



FIRST  
QUARTER  
REPORT  
2016

Axiare Patrimonio today announces its earnings and management statement for the three months ended 31 March 2016. Highlights for the period:

### **GOOD FINANCIAL RESULTS IN A TRANSITIONAL YEAR; OUTPERFORMING THE SPANISH MARKET**

- 12-month total property return of 18.0% in 2015, outperforming IPD Spain of 15.8%. Both capital return and income return of 12.1% and 5.3%, also ahead of IPD's 10.4% and 5.0%
- EPRA<sup>1</sup> NAV per share of EUR 11.77, up from EUR 11.70 at 2015 year-end. This represents an increase of 12.4% YoY and 24.5% since IPO. The portfolio has not been appraised this quarter
- Gross rental income of EUR 9.9 million, up +38% YoY. Adjusted for acquisitions, the like-for-like<sup>2</sup> rental income decreased 1.6% due to the segment and tenant mix
- Outstanding operating margin of 72% due to our lean cost base and internally managed structure
- Adjusted EPRA<sup>1</sup> profit of EUR 5.7 million, up +22.1% YoY, and EPS of EUR 0.08<sup>3</sup>. Underlying FFO was EUR 5.7 million, also up +22.5% YoY
- Solid financial position to fund further growth with EUR 349 million raised to date at 2.0% all-in cost and 10 years weighted average maturity

### **DISCIPLINED AND PROFITABLE INVESTMENT APPROACH; VISIBILITY ON ATTRACTIVE PIPELINE**

- Two assets acquired at 13% below replacement cost totalling EUR 33 million. With a 97% occupancy level, acquisitions add a stable cash-flow to the portfolio at a very attractive yield
- Portfolio acquired at an average 15% discount to replacement cost, with high-quality assets primarily located in Madrid and Barcelona (96% of portfolio) yielding 6% at end of March
- Solid high-quality pipeline under analysis to invest firepower of EUR 500 million, with EUR 145 million currently under due diligence and expected to close shortly

### **DILIGENTLY IMPROVING RENTAL LEVELS AND EXECUTING ON OUR CREATING CORE PRODUCTS STRATEGY**

- 59,500 sqm of new leases in advanced negotiations with international blue-chip tenants, expected to bring the portfolio occupancy to ca. 90% short-term
- Two new leases signed at an average of +9% over current market rental levels
- 5% of all tenancies renegotiated, covering 9,337 sqm, at an average increase of +16% against previous rental levels
- Tenant exits totalling 23,885 sqm across all sectors, all of which were anticipated and let below market levels. Re-lets expected at a higher rent level in the short to medium term
- Like-for-like<sup>2</sup> occupancy rate at 86% (Q1 2015: 84%), with increases in offices and logistics
- Good progress across all near completion and committed redevelopment schemes

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*“While 2016 is a transitional year for our existing portfolio - diligently managing lettings and re-gearings and executing on our best-in-class redevelopments - we continue to report another quarter of strong activity, with market-beating portfolio returns. We remain positive on the leasing outlook for this year and on our ability to crystallise our pipeline. Whilst already boasting a balanced portfolio with a very attractive yield, we continue to progress in building an exceptional portfolio and executing on our strategy to deliver outstanding returns”*

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**Luis Alfonso López de Herrera-Oria**  
Chief Executive Officer

1) In accordance with EPRA guidance.

2) Comparing with the same properties included in the portfolio at March 2015.

3) Adjusted for non-recurring income and expense items.

## CONTACTS

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Chony Martin Vicente-Mazariegos, Chief Financial Officer  
Carmen Boyero-Klossner, Head of Investor Relations

## FINANCIAL CALENDAR

Our General Shareholders' Meeting (GSM) will take place tomorrow 12<sup>th</sup> May 2016 at 12:00 CET at the Bloomberg Auditorium, Paseo de la Castellana 9, 1<sup>st</sup> floor, Madrid. Axiare Patrimonio will not be disclosing any new material financial information at the GSM.

Please note that all GSM-related documents are available on the company website [www.axiare.es](http://www.axiare.es).

# 1. Our Financial Results

## 1.1. CONSOLIDATED PROFIT & LOSS ACCOUNT (IFRS)

### Q1 2016 Analytical Income Statement (IFRS)

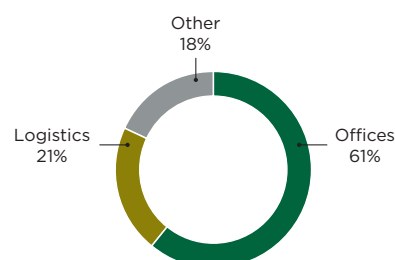
EUR m. unless specified	Q1 2016	Q4 2015	QoQ Change	Q1 2015	YoY Change
Recurring Gross Rental Income (GRI)	9.895	10.625	(6.9%)	7.164	38.1%
Property Operating Expenses	(1.384)	(1.167)	18.6%	(1.005)	37.6%
<b>Net Rental Income (NRI)</b>	<b>8.512</b>	<b>9.459</b>	<b>(10.0%)</b>	<b>6.159</b>	<b>38.2%</b>
Overheads	(1.397)	(1.274)	9.7%	(1.149)	21.6%
o/w wages, salaries and similar remuneration	(1.007)	(0.757)	33.1%	(0.639)	57.6%
o/w other selling and administrative expenses	(0.390)	(0.517)	(24.6%)	(0.510)	(23.6%)
<b>Operating Income (EBITDA)</b>	<b>7.115</b>	<b>8.184</b>	<b>(13.1%)</b>	<b>5.010</b>	<b>42.0%</b>
Amortization & provisions	(0.019)	(0.052)	(63.2%)	-	-
<b>EBIT</b>	<b>7.095</b>	<b>8.132</b>	<b>(12.7%)</b>	<b>5.010</b>	<b>41.6%</b>
Net Financial Charges	(1.440)	(1.196)	20.4%	(0.379)	280.3%
Tax	-	-	-	-	-
<b>Underlying Net Profit</b>	<b>5.655</b>	<b>6.936</b>	<b>(18.5%)</b>	<b>4.631</b>	<b>22.1%</b>
Change in fair value of assets	-	41.193	(100.0%)	- <sup>4</sup>	-
Other income and expenses	(0.541)	(0.000)	-	0.433	(225.0%)
<b>Reported Net Profit</b>	<b>5.114</b>	<b>48.129</b>	<b>(89.4%)</b>	<b>5.064</b>	<b>1.0%</b>
Underlying EPS (EUR)	0.08	0.10	(18.1%)	0.13	(38.4%)
Reported EPS (EUR)	0.07	0.67	(89.3%)	0.14	(49.0%)
Average no. of shares outstanding	71,136,818	71,463,263		35,903,710	

### Profit and loss and earnings per share

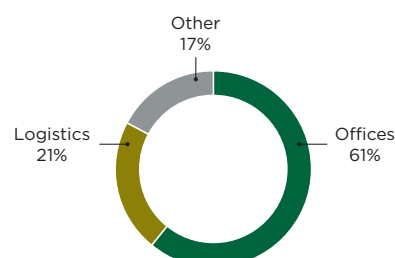
Total recorded group gross rental income, excluding income related to portfolio operating expenses chargeable to tenants, were EUR 9.9 million in the first three months of 2016, up +38% over the same period the prior year and down -7% QoQ. Adjusted for new acquisitions, the 12-month like-for-like rental income decreased 1.6% YoY due to segment and tenant mix with higher share of logistics and office established submarkets in the group rental income. We are preparing some properties for redevelopment, or capacity expansion in the case of logistics, which has impacted our rental income QoQ.

Net rental income in the quarter amounted to EUR 8.5 million, after deducting portfolio operating expenses not chargeable to tenants. Net to gross rental income margin was 86.0% in the quarter, flat YoY. The sequential decline in the margin was primarily driven by the year-end closing of the 2015 property expenses' budget in December 2015.

### GRI by business segment



### NRI by business segment



4) In order to present comparable figures we have excluded the March 2015 portfolio revaluation as this was only undertaken for the capital increase completed in June 2015. On an ongoing basis the company will perform external appraisals every June and December.

Total overheads were EUR 1.4 million, including EUR 1.0 million of personnel costs and EUR 0.4 million of general selling and administrative expenses. Total company running costs represented 0.19% of the average share capital and premium during the period.

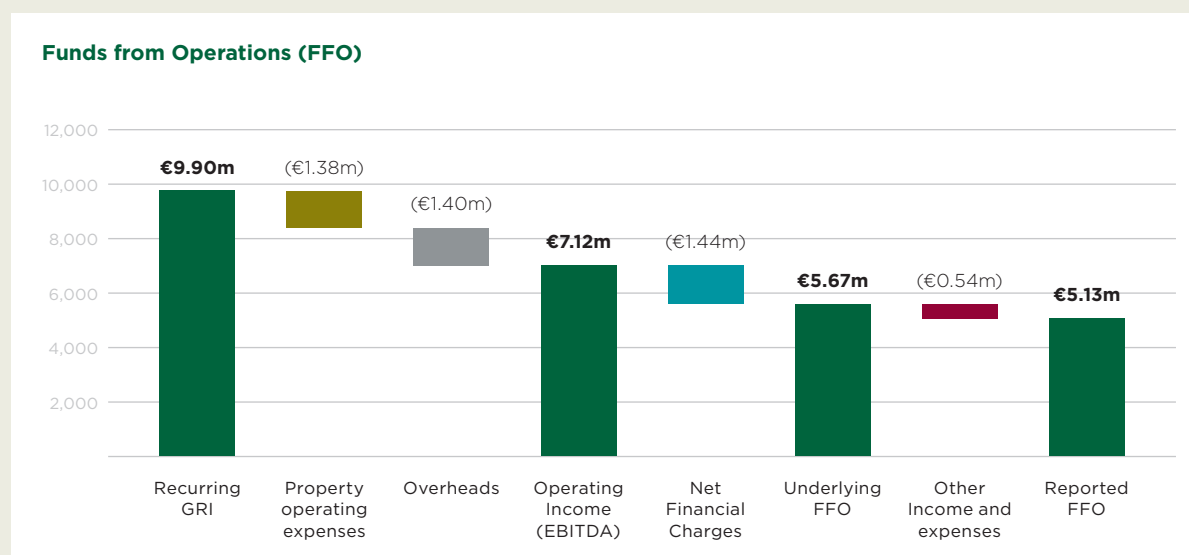
Underlying operating income (EBITDA) reached EUR 7.1 million in the first three months of 2016.

Net financial costs were EUR 1.4 million. Gross interest paid on our debt facilities was EUR 1.6 million, which was partially compensated by interest income of EUR 0.2 million. The tax charge in the income statement for the period is EUR nil, and the underlying effective tax was 0% as a result of the Socimi regime.

For the three-month period, recurring net profit was EUR 5.7 million and recurring EPS was EUR 0.08. There was no revaluation impact as the portfolio has not been revalued this quarter. Non-recurring income and expenses items in the quarter included a one-off tenant delinquency in Planetocio not expected to be repeated. It also included a full portfolio's cadastral appraisal, expected to have a positive impact on future property municipality taxation. The group consolidated net profit reached EUR 5.1 million and EPS EUR 0.07.

## EPRA Earnings

	1Q2016	4Q2015	1Q2015
<b>Earnings per IFRS income statement</b>	<b>5.114</b>	<b>48.129</b>	<b>17.739</b>
Adjustments to calculate EPRA Earnings, exclude:			
(i) Changes in value of investments properties, development properties held for investments and other interests	-	(41.143)	(12.675)
<b>EPRA Earnings</b>	<b>5.114</b>	<b>6.986</b>	<b>5.064</b>
<b>EPRA Earnings per Share (EPS) (EUR)</b>	<b>0.07</b>	<b>0.10</b>	<b>0.14</b>
<b>Company specific adjustments:</b>			
(a) Company specific adjustment	0.541	-	(0.433)
<b>Company specific Adjusted Earnings</b>	<b>5.655</b>	<b>6.986</b>	<b>4.631</b>
<b>Company specific Adjusted EPS (EUR)</b>	<b>0.08</b>	<b>0.10</b>	<b>0.13</b>
Avg. number of shares outstanding, basic	71,136,818	71,463,263	35,903,710



## 1.2. CONSOLIDATED BALANCE SHEET

### Assets

	EUR M.	
	31/03/2016	31/12/2015
<b>Non-current assets</b>		
Property plant and equipment	0.494	0.511
Investment property	855.930	841.865
Derivatives	2.260	0.808
Long term investments	6.306	6.070
	<b>864.990</b>	<b>849.254</b>
<b>Current assets</b>		
Trade and other receivables	13.909	13.353
Short-term investments	0.115	0.124
Other assets	1.562	0.048
Cash and cash equivalents	261.454	268.809
	<b>277.040</b>	<b>282.334</b>
<b>TOTAL ASSETS</b>	<b>1,142.030</b>	<b>1,131.588</b>

The value of Axiare Patrimonio's portfolio at 31 March 2016 on the balance sheet was EUR 855.9 million, based on the external independent appraisal determined by CBRE Valuation Advisory (RICS) at 31 December 2015 and on the acquisition price for assets acquired in Q1 2016<sup>5</sup>.

Debt with credit institutions amounted EUR 295.6 million on the balance sheet, at amortised cost, at the end of the quarter.

Cash and cash equivalents amounted EUR 261.5 million, bringing the group's net debt to EUR 38.2 million as of 31 March 2016.

### Financing

During the quarter, Axiare Patrimonio extended the bilateral financial agreement signed with Banco Santander in July 2015 adding EUR 14.9 million to the original notional amount of EUR 42.350 million. The loan terms remain unchanged for the amended agreement. The property funded included the high street retail unit located in Madrid's CBD in the prime

### Equity and Liabilities

	EUR M.	
	31/03/2016	31/12/2015
<b>Equity</b>		
Share capital	718.750	718.750
Share premium	35.869	35.869
Retained earnings	79.435	77.254
Treasury shares	(10.050)	(4.631)
	<b>824.004</b>	<b>827.242</b>
<b>Liabilities</b>		
Non-current liabilities		
Financial debt	294.594	270.852
Financial derivatives	6.159	1.382
Other non-current liabilities	7.177	6.886
	<b>307.930</b>	<b>279.120</b>
Current liabilities		
Financial debt	0.995	10.024
Trade and other payables	8.555	15.087
Other liabilities	0.546	0.115
	<b>10.096</b>	<b>25.226</b>
<b>TOTAL LIABILITIES</b>	<b>318.026</b>	<b>304.346</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,142.030</b>	<b>1,131.588</b>

Velázquez office building, which had been acquired in July 2015.

At 31 March 2016, the company had signed financial agreements for a total notional amount of EUR 349 million, bringing the gross loan to value of the portfolio to 39%. The weighted average duration of the total debt raised was 10 years, and the all-in cost 2.0% until 2017 (2.4% thereafter). The total amount drawn down at quarter-end was EUR 302 million.

### Net Asset Value

At 31 March 2016, Axiare Patrimonio's portfolio gross asset value (GAV) was EUR 873 million, up from EUR 859 million at 31 December 2015. The portfolio has not been revalued this quarter, hence the GAV increase only reflects the assets bought in Q1 2016 at acquisition price.

EPRA net asset value per share (NAV) at 31 March 2016 was EUR 11.77, up from EUR 11.70 at the end of 2015. This represents an increase of 12.4% over the last twelve months and 24.5% since the IPO.

5) The fair value of the forward purchase on Manuel de Falla 7 (office asset in Madrid CBD) on the balance sheet corresponds only to the amount disbursed as advance payments at 31 March 2016, of EUR 22 million.



	31/03/2016	31/12/2015	EUR. M 31/03/2015
Gross Asset Value	872.865	858.800	507.950
Net financial debt	(38.168)	(12.644)	(111.539)
Other adjustments	(2.688)	(10.911)	(20.878)
<b>NAV</b>	<b>832.009</b>	<b>835.245</b>	<b>375.533</b>
Adjustment to fair value of financial instruments	3.899	0.574	0.800
<b>EPRA NAV</b>	<b>835.908</b>	<b>835.819</b>	<b>376.333</b>
<b>NAV per Share (€)</b>	<b>11.77</b>	<b>11.70</b>	<b>10.48</b>
No. of shares outstanding	70,993,995	71,458,060	35,913,156



### 1.3 CONSOLIDATED CASH FLOWS

EUR M. unless specified	3 month period until 31 <sup>st</sup> March 2016	3 month period until 31 <sup>st</sup> March 2015
<b>Profit before taxes</b>	<b>5.114</b>	<b>18.171</b>
Change in fair value investment properties	-	(13.125)
Depreciation	0.019	0.014
Financial result	1.441	0.381
Changes in working capital	(1.528)	2.881
Other income and expenses	0.378	-
Other assets and liabilities	(0.156)	(0.424)
<b>Cash flows from operating activities</b>	<b>5.268</b>	<b>7.898</b>
Acquisition of property, plant and equipment	-	(0.036)
Acquisition of investment properties	(20.612)	(53.584)
<b>Cash flows from investment activities</b>	<b>(20.614)</b>	<b>(53.620)</b>
Capital increase	-	0.047
Bank loans	14.747	59.282
Interest payments	(1.409)	-
Dividends paid	-	-
Acquisition of treasury shares	(5.347)	0.092
<b>Cash flows from financing activities</b>	<b>7.991</b>	<b>59.421</b>
<b>Total Changes in Cash Flows</b>	<b>(7.355)</b>	<b>13.699</b>

#### Cash flow from operating activities

Cash flow from operating activities generated EUR 5.3 million, driven primarily by the underlying operating income (EBITDA) amounting to EUR 7.0 million and to changes in working capital.

#### Cash flow from investment activities

Cash flows from investment activities were negative EUR 20.6 million in the first three months of 2016 owed to the acquisition of investment properties of EUR 20.6 million, including EUR 13.2 million disbursement for Josefa Valcárcel 24 and capital expenditures of EUR 0.8 million.

#### Cash flow from financing activities

Cash flow from financing activities generated a positive cash flow of EUR 8.0 million in the first three months of 2016, mainly as a result of net inflows of EUR 14.7 million related to bank loans. Cash flow effect from treasury shares purchase was EUR 5.3 million of cash outlays.

Overall, the company ended the period with a negative net change in cash and cash equivalents of EUR 7.4 million.

## 2. Our Business

### 2.1. INVESTMENT MANAGEMENT

During Q1 2016, Axiare Patrimonio acquired two assets at an average of 13% below replacement cost totalling EUR 33 million: an occupied office building in the A-2/M-30 office market for EUR 13 million and a fully let retail park in Almeria for EUR 20 million. The latter had been committed to purchase at the end of March 2016, although the transaction was fully closed and the payment disbursed in April 2016. Both acquisitions provide stable cash-flow to the portfolio at a very attractive yield.

With these acquisitions, the company portfolio comprises 31 assets with a total of 578,513 sqm. The portfolio breakdown stands at 71% offices, 15% logistics platforms and 14% other commercial assets, mainly retail warehouses, in line with the company's investment strategy.

Total volume invested stands at EUR 777.9 million, with a valuation (GAV) of EUR 891.8 million based on the external independent appraisal determined by CBRE Valuation Advisory (RICS) at 31 December 2015 and on the net acquisition price for both assets acquired in the quarter. This represents an overall increase in value of 14.6% on acquisition price.

Axiare Patrimonio has continued to show an extremely disciplined approach acquiring high-quality assets at an average 15% discount to replacement cost.

	Exposure	Acquisition Price (€/sqm)	Average replacement cost (€/sqm)	Discount
Offices	70.9%	2,941	3,195	(7.9%)
Logistics	14.7%	348	531	(34.4%)
Other	14.5%	1,424	1,854	(23.2%)
<b>Portfolio</b>	<b>100.0%</b>	<b>1,353</b>	<b>1,593</b>	<b>(15.1%)</b>



We currently have good visibility on a robust pipeline across asset classes that reflects our investment philosophy. We continue to focus on investment opportunities in well-established locations with good upside potential through our asset management capabilities. This disciplined investment approach needs sufficient time to execute. With EUR 145 million currently under due diligence, we are confident that we will be able to acquire good quality assets at attractive prices. We will continue to prove our ability to invest wisely throughout this year.

### Portfolio breakdown

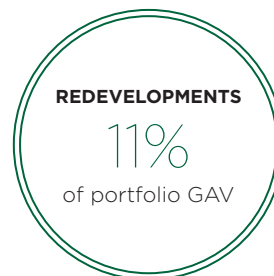
#### Investment properties

EUR. M unless specified	GLA	Acq. Price	Acq. Cost	GAV	Annualised GRI	Annualised NRI	Gross Yield	EPRA NIY	EPRA "Topped-up" NIY
<b>Offices</b>	<b>165,520</b>	<b>476.590</b>	<b>486.778</b>	<b>537.435</b>	<b>23.233</b>	<b>20.394</b>	<b>4.9%</b>	<b>3.7%</b>	<b>3.8%</b>
Madrid	150,168	423.590	432.345	479.435	20.039	17.117	4.8%	3.5%	3.6%
CBD	18,233	91.840	93.521	106.150	2.485	1.777	2.7%	1.6%	1.6%
BD	131,935	331.750	338.824	373.285	17.554	15.341	5.4%	4.0%	4.1%
Barcelona	15,351	53.000	54.433	58.000	3.194	3.277	5.9%	5.6%	5.6%
<b>Logistics</b>	<b>304,894</b>	<b>106.086</b>	<b>108.855</b>	<b>130.300</b>	<b>8.811</b>	<b>7.781</b>	<b>8.1%</b>	<b>5.9%</b>	<b>5.9%</b>
Madrid	194,149	78.666	80.577	94.900	6.957	6.253	8.6%	6.5%	6.5%
Barcelona	68,279	18.000	18.620	21.800	0.579	0.345	3.1%	1.6%	1.6%
Other	42,466	9.420	9.658	13.600	1.274	1.183	13.2%	8.6%	8.6%
<b>Others</b>	<b>63,193</b>	<b>90.500</b>	<b>94.222</b>	<b>108.300</b>	<b>7.545</b>	<b>5.856</b>	<b>8.0%</b>	<b>5.3%</b>	<b>5.5%</b>
<b>Total</b>	<b>533,606</b>	<b>673.176</b>	<b>689.855</b>	<b>776.035</b>	<b>39.589</b>	<b>34.032</b>	<b>5.9%</b>	<b>4.3%</b>	<b>4.4%</b>



**Redevelopments**

EUR. M unless specified	GLA	Acq Price	Acq Cost	GAV
<b>Offices</b>	<b>29,163</b>	<b>80.725</b>	<b>86.568</b>	<b>96.000</b>
Madrid	29,163	84.725	86.568	96.000
CBD	15,515	63.725	65.065	73.800
BD	13,648	21.000	21.503	22.200
<b>Total</b>	<b>29,163</b>	<b>80.725</b>	<b>86.568</b>	<b>96.000</b>



**JOSEFA VALCÁRCEL 24**

Acquired at the end of January, and located in Madrid's A-2/M-30 office area, with direct access from the A-2 motorway, and less than five minutes by car to the M-30 orbital motorway. Axiare Patrimonio consider the A-2/M-30 office area to be a strategic market and expect the area to see significant recovery, aided by the inauguration in Q1 2017 of the new Banco Popular global headquarters, less than 1 km from the property.

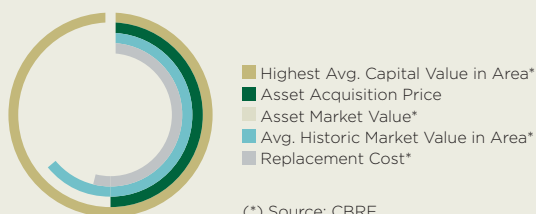


The seven storey office building has a GLA of 5,652 sqm and 90 car parking spaces. The property is 90% occupied and acts as American multinational conglomerate Honeywell's Spanish headquarters. It is a free-standing building, arranged over seven floors, with floor plates of 700 sqm and a ground floor with circa 1,500 sqm.

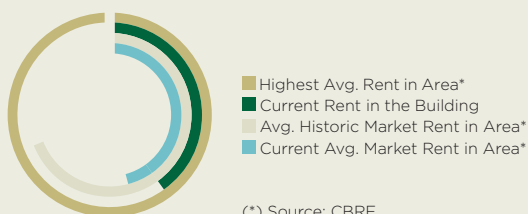
The building benefits from excellent levels of natural light and visibility from the A-2 motorway.

The asset was acquired off-market for EUR 13 million, representing a capital value of 2,300 €/sqm.

**CAPITAL APPRECIATION**



**RENTAL COMPARISON**



**VIAPARK**

Retail park, acquired in March<sup>6</sup>, located strategically between Roquetas del Mar and Almeria, with direct access from the A-7 motorway. It has a large catchment area that includes a population of approximately 385,000 residents, which significantly increases during the holiday season, and limited competition.

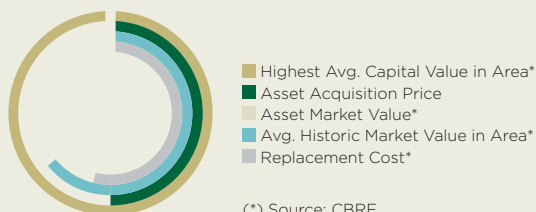
The complex, totalling 15,744 sqm and over 1,000 capacity car park, is fully let in line with current market rental levels to major retailers including Carrefour, Decathlon, Kiabi and Bricomart.

The park, developed in 2008 by Coperfil Real Estate Group and in excellent condition, provides steady, long term rental income from well covenanted tenants.

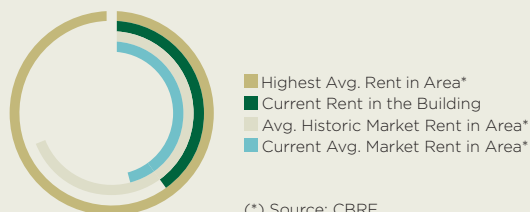
The asset was acquired off-market, at the end of March, for EUR 20 million, representing a capital value of 1,270 €/sqm. The return on this acquisition is highly attractive from the outset, and higher than current market average for similar transactions.



**CAPITAL APPRECIATION**



**RENTAL COMPARISON**



**2.2. LEASING ACTIVITY**

Leasing activity in Q1 2016 has been intense, mainly due to lease renegotiations with existing office tenants and the signing of new rental agreements expected to be closed shortly. Highlights include:

- 59,500 sqm of new leases in office and logistics in advanced negotiations with multinational blue-chip tenants, expected to bring the portfolio occupancy to ca. 90% in the short-term.
- Total space covered by new lettings, reviews and renewals during Q1 2016 was 10,495 sqm.
- 2 new leases signed (1,080 sqm), at an average of 9% over current market rental levels.
- 5% of all tenancies renegotiated, either due to breaks, retentions or re-lettings, covering 9,337 sqm, at an average increase of 16% against previous rental levels.
- Tenant exits accounted for 23,885 sqm across all sectors, all of which were let below current market levels. Re-lets are expected at a higher rent level in the short to-medium term.
- Occupancy rate at 86% on a like-for-like basis<sup>7</sup> (Q1 2015: 84%), with increases in offices and logistics.

6) Transaction fully closed in April 2016.

7) Comparing with the same properties included in the portfolio at March 2015.

## Offices

10,417 sqm of office space has been signed during Q1 2016, of which 1,080 sqm corresponds to new leases and 9,337 sqm to renewals on existing leases. The new leases have been signed at an average of 9% over current market rental level. The lease renewals represent an average increase of 16% against previous rental levels.

In addition, Axiare Patrimonio is currently in advanced negotiations to sign new leases totalling 4,500 sqm.

During the quarter, there have been various tenant exits in the office portfolio totalling 7,521 sqm. This was partly owed to Avenida de Bruselas 38, where tenants are being transferred to other Axiare Patrimonio properties in the area prior to the property redevelopment. There were also a number of tenants subject to corporate mergers that have been relocated to their new holding company headquarters in Q1 2016. These leases were on average 15% below current market rental levels, and Axiare Patrimonio expect to re-let these spaces at a higher rent. The net take-up over the period has therefore been -6,441 sqm.

The current average occupancy across Axiare Patrimonio's office portfolio is 75%. On a 12-month like-for-like basis<sup>8</sup>, the occupancy rate across the office portfolio has increased 15 basis points to 85% during the period.

## Logistics

In terms of leasing activity in the Logistics portfolio, Axiare Patrimonio is in advanced negotiations to agree new leases across 55,000 sqm with international blue-chip tenants. We expect these lease agreements to be signed in Q2 2016.

On the other hand, a total of 16,364 sqm of logistics space has been vacated during Q1 2016. Alcampo vacated 14,400 sqm in Camarma, and subsequently significantly extended the contract duration of the remaining leased 56,000 sqm. Custo Films returned its 1,964 sqm unit in Rivas, which is currently in the final stages of being re-let. With no lease renegotiations due in Q1 2016, this provides a net take-up over the period of -16,364 sqm.

The current average occupancy across Axiare Patrimonio's logistics portfolio is 74%. On a 12-month like-for-like basis<sup>8</sup>, the occupancy rate across the logistics portfolio has increased 216 basis points to 86% during the period.

## Other

There has also been minimal leasing activity in Axiare Patrimonio's Other portfolio, given in part to its current occupancy rate of 96%. Net take-up in Planetocio has been -413 sqm, with three exits and one new tenant. In terms of lease renegotiations in the Other portfolio, 10,477 sqm have been renegotiated.

The current average occupancy across Axiare Patrimonio's others segment is 95%. On a 12-month like-for-like basis<sup>8</sup>, the occupancy rate across the other portfolio has decreased 145 basis points to 91% during the period.

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8) Comparing with the same properties included in the portfolio at March 2015.

Overall, leasing activity helped increase the occupancy rate to 86% on a 12-month like-for-like basis at March 2016 compared to 84% at March 2015. At March 2016, the average rent across our office and logistics portfolio was EUR 15.0 and EUR 3.1 per sqm respectively. Our total annualized rent roll was EUR 39.6 million, a 30.0% increase over the 12 month period.

**Occupancy**

	1Q16	12-month LfL 1Q16	4Q15	1Q15	LfL change	QoQ change
<b>Offices</b>	<b>74.9%</b>	<b>84.7%</b>	<b>76.1%</b>	<b>84.6%</b>	<b>15 bps</b>	<b>(117) bps</b>
Madrid	74.8%	81.8%	73.5%	81.6%	17 bps	124 bps
Barcelona	100%	100%	100%	100%	0 bps	0 bps
<b>Logistics</b>	<b>73.8%</b>	<b>85.6%</b>	<b>78.5%</b>	<b>83.5%</b>	<b>216 bps</b>	<b>(472) bps</b>
Madrid	80.6%	80.6%	88.0%	91.0%	(1,048) bps	(742) bps
Barcelona	38.1%	100.0%	38.1%	0.0%	10,000 bps	0 bps
Other	100%	100%	100%	100%	0 bps	0 bps
<b>Others</b>	<b>95.3%</b>	<b>90.6%</b>	<b>96.0%</b>	<b>92.1%</b>	<b>(145) bps</b>	<b>(69) bps</b>
<b>Total</b>	<b>76.7%</b>	<b>85.8%</b>	<b>79.9%</b>	<b>84.4%</b>	<b>137 bps</b>	<b>(318) bps</b>

**2.3. REDEVELOPMENT MANAGEMENT**

**Near completion**

**MF7**

Works on Manuel de Falla 7 are almost complete. Axiare Patrimonio is due to take possession of the property at the end of May, and simultaneously commence an active marketing strategy for single tenant occupation. The building boasts state of the art construction and design features and it is expected to be awarded LEED Gold certification upon completion.



MDF7 post redevelopment





MDF7 Entrance hall after redevelopment



MDF7 New office floor with natural garden

### Committed schemes

Axiare Patrimonio currently has redevelopment projects underway in Avenida de la Vega 15, Ramírez de Arellano 15 and Juan Ignacio Luca de Tena 14.

### JILT14

Works have recently begun in Juan Ignacio Luca de Tena 14, and the façade replacement will shortly be visible from the main road. Axiare Patrimonio expects to deliver the building in Q4 2016, around the same time as the inauguration of Banco Popular's new global HQ, which is located directly opposite the asset. LEED Gold certification is expected to be achieved post refurbishment.

Axiare purchased Juan Ignacio Luca de Tena 14 in March 2015 for EUR 17 million, representing a capital value of 2,117 €/sqm. Total capital expenditure will amount to 436 €/sqm, bringing the total all-in investment to 2,553 €/sqm.



JILT14 prior to redevelopment



JILT14 post refurbishment

**ADV**

Avenida de la Vega 15's mock up reception hall was delivered successfully and on time and in accordance with the project design. Works will start in June 2016 on the park layout and main entrance, and are due to complete in Q4 2016. Axiare Patrimonio aims to reposition the business park as the best in its surrounding area, with strong focus on sustainability, tenant comfort and technology. LEED Gold certification is also expected to be achieved post refurbishment.

Axiare purchased Avenida de la Vega in September 2014, as part of the Abaco Portfolio, for EUR 52 million, representing a capital value of 2,303 €/sqm. Total capital expenditure will amount to approximately 200 €/sqm, bringing the total all-in investment to 2,503 €/sqm.



New design reception area in Avenida de la Vega 15



Avenida de la Vega's communal green area post refurbishment

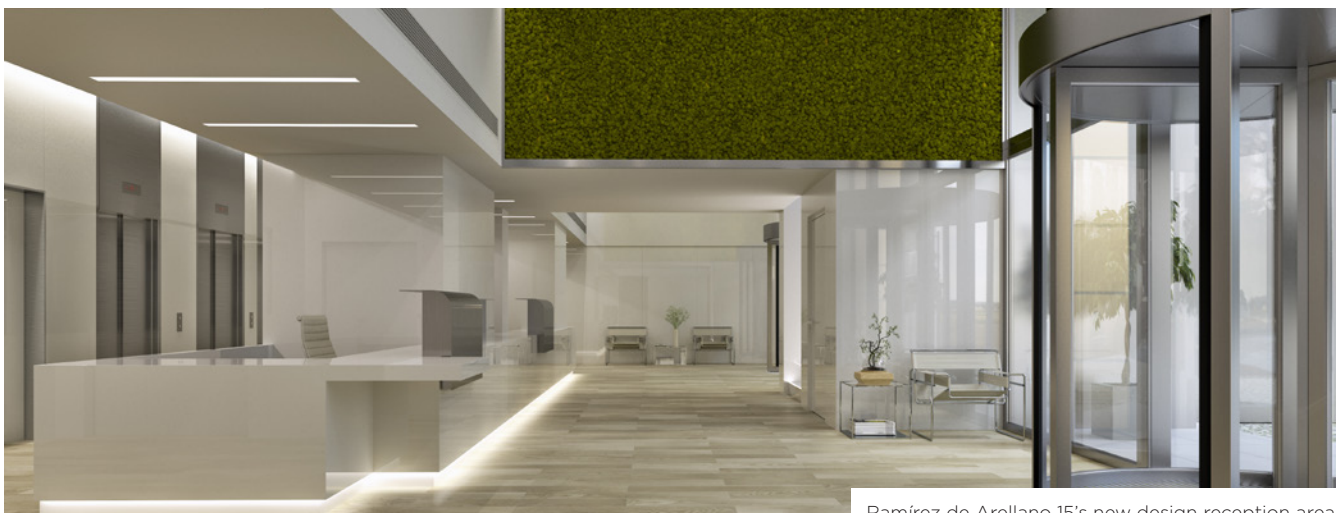
**RMA**

Ramírez de Arellano 15's mock up office floor was delivered successfully and on time. Work is underway on the remaining office floors, and the refurbishment of the reception area will begin in July. Axiare Patrimonio expects to achieve LEED Silver certification upon works completion in Q4 2016.

Axiare purchased Ramírez de Arellano in July 2015 for EUR 16.5 million, representing a capital value of 2,420 €/sqm. Total capital expenditure will amount to approximately 440 €/sqm, bringing the total all-in investment to 2,860 €/sqm.



New access to the building with two reception desks



Ramírez de Arellano 15's new design reception area



## 3. Key EPRA Metrics

### EPRA Performance Measures

	Definition	1Q 2016	
		(EURm unless specified)	per share (EUR)
EPRA Earnings	Earnings from operational activities	5.114	0.07
EPRA EPRA NAV	Group NAV adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model	835.908	11.77
EPRA NNNAV	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.	826.428	11.64
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value <sup>9</sup> of the property, increased with (estimated) purchasers' costs	4.3%	
EPRA "Topped-up" NIY	Incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives	4.4%	
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	21.3%	

9) Market value based on the external independent appraisal determined by CBRE Valuation Advisory (RICS) at 31 December 2015 and on the gross acquisition cost, including transaction costs, for assets acquired in Q1 2016.

## 4. IPD Benchmark

According to the IPD's 2015 Spain annual property index report issued in April 2016, Axiare Patrimonio delivered a total property return (TPR) for the 12 months to December 2015 of 18.0%, compared to the Spanish property index benchmark of 15.8%. This outperformance was driven by a strong capital return of 12.1% vs 10.4% for the IPD benchmark, and to a lesser extent to the company's income return of 5.3% vs 5.0% for the IPD benchmark.

IPD's Spanish property index has been top#2 performer in 2015 in the world. The Spanish benchmark included 29 constituents in 2015. It covered 475 directly held Spanish property investments, market revalued in December 2015 at EUR 17.6 billion equivalent to 32% of the Spanish investment market.



## 5. Post-closing Events

### DIVIDEND DISTRIBUTION

The Board of Directors will propose to the Annual General Shareholders' Meeting to be held tomorrow, 12<sup>th</sup> May 2016 at 12:00 CET, in Madrid, to resolve an ordinary dividend of EUR 2.98 million (2014: EUR 1.45 million) for 2015 results, representing approximately some 4 cents per share (2014: 4 cents).

The record date for dividend payment is expected to be before 12 June 2016.

# Appendix 01. Portfolio in detail

Nº	ASSET	Acquisition Date	GLA (sqm)	Parking spaces (units)	Net Acquisition Price	Gross Acquisition Price	31.12.2015 Valuation (1)	Capital Structure		
								Equity	Debt	LTV
1	F. Delgado	28.jul.14	17,267	395	28.750	29.274	40.000	11.274	18.000	45%
2	F. Santo	24.sep.14	3,254	42	16.500	16.810	26.000	4.810	12.000	46%
3	Av Vega	24.sep.14	22,578	447	52.000	52.926	59.000	24.326	28.600	48%
4	M. Falla	-	6,244	39	31.000	31.431	39.000	31.431	0.000	0%
5	Diagonal	4.dec.14	15,351	251	53.000	54.433	58.000	25.283	29.150	50%
6	Rib. Loira	4.dec.14	12,822	370	47.000	48.128	48.200	24.028	24.100	50%
7	Cristalia 2&3	4.dec.14	17,518	394	53.000	54.272	58.150	25.122	29.150	50%
8	Tucuman	30.mar.15	6,327	170	23.500	23.906	24.500	10.980	12.926	53%
9	Luca de Tena 14	30.mar.15	8,032	195	17.000	17.303	18.000	7.953	9.350	52%
10	Cristalia 5&6	22.may.15	17,587	381	49.000	50.199	56.000	22.699	27.500	49%
11	Velazquez	15.jun.15	14,979	122	75.340	76.711	80.150	32.387	44.324	55%
12	R.Arellano	21.jul.15	6,819	112	16.500	16.849	19.000	16.849	0.000	0%
13	Av Bruselas	23.sep.15	14,547	364	27.500	28.082	32.100	11.889	16.193	50%
14	Alcalá	23.sep.15	6,260	198	12.000	12.254	13.400	12.254	0.000	0%
15	Luca de Tena 6	23.sep.15	4,560	190	9.500	9.701	9.700	4.369	5.332	55%
16	D.Ramón Cruz	8.oct.15	9,271	91	32.725	33.633	34.800	15.188	18.445	53%
17	P. Somport	23.dec.15	5,616	73	4.000	4.038	4.200	4.038	0.000	0%
18	J Valcarcel 24	26.jan.16	5,652	90	13.000	13.235	13.000	13.235	0.000	0%
<b>TOTAL OFFICES</b>			<b>194,682</b>	<b>3,924</b>	<b>561.315</b>	<b>573.185</b>	<b>633.200</b>	<b>298.115</b>	<b>275.070</b>	<b>43%</b>
19	Cabanillas	29.jul.14	37,879	-	16.681	17.214	20.700	8.091	9.123	44%
20	Miralcampo	30.jul.14	35,781	-	14.485	14.849	15.600	6.409	8.440	54%
21	Dos Hermanas	30.jul.14	42,466	-	9.420	9.658	13.600	4.477	5.181	38%
22	Rivas	24.sep.14	35,248	-	17.000	17.316	19.500	7.966	9.350	48%
23	Valls	9.oct.14	26,026	-	4.500	4.591	7.700	0.000	4.624	60%
24	Guadalix	9.oct.14	14,945	-	4.500	4.603	7.600	1.040	3.563	47%
25	Camarma	9.oct.14	70,296	-	26.000	26.595	31.500	9.045	17.550	56%
26	Constantí	30.jul.15	42,253	-	13.500	14.029	14.100	14.029	0.000	0%
<b>TOTAL LOGISTICS</b>			<b>304,894</b>	<b>-</b>	<b>106.086</b>	<b>108.855</b>	<b>130.300</b>	<b>51.057</b>	<b>57.831</b>	<b>44%</b>
27	Planetocio	24.sep.14	19,222	797	14.000	14.473	15.600	14.473	0.000	0%
28	Bauhaus	4.dec.14	12,413	352	27.000	27.729	30.700	12.879	14.850	48%
29	Hotel	20.feb.15	10,447	212	10.500	12.195	13.000	12.195	0.000	0%
30	Las Mercedes	23.sep.15	21,111	540	39.000	39.825	49.000	39.825	0.000	0%
31	Viapark	15.apr.16	15,744	1.500	20.000	20.623	20.000	20.623	0.000	0%
<b>TOTAL OTHER</b>			<b>78,937</b>	<b>3,401</b>	<b>110.500</b>	<b>114.845</b>	<b>128.300</b>	<b>99.995</b>	<b>14.850</b>	<b>12%</b>
<b>TOTAL PORTFOLIO</b>			<b>578,513</b>	<b>7,325</b>	<b>777.901</b>	<b>796.884</b>	<b>891.800</b>	<b>449.166</b>	<b>347.751</b>	<b>39.0%</b>

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