

Press Release

The Socimi posts record year in new leasing and books 33% increase in rental income

Árima signs deal with MSD to acquire its current headquarters in Spain

- The deal agreed with MSD (known as MERCK in the US and Canada) allows the Socimi to acquire the current headquarters of the multinational biopharmaceutical firm, set to relocate to Botanic
- Árima registers a record year for leasing, with deals signed for 10,500 sqm and occupancy climbing by more than 8%
- The Socimi ends the year with an annualised rental income of €12.1 million, up 33% on the previous year in like-for-like terms, and a pipeline of refurbishment projects, currently ongoing, with potential further growth of 90%
- In line with its business plan, Árima has begun rotating assets. Realising the value of the recently sold María de Molina building has allowed the Company validate its portfolio, worth €359.2 million at the close of 2023
- Árima has paid out around €21 million to shareholders since 2020 through a series of buyback programmes and its financial position is sound, with a gearing ratio of 19.2% — one of the lowest in the sector
- It has also achieved a record number of sustainability certifications, reflecting exceptional standards of quality, health and well-being across its portfolio



Photo: Árima. Concept design for current MSD headquarters, Estudio EAS

Madrid, 28 February 2024. Árima Real Estate has today published its results for the 2023 financial year, one in which it overcame a challenging market context to secure several landmark deals. Today, the Socimi announced that it has reached an agreement to acquire the current headquarters of the multinational biopharmaceutical firm MSD, which will relocate to the Botanic building as part of the same deal. This deal will see the Socimi acquire an office building with strong uplift potential in a consolidated area of Madrid. The Company plans to redevelop the asset to create a new, high-spec workspace with a GLA of 12,300 sqm and 350 parking spaces.

Árima also acquired another Madrid property in 2023: Torrelaguna, located on the street of the same name. It agreed a price of €30 million for this fully-let office building, which offers significant growth potential. This latest acquisition adds a further 11,000 sqm of gross lettable area and 303 parking spaces to Árima's portfolio and promises a highly attractive return.

The Socimi has also reported a record year in leasing, with contracts signed for 10,500 sqm of office space — of which c.10,000 sqm in new leases — and taking its occupancy levels up 810 basis points in like-for-like terms compared to the same period of last year. Its refurbished properties were also able to command rents that were on average 64% higher. All of this implies €2.5 million secured in additional rental income, taking the annualised total to €12.1 million at the end of the year and outstripping the 2022 figure by 33% in like-for-like terms.

Árima starts the year with asset rotations

Adhering to its business plan, Árima has embarked on a asset rotations, realising the value uplift of completed projects. The Company has sold its María de Molina property, a refurbished and fully relet Grade A property that boasts a GLA of over 4,000 sqm in the heart of Madrid's CBD. Its rental income has swelled ninefold owed to the work of the Socimi's management team.

In a difficult market, and with interest rates climbing, Árima closed 2023 with a portfolio valued at €359 million — representing a return on total investment of 22% — and a net asset value (EPRA NTA) of €11.30 per share, up 17% since the Company's IPO.

With a robust, defensive portfolio and quality repositioning projects underway, Árima is optimistic about its prospects for significant rental income growth over the medium term, which it estimates at over 90%.

A substantially outdated office stock in Madrid means that there is real untapped demand among major multinationals for a different concept of workspace. In the post-Covid area, companies are just as interested in terracing, gardens, natural light, collaborative workspaces, inspiring designs and a suite of user services as they are in the perfect location, if not more.

Against a backdrop of evolving user needs, in 2023 Árima completed the Cadenza project, creating more than 14,500 sqm (GLA) of premium office space benefiting from the highest sustainability, health and well-being certifications, as well as 215 parking spaces. Currently, the Company is focused on repositioning its Pradillo and Dune properties, with a combined GLA of more than 25,000 sqm.

Robust balance sheet leaves room for opportunity

Árima has returned around €21 million to shareholders since 2020 through a series of share buyback programmes.

It is now well positioned to take advantage of any opportunities arising in the market thanks to its sound balance sheet, low gearing — a net Loan-to-Value (LTV) of 19.2% — and advantageous financing terms with no material maturity dates in the short-term.

The Socimi can also count on the firm commitment of its management team, who own 7.2% of its shares.

New record in sustainability certifications

Árima's uncompromising position on sustainability earned it a record number of sustainability certifications in 2023. Now including the Habana, Botanic, Cadenza and Guadalix buildings, 78% of the Socimi's portfolio is LEED/BREEAM certified, compared with 19% in 2022.

Árima's efforts in this area were rewarded with four stars in the Global Real Estate Sustainability Benchmark (GRESB) evaluation, plus a further gold in the European Public Real Estate Association (EPRA) sBPR Awards. It is also the only property firm in Spain to be certified by RICS (Royal Institution of Chartered Surveyors).

About Árima Real Estate

Árima Real Estate is a Spanish company listed on the Madrid Stock Exchange as a SOCIMI (Sociedad Anónima Cotizada de Inversión Inmobiliaria) and 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 boasts the same highly reputable management team that steered Axiare Patrimonio SOCIMI to success.

For more information

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