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## 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 Q3 2020 Trading Update.

Please find attached hereafter the Trading Update and press release.

Madrid, 12<sup>th</sup> November 2020

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

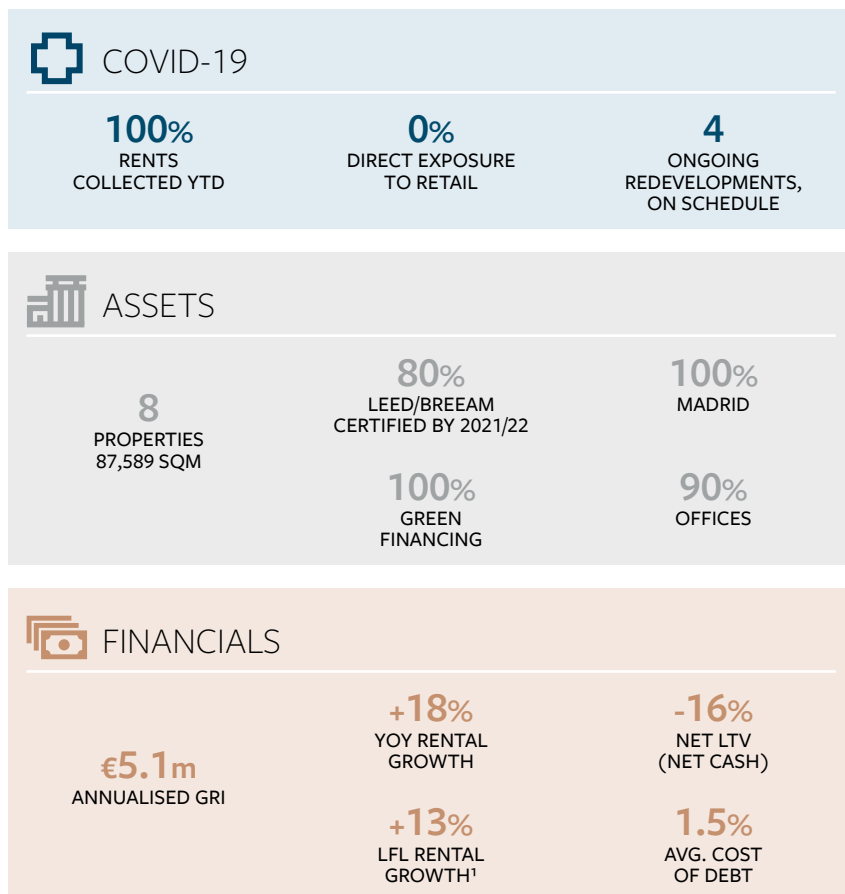


TRADING UPDATE  
THIRD QUARTER

**2020**



## > EXECUTIVE SUMMARY 3Q20 AT A GLANCE



Notes: **(1)** 12-month like-for-like compares with the same investment properties included in the portfolio at 30 September 2019; **(2)** LS7 renamed Cadenza for commercial purposes; **(3)** Weighted average; all-in costs include spread, up-front costs and hedge; forward swaps starting in 2021; **(4)** Royal Institution of Chartered Surveyors

### RESILIENT FINANCIAL PERFORMANCE, LARGELY UNAFFECTED BY COVID-19

- Rent collection remains strong at 100% year-to-date, with no exposure to retail or leisure. Working closely with tenants and implementing safety preventive measures in all buildings
- Gross rental income for the 9-month period of EUR 3.8m, +18% YoY and +13% on a like-for-like basis<sup>1</sup>. Annualised GRI at Sep'20 of EUR 5.1m
- 50% of portfolio undergoing refurbishment works, hence not yet contributing to Árima's P&L
- Net profit of EUR 2.4m, and EPS of EUR 0.09 p.s.

### SIGNIFICANT PORTION OF THE PORTFOLIO IN EARLY STAGE OF REPOSITIONING

- Strong redevelopment pipeline continues to advance according to schedule, with works resumed post lockdown: 4 office schemes (40,000 sqm: Habana, Botanic, Cadenza<sup>2</sup> and Manoteras), all in Madrid
- Ongoing works expected to be completed by year-end 2021 (Habana, Botanic, Cadenza) and year-end 2022 (Manoteras)

### DEFENSIVE PORTFOLIO WITH SUBSTANTIAL UPSIDE POTENTIAL

- Unique portfolio built through disciplined and accretive acquisitions at very competitive prices
- +155% GRI upside potential even applying a more conservative, in-house view of rental levels
- 6.0%-6.5% ERV yield post-capex vs c. 3.5%-4% market yield

### SOLID BALANCE SHEET TO WEATHER ANY POTENTIAL STORM

- Strong liquidity position, with EUR144m in cash and equivalents at quarter-end and a net cash position of EUR 41m (16% net cash)
- Best-in class financing conditions: 1.5% all-in costs<sup>3</sup> for a 7-year weighted average maturity, and 95% repayments due from 2025 onwards

### SUSTAINABILITY AND CORPORATE RESPONSIBILITY AT THE CORE

- 100% of portfolio fully financed with green loans
- 80% of portfolio expected to be LEED/BREEAM certified in 2021/22
- 100% of repositioning projects expected to be WELL certified in 2021/22
- 2020 GRESB assessment above expectations, and on track to be top-ranked in 2021
- EPRA BPR Most Improved Award, achieving Silver level
- The only RICS-accredited<sup>4</sup> commercial real estate company in Spain



*It is reassuring that we remain in a position of great strength with a portfolio full of opportunity, low gearing and ample liquidity. Despite the near-term uncertainty, we strongly believe in the long-term prospects of our strategy and our portfolio. However, market activity remains subdued. We are taking a very prudent investment approach with a highly selective pipeline* — Luis López de Herrera-Oria, Chief Executive Officer



## > FINANCIAL RESULTS



## > FINANCIAL RESULTS

### > KEY INCOME STATEMENT METRICS

€'m unless specified	30/09/2019	30/09/2020
<b>Gross Rental Income (GRI)</b>	3.231	3.820
<b>Net Rental Income (NRI)</b>	2.981	3.504
<b>EBIT</b>	15.758	3.231
<b>Net profit</b>	15.281	2.420
<b>EPS (€ p.s.)</b>	1.22	0.09

### > KEY BALANCE SHEET ITEMS

€'m unless specified	30/09/2019	30/09/2020
<b>Gross Asset Value (GAV)<sup>1</sup></b>	175.566	253.220
<b>Gross Debt</b>	65.087	104.130
<b>Cash &amp; Equivalents</b>	39.684	144.756
<b>Net Debt</b>	25.403	(40.626)
<b>Gross LTV</b>	37%	41%
<b>Net LTV</b>	14%	(16%)

### RESILIENT FINANCIAL PERFORMANCE, WITH EXISTING PORTFOLIO LARGELY UNAFFECTED BY COVID-19

- Rent collection remains strong at 100% YTD. No exposure to retail and no corporate tenants operating in the industries most impacted by COVID-19<sup>2</sup>
- Gross rental income for the 9-month period of EUR 3.8m, +18% YoY and +13% on a like-for-like basis
- Annualised GRI at Sep'20 of EUR 5.1m
- NRI margin at 92%, despite the higher number of assets under refurbishment
- Net profit of EUR 2.4m, and EPS of EUR 0.09 p.s.

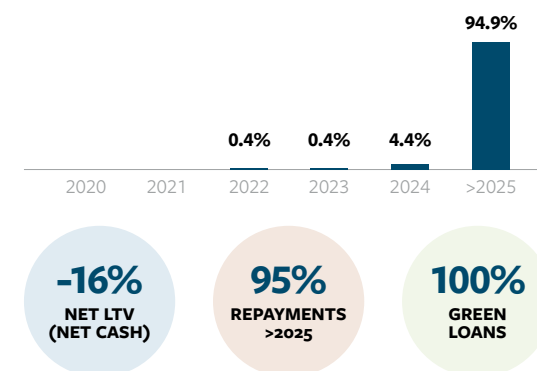
### SIGNIFICANT PORTION OF THE PORTFOLIO IN EARLY STAGE OF REPOSITIONING, AS PER BUSINESS PLAN

- Redevelopment works (50% of portfolio: Habana, Botanic, Cadenza<sup>3</sup> and Manoteras) continue to advance according to schedule, with works resumed post lockdown
- All ongoing works not yet contributing to Árima's P&L, expected to be completed by year-end 2021 and year-end 2022

### ROBUST BALANCE SHEET TO WEATHER ANY POTENTIAL STORM AND SEIZE MARKET OPPORTUNITIES

- Strong liquidity position with EUR144m in cash and equivalents at period-end
- EUR 41m net cash position and -16% net LTV (net cash)
- Best-in class financing conditions:
  - 100% of Árima's financing composed of green loans
  - 1.5% all-in costs<sup>4</sup> for a 7-year weighted average maturity
  - 95% repayments due from 2025 onwards

### > DEBT MATURITY PROFILE AS OF 30.09.2020

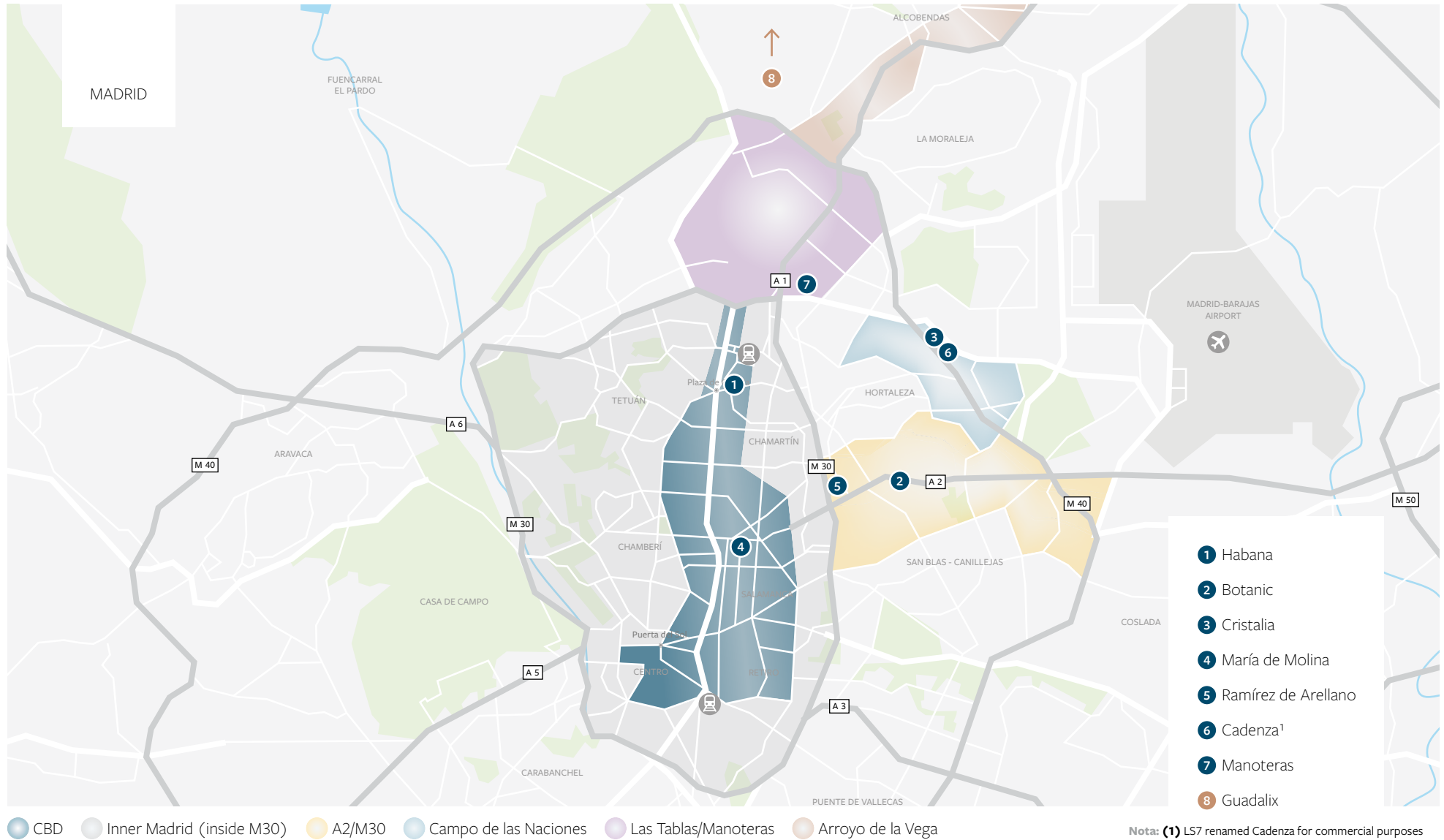


Notes: (1) Based on the external independent valuation carried out by CBRE Valuation Advisory (RICS) at 30 June 2019 and 30 June 2020; (2) Source: S&P Global Market Intelligence; (3) LS7 renamed Cadenza for commercial purposes; (4) Weighted average; all-in costs include spread, up-front costs and hedge; forward swaps starting in 2021

## > PORTFOLIO OVERVIEW



## > PORTFOLIO OVERVIEW ASSET MAP

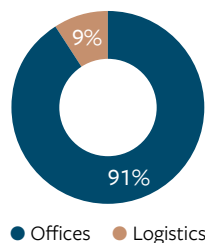


# PORTFOLIO OVERVIEW PORTFOLIO BREAKDOWN

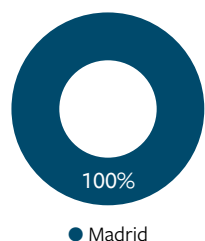
UNIQUE PROPOSITION WITH CLEAR FOCUS ON MADRID OFFICES BUILT VIA DISCIPLINED AND ACCRETIVE ACQUISITIONS

## PORTFOLIO BREAKDOWN

GAV BY SECTOR



GAV BY LOCATION



EUR m. unless specified	Assets (#)	GLA (sqm)	Parking (slots) <sup>1</sup>	Acq Price (EURm)	Acq Cost (EURm)	Acq Price (€/sqm) <sup>2</sup>	GAV <sup>3</sup> (EURm)	Occupancy rate	Annualised GRI "Topped-up" (€'000)	Annualised NRI (€'000)	Gross yield "Topped-up"	EPRA NIY "Topped-up"
INVESTMENT PROPERTIES												
<b>Offices</b>	<b>3</b>	<b>21,807</b>	<b>332</b>	<b>95</b>	<b>98</b>	<b>4,048</b>	<b>104</b>	<b>70%</b>	<b>3,255</b>	<b>2,770</b>	<b>3.4%</b>	<b>2.8%</b>
Madrid	3	21,807	332	95	98	4,048	104	70%	3,255	2,770	3.4%	2.8%
CBD	1	4,120	20	24	24	5,558	31	14%	0,145	0,045	0.6%	0.1%
Inner Madrid (M30)	1	6,759	110	32	33	4,315	32	100%	1,456	1,427	4.5%	4.4%
Greater Madrid	1	10,928	202	39	40	3,314	41	72%	1,654	1,298	4.2%	3.5%
<b>Logistics</b>	<b>1</b>	<b>25,694</b>	<b>0</b>	<b>16</b>	<b>17</b>	<b>638</b>	<b>23</b>	<b>100%</b>	<b>1,815</b>	<b>1,018</b>	<b>11.1%</b>	<b>7.5%</b>
Madrid	1	25,694	0	16	17	638	23	100%	1,815	1,018	11.1%	7.5%
<b>Total investment properties</b>	<b>4</b>	<b>47,501</b>	<b>332</b>	<b>112</b>	<b>115</b>	<b>2,204</b>	<b>127</b>	<b>86%</b>	<b>5,070</b>	<b>3,788</b>	<b>4.5%</b>	<b>3.6%</b>
REDEVELOPMENTS												
<b>Offices</b>	<b>4</b>	<b>40,088</b>	<b>711</b>	<b>95</b>	<b>98</b>	<b>2,100</b>	<b>127</b>					
Madrid	4	40,088	711	95	98	2,100	127					
CBD	1	4,236	42	19	19	4,070	25					
Inner Madrid (M30)	-	-	-	-	-	-	-					
Greater Madrid	3	35,852	669	77	79	1,868	102					
<b>Logistics</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>					
Madrid	0	0	0	0	0	-	0					
<b>Total Redevelopments</b>	<b>4</b>	<b>40,088</b>	<b>711</b>	<b>95</b>	<b>98</b>	<b>2,100</b>	<b>127</b>					
<b>Total Portfolio</b>	<b>8</b>	<b>87,589</b>	<b>1,043</b>	<b>207</b>	<b>213</b>	<b>2,204</b>	<b>253</b>					

Notes: (1) Includes underground parking slots only; other types such as overground slots or moto slots are not included in this figure; (2) Adjusted for parking; (3) Most recent valuation + acquisition price



## > PORTFOLIO OVERVIEW PORTFOLIO IN DETAIL



### OFFICES

Name: Habana  
Acq. Date: Dec'18  
Location: Madrid CBD  
GLA: 4,300 sqm  
Parking units: 65  
Strategy: Full Refurbishment

- **Free-standing office building** located in Madrid Prime CBD, with spacious floor plates of c. 1,000sqm
- Acquired **c.40% below comparable market transactions'**
- **Significant reversionary potential** through full refurbishment. LEED & WELL Gold certifications expected
- Refurbishment works ongoing
- Project enhanced with **COVID and safety preventive measures**
- Have already recieved interest from prospective tenants



### OFFICES

Name: Botanic<sup>2</sup>  
Acq. Date: Jan'19  
Location: Madrid A2/M30  
GLA: 9,462 sqm  
Parking units: 212  
Strategy: Partial Refurbishment

- **Prominent office building** located in Madrid A2/M30 sub- market, with excellent visibility
- Acquired **c.10% below comparable market transactions'**
- **Significant reversionary potential** through asset repositioning and re-leasing . LEED Platinum and WELL Gold certifications expected
- Refurbishment works ongoing upon termination of existing lease
- Project enhanced with **COVID and safety preventive measures**
- Already receiving interest from prospecting tenants



### OFFICES

Name: Cristalia  
Acq. Date: Jan'19  
Location: Madrid CDN  
GLA: 10,928 sqm  
Parking units: 202  
Strategy: Lease up & re-leasing

- **Free-standing office building** located in Campo de las Naciones Madrid sub-market, 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
- Acquired **c.20% below comparable market transactions'**
- **Attractive reversionary potential** through re-gearing existing leases and leasing-up vacant space. **Partially occupied (72%)** to a world leading insurance and TMT company.
- Implemented **COVID and safety preventive measures**



### OFFICES

Name: M. Molina  
Acq. Date: Dec'18-Feb'19  
Location: Madrid CBD  
GLA: 4,122 sqm  
Parking units: 24  
Strategy: Single Onwernship

- **Free-standing office building** located in Madrid Prime CBD, with spacious floor plates of c. 1,000sqm
- Acquired **c.30% below comparable market transactions'**
- **Complex transaction**, with a multi-owner structure. **Floor- by-floor refurbishment** already completed
- Value creation strategy includes **consolidation of single ownership, with negotiations underway**
- Implemented **COVID and safety preventive measures**

## > PORTFOLIO OVERVIEW PORTFOLIO IN DETAIL



### OFFICES

Name: Ramírez de Arellano  
Acq. Date: Jun'19  
Location: Inner Madrid (M30)  
GLA: 6,759 sqm  
Parking units: 110  
Strategy: Regearing

- **Free-standing office building** located in the well-established Avenida de América-Torrelaguna Madrid sub-market
- Acquired **in line with comparable market transactions**<sup>(1)</sup>
- **Highly-efficient** building with **BREEAM "Very Good"** building, and column-free flexible floor plates of over 1,000sqm
- **Fully occupied** with high-quality tenant, and **strong reversionary potential** through re-leasing medium-term
- Implemented COVID and safety preventive measures



### OFFICES

Name: Cadenza<sup>(2)</sup>  
Acq. Date: Dec'19  
Location: Madrid CDN  
GLA: 14,500 sqm  
Parking units: 196  
Strategy: Full Refurbishment

- **Free-standing office building** located in Campo de las Naciones Madrid sub-market, to the new ING 35,000 sqm HQ
- Acquired **c.20% below comparable market transactions**<sup>(1)</sup>
- **Excellent visibility**, and large floor plates (2,865sqm) and common areas with great potential
- **Significant reversionary potential** upon completion of refurbishment works.
- Refurbishment already ongoing and LEED & WELL Gold certifications expected and COVID prevention measures applied



### OFFICES

Name: Manoteras  
Acq. Date: Jun'20<sup>(3)</sup>  
Location: Las Tablas/Manoteras  
GLA: 11,962 sqm  
Parking units: 245  
Strategy: Full Refurbishment

- New build turnkey project of a free-standing Class A office building in the Manoteras' Madrid sub-market, the extension of Castellana's Madrid CBD
- **Excellent location and connections** to public transport as well as motorway networks
- Large, bright and highly-efficient floor plates (2,000sqm), and common areas with great potential
- Acquired at a material market discount through an off-market transaction
- Significant reversionary potential upon completion of refurbishment works. LEED Platinum and WELL Gold certifications expected



### LOGISTICS

Name: Guadalix  
Acq. Date: Apr'19  
Location: Madrid (2nd ring)  
GLA: 25,694 sqm  
Loading bays: 29  
Strategy: Re-gearing

- **Prime logistics** warehouse located in San Agustín de Guadalix, a consolidated industrial estate 30km north of Madrid, with **excellent access**
- Acquired **c.20% below comparable market transactions**<sup>(1)</sup>
- **High-yielding** cold storage facility with a **long-term lease**, acquired well below replacement cost
- Value creation strategy includes longer term restructuring of the unit's occupation to improve liquidity and mortgageability
- Tenant has experienced a very high level of activity during the last months

**Notes:** (1) Source: CBRE Research for comparable transactions as of Feb'20, Árima for portfolio data. Árima assets include acquisition price and expected capex, i.e. total investment; (2) LS7 renamed Cadenza for commercial purposes; (3) The private "turnkey" sale agreement was executed in June 2020. It is expected that the building will be delivered, upon completion, before December 2022.



## > ACTIVE ASSET MANAGEMENT

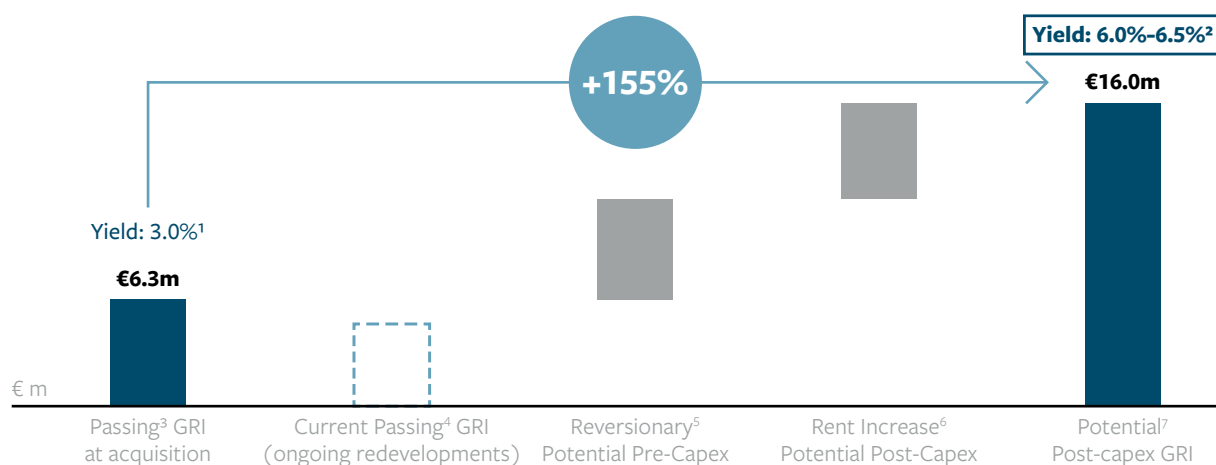


## > ACTIVE ASSET MANAGEMENT PORTFOLIO UPSIDE POTENTIAL

EXISTING PORTFOLIO WITH SIGNIFICANT UPSIDE POTENTIAL IN THE NEXT 2-3 YEARS THROUGH ACTIVE ASSET MANAGEMENT

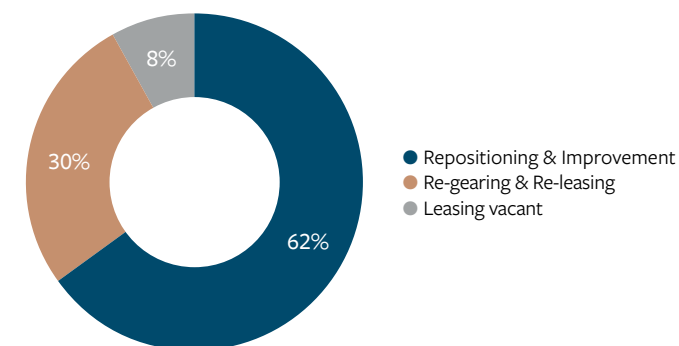
**COVID-19 update:** near-term uncertainty but confident of the long-term opportunity.  
Substantial upside potential remains even applying a more conservative, in-house view of rental levels.

### > PORTFOLIO – GROSS RENTAL INCOME EXPECTED EVOLUTION (AT CURRENT MARKET RENTS)



### STRONG FOCUS ON ASSET IMPROVEMENT

#### > BY GAV



**Notes:** (1) Passing gross yield defined as passing gross rents over total portfolio acquisition price; (2) Yield on cost defined as post-capex GRI divided by total investment (net acquisition cost plus expected capex); (3) Annualized gross rents; (4) Lease in office building América terminated ahead of refurbishment works; (5) Includes mark-to-market of existing rents and leasing vacant space; (6) Expected increase in rents from capex investments; (7) Expected gross rental income after realizing reversionary potential and effects from capital expenditures

## > ACTIVE ASSET MANAGEMENT ACTIVE ASSET MANAGEMENT PLAN

### PROPERTY MANAGEMENT DESIGNED TO CAPTURE GRADE-A DEMAND AND IMPROVE TENANT EXPERIENCE

**COVID-19 update:** minor delays during lockdown but deliveries expected on schedule

→ Redevelopment and asset management plan progressing well on schedule

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

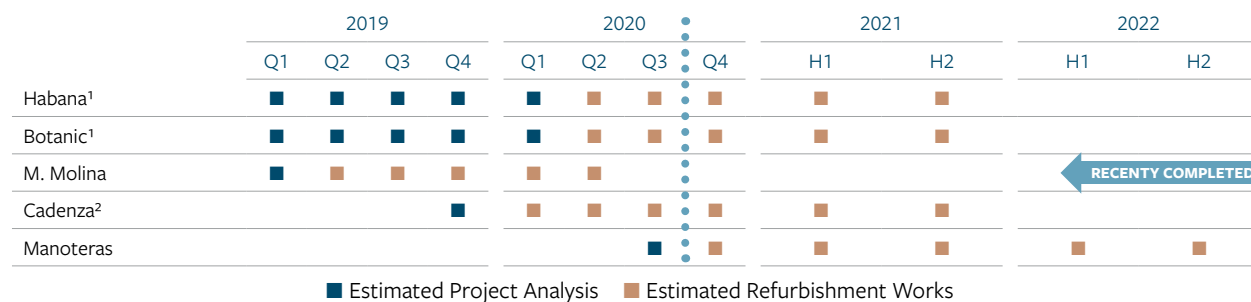
→ Combination of different strategies leading to a **balanced portfolio with significant upside**

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

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

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

#### > REDEVELOPMENT & ASSET MANAGEMENT PLAN



#### > VALUE CREATION STRATEGY

**c.€50m**  
ESTIMATED  
CAPEX

**6%-6.5%<sup>3</sup>**  
ESTIMATED  
YIELD ON TOTAL  
INVESTMENT

**High  
α play**

Notes: (1) Botanic and Habana lease agreements with existing tenant terminated in Dec'19 and Feb'20 respectively. Refurbishment works in those assets in progress since May 2020; (2) LS7 renamed Cadenza for commercial purposes; (3) Yield on cost defined as post-capex GRI divided by total investment (acquisition cost plus expected capex)



## > ACTIVE ASSET MANAGEMENT ONGOING REDEVELOPMENT PROJECTS TO CAPTURE GRADE-A DEMAND THROUGH DIFFERENTIATED HIGH-QUALITY MODERN AND FLEXIBLE SMART SPACE



Location  
Madrid CBD

**HABANA**

GLA  
4,300 sqm

Expected Delivery  
H2 2021



Location  
Madrid A2/M30

**BOTANIC**

GLA  
9,462 sqm

Expected Delivery  
H2 2021



Location  
Campo de las Naciones

**CADENZA²**

GLA  
14,500 sqm

Expected Delivery  
H2 2021



Location  
Las Tablas/Manoterás

**MANOTERAS**

GLA  
11,962 sqm

Expected Delivery  
H2 2022

Notes: (1) Yield on cost defined as post-capex GRI divided by total investment (acquisition cost plus expected capex); (2) LS7 renamed as CadENZA for commercial purposes

## > SUSTAINABILITY & CORPORATE RESPONSIBILITY





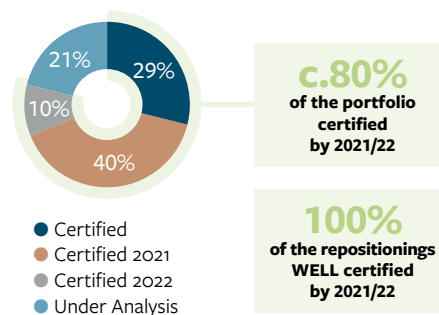
## > SUSTAINABILITY & CORPORATE RESPONSIBILITY

### COMMITTED TO SUSTAINABLE ENVIRONMENTS AND SOCIAL WELLBEING

SUSTAINABILITY, QUALITY AND HEALTH TOUCH EVERYTHING WE DO

- **Portfolio certification program on track** with redevelopment pipeline:
  - **80% of portfolio** expected to be LEED/BREEAM certified in 2021/22
  - **100% of repositioning projects** expected to be WELL certified in 2021/22
- **Engaged in the 2020 GRESB assessment:**
  - First-year participant only 18-months post-IPO
  - **Results above expectations** and on track to be top-ranked in 2021
- **EPRA member** since IPO
  - **BPR Most Improved Award**, achieving **Silver level**
- The **only RICS-accredited<sup>1</sup>** commercial real estate company in Spain

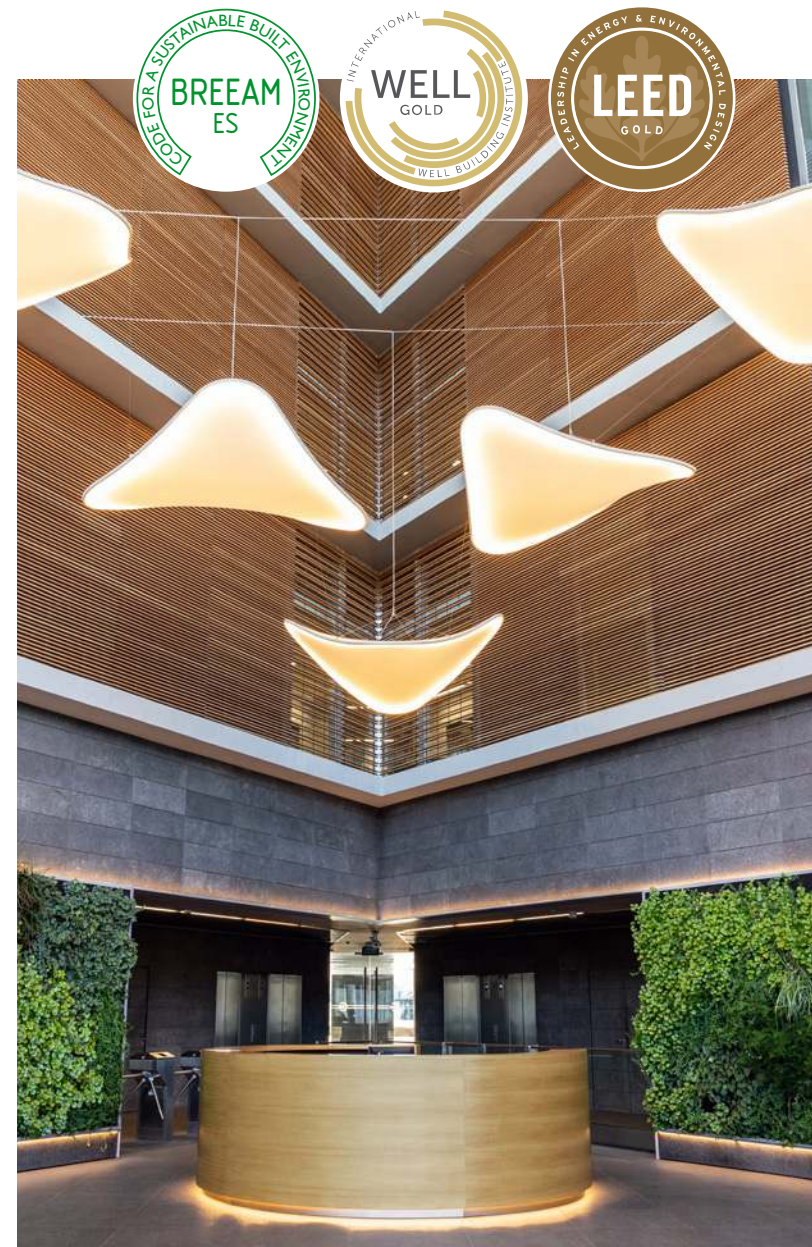
#### > LEED/BREEAM CERTIFICATION



#### > ROADMAP TO PORTFOLIO LEED, BREEAM & WELL CERTIFICATION

Asset	Certification Type	Sustainability Certification	Health-Safety Certification	Expected Certification Date
Cristalia	LEED Core & Shell	LEED GOLD	WELL GOLD	LEED Certified
Ramírez de Arellano	Breeam In-Use	BREEAM Very Good	Under Analysis	BREEAM Certified
Habana	LEED Core & Shell	LEED GOLD	WELL GOLD	H2 2021
Botanic	LEED Core & Shell	LEED PLATINUM	WELL GOLD	H2 2021 (Pre-Certified)
M. Molina <sup>2</sup>	LEED	Under Analysis	Under Analysis	Under Analysis
Guadalix	LEED/BREEAM	Under Analysis	Under Analysis	Under Analysis
Cadenza <sup>3</sup>	LEED Core & Shell	LEED GOLD	WELL GOLD	H2 2021
Manoteras	LEED Core & Shell	LEED PLATINUM	WELL GOLD	H2 2022

Notes: (1) Royal Institution of Chartered Surveyors; (2) Final type and status to depend on extent of ownership; (3) LS7 renamed as Cadenza for commercial purposes



## > APPENDIX



## > APPENDIX Q3 2020 FINANCIALS

### > CONSOLIDATED INCOME STATEMENT (P&L)

#### IFRS

€'000 (unless otherwise specified)	30/09/2019	30/09/2020
<b>Gross Rental Income (GRI)</b>	<b>3,231</b>	<b>3,820</b>
Non-reimbursable property expenses	(250)	(316)
<b>Net Rental Income (NRI)</b>	<b>2,981</b>	<b>3,504</b>
Overheads	(2,203)	(4,610)
<b>Operating Income (EBITDA)</b>	<b>778</b>	<b>(1,106)</b>
Amortization & Provisions	(7)	(17)
<b>Recurring EBIT</b>	<b>771</b>	<b>(1,123)</b>
Net financial charges	(477)	(811)
Tax	-	-
<b>Recurring net profit</b>	<b>294</b>	<b>(1,934)</b>
Change in fair value of assets	15,033	8,550
Other income and expenses	(46)	(4,196)
<b>Reported net profit</b>	<b>15,281</b>	<b>2,420</b>
<b>Recurring EPS (€ p.s.)</b>	<b>0.02</b>	<b>(0.07)</b>
<b>Reported EPS (€ p.s.)</b>	<b>1.22</b>	<b>0.09</b>
Average no. of shares outstanding	12,572,951	28,048,743

#### EPRA

€'000 (unless otherwise specified)	30/09/2019	30/09/2020
EPRA earnings	248	(6,130)
<b>Adjusted EPRA earnings</b>	<b>261</b>	<b>(1,934)</b>
EPRA EPS (€ p.s.)	0.02	(0.22)
<b>Adjusted EPRA EPS (€ p.s.)</b>	<b>0.02</b>	<b>(0.07)</b>

### > CONSOLIDATED BALANCE SHEET

#### IFRS

€'000 (unless otherwise specified)	30/09/2019	30/09/2020
<b>Non Current Assets</b>	<b>176,758</b>	<b>256,520</b>
Property plant & equipment	125	208
Investment property	175,566	255,420
Long-term financial investments	1,067	892
<b>Current assets</b>	<b>42,437</b>	<b>151,936</b>
Trade and other receivables	2,597	6,839
Prepayments and accrued income	156	341
Cash & cash equivalents	39,684	144,756
<b>Equity</b>	<b>149,257</b>	<b>298,339</b>
Share Capital	140,063	284,294
Share Premium	-	5,769
Reserves	(4,233)	5,447
Treasury shares	(487)	(7,545)
Retained earnings	15,281	2,420
Other	-	7,954
<b>Liabilities</b>	<b>69,938</b>	<b>110,117</b>
Non-current liabilities	67,461	106,329
Financial debt	64,928	103,972
Financial derivatives	1,367	1,446
Other	1,166	911
Current liabilities	2,477	3,788
Financial debt	159	158
Trade & other payables	2,318	3,630
Number of shares outstanding, end of period	13,955,463	27,561,928



## > DISCLAIMER

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# ÁRIMA

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## Press Release

The SOCIMI presents reassuringly solid results despite prevailing uncertainty

### Árma holds COVID-19 at bay to grow its revenue by 18%

- In a quarter marred by uncertainty, Árma has collected 100% of rent payments due, with rental income rising by 18%; this strong performance is partly due to a sound investment strategy that has avoided exposure to retail and hotels
- Despite the difficult economic climate, and the fact that 50% of its portfolio is under refurbishment, Árma has achieved a sound set of results, reporting a net profit of €2.42 million
- The company has held firm to its business plan, and redevelopment works have kept on track despite the pandemic
- Árma has demonstrated a disciplined and prudent approach to its pipeline, sticking to a defensive portfolio conservatively estimated to offer potential rental uplift of 155%
- Árma reiterates its commitment to sustainability and well-being, and now finances 100% of its portfolio through green loans. In addition, the firm has been awarded the EPRA BPR Most Improved Award, achieving Silver level. Surpassing all expectations, it achieved a strong GRESB certification, and has high hopes for its 2021 position



Photo: Árma. Infographic 'Botanic: one of Europe's most exceptional workspaces'

**12 November 2020.** Árma published its quarterly results today, having successfully held pandemic woes at bay to collect 100% of rental payments and grow revenue by 18% year-on-year, reporting €3.8 million at the close of Q3 2020 — up from €3.2 million in the same period of 2019.

Despite the difficult economic climate, with net profits reaching €2.42 million this is a sound set of results for the real estate specialist, especially since 50% of its portfolio is currently under refurbishment and portfolio valuation for 2020 is not comparable to that of the same period last year.

Árma's strong performance is reassuring in a quarter marred by uncertainty, with the COVID-19 pandemic casting a shadow over the economic outlook. Despite these challenging circumstances, Árma has managed to meet its business plan and proceed undeterred with planned renovation works of around 40,000 square metres of its Madrid portfolio.

Redevelopment works at three sites — Habana, LS7 (now Cadenza) and Botanic — are scheduled for completion by the end of 2021, while Manoteras, the company's most recent acquisition, will launch in H2 2022. Botanic is set to be of particular interest: a unique property that will become one of Europe's most exceptional workplaces, with its very own botanic garden.

### **Prudence in the light of challenging and uncertain times**

At a moment of great uncertainty and negative macroeconomic forecasts, Árma has chosen to err on the side of prudence, approaching its pipeline with careful scrutiny. The company benefits from a defensive portfolio acquired at highly competitive prices, with significant growth potential. Its current assets are conservatively estimated to offer potential rental growth of 155%. Árma's strategy responds to two primary objectives: maintaining the high quality of its properties and fulfilling the investment commitment made to its shareholders.

Thanks to this prudent approach, one year after its most recent share capital increase (which saw the SOCIMI triple in value compared to its IPO valuation), Árma has reported a very comfortable cash position of €144 million, a low gearing ratio and excellent financing conditions.

### **Sustainability and well-being at the heart of the office of tomorrow**

Árma has reaffirmed its commitment to sustainability and well-being, and as previously announced, now finances 100% of its portfolio through sustainable green loans. The company is well on the way to reaching its short- and medium-term objective of achieving the world's most rigorous certifications for sustainable and healthy architecture (such as LEED and BREEAM) for 80% of its properties, and the WELL Health & Safety rating for 100%. These certifications recognise best practices in energy performance, waste management and health, with particular focus on air and water quality management. All of these aspects will be crucial to success in the office lettings market in the post-COVID-19 era.

Árma has rolled out this strategy, based on over 30 years' experience in property management, right across its portfolio — an approach that today seems more prescient than ever. Its hallmark: a skilful blend of outstanding design, maximum cost efficiency and the highest standards of quality and well-being.



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#### **About 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**

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