

Press Release

Record leasing in 2022, with 16,200 sqm signed, increasing rental income by 80%

Árima boosts 5% the net asset value to EUR 12.40 per share

- The REIT's growth potential begins to materialise with the completion of its first refurbishment projects, leasing a record 16,200 square meters and delivering a rent uplift of +156% on average in the refurbished assets
- The Company closed the year with a 10 percentage point rise in occupancy and an annualised rental income up +80% from the previous period
- Net asset value (*EPRA NTA*) grew 5% to EUR 12.40 per share
- Árima maintains one of the sector's strongest financial positions, with net leverage at 12.8% (*LTV*) and sufficient liquidity to undertake some of the new investment opportunities under analysis
- The Árima team, firmly committed to the Company with a 7% shareholding, has begun to quantify its strategy of creating sustainable assets. The amount of the embodied carbon avoided with Árima's responsible refurbishment projects *Botanic* and *Cadenza* equates to planting 15,000 trees



Photo: Árima. Habana building.

Madrid, 27 February 2023. Árima Real Estate has presented its results for the fiscal year 2022. The REIT has ended the period with a net asset value (EPRA NTA) of EUR 12.40 per share, representing an increase of +5% relative to that of the previous year and a +29% uptick since its IPO in October 2018.

Árima closed 2022 with an asset portfolio valuation of EUR 380 million — 11% higher than that in December 2021 on a like-for-like basis, and c.+30% over the total investment made. Management prudence prevailed amid the challenging macro-economic environment in the period, driving the net profit to EUR 10.5 million.

Growth potential begins to materialise with the first refurbishment projects completed

The Company's strategy to address the shortage of quality workspaces in the Madrid market began to yield results in 2022. Having completed its initial refurbishment projects—the *Habana* and *María de Molina* buildings—Árima attained a record leasing figure of 16,200 square meters signed with new leases, and a rent uplift of +156% on average in the refurbished assets. This enabled the Company to close the year with a 10% increase in occupancy relative to 2021 and an annualised rental income of EUR 9.6 million, 80% higher than in the previous period.

Árima's portfolio continues to show significant rental income growth potential in the medium term, estimated at 210%, largely from the already ongoing refurbishment projects. In 2023, Árima expects to complete the *Cadenza* project, with more than 14,500 square metres of GLA office space of the highest quality as well as sustainability, health and wellbeing certifications.

Financial strength and high liquidity to seize future investment opportunities

In addition, the Company is currently analysing new investment opportunities, which could provide additional value levers. The REIT sees 2023 as a year that could yield interesting investment opportunities, despite the complex macroeconomic environment. Árima maintains a very strong financial position with a very low leverage — one of the lowest in the sector, with a net Loan-to-Value (LTV) of 12.8% — and more than EUR 90 million of liquidity.

The REIT also relies on a firm commitment from the management team, which owns c.7% of the Company's shares.

Árima obtains recognition for its sustainability strategy

In 2022, the REIT began to quantify the impact of its environmentally responsible execution, setting a new benchmark. By integrating sustainability and wellbeing in the projects' concept design phase, thoroughly defining the processes, and carefully selecting materials, the Company minimises its properties' carbon footprint in both the construction and in operation phases.

For example, in the refurbishment of *Botanic* and *Cadenza*, 100% of the existing structure and a substantial amount of installations and finishes were reused, resulting in carbon dioxide

emission savings equivalent to planting 15,000 trees. In addition, between 85% and 91% of the waste generated in the demolition and construction processes was recycled, and "A" EPC rating was achieved on both projects, leading to major reductions in the buildings' energy consumption and carbon emissions once in operation.

Árma equips its assets with renewable energy sources, allowing tenants to save money and reduce the environmental footprint. The improvements made to Árma's logistics warehouse in San Agustín de Guadalix, including the installation of a photovoltaic plant on the roof, have enabled the tenant to reduce the energy consumption from the grid by 40%.

All in all, it is not surprising that Árma is funded 100% by "green" loans, that 90% of its portfolio is expected to obtain LEED/BREEAM certifications, and that it has been awarded Gold in EPRA sBPR and 4-star in the GRESB assessment, well above the average of comparable European companies.

About Árma Real Estate

Árma Real Estate is a Spanish Real Estate Investment Trust (SOCIMI for its Spanish acronym), internally managed with an exclusively dedicated team, created in 2018 with the aim of becoming the benchmark Spanish REIT in Madrid's office market. The company is led by Luis María Arredondo (Chairman of the Board) and Luis López de Herrera-Oria (Chief Executive Officer), and relies on the same highly reputable management team that achieved the success of Axiare.

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