453
<b>Current assets</b>	<b>31,295</b>
Trade and other receivables	957
Prepayments and accrued income	210
Cash & cash equivalents	30,128
<b>Equity</b>	<b>100,763</b>
Share Capital	100,063
Reserves	(2,429)
Treasury shares	(587)
Profit (loss) for the year	3,716
<b>Liabilities</b>	<b>33,153</b>
Non-current liabilities	527
Current liabilities	32,626
Financial debt	29,930
Trade & other payables	2,696

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# ÁRIMA

Árma Real Estate SOCIMI S.A.  
Fernando el Santo 15  
28010 Madrid  
[www.arimainmo.com](http://www.arimainmo.com)

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EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION



## Press Release

The Company weighs up the possibility of carrying out a share capital increase for up to EUR200 million

## Árma achieves 8.7% value uplift on its portfolio in three months

- The Socimi books a profit of EUR1.1 million in December 2018, raising this by a further EUR3.7 million in January 2019
- Árma's portfolio has already achieved a value uplift of 8.7% on its purchase price (EUR94 million) – with its market value now standing at EUR102.1 million
- The balanced portfolio, which features a total GLA of 27,000 sqm and more than 460 parking spaces, bears the Árma trademark – an income-producing office portfolio with strong value uplift potential
- Árma – which has already invested all the capital obtained via its listing – is weighing up the possibility of carrying out a share capital increase to continue offering its shareholders sustained growth



**Photo:** Árma. Render of the JV42 Árma concept design (*anteproyecto*) (Estudio Álvarez-Sala)



Árma Real Estate SOCIMI, S.A.  
Fernando el Santo 15  
28010 Madrid - Spain  
T. (+34) 910 532 803  
info@arimainmo.com

**Madrid, 18 February 2019.** Today, three months after listing, Árma has presented its first set of – IFRS accounted – results which reveal a profit of EUR1.1 million at 31 December 2018. This figure was increased by an additional EUR3.7 million in just one month following the acquisition of two prime office properties in Madrid, the binding offers for which were announced on 27 December 2018. This took Árma’s NAV (Net Asset Value) to EUR10.13 per share at 31 January 2019, up 4% on the value recorded at end-October 2018.

The Socimi is deeply committed to generating value for its shareholders via its portfolio which – according to independent consultancy firms CBRE and Savills Aguirre Newman – currently has a market value of EUR102.1 million. All the properties acquired pay testament to the team’s know-how, tried and tested experience and expertise in identifying sound opportunities.

All the acquisitions have been completed off market and at very competitive prices, providing the company with a balanced portfolio whose current value is 8.7% higher than the original purchase price, which totalled EUR94 million.

Luis Alfonso López de Herrera-Oria, CEO of Árma, added “The uplift achieved on these properties that were acquired on outstanding terms will translate into added value for the shareholders that have placed their trust in us.”

The Socimi, which has been trading on the stock exchange since 23 October, has acquired a total of four properties and deployed all the capital invested by its shareholders – replicating a strategy that has proven so successful in the past. These investments, that offer a GLA of 27,000 sqm and more than 460 parking spaces, bear the Árma trademark – income-producing offices with strong value uplift potential that will result in attractive returns for shareholders.

To continue expanding its portfolio, Árma has signed a bridging loan with CaixaBank for EUR30 million and is also carrying out an in-depth analysis on other properties that total circa EUR1,500 million and that are fully-aligned with the company’s business model.



Árma Real Estate SOCIMI, S.A.  
Fernando el Santo 15  
28010 Madrid - Spain  
T. (+34) 910 532 803  
info@arimainmo.com

The Company is also exploring the possibility of carrying out a share capital increase for up to EUR200 million, subject to approval at the Annual General Shareholders Meeting.

### **Sobre Árma Real Estate**

*Árma Real Estate is a Spanish company that listed on the Madrid Stock Exchange as a SOCIMI (Sociedad Anónima Cotizada de Inversión Inmobiliaria) and that is led by a fully-dedicated internal management team. It was created in 2018 with the aim of becoming the leading Spanish SOCIMI in the Madrid office market. The company is headed up by Luis María Arredondo (Chairman of the Board of Directors) and Luis López de Herrera-Oria (CEO) and also boasts the same highly-reputable management team that steered Axiare Patrimonio SOCIMI to success.*

### **For more information**

Árma Press Office:

Communications Firm: Ana Pereira

[apereira@estudiodecomunicacion.com](mailto:apereira@estudiodecomunicacion.com)

+34 91 576 52 50 / +34 647 88 39 86