



AXIA REAL ESTATE SOCIMI, S.A.  
C/ José Ortega y Gasset 29  
Madrid 28006  
A-86971249

### **SPANISH STOCK MARKET COMMISSION (CNMV)**

In compliance with reporting requirements set forth in Article 82 of Act 24/1988, dated 28 July, on the Stock Market, AXIA REAL ESTATE SOCIMI, S.A. (hereinafter, "AXIARE") notifies the Spanish Stock Market Commission (*Comisión Nacional del Mercado de Valores*) of the following

### **IMPORTANT INFORMATION ANNOUNCEMENT**

Presentation on the latest real estate acquisition announced by the company that will be used as support material for the conference call which has been convened today on December 9.

Madrid, December 9, 2014,

Axia Real Estate SOCIMI, S.A.  
Mr Luis López de Herrera-Oria  
CEO



# **CORPORATE PRESENTATION**

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SPANISH REIT (SOCIMI)  
December 2014



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This document includes summarized and non-audited information. The financial and operational information, as well as the data on the acquisitions which have been carried out, included in the presentation, correspond to the internal recordings and accounting of the Company. Such information has not been subject to audit, limited review or any other control by an auditor or an independent third party. Therefore, this information may be modified or amended in the future.

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# 1. OUR COMPANY

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## 1.1 EXECUTIVE SUMMARY

**AXIARE** derives from the Greek word meaning ‘VALUE’ and is the core philosophy behind which the management team operates:

### INCREASE THE VALUE OF OUR REAL ESTATE INVESTMENTS AND CREATE VALUE FOR OUR SHAREHOLDERS.



#### STRATEGY

AXIARE invests in **prime office, logistics and retail properties**, with strong upside potential, in the most **consolidated areas of Spain**. AXIARE has a long-term business plan in place, which is focused on **creating value via active asset management** and repositioning of the portfolio, with particular attention being paid to environmental sustainability.



#### MISSION AND VALUE

Identify the **very best investment opportunities in the Spanish market** and act as a vehicle for generating long term, sustainable **value and returns for our shareholders**, via a value-added real estate strategy. AXIARE operates under the **principles of integrity, fairness and transparency**.



#### MANAGEMENT TEAM

AXIARE has an **in-house management team**, which is solely dedicated to the company's goals, **aligning them with investors' interests**. The management team takes an **active role in every stage of the strategic value-creation process**: from the initial investment to the active management of the portfolio and potential disposition. Its expertise, reputation and market contacts, grant it access to the best on and off-market investment opportunities.



#### SUSTAINABILITY

The active management of AXIARE's portfolio is aimed at **increasing the quality of its properties and their surrounding areas**, achieving improved energy efficiency and cost management; reducing emissions and helping **to meet the sustainability and corporate responsibility requirements** of its tenants.

## 1.1 EXECUTIVE SUMMARY

### PUBLICLY-TRADED REAL ESTATE SOCIMI

- €360M raised on 9th July 2014
- Listed on the Spanish Stock Exchange under the SOCIMI regime. Ticker: AXIA
- Main investors: Perry Capital, Taube Hodson Stonex, T Rowe Price, Greenlight Capital Advisors, Pelham Capital, Gruss Capital Management

### INTERNAL MANAGEMENT TEAM

- Fully operational, internally managed structure with a small team of executives (16 people including staff)
- No conflicts of interest: objectives completely aligned with shareholders through incentive plans
- Unique track-record of the management team with more than 100 years of combined, real estate experience
- Investment program executed well ahead of schedule

### HIGH QUALITY PORTFOLIO ASSEMBLED

- Portfolio value of c.425M\*: Offices (68%), logistics (22%) and retail (10%)
- Madrid and Barcelona focus – [90]% by portfolio value
- Attractive Net Initial Yield of 6.37%(1) with high occupancy rate (86, 15%)

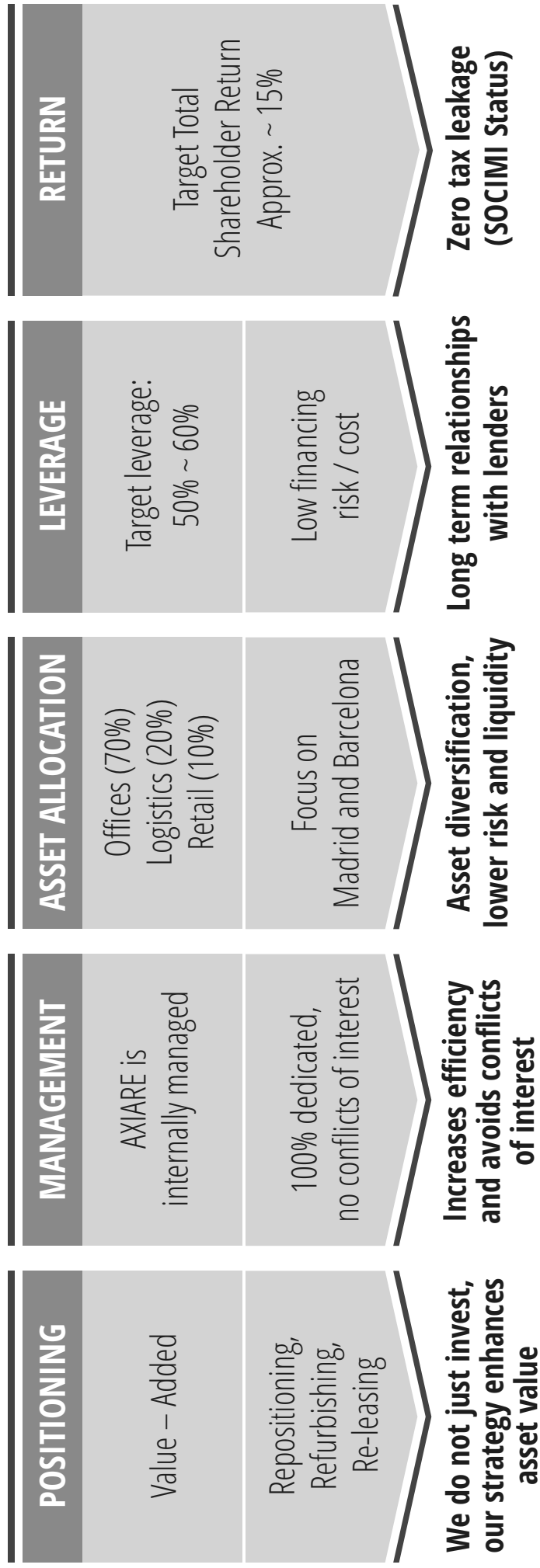
### CONFIDENT TO CONTINUE DELIVERING RESULTS

- Acquiring new assets - mainly prime offices in central business areas in Madrid and Barcelona
- Reducing vacancy, re-gearing existing contracts, improving the quality of the existing buildings: optimising return
- Advanced discussions with lenders for long term debt: target total LTV of 50 to 60%, implying between €350 to €400M of debt headroom.

(\*) Total acquisition price + acquisition costs



**AXIARE** is a value-added investor boasting a professional team with significant experience and proven track record, with a clear strategy to invest in the most consolidated areas of Madrid and Barcelona. We expect that, by applying our intensive management skills and negotiating an optimal financial structure, we can achieve an outstanding Total Shareholder Return.





## 1.3 DELIVERING ON OUR PROMISES

### WHAT WE PROMISED IN THE IPO...

1 Highly attractive entry point in the Spanish real estate cycle

2 Ability to source and close deals: €360M in 12/18 months

3 Focus on real estate assets in Madrid and Barcelona area

4 Target: offices (70%), logistics (20%) and retail (10%)

5 Highly experienced management team in an internally managed listed vehicle

### WHAT WE HAVE ACHIEVED TODAY...

Capital values started to grow after reaching the lowest levels since 1991<sup>(1)</sup>.  
Rental market is showing positive signs

€425M already deployed in five months; investment program well ahead of IPO plan

100% of investments carried out in commercial real estate, in the most consolidated locations mainly in Madrid and Barcelona

Achieved in 4 months: offices (68%), logistics (22%), retail (10%)

Internally managed team, with previous experience working together, maintaining a lean structure



## 1.4 INTERNALLY MANAGED TEAM AND CORPORATE GOVERNANCE



**Luis López Herrera-Oria** CEO  
c. 30 years of experience in Real Estate. Executive Director of Prima and Founder of Rodex and Axia Real Estate Socimi S.A.



**Chony Martín V-Mazariegos** CFO  
c. 15 years of experience in Finance in Real Estate (Prima, Testa and Redevco).



**Guillermo Fernández-Cuesta** Real Estate Director and Deputy to CEO  
c. 15 years experience in Real Estate (Rodex, Testa and Hillier Parker (today CBRE)).



**Fernando Arenas Liñan** Real Estate Director  
c. 20 years experience in Real Estate (Prima, Hines, Tishman Speyer and Richard Ellis (today CBRE)).

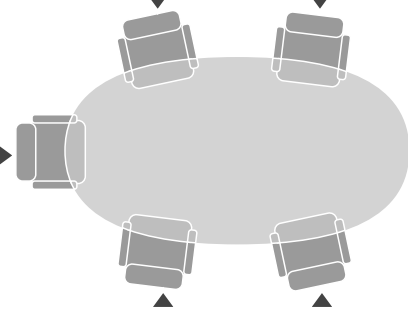


**Stuart McDonald** Real Estate Director  
c. 20 years experience in Real Estate (Testa, Hines, Knight Frank and UK's Valuations Office Agency).

### BEST-IN-CLASS CORPORATE GOVERNANCE

- Top quality Board of Directors, with proven Real Estate, Financial and Legal capabilities, majority independent Board.
- Real shareholders' decision-making power on AXIARE'S management to protect shareholders' interest on an ongoing basis.
- Independent Remuneration, Nomination and Audit committees.
- CNMV (Regulator) rigid transparency rules apply.

**Luis María Arredondo**  
Real Estate & Financial Background  
Chairman, Independent



**David Jiménez-Blanco**  
Investment Banking & Financial Background  
Independent

**Luis López de Herrera-Oria**  
Real Estate Background  
Non Independent  
CEO and Vice-Chairman

**Fernando Bautista**  
Law Background  
Independent

**Mr. Chetan Gulati**  
Investor Representative  
Non Independent

## 2. OUR REAL ESTATE PORTFOLIO

- **2.1 MARKET CONTEXT**
- **2.2 PILLARS OF OUR STRATEGY**
- **2.3 INVESTMENT LOCATIONS**
- **2.4 TIMELINE**
- **2.5 ASSET DISTRIBUTION&VALUE**

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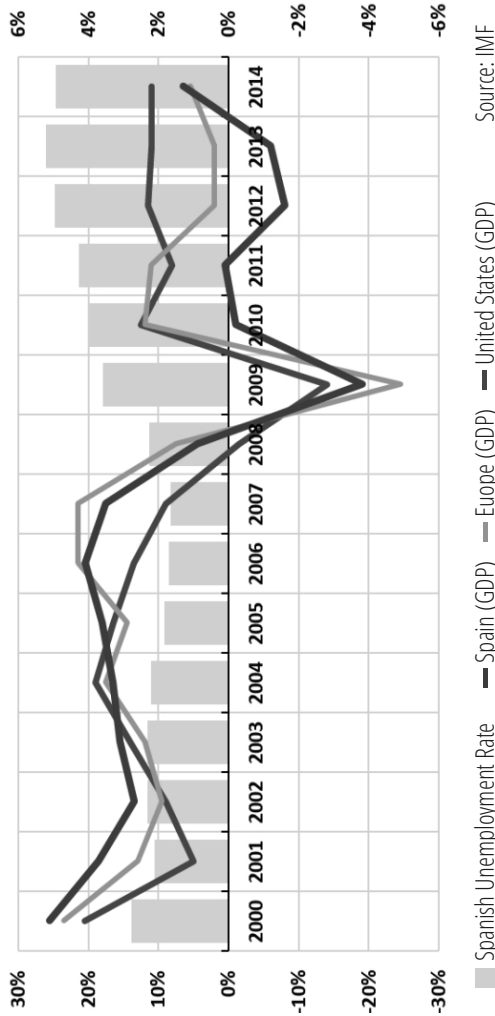
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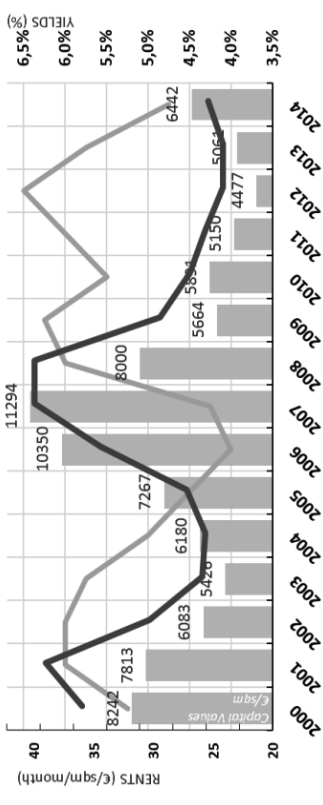


**2.1 MARKET CONTEXT**

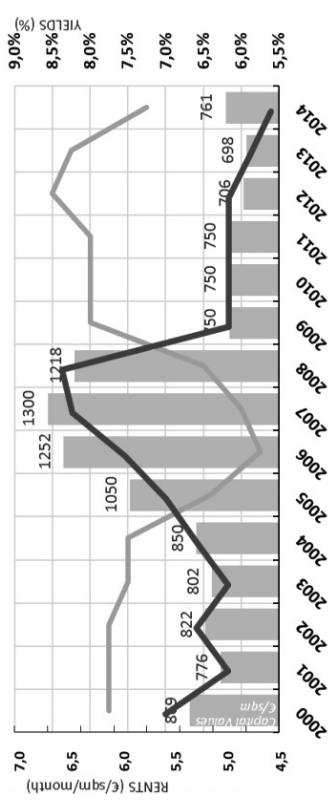
**GDP Growth // Unemployment rate**



**MADRID, PRIME OFFICES CBD**



**MADRID, PRIME LOGISTICS First Ring**



**BARCELONA, PRIME OFFICES CBD**

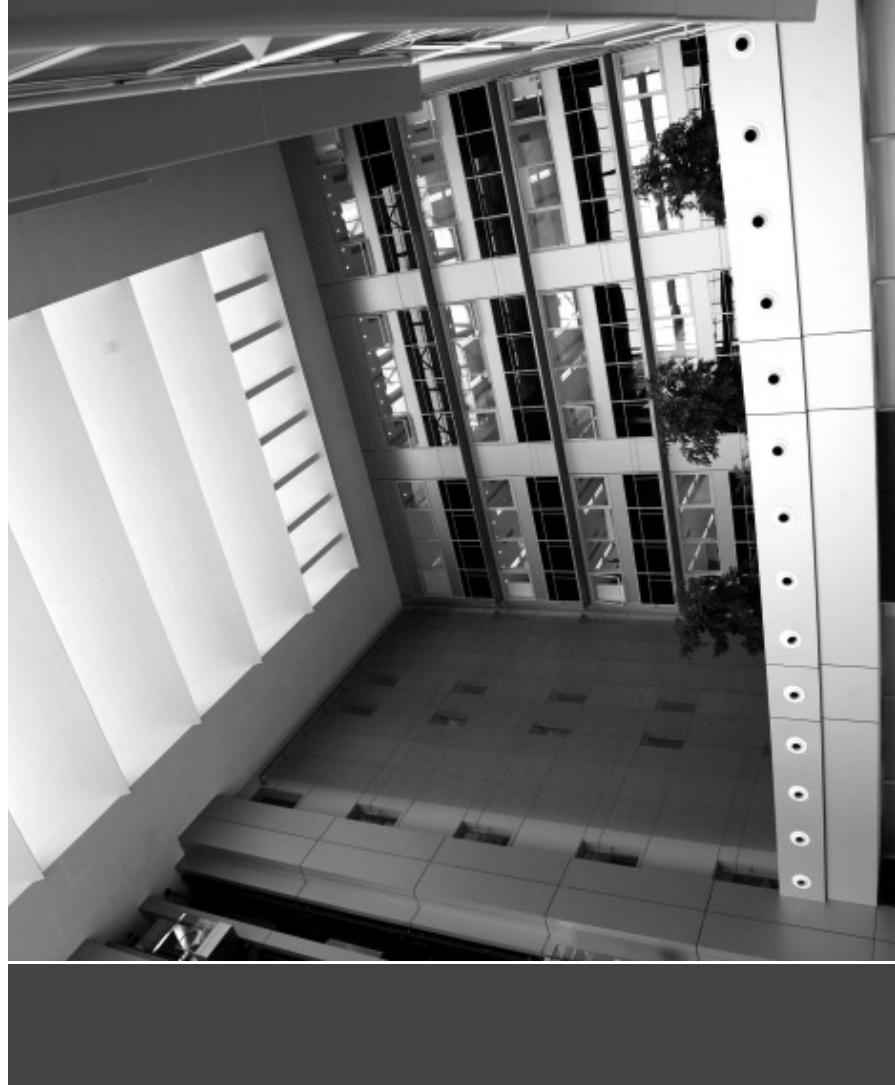


— Rents — Yields ■ Cap Values

Source: JLL



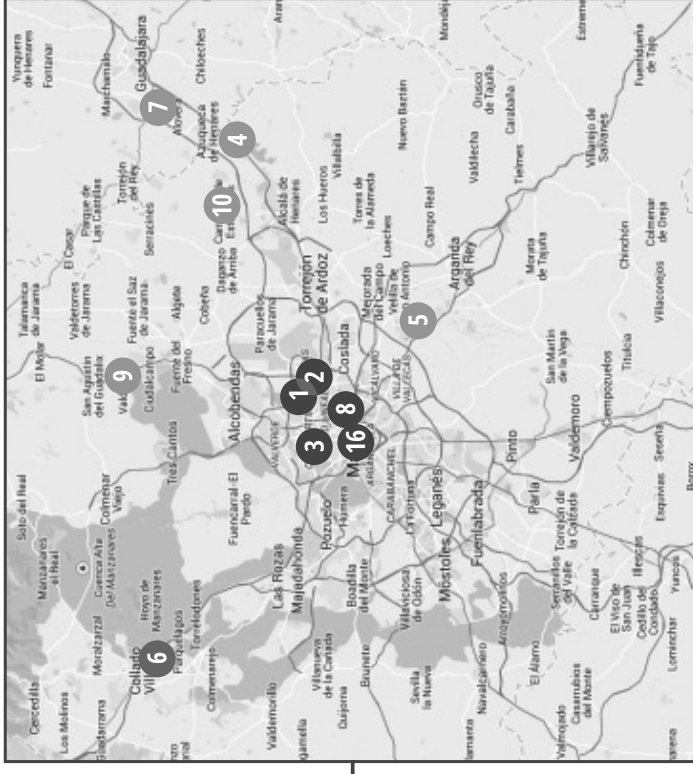
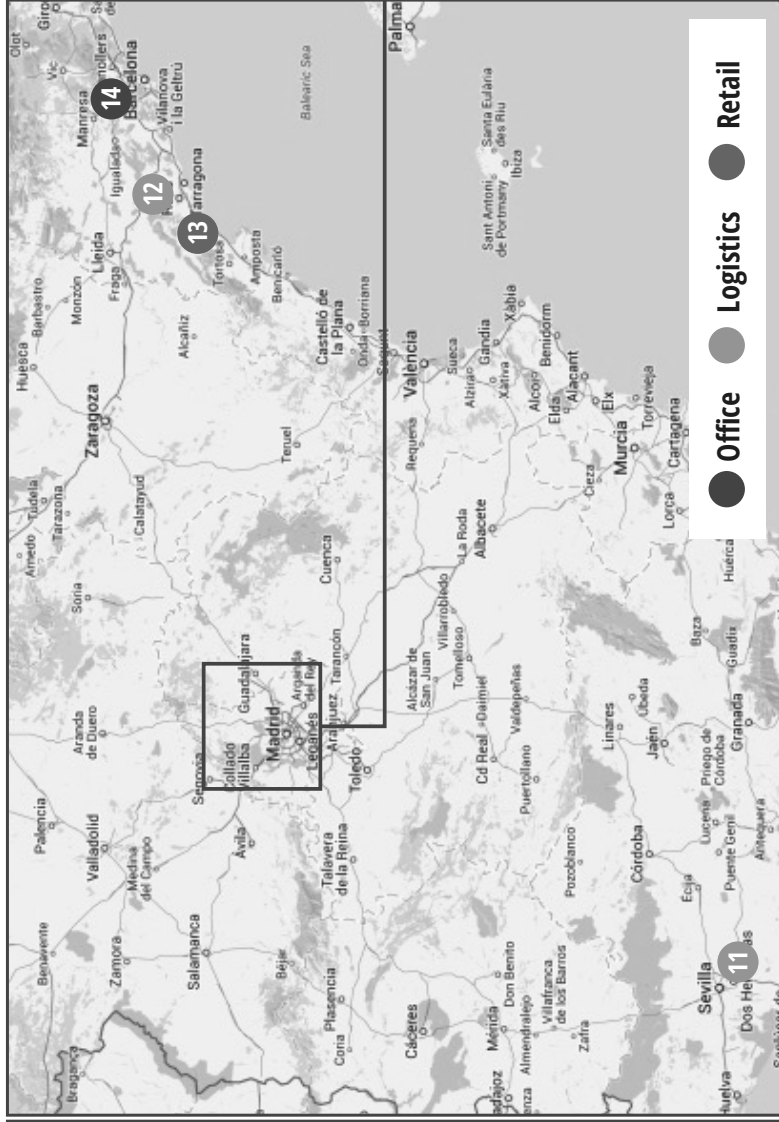
## 2.2 PILLARS OF OUR STRATEGY



- Create a core portfolio of office assets with an element of diversification in logistics and retail.
- Invest in highly consolidated areas that we expect to be the first areas to re-activate in an economic recovery, focused on Madrid and Barcelona.
- Acquire Class A assets, or potential to become Class A, at competitive pricing. Principally off-market deals.
- Apply our full capacity of value added repertoire to release value in the mid-term.
- Obtain environmental certification for most of the portfolio such as LEED.



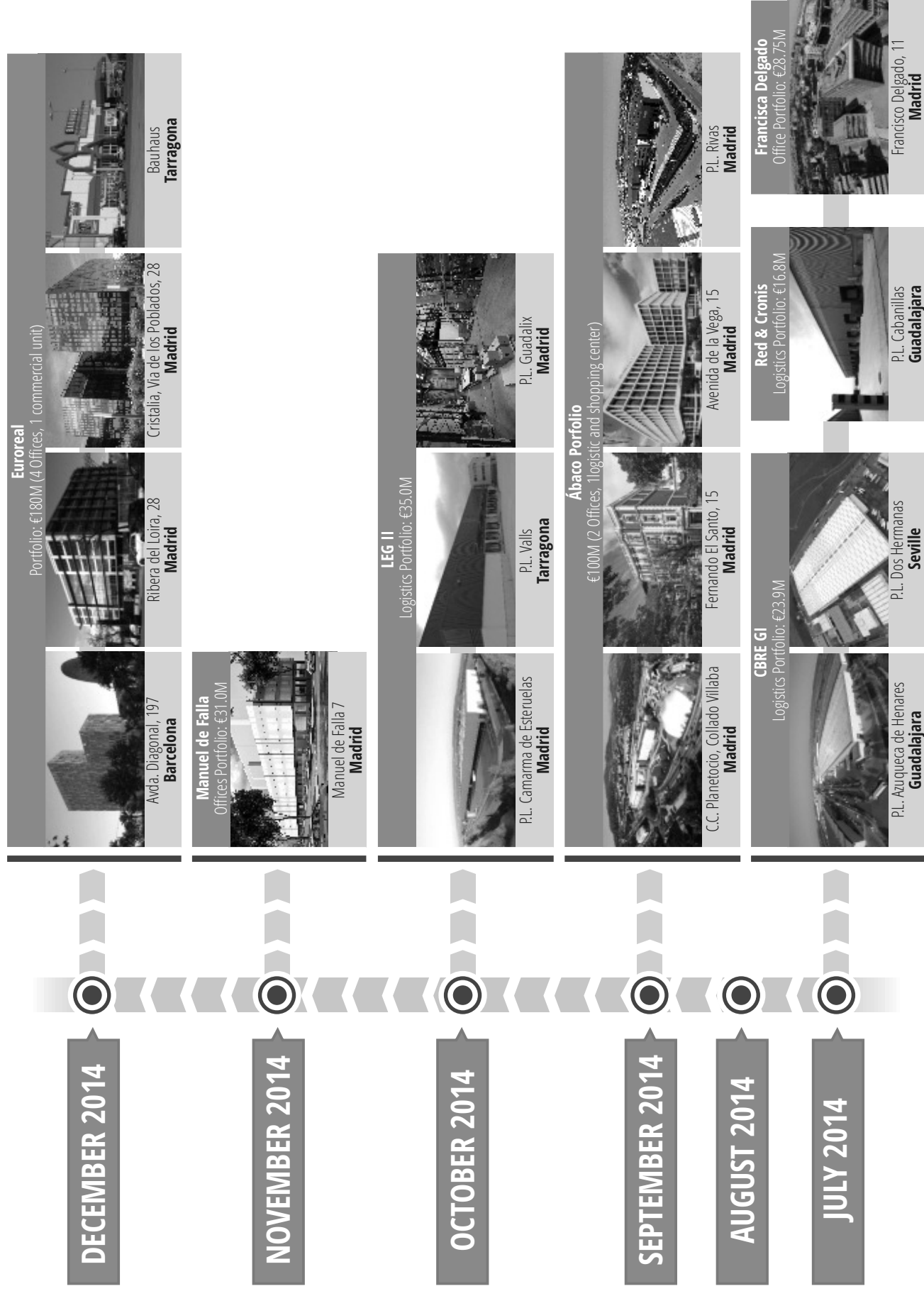
## 2.3 INVESTMENT LOCATIONS



- 1 **Avenida de la Vega**  
Avda. de la Vega, 15, 2818 Alcobendas, Madrid
- 2 **Francisca Delgado**  
Francisca Delgado 11, 2818 Alcobendas, Madrid
- 3 **Fernando El Santo**  
Fernando el Santo, 15, 2801 Madrid, Madrid
- 4 **P. L. Azuqueca de Henares**  
Construcción 9, 19200 Azuqueca de Henares, Guadalupe
- 5 **P. L. Rivas**  
Mariano Benlliure 28521 Rivas-Vaciamadrid, Madrid

- 6 **C. C. Planetocio**  
Avda. Juan Carlos I, 46, 28400 Collado Villalba, Madrid
- 7 **P. L. Cabanillas**  
C/ Rayo 5, Cabanillas del Campo, Guadalupe
- 8 **Manuel de Falla**  
C/ Manuel de Falla 7, 28036 Madrid, Madrid
- 9 **P. L. Guadalix**  
C/ La Lobera, 28750 San Agustín de Guadalix, Madrid
- 10 **P. L. Camarma de Esteruelas**  
Sector SI-4 "La Raya Industrial", Camarma de Esteruelas, Madrid

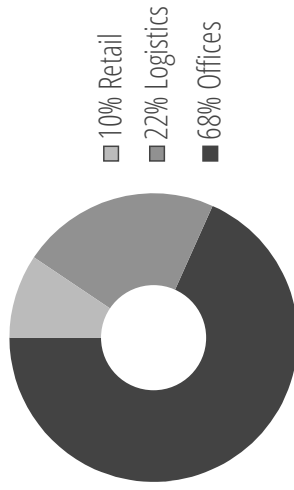
- 11 **P. L. Dos Hermanas**  
C/ Torre de los Herberos, 61 41700 Dos Hermanas, Sevilla
- 12 **P. L. Valls**  
C/ Moixiganga, 5 Valls, Tarragona
- 13 **Bauhaus**  
Carretera Reus, 55, 43006 Tarragona
- 14 **Diagonal**  
Avda. Diagonal 197, Barcelona, Barcelona
- 15 **Ribera del Loira**  
C/ Ribera del Loira, 28, 28042 Madrid
- 16 **Cristalia**  
Via de los Poblados, 3 28033 Madrid, Madrid



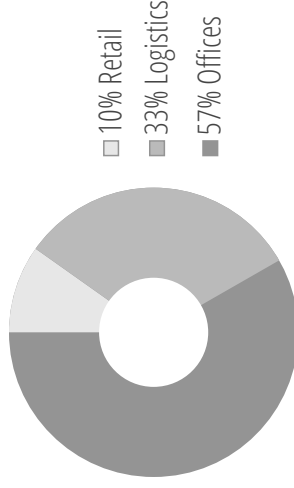
## 2.5 ASSET DISTRIBUTION & VALUE

Asset class	Portfolio value	Distribution by value	Gross portfolio value	Lettable Area	Parking units	Gross/Value/SQM (INC. PARKING)
Offices 7	281.250.000 €	67,80%	287.560.193 €	94.854 sqm	1.920 uds.	3.031 €
Logistics 8	92.586.099 €	22,32%	94.836.967 €	262.641 sqm	0 uds.	361 €
Retail 2	41.000.000 €	9,88%	42.006.272 €	30.315 sqm	1.256 uds.	1.386 €
<b>TOTAL 17</b>	<b>414.836.099 €</b>	<b>100,00%</b>	<b>424.403.431 €</b>	<b>387.810 sqm</b>	<b>3.176 uds.</b>	

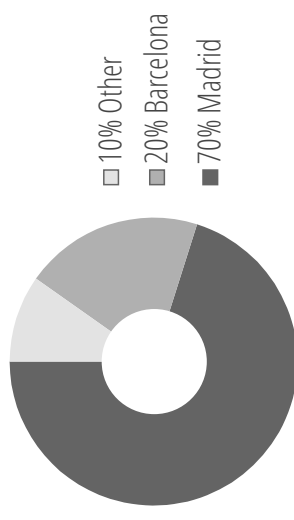
### ASSET DISTRIBUTION BY VALUE



### ASSET DISTRIBUTION BY NET INCOME



### DISTRIBUTION OF VALUE BY LOCATION



Asset class	Vacancy	Net passing rent	Net initial yield <sup>(1)(2)</sup>
Offices	15,2%	14.775.013 €	5,14%
Logistics	15,8%	8.480.833 €	8,94%
Retail	9,1%	2.597.415 €	6,18%
<b>TOTAL</b>	<b>15,10%</b>	<b>25.853.415 €</b>	<b>6,58%</b>

### ASSUMING 100% OCCUPANCY

for the empty space at today's  
Estimated Rental Value (ERV)<sup>(1)</sup>

Net passing rent	Net initial yield
19.719.875 €	6,86%
9.832.806 €	10,37%
3.474.944 €	8,27%
<b>33.027.624 €</b>	<b>7,78%</b>

(1) Following EPRA best practise recommendations

(2) We have deducted Manuel de Falla for the calculation as it is under a forward purchase agreement



## 3. OUR FINANCIALS

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## 3.1 FINANCIALS AT 30<sup>TH</sup> SEPTEMBER 2014

ASSETS		EQUITY AND LIABILITIES	
<b>NON - CURRENT ASSETS</b>		<b>EQUITY</b>	
<b>Property, plant and equipment</b>	<b>11</b>	<b>Capital and reserves</b>	
<b>Investment properties</b>	<b>171.629</b>	Capital	360.060
<b>Non-current financial investments</b>	<b>1.922</b>	Reserves	-18.785
Other financial assets	1.922	Profit for the year	582
	<b>173.562</b>		<b>341.857</b>
<b>CURRENT ASSETS</b>		<b>NON-CURRENT LIABILITIES</b>	
<b>Trade and other receivables</b>	<b>1.745</b>	<b>Non-current borrowings</b>	<b>2.208</b>
Trade receivables for sales and services rendered	125	Other financial liabilities	2.208
Sundry receivables	886		<b>2.208</b>
Other receivables from public administrations	734	<b>CURRENT LIABILITIES</b>	
<b>Current prepayments</b>	<b>306</b>	<b>Trade and other payables</b>	<b>7.482</b>
<b>Cash and other cash equivalents</b>	<b>175.934</b>	Sundry payables	7.228
Cash	175.934	Personnel	110
	177.985	Other payables to public administrations	144
	351.547		<b>7.482</b>
			<b>351.547</b>

### BALANCE

Above 170 million euro invested  
in less than three months

INCOME STATEMENT	
<b>CONTINUED OPERATIONS</b>	
<b>Net revenues</b>	<b>1.161</b>
Services rendered	1.161
<b>Personnel costs</b>	<b>(436)</b>
Wages, salaries and similar remuneration	(417)
Employee benefit expenses	(19)
<b>Other operating expenses</b>	<b>(471)</b>
External services	(424)
Taxes	(47)
<b>Investments properties amortization</b>	<b>(171)</b>
<b>OPERATING RESULTS</b>	<b>83</b>
<b>Financial income</b>	<b>499</b>
<b>FINANCIAL INCOME (EXPENSE)</b>	<b>499</b>
<b>PROFIT/ (LOSS) BEFORE INCOME TAX</b>	<b>582</b>
<b>Corporate income tax</b>	<b>-</b>
<b>PROFIT FROM CONTINUED OPERATIONS</b>	<b>582</b>

### INCOME ST

Above half a million euro profit in  
less than three months

### 3.2 RECENT FINANCING UPDATE

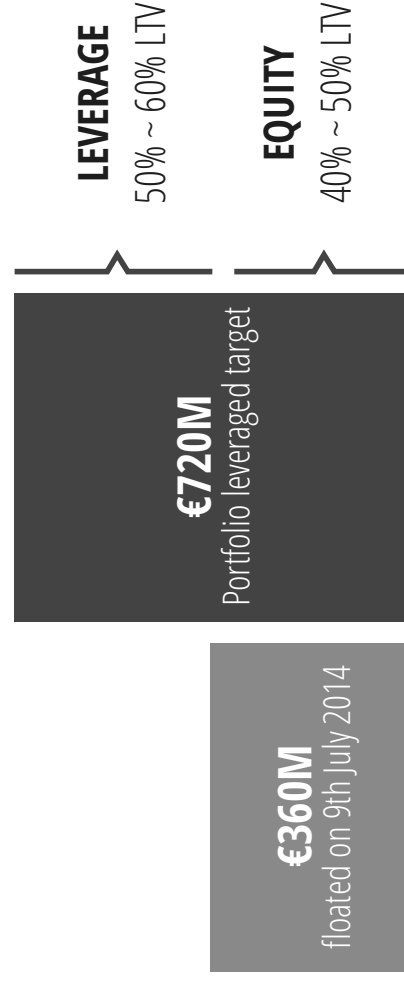


Current acquisitions have been made 100% equity.

Acquisitions and commitments total €425M to be closed before year end

Temporary bridge debt facility has been secured to take advantage of improving financing conditions.

Target leverage of 50% ~ 60% LTV with long term relationship with debt providers (mainly Spanish and German banks)



3.3 RECENT INFORMATION PROVIDED BY CNMV



**UPDATED COMMUNICATION TO THE CNMV OF PARTICIPATIONS ABOVE 3%**

Updated at Nov. 2014

Name	% Direct	% Indirect	% Total	Register date CNMV
PERRY PARTNERS INTERNATIONAL INC.	0	29,162	29,162	17/07/2014
TAUBE HODSON STONEX PARTNERS LLP	0	11,109	11,109	10/07/2014
T. ROWE PRICE ASSOCIATES, INC	0	10,074	10,074	24/07/2014
CITIGROUP GLOBAL MARKETS LIMITED	9,165	0	9,165	16/07/2014
JPMORGAN CHASE & CO	0	5,804	5,804	16/07/2014
UNION BANK OF SWITZERLAND	5,226	0	5,226	08/10/2014
BARCLAYS BANK PLC	0	4,214	4,214	16/07/2014
DEUTSCHE BANK, A.G.	3,908	0	3,908	16/07/2014
<b>TOTAL</b>	<b>18,299</b>	<b>60,363</b>	<b>78,662</b>	



*Thank you  
for your attention*

December 2014





# Acquisition of CREDIT SUISSE EUROREAL PORTFOLIO

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Madrid  
9th December 2014



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CREDIT SUISSE EUROREAL December 2014

1

CRISTALIA 2&3

Madrid Office building



## Cristalia 2 & 3 – Madrid, Investment Summary

### PROJECT OVERVIEW

#### Introduction

- Off-market investment opportunity to acquire two twin 'Class A' office buildings in Madrid's Campo de las Naciones submarket. In historical terms, current capital value pricing is very attractive, reflecting market sentiment and tenancy structure. This opportunity – given its quality and location - has potential to benefit from value enhancement over time due to market improvement.

#### Location

- Madrid

#### Completion

- 2006

#### Net acquisition price

- € 53M

#### Accommodation

- Office: GLA - 17,338m<sup>2</sup>
- Parking: 391 basement car spaces

#### Occupation

- 84% occupied
- Electronic Arts, Chep, Sodexo

#### Lease terms

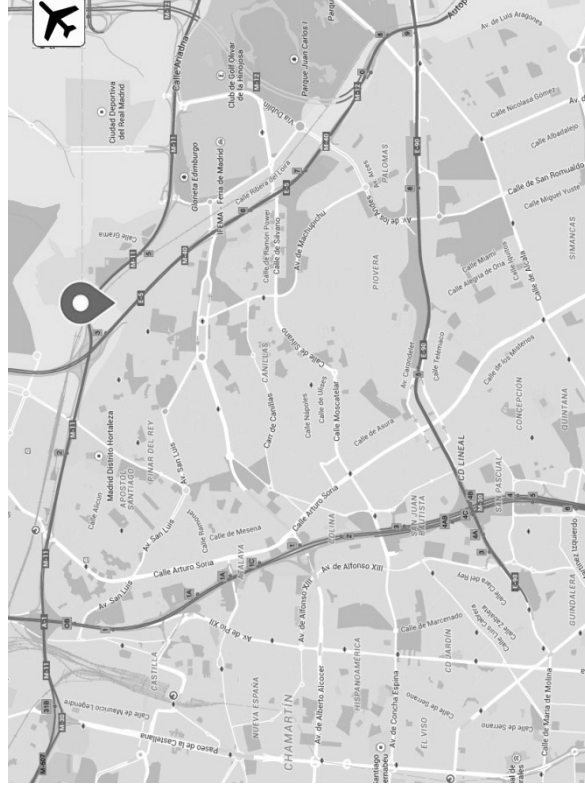
- Gross Rental Income: € 3.66m pa
- WALT 2,29 years
- Triple net leases

#### Key considerations

- Strongest office submarket outside CBD
- Midway between airport and city centre
- Good public and vehicular connectivity
- Excellent visibility from M-40 orbital motorway
- Highly efficient, flexible office accommodation
- Strong tenant line up in occupation since delivery
- Midway between airport and CBD
- Full operating expense recovery from tenants
- High standard of maintenance

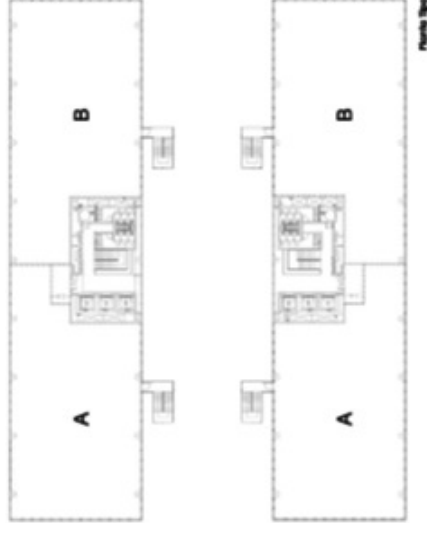
#### Investment Strategy

- Lease vacant space and consolidate existing tenants
- Obtain mortgage financing following purchase
- Lease structures provide re-gearing potential at rent review
- Improve building efficiencies and seek LEED Certification



## Cristalia 2 & 3 – Madrid, Location & Description

<p><b>Location</b></p> <ul style="list-style-type: none"> <li>Via de los Poblados 3 is located in the Campo de las Naciones submarket in Madrid, located midway between airport (10 minutes) and CBD (15 minutes)</li> <li>Strongest office submarket outside CBD</li> <li>Excellent visibility from M-40 orbital motorway</li> <li>Good connectivity both by road and public transport</li> <li>Within a business park with ten buildings and one hotel, the buildings enjoy excellent amenities and services</li> </ul>	<p><b>Description</b></p> <ul style="list-style-type: none"> <li>Class A office located in Phase III of Campo de las Naciones.</li> <li>Two identical, seven storey buildings with a shared basement car park</li> <li>Highly efficient floor plates of 1,445m<sup>2</sup> column-free space, divisible into two modules</li> <li>Better than average car parking ratio: 1:44</li> <li>Raised metallic floors and suspended ceiling</li> <li>2.7m clear floor to ceiling heights.</li> <li>Six passenger lifts.</li> <li>Flexible VRV HVAC system</li> </ul>
<p><b>Improvements</b></p> <ul style="list-style-type: none"> <li>Even though the building is well maintained we will contemplate minor improvements during the lifetime of the investment due to installations obsolete.</li> <li>Further analysis will be done to identify key investment requirements to obtain a LEED certificate.</li> </ul>	



Risks	Mitigation
<ul style="list-style-type: none"> <li>High vacancy rate in this phase of submarket</li> <li>Current building vacancy at 16% - leasing void longer than expected.</li> <li>Accessibility to this phase is congested at peak times</li> </ul>	<ul style="list-style-type: none"> <li>Existing tenants have been in occupation since delivery</li> <li>Dwindling space in other submarkets will have knock-on effect</li> <li>Area has been successful in previous cycles</li> <li>Building offers attractive, high quality and efficient space</li> <li>Increase marketing efforts with aggressive leasing strategy</li> <li>Offer attractive terms for vacant space</li> <li>Existing tenants adjust timetables to mitigate this</li> <li>New exit route being reviewed by local authority</li> </ul>



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DIAGONAL 197

Barcelona Office building

## Diagonal 197 – Barcelona, Investment Summary

### PROJECT OVERVIEW

**Introduction**

- Off-market investment opportunity to acquire a first class office tower on Avda Diagonal in Barcelona. The building occupies a prime location in the fast consolidating 22@ area. The building is 92% occupied. The quality of the building and its excellent location provide potential to enjoy value in improving market.

**Location**

- Barcelona

**Completion**

- 2007

**Net acquisition price**

- € 53M

**Accommodation**

- Office: GLA – 15,351m<sup>2</sup>
- Parking: 222 basement car spaces

**Occupation**

- 91.6% occupied
- Sellbytel; IMCD España

**Lease terms**

- Gross Rental Income: € 3.19 M pa
- WALT 1,6 years
- Triple net leases

**Key considerations**

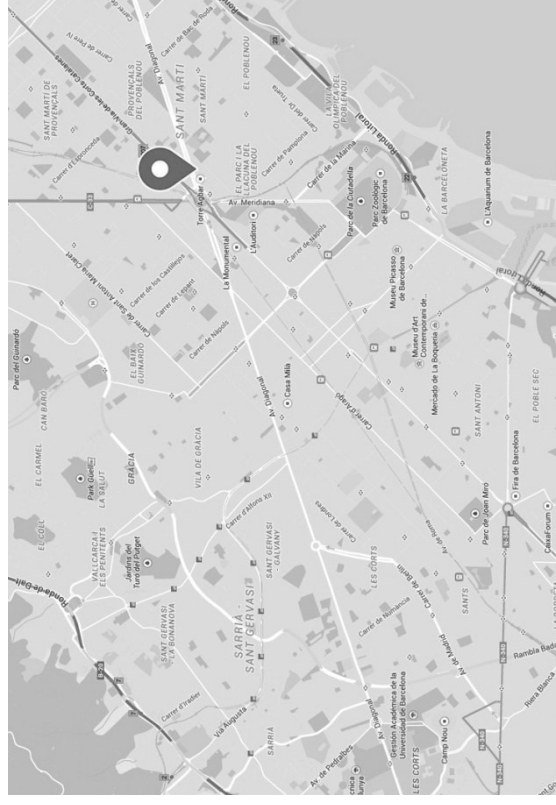
- Prime location in 22@ regeneration area
- Close to one of city's major intersections – Glories.
- Very prominent position on Diagonal with excellent public transport links
- High quality accommodation with flexibility for multi-occupation
- Principal tenant recently agreed to take additional space
- Full operating expense recovery from tenants
- High standard of maintenance

**Investment Strategy**

- Obtain mortgage financing following purchase
- Improve occupation level
- Endeavour to rationalize somewhat complex leasing scenario to more conventional terms
- Obtain LEED Certification



Avenida Diagonal 197, Barcelona



## Location & Description

### Location

- Diagonal 197 enjoys a prime location within the rapidly consolidating 22@ district of Barcelona. This is an urban regeneration area has been transformed to office, technological, hotel and residential uses.
- It is very close to Jean Nouvel's iconic Agbar Tower, opposite Les Glories shopping centre (56,300m<sup>2</sup>) and five minutes tram ride from Diagonal Mar (85,000m<sup>2</sup>).
- The location is well served with public transport with urban bus and tram stops outside the building. The nearest Metro stop (Glories) is five minutes walk.
- The consolidation of the area has attracted many multinational companies such as Telefónica, Cap Gemini, Sara Lee, Sanofi Aventis, ADP. The site adjoining this building will be developed as the HQ for law firm Cuatrecasas.

### Description

- Striking, Class A office tower designed by David Chipperfield.
- 17 storey office tower, in two formats:
  - Base level floors (Ground to 9) 1,088m<sup>2</sup> (divisible in three)
  - Tower level floors (10 to 16): 662.5m<sup>2</sup> (divisible in two)
- Good city centre car space ratio 1:69
- 2.85m clear height between raised metallic floor and suspended ceiling
- Sprinkler system
- Five passenger lifts to all office floors plus two connecting lobby to car park.
- HVAC is provided by four tube system. Hot and cold water is produced by a centralized power station "Districlima" two blocks away.

### Improvements

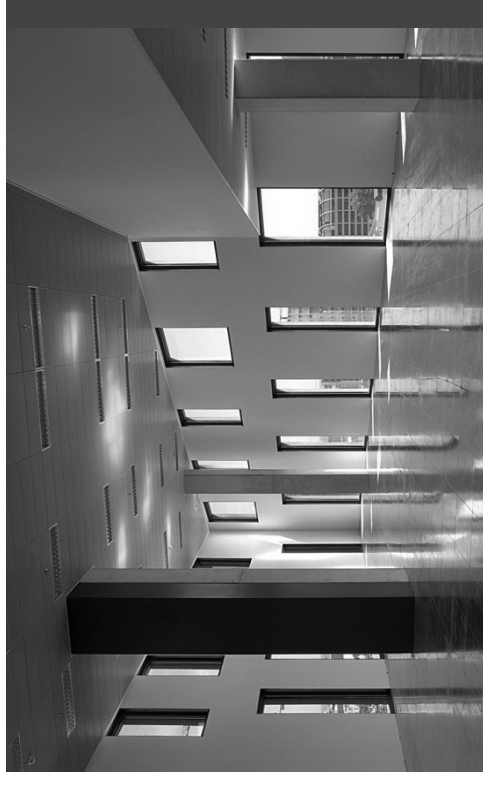
- The building has been well-maintained and is in a good standard of repair
- We will envisage standard maintenance and improvements during the lifetime of the investment. Majority of costs will be covered via service charges
- Further analysis will be done to identify key investment required to obtain US Green Building Council's LEED certification

### Risks

- Complex occupational structure: one tenant subject to various leases.
  - Tenant cannot vacate on the same date.
- Intense use of building.
  - Enhanced maintenance budget to cover this item.
- Only 40% of car spaces occupied.
  - Seek tenants to occupy the vacant spaces.

### Mitigation

- Going forward, we will endeavor to rationalize this.
  - Tenant cannot vacate on the same date.
  - Enhanced maintenance budget to cover this item.
  - Seek tenants to occupy the vacant spaces.





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RIBERA DEL LOIRA 28

Madrid Office building

## Ribera del Loira, 28 – Madrid, Investment Summary

### PROJECT OVERVIEW

- Introduction**
- Off-market investment opportunity to acquire one of the best office buildings in Madrid's Campo de las Naciones submarket. In historical terms, current capital value pricing is very attractive – some 30% below peak values. The quality of the building and its excellent location provide potential to enjoy value in improving market.

**Location**

- Madrid

**Completion**

- 2002

**Net acquisition price**

- € 47M

**Accommodation**

- Office: GLA - 12,846m<sup>2</sup>
- Parking: 370 basement car spaces

**Occupation**

- 94.4% occupied

- BNP Paribas; Pearson Education; Eures

**Lease terms**

- Gross Rental Income: € 3.14M pa

- WALT 1,58 years

- Triple net leases

**Key considerations**

- Strongest office submarket outside CBD
- Midway between airport and CBD
- Very prominent building with excellent road and public transport links
- High quality accommodation with flexibility for multi-occupation
- Main tenants in occupation since delivery
- Principal tenant recently agreed to take additional space
- Full operating expense recovery from tenants
- High standard of maintenance

**Investment Strategy**

- Maintain high occupation levels.
- Obtain mortgage financing following purchase
- Lease structure allows re-gearing angle at renewal
- Obtain LEED Certification



## Ribera del Loira, 28 – Madrid, Location & Description

### Location

- Ribera del Loira 28 is located in the Campo de las Naciones submarket in Madrid, located midway between airport (10 minutes) and CBD (15 minutes).
- Strongest office submarket outside CBD
- The building enjoys high visibility from M-40 orbital motorway
- Excellent road and public transport links, with Metro connections to airport and CBD; urban bus routes connecting with Plaza Castilla (CBD).

### Description

- Class A office located in Phase II of Campo de las Naciones
- Six storey building.
- U-shaped floor plates configured around a central atrium providing 2,034m<sup>2</sup> column-free accommodation
- Good car parking ratio 1:35
- Raised metallic floors and suspended ceiling
- 2.7m clear floor to ceiling heights
- Six panoramic, passenger lifts
- HVAC is a centralized, four tube Siemens system controlled by BMS

### Improvements

- The building has been well-maintained and is in a good standard of repair
- We will envisage standard maintenance and improvements during the lifetime of the investment. The majority of these costs will be covered via service charges
- Further analysis will be done to identify key investment required to obtain US Green Building Council's LEED certification

### Risks

- Vacancy rate in the overall market takes longer to fall
  - Rental levels are at historically low levels
  - Area has been very successful in previous cycles
  - Building offers high quality space – one of the best in the submarket
- Principal tenant exercises break option in 2016 - letting void longer than expected
  - Market evolution may provide opportunity for increased income from new lease
  - Tenant has substantial penalty clause
  - Options of similar quality and location are limited







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## BAUHAUS

Tarragona Retail arehouse

## Bauhaus – Tarragona, Investment Summary

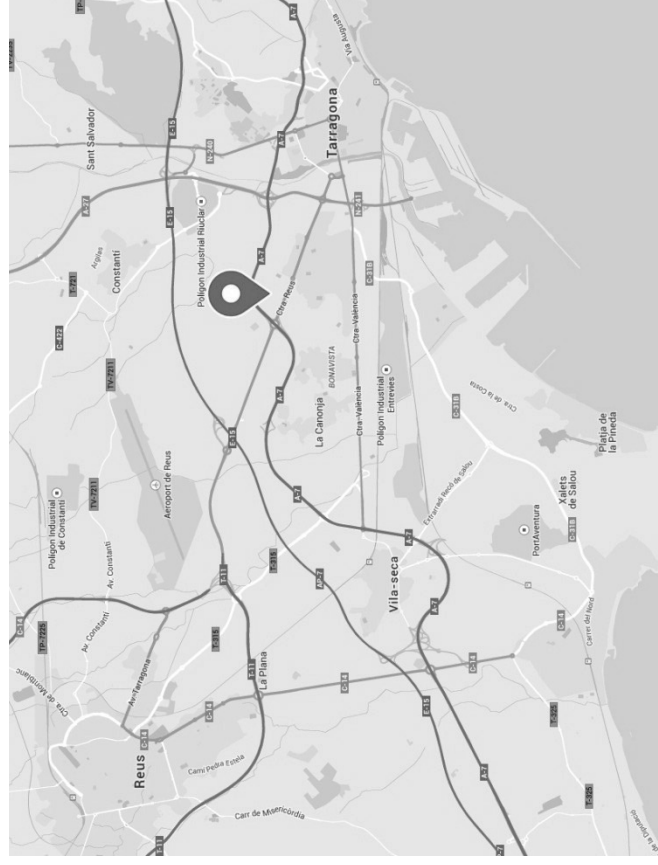
### PROJECT OVERVIEW

- Introduction**
- Off-market opportunity to acquire a retail warehouse unit in a key retail location in Catalunya. The unit is fully occupied by DIY retailer Bauhaus, which fully occupies the unit subject to a long term contract. Prime investment yields in this sector have moved out by some 250bps. We anticipate the investment market to strengthen over time for this type of investment

<b>Location</b>	<ul style="list-style-type: none"> <li>Tarragona</li> </ul>
<b>Completion</b>	<ul style="list-style-type: none"> <li>2008</li> </ul>
<b>Net Acquisition price</b>	<ul style="list-style-type: none"> <li>€ 27M</li> </ul>
<b>Accommodation</b>	<ul style="list-style-type: none"> <li>Retail: GLA - 12,413m<sup>2</sup></li> <li>Parking: 342 surface car spaces</li> </ul>
<b>Occupation</b>	<ul style="list-style-type: none"> <li>100% occupied</li> <li>Bauhaus</li> </ul>
<b>Lease terms</b>	<ul style="list-style-type: none"> <li>Gross Rental Income: € 2.1M pa</li> <li>WALT 6.66 years</li> </ul>
<b>Key considerations</b>	<ul style="list-style-type: none"> <li>Located at the junction of A-7 highway (connecting Spain's eastern seaboard with France) and main entrance to Tarragona</li> <li>Large warehouse unit in fully consolidated, regional retail and leisure park</li> <li>Other occupiers in park include Decathlon, Leroy Merlin, Media Markt, Carrefour (adjoining)</li> <li>Tenant is Bauhaus – German DIY store on long contract with first break in 2020</li> <li>Tenant has preferential purchase right – this will be extinguished prior to acquisition unless they exercise this right</li> </ul>
<b>Investment Strategy</b>	<ul style="list-style-type: none"> <li>High yielding, steady income</li> <li>Seek mortgage financing following acquisition</li> <li>Potential to sell to specialist investor.</li> </ul>



Bauhaus, Tarragona



## Bauhaus – Tarragona, Location & Description

### Location

- The Bauhaus unit is located in Les Gavarres retail park in Tarragona. The park enjoys an excellent location on the junction of A-7 and Avda de Tarragona – one of the city's principal entrance routes. This is a consolidated park and includes occupiers such as Carrefour, Leroy Merlin, Decathlon, Media Markt. It also has a leisure component with cinema complex and some restaurants (Fosters Hollywood etc.), McDonalds, Burger King and Buffalo Grill are also in the park.

### Description

- Large, purpose-built retail warehouse unit.
- Single storey structure with clear height of 6.9m
- Located at the junction of A-7 highway (connecting Spain's eastern seaboard with France) and main entrance to Tarragona.
- 352 surface car spaces for customers
- Bauhaus has seven stores in Spain including four in Cataluña.

### Improvements

- Periodic upkeep may be required for this unit. Tenant responsible for minor repairs.

### Risks

- Bauhaus exercise purchase option
- Rental level slightly higher than current market levels

### Mitigation

- Deal is structured so the purchase is secured but will not close until legal period for execution has elapsed.
- Only review subject to inflation
- Yield reflects overrent
- No break option until 2020



Bauhaus, Tarragona





Thank you for your attention

Madrid  
9th December 2014

