

## SPANISH NATIONAL STOCK MARKET COMMISSION

Pursuant to the provisions of article 227 of the consolidated text of the Spanish Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October, and its corresponding legal provisions, Árma Real Estate SOCIMI, S.A. (hereinafter, "Árma" or the "Company") hereby notifies the following:

### OTHER RELEVANT INFORMATION

Árma files to the CNMV the First Quarter 2020 Trading Update.

#### Conference Call

A conference call for investors, analysts and media is scheduled for today, May 26 at 16:30 (CET), and will be accessible via the following phone numbers:

Access code: 69753001#

- Spain: 91 114 01 01
- France: +33 172 72 74 03
- UK: +44 207 194 37 59
- The Netherlands: +31 207 09 51 19
- Germany: +49 692 22 22 54 29
- Switzerland: +41 445 83 18 05
- USA: +1 646 722 49 16
- Canada: +1 416 216 41 94

**Please find attached hereafter the trading update and press release.**

Madrid, May 26, 2020

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

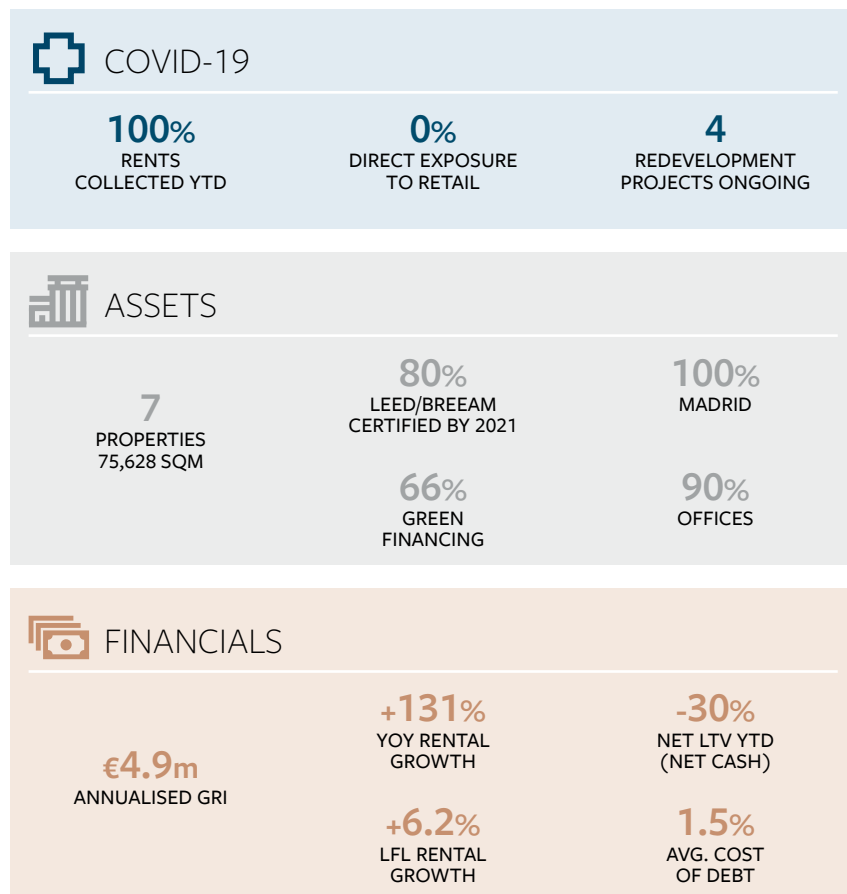


TRADING UPDATE  
FIRST QUARTER

**2020**



## > EXECUTIVE SUMMARY 1Q20 AT A GLANCE



Notes: (1) Source: S&P Global Market Intelligence; (2) Weighted average; all-in costs include spread, up-front costs and hedge; forward swaps starting in 2021; (3) 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; (4) América renamed as Botanic for commercial purposes; (5) 12-month like-for-like compares with the same properties included in the portfolio at 31 December 2019; (6) Royal Institution of Chartered Surveyors

### COVID-19 UPDATE: IN GOOD SHAPE IN TIMES OF UNCERTAINTY

- Existing portfolio largely unaffected but uncertainty remains
- High level of rental collection year-to-date, and limited tenant exposure to retail & leisure:
  - 100% of rents due for payment in March, April and May received
  - No direct exposure to retail, and 0% of our corporate tenants operating in the industries most impacted by COVID-19<sup>1</sup>
  - Regular dialogues with tenants as a long-term partner
- Solid balance sheet to weather any potential storm:
  - Over EUR 170m of cash and cash equivalents YTD on the back of the recent capital increase
  - C. EUR 70m net cash position YTD, and a long-term financing structure with 95% repayments due from 2025 onwards and 1.5% all-in costs<sup>2</sup>
  - +30x available cash over all running costs
- Redevelopment projects ongoing with building permits granted and only works temporarily paused during the State of Alarm phase. Some delays expected but deliveries still scheduled for 2021:
  - Four schemes in offices (32,000 sqm) with refurbishment works currently ongoing
  - 6x capex coverage with current cash & cash equivalents
- Defensive portfolio with disciplined and accretive acquisitions at very competitive prices, c. 20% below market comparable levels<sup>3</sup>

### FINANCIAL PERFORMANCE IN LINE WITH BUSINESS PLAN AND COMPANY GROWTH

- In line with the business plan, leases in Botanic<sup>4</sup> and Habana terminated, ahead of refurbishment works
- Gross rental income for the quarter of EUR 1.3m, +131% YoY and +6.2% 12-month Lfl.<sup>5</sup>
- Annualised GRI at Mar'20 was EUR 4.9m
- Net loss of EUR 0.6m, and EPS of EUR -0.02 p.s.
- Net LTV of -32.6% (net cash) at quarter-end. Post-period, a new bilateral loan agreement signed as a green loan for a notional amount of EUR 27 million, bringing net LTV to -30% (net cash) YTD
- 6.5%-7% ERV yield post-capex vs c.4% market yield

### SUSTAINABILITY AND CORPORATE RESPONSIBILITY REMAINS A CORE PART OF THE BUSINESS

- 80% of portfolio expected to be LEED/BREEAM certified in 2021
- All repositioning projects expected to be WELL certified by 2021
- 66% of portfolio already financed with green loans
- Engaged in the 2020 GRESB assessment, only 18-months post-IPO
- EPRA member since IPO, and the only RICS-accredited<sup>6</sup> commercial real estate company in Spain



However long the Coronavirus lasts, with our low gearing and ample liquidity, Árima is well placed to weather any potential impact until market conditions normalise and to meet its investment commitments. We have a solid, high-quality pipeline, but we are temporarily slowing execution during the State of Alarm phase — Luis López de Herrera-Oria, Chief Executive Officer

## > EXECUTIVE SUMMARY COVID-19 UPDATE - WORKING WITH OUR STAKEHOLDERS

*“Árima is fully committed to support those directly or indirectly impacted by the COVID-19. The Company is pulling together well and focussing on the safety and wellbeing of occupiers, suppliers and employees, as well as on the more vulnerable members in our communities. We are contributing across multiple fronts to help alleviate the effects of the virus, including direct human support and financial donations — Luis López de Herrera-Oria, Chief Executive Officer*

### OUR PEOPLE, OPERATIONS AND SUPPLIERS

- Adapting our operations to keep employees safe and provide business continuity
- Supporting our occupiers, maintaining regular dialogues as a long-term partner
- Operating our properties in line with government guidelines. All of our occupied buildings remain operational
- Maintaining regular payments to suppliers to ensure their cash flow is maintained

### SUPPORTING OUR COMMUNITIES

- The Company has **donated in excess of EUR 300k** to several organizations that are leading the efforts to contain the virus or supporting some of the more vulnerable members in our communities, including:
  - Social welfare institutions that provide meals on-site for those in need
  - Long-term care facilities and nursing homes
  - Detection tests and disinfectant devices for health institutions
  - 3D printed visors for nursing homes and essential services personnel
  - Personal Protective Equipment (PPE), particularly gowns and masks, for staff caring for COVID-19 positive patients
- The Directors and Management team have agreed to reduce their remuneration by 50% during the *State of Alarm* to fund **over 60%** of the company’s charitable donations. In addition, the Management team has decided to temporarily postpone the accrual of the current long-term incentive plan
- Árima has also made its vacant properties available to the Madrid’s municipal and regional health offices to provide emergency medical services



> FINANCIAL RESULTS



## > FINANCIAL RESULTS

### > KEY BALANCE SHEET ITEMS

€'m unless specified	31/03/2019 (As Reported)	31/03/2019 (Proforma) <sup>1</sup>	31/03/2020 (As Reported)
<b>Gross Asset Value (GAV)<sup>2</sup></b>	113.106	109.219	221.650
<b>Gross Debt</b>	29.988	29.988	81.949
<b>Cash &amp; Equivalents</b>	17.057	17.057	154.125
<b>Net Debt</b>	12.931	12.931	(72.176)
<b>Gross LTV</b>	26.5%	27.5%	37.0%
<b>Net LTV</b>	11.4%	11.8%	(32.6%)

### > KEY INCOME STATEMENT METRICS

€'m unless specified	31/03/2019 (As Reported)	31/03/2019 (Proforma) <sup>1</sup>	31/03/2020 (As Reported)
<b>Gross Rental Income (GRI)</b>	0.571	0.571	1.319
<b>Net Rental Income (NRI)</b>	0.546	0.546	1.163
<b>EBIT</b>	3.746	(0.141)	(0.318)
<b>Net profit</b>	3.655	(0.232)	(0.624)
<b>EPS (€ p.s.)</b>	0.37	(0.02)	(0.02)

### COVID-19 UPDATE: EXISTING PORTFOLIO LARGELY UNAFFECTED

- 100% of rents due for payment in March, April and May received
- No direct exposure to retail, and 0% of our corporate tenants operating in the industries most impacted by COVID-19<sup>3</sup>
- Redevelopment pipeline ongoing, with only works temporarily paused during the *State of Alarm* phase but already resumed. Some delays expected but deliveries still scheduled for 2021. 6x capex coverage with current cash & cash equivalents

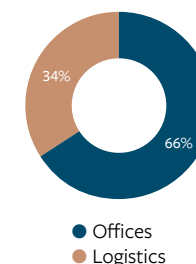
### FINANCIAL PERFORMANCE IN LINE WITH BUSINESS PLAN AND COMPANY GROWTH

- In line with the business plan, leases in Botanic<sup>4</sup> and Habana were terminated, ahead of refurbishment works
- C.100% YoY increase in GAV as firepower is deployed according to investment plan
- Gross rental income for the quarter of EUR 1.3m, +131% YoY and +6.2% 12-month like-for-like<sup>5</sup>
- Annualised GRI at Mar'20 was EUR 4.9m.

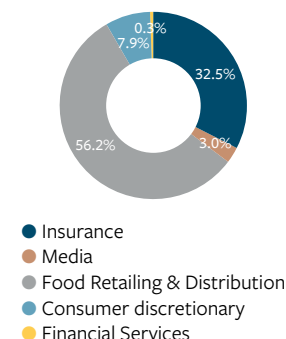
### ROBUST BALANCE SHEET TO WEATHER ANY POTENTIAL STORM

- EUR 154m of cash and cash equivalents at quarter-end on the back of the recent capital increase
- Long-term bilateral loan agreements signed for a notional amount of EUR 92.7 million, of which c. EUR 10 million remain undrawn as of 31<sup>st</sup> March 2020
  - 1.5% all-in costs<sup>5</sup> for a 7-year weighted average maturity
  - 95% of repayments due from 2025 onwards
- EUR 72m of net cash position at quarter-end
- Post-period, a new bilateral loan agreement signed as a green loan for a notional amount of EUR 27 million. The agreement has a 7-year term and a 1.6% all-in cost<sup>6</sup>. The financed property is the office building LS7 located in Madrid's CDN sub-market

GRI BY SEGMENT



INDUSTRIES WHERE OUR CORPORATE TENANTS OPERATE



**Note:** (1) For a more meaningful comparison, Q1 2019 pro-forma financials exclude the impact from the external independent valuation carried out by CBRE and Savills at 31 January 2019. This valuation was carried out in the context of the Accelerated Bookbuilding Offering ("ABO") completed in April 2019. In the ordinary course of business, external independent valuations are carried out twice a year, as of 30 June and 31 December; (2) Gross Asset Value: i) as reported 31/03/2019: based on the external independent valuation carried out by CBRE and Savills at 31 January 2019; ii) proforma 31/03/2019: adjusted for the Change in fair value of assets; iii) as reported 31/03/2020: based on the external independent valuation carried out by valuation carried out by CBRE Valuation Advisory at 31 December 2019; (3) Source: S&P Global Market Intelligence; (4) América renamed as Botanic for commercial purposes; (5) 12-month like-for-like compares with the same properties included in the portfolio at 31 March 2019; (6) Weighted average; all-in costs include spread, up-front costs and hedge; forward swaps starting in 2021

> CAPITAL STRUCTURE



## > CAPITAL STRUCTURE

### SOLID BALANCE SHEET TO WEATHER ANY POTENTIAL STORM

**Solid Balance Sheet**

- Robust balance sheet with **+€170m of cash and equivalents YTD** on the back of the recent capital increase (EUR 150m) and the bilateral loan agreements signed (total notional amount EUR 120m, of which EUR 106m drawn down)
- EUR 67m net cash position YTD, and **-30% Net LTV**
- Quasi bullet loans with **95% repayments only due from 2025 onwards**
- **+30x** available cash over all running costs

**Best-in-Class Financing Conditions**

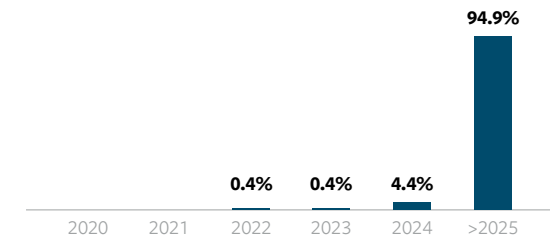
- 1,5% all-in costs<sup>1</sup>
- 7-year weighted average maturity

**Green Financing**

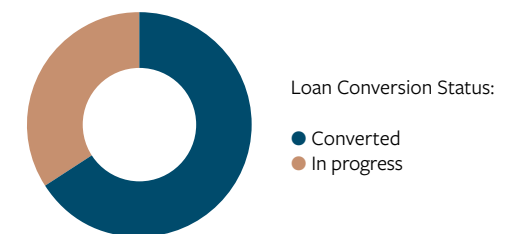
- A step further into integrating sustainability into the Company's business strategy, beyond the assets life-cycle capex
- We aim at converting all our financing into green loans:
  - **66% already converted**
- Árima's lenders include the leading national institutions: Santander, BBVA, Caixabank and other international institutions such as Novobanco



> DEBT MATURITY PROFILE AS OF 30 APRIL 2020



> ROADMAP TO GREEN FINANCING



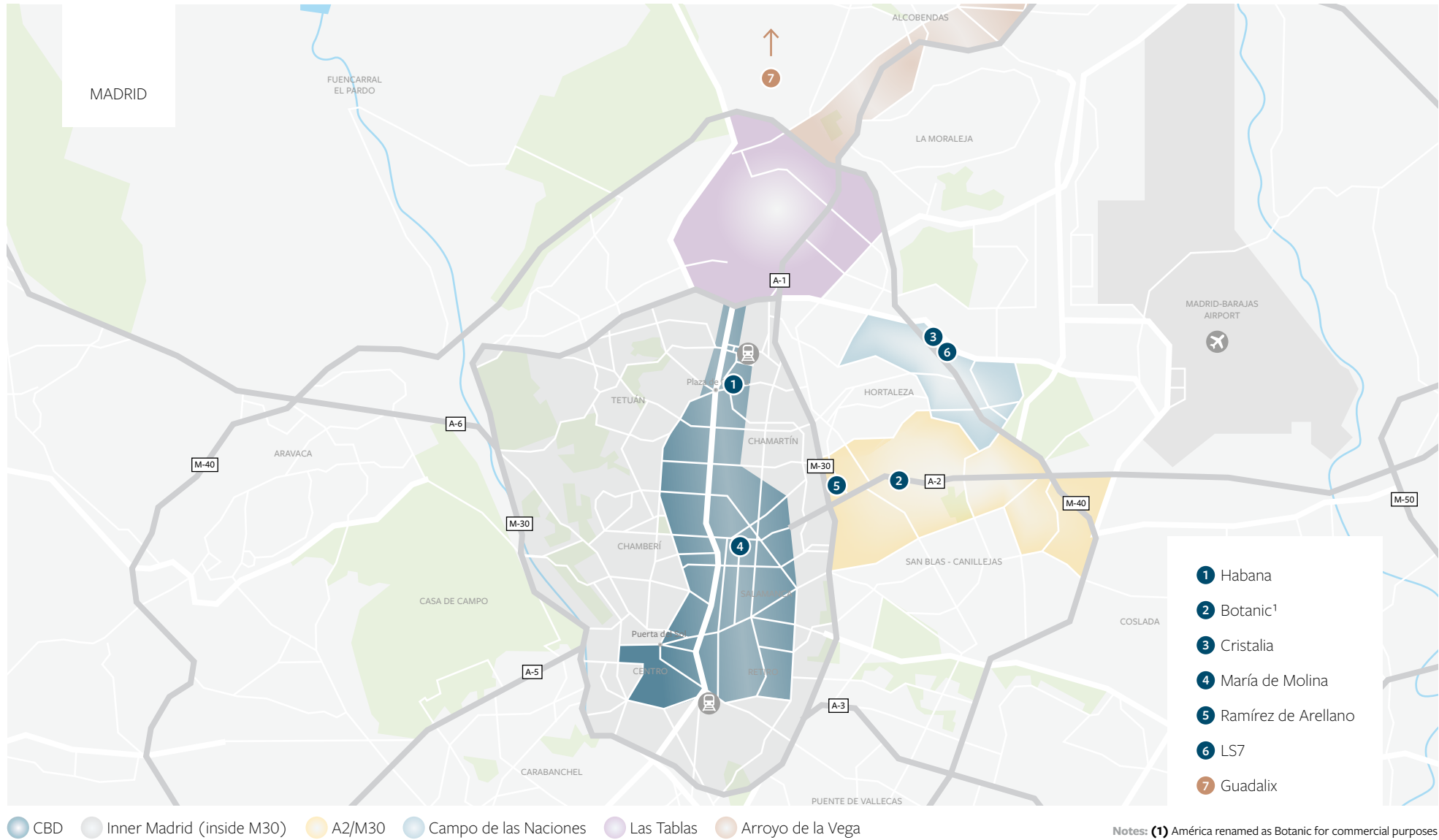
Notes: (1) Weighted average; all-in costs include spread, up-front costs and hedge; forward swaps starting in 2021



## > PORTFOLIO OVERVIEW



## > PORTFOLIO OVERVIEW ASSET MAP



## > PORTFOLIO OVERVIEW PORTFOLIO 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
- **Significant reversionary potential** through full refurbishment. LEED & WELL Gold certifications expected
- Acquired **c.40% below comparable market transactions'**
- Refurbishment works ongoing



### 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
- Leases terminated to start refurbishment works, which are already ongoing
- **Significant reversionary potential** through asset repositioning and re-leasing. LEED Platinum and WELL Gold certifications expected
- Acquired **c.10% below comparable market transactions'**



### 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
- **Partially occupied** (67%) to a world leading insurance company. **Attractive reversionary potential** through re-gearing existing leases and leasing-up vacant space
- Acquired **c.20% below comparable market transactions'**



### OFFICES

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

- **Free-standing office building** located in Madrid Prime CBD, with spacious floor plates of c. 1,000sqm
- **Complex transaction**, with a multi-owner structure. **Floor-by-floor refurbishment** to be completed by Q2 2020
- Value creation strategy includes **consolidation of single ownership, with negotiations underway**
- Acquired **c.30% below comparable market transactions'**

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) América renamed as Botanic for commercial purposes

## > 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
- **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
- Acquired **in line with comparable market transactions'**



### OFFICES

Name: LS7  
Acq. Date: Dec'19  
Location: Madrid CDN  
GLA: 14,500 sqm  
Parking units: 196  
Strategy: Full Refurbishment

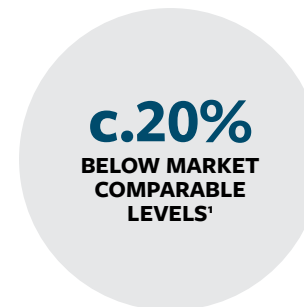
- **Free-standing office building** located in Campo de las Naciones Madrid sub-market, to the new ING 35,000 sqm HQ
- **Excellent visibility**, and large floor plates (2,865sqm) and common areas with great potential
- **Significant reversionary potential** upon completion of refurbishment works. Refurbishment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



### 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**
- **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
- Acquired **c.20% below comparable market transactions'**



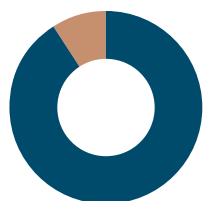
Notes: (1) Source: CBRE Research for comparable transactions as of Feb'20, Árima for portfolio data. Árima assets include acquisition price and expected capex, i.e. total investment; (2) Based on the external independent valuation carried out by CBRE Valuation Advisory (RICS) at 31 December 2019. External independent valuations are carried out twice a year, as of 30 June and 31 December

## > PORTFOLIO OVERVIEW PORTFOLIO BREAKDOWN

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

### > PORTFOLIO BREAKDOWN

GAV BY SECTOR



● Offices ● Logistics

GAV BY LOCATION



● Madrid

EUR m. unless specified	Assets (#)	GLA (sqm)	Parking (slots) <sup>3</sup>	Acq Price (EURm)	Acq Cost (EURm)	Acq Price (€/sqm) <sup>4</sup>	GAV <sup>1</sup> (EURm)	Occupancy rate	Annualised GRI <sup>5</sup> (€'000)	Annualised NRI (€'000)	Gross yield <sup>6</sup>	EPRA NIY <sup>7</sup>
<b>INVESTMENT PROPERTIES<sup>2</sup></b>												
<b>Offices</b>	<b>3</b>	<b>21,807</b>	<b>332</b>	<b>95</b>	<b>98</b>	<b>4,048</b>	<b>105</b>	<b>67%</b>	<b>3.119</b>	<b>2.538</b>	<b>3.3%</b>	<b>2.4%</b>
Madrid	3	21,807	332	95	98	4,048	105	67%	3.119	2.538	3.3%	2.4%
CBD	1	4,120	20	24	24	5,558	30	14%	0.140	0.153	0.6%	0.5%
Inner Madrid (M30)	1	6,759	110	32	33	4,315	34	100%	1.460	1.282	4.5%	3.8%
Greater Madrid	1	10,928	202	39	40	3,314	42	67%	1.520	1.102	3.9%	2.6%
<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>1.728</b>	<b>11.1%</b>	<b>7.6%</b>
Madrid	1	25,694	0	16	17	638	23	100%	1.815	1.728	11.1%	7.6%
<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>128</b>	<b>85%</b>	<b>4.934</b>	<b>4.266</b>	<b>4.4%</b>	<b>3.3%</b>
<b>REDEVELOPMENTS<sup>2</sup></b>												
<b>Offices</b>	<b>3</b>	<b>28,127</b>	<b>431</b>	<b>80</b>	<b>82</b>	<b>2,583</b>	<b>94</b>					
Madrid	3	28,127	431	80	82	2,583	94					
CBD	1	4,236	42	19	19	4,070	24					
Inner Madrid (M30)	-	-	-	-	-	-	-					
Greater Madrid	2	23,891	389	61	63	2,319	70					
<b>Logistics</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>					
<b>Total investment properties</b>	<b>3</b>	<b>23,127</b>	<b>431</b>	<b>80</b>	<b>82</b>	<b>2,583</b>	<b>94</b>					
<b>Total Portfolio</b>	<b>7</b>	<b>75,628</b>	<b>763</b>	<b>191</b>	<b>197</b>	<b>2,345</b>	<b>222</b>					

**Notes:** (1) Based on the external independent valuation carried out by CBRE Valuation Advisory (RICS) at 31 December 2019. External independent valuations are carried out twice a year, as of 30 June and 31 December; (2) As per EPRA recommendations, investment properties comprise rented or under commercialisation properties, excluding redevelopments. Current undergoing redevelopments include America, LS7 and Habana. Planned portfolio redevelopments still considered investment properties during the project definition phase; (3) Includes underground parking slots only; other types such as overground slots or motorcycle slots are not included in this figure; (4) Adjusted for parking; (5) Topped-up passing rental income; (6) Topped-up annualized GRI divided by GAV; (7) As per EPRA recommendations, calculated as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property

> ACTIVE ASSET MANAGEMENT

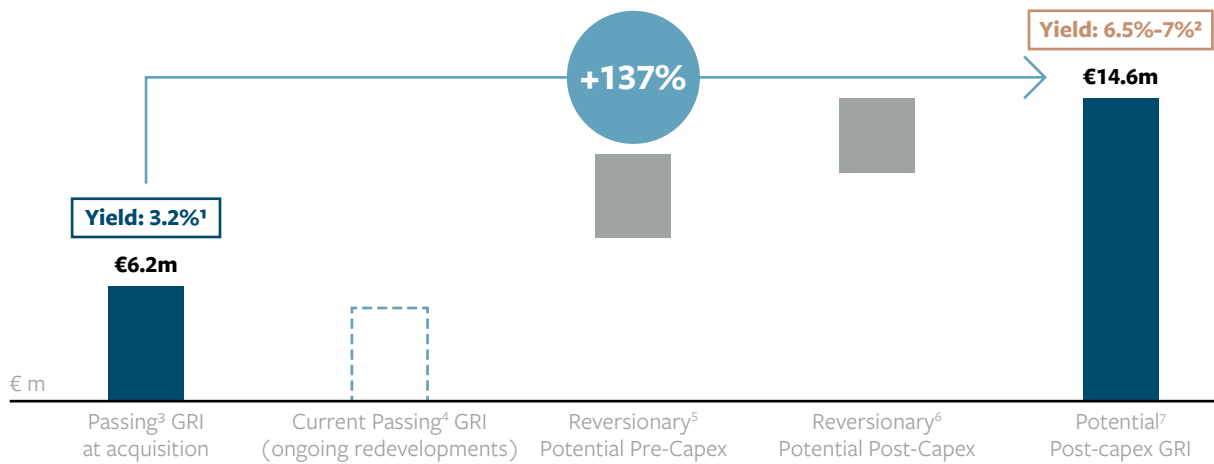


## > ACTIVE ASSET MANAGEMENT PORTFOLIO UPSIDE POTENTIAL

### EXISTING PORTFOLIO WITH SIGNIFICANT UPSIDE POTENTIAL THROUGH ACTIVE ASSET MANAGEMENT

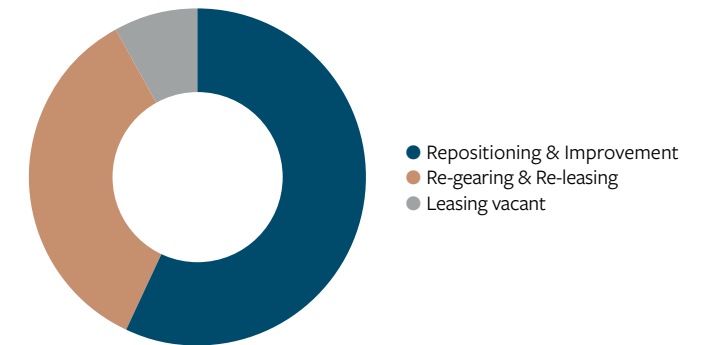
**COVID-19 update:** existing portfolio largely unaffected but uncertainty going forward

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



#### VALUE CREATION STRATEGIES

##### > 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 (acquisition cost plus expected capex); (3) Annualized gross rents; (4) Current undergoing redevelopments include Botanic, LS7 and Habana; (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, RENTAL UPSIDE AND IMPROVE TENANT EXPERIENCE

**COVID-19 update:** some delays expected but deliveries still scheduled for 2021

→ Redevelopment and asset management plan progressing well on track

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

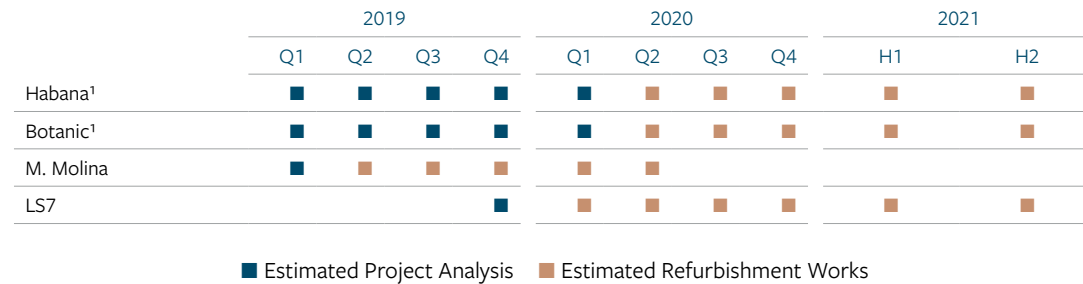
→ Combination of different strategies leading to a **balanced portfolio with significant upside**

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

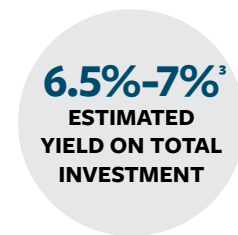
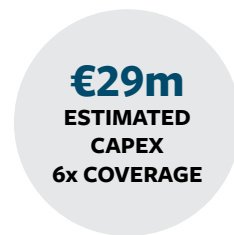
→ **Leasing vacant**, re-gearing and **maximising occupancy**

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

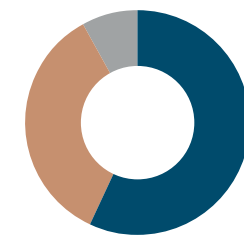
#### > REDEVELOPMENT & ASSET MANAGEMENT PLAN



#### > VALUE CREATION STRATEGY



#### > BY GAV



● Re-positioning & Improvement  
● Re-gearing & Re-leasing  
● Leasing vacant

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



# > ACTIVE ASSET MANAGEMENT ONGOING REDEVELOPMENT PROJECTS

## ACTIVE PROPERTY MANAGEMENT TO CAPTURE GRADE A DEMAND, RENTAL UPSIDE AND IMPROVE TENANT EXPERIENCE

> BEFORE



> AFTER



### HABANA

Acq. Date: Dec'18  
 Location: Madrid CBD  
 GLA: 4,300 sqm  
 Strategy: Full Refurbishment  
 Target Quality: Class A, LEED & WELL Gold  
 (expected H2 2021)

- Contract with existing tenant terminated in February 2020
- Refurbishment works in progress since May 2020
- Delivery expected in H2 2021

**c.7.0%**  
**ESTIMATED**  
**POST-CAPEX**  
**YOC<sup>1</sup>**

> BEFORE



> AFTER



### BOTANIC<sup>2</sup>

Acq. Date: Jan'19  
 Location: Madrid A2/M30  
 GLA: 9,462 sqm  
 Strategy: Partial Refurbishment  
 Target Quality: Class A, LEED Platinum & WELL Gold (expected H2 2021)

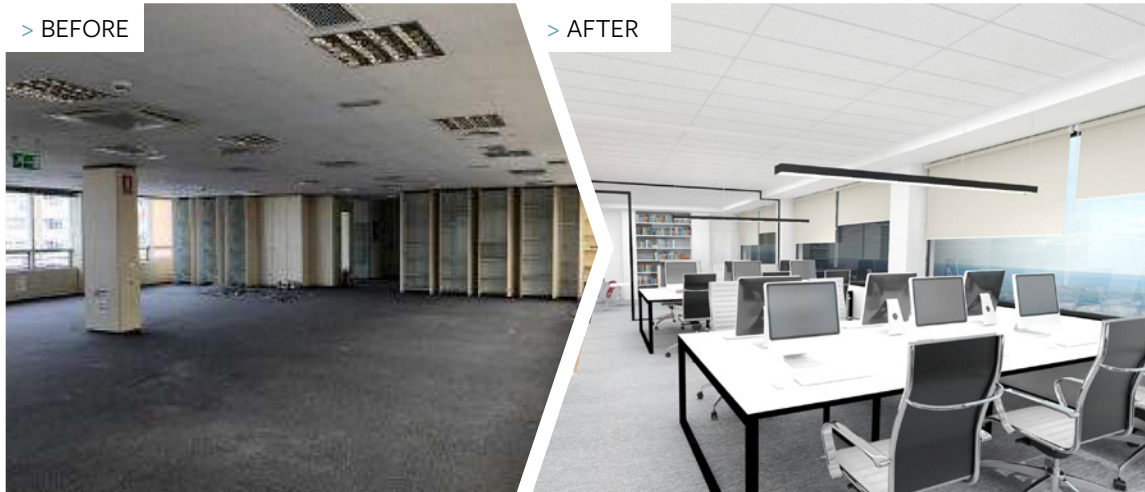
- Contract with existing tenant terminated in December 2019
- Refurbishment works in progress since May 2020
- Delivery expected in H2 2021

**6.5%-7%**  
**ESTIMATED**  
**POST-CAPEX**  
**YOC<sup>1</sup>**

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

# > ACTIVE ASSET MANAGEMENT ONGOING REDEVELOPMENT PROJECTS

## ACTIVE PROPERTY MANAGEMENT TO CAPTURE GRADE A DEMAND, RENTAL UPSIDE AND IMPROVE TENANT EXPERIENCE



### M. MOLINA

Acq. Date: Dec'18-Feb'19  
 Location: Madrid CBD  
 GLA: 4,122 sqm  
 Strategy: Full Refurbishment  
 Target Quality: Class A (expected Q2 2020)

**c.6.5%**  
**ESTIMATED**  
**POST-CAPEX**  
**YOC<sup>1</sup>**

- Refurbishment works began in July 2019, and are expected to end in Q2 2020
- Marketing campaign to start immediately upon works completion



### LS7

Location: Madrid A2/M30  
 GLA: 14,500 sqm  
 Strategy: Full Refurbishment  
 Target Quality: Class A, LEED & WELL Gold (expected H2 2021)

**c.6.5%**  
**ESTIMATED**  
**POST-CAPEX**  
**YOC<sup>1</sup>**

- Refurbishment works ongoing, initiated by the vendors
- Undertaking additional improvements with Estudio Lamela, including creating a patio on the office floors, adding a new façade, improving the entrance hall and outside space
- LEED and WELL certification to be sought
- Completion of refurbishment works expected in H2 2021

Notes: (1) Yield on cost defined as post-capeX GRI divided by total investment (acquisition cost plus expected capex)

# > SUSTAINABILITY & CORPORATE RESPONSIBILITY

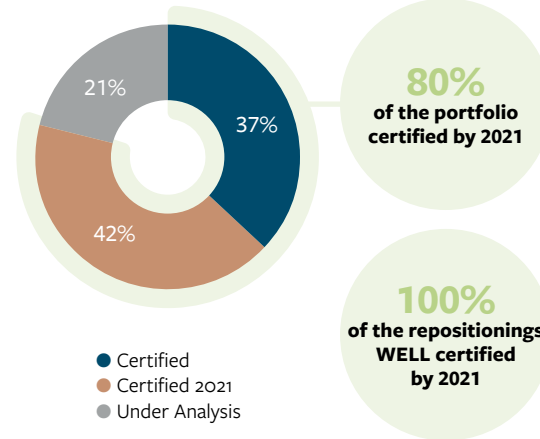


## > SUSTAINABILITY & CORPORATE RESPONSIBILITY

### COMMITTED TO SUSTAINABLE ENVIRONMENTS

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

#### > LEED/BREEAM CERTIFICATION



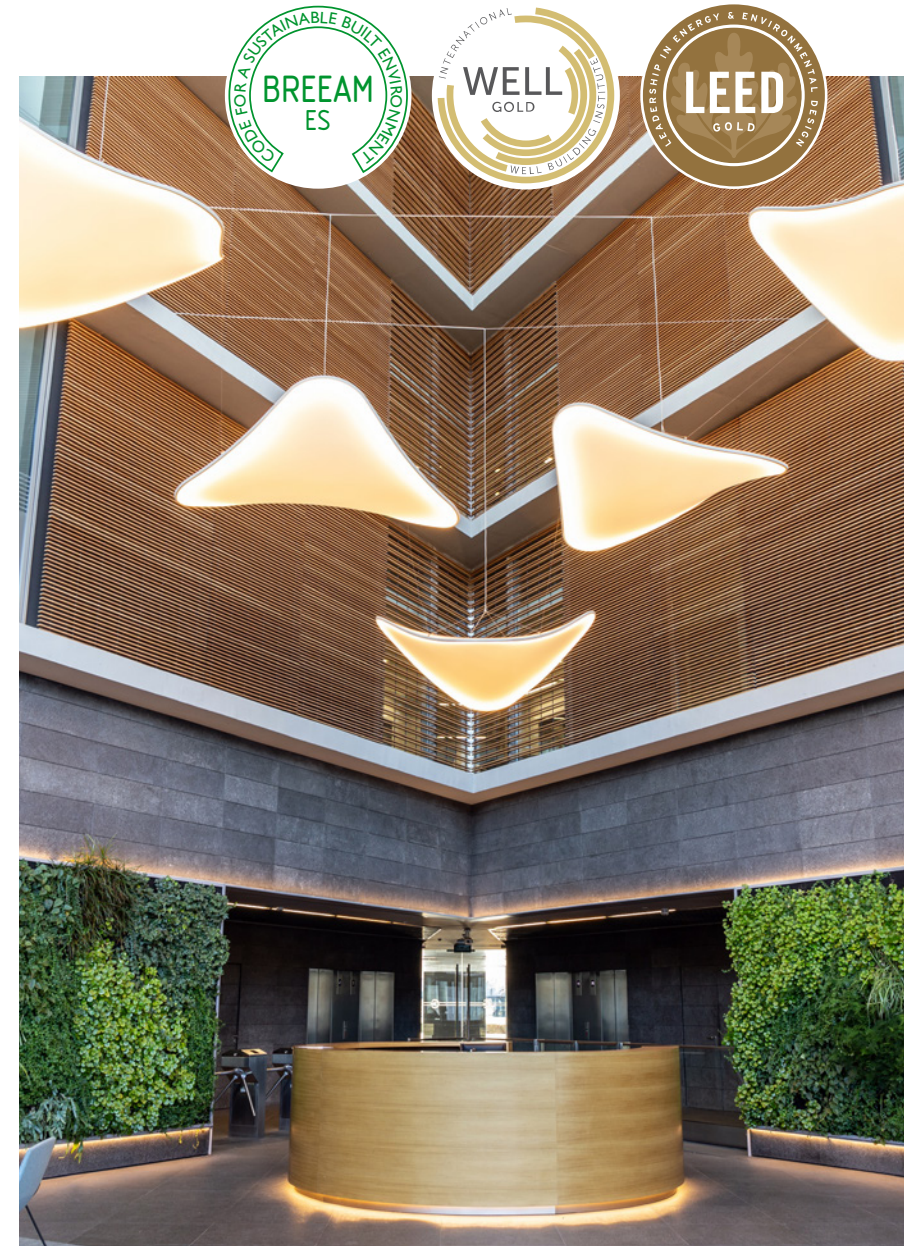
#### > ROADMAP TO PORTFOLIO LEED, BREEAM & WELL CERTIFICATION

Asset	Sustainability Certification	Health-Safety Certification	Expected Certification Date
Cristalia	LEED GOLD	WELL GOLD	LEED Certified
Ramírez de Arellano	BREEAM Very Good	Under Analysis	BREEAM Certified
Habana	LEED GOLD	WELL GOLD	H2 2021
Botanic	LEED PLATINUM	WELL GOLD	H2 2021
M. Molina <sup>2</sup>	Under Analysis	Under Analysis	Under Analysis
Guadalix <sup>2</sup>	Under Analysis	Under Analysis	Under Analysis
LS7	LEED GOLD	WELL GOLD	H2 2021

- Committed to designing and managing our buildings in the most sustainable means possible. By the same token, our tenants are increasingly focused on sustainable and healthy working environments
- Over 80% of Árima's management team are members of the RICS, demonstrating our steadfast commitment to excellence, transparency and professional integrity in terms of the market and our main stakeholders



Notes: (1) Royal Institution of Chartered Surveyors; (2) Final type and status to depend on extent of ownership



> APPENDIX



## > APPENDIX Q1 2020 FINANCIALS

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

#### IFRS

€'000 (unless otherwise specified)	31/03/2019 (As reported)	31/03/2019 (Proforma) <sup>1</sup>	31/03/2020 (As reported)	YoY
<b>Gross Rental Income (GRI)</b>	<b>571</b>	<b>571</b>	<b>1,319</b>	<b>131%</b>
Non-reimbursable property expenses	(25)	(25)	(156)	524%
<b>Net Rental Income (NRI)</b>	<b>546</b>	<b>546</b>	<b>1,163</b>	<b>113%</b>
Overheads	(735)	(735)	(1,395)	90%
<b>Operating Income (EBITDA)</b>	<b>(189)</b>	<b>(189)</b>	<b>(232)</b>	<b>23%</b>
Amortization & Provisions	(2)	(2)	(5)	150%
<b>Recurring EBIT</b>	<b>(191)</b>	<b>(191)</b>	<b>(237)</b>	<b>24%</b>
Net financial charges	(91)	(91)	(306)	236%
Tax	--	--	--	--
<b>Recurring net profit</b>	<b>(282)</b>	<b>(282)</b>	<b>(543)</b>	<b>93%</b>
Change in fair value of assets	3,887	--	--	--
Other income and expenses	50	50	(81)	-262%
<b>Reported net profit</b>	<b>3,655</b>	<b>(232)</b>	<b>(624)</b>	<b>169%</b>
<b>Recurring EPS (€ p.s.)</b>	<b>(0.03)</b>	<b>(0.03)</b>	<b>(0.02)</b>	<b>-33%</b>
<b>Reported EPS (€ p.s.)</b>	<b>0.37</b>	<b>(0.02)</b>	<b>(0.02)</b>	<b>-6%</b>
Average no. of shares outstanding	9,945,513	9,945,513	28,375,381	185%
NOI margin	95.6%	95.6%	88.2%	

#### EPRA

€'000 (unless otherwise specified)	31/03/2019 (As reported)	31/03/2019 (Proforma) <sup>1</sup>	31/03/2020 (As reported)	YoY
EPRA earnings	(232)	(232)	(624)	169%
<b>Adjusted EPRA earnings</b>	<b>(282)</b>	<b>(282)</b>	<b>(543)</b>	<b>93%</b>
EPRA EPS (€ p.s.)	(0.02)	(0.02)	(0.02)	-6%
<b>Adjusted EPRA EPS (€ p.s.)</b>	<b>(0.03)</b>	<b>(0.03)</b>	<b>(0.02)</b>	<b>-33%</b>

### > CONSOLIDATED BALANCE SHEET

€'000 (unless otherwise specified)	31/03/2019 (As reported)	31/03/2019 (Proforma) <sup>1</sup>	31/03/2020 (As reported)
<b>Non Current Assets</b>	<b>114,150</b>	<b>110,263</b>	<b>226,754</b>
Property plant & equipment	69	69	166
Investment property	113,580	109,693	225,746
Long-term financial investments	501	501	842
<b>Current assets</b>	<b>19,799</b>	<b>19,799</b>	<b>159,987</b>
Trade and other receivables	2,524	2,524	2,140
Prepayments and accrued income	218	218	3,722
Cash & cash equivalents	17,057	17,057	154,125
<b>Equity</b>	<b>100,777</b>	<b>96,890</b>	<b>298,568</b>
Share Capital	100,063	100,063	284,294
Share Premium			5,769
Reserves	(2,426)	(2,426)	(11,064)
Treasury shares	(515)	(515)	(827)
Retained earnings	3,655	-232	15,888
Other			4,508
<b>Liabilities</b>	<b>33,172</b>	<b>33,172</b>	<b>88,173</b>
Non-current liabilities	550	550	83,852
Financial debt	0	0	81,795
Financial derivatives	0	0	1,102
Other	550	550	955
Current liabilities	32,622	32,622	4,321
Financial debt	29,988	29,988	154
Trade & other payables	2,634	2,634	4,167
Number of shares outstanding, end of period	9,951,309	9,951,309	28,353,243

Notes: **(1)** For a more meaningful comparison, Q1 2019 pro-forma financials exclude the impact from the external independent valuation carried out by CBRE and Savills at 31 January 2019. This valuation was carried out in the context of the Accelerated Bookbuilding Offering ("ABO") completed in April 2019. In the ordinary course of business, external independent valuations are carried out twice a year, as of 30 June and 31 December

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## Press Release

The Socimi publishes its quarterly results and announces measures taken to help combat the COVID-19 crisis

## Árma's results show a solid balance sheet and a comfortable cash position for tackling the future

- Despite the current climate of uncertainty, Árma is confident about the future thanks to its solid balance sheet – the Socimi continues to collect 100% of its rental income and has no exposure to the retail or hotel sectors
- Refurbishment projects were temporarily put on hold at the start of lockdown, but resumed in May
- The Company has donated over EUR 300,000 to combat the pandemic, with over 60% financed by its board members and management team
- Rental income in Q1 2020 amounted to EUR 1.3 million, up 131% y-o-y and 6.2% in like-for-like terms
- Árma has signed a green loan in the amount of EUR 27 million to finance its LS7 office building. The Socimi has now secured competitive and flexible financing for its entire portfolio, with sustainable loans accounting for 66% of the portfolio's financing
- 42% of its portfolio also benefits from LEED/BREEAM certification and the Company aims to reach 80% by 2021. Árma also aims to achieve WELL certification for all of its refurbishment projects



Photo: Árma. Render of 'Botanic' building



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**26 May 2020.** Today, Árma has presented its Q1 2020 results. During this time of great uncertainty, the Socimi is confident about the future thanks to a strong balance sheet and a comfortable cash position – which currently stands at EUR 170 million – among other factors.

The Company's solid balance sheet has been boosted by two successful share capital increases – which have allowed it to triple in size since its IPO just over a year ago – and a sound investment strategy based on investing in opportunities at highly attractive prices (20% below market price on average).

In addition, the Company recently signed a sustainable loan in the amount of EUR 27 million, meaning it has now secured competitive and flexible financing for its entire portfolio. Árma's recipe for success is rounded off by its lean structure and controlled expenditure.

The COVID-19 crisis has not proved to be a major obstacle for Árma. The Socimi continues to collect 100% of its rental income since it operates in the Offices and Logistics sectors and it does not have any exposure to the sectors that have been hit hardest by the pandemic. Its rental income in Q1 2020 amounted to EUR 1.3 million, up 131% y-o-y and 6.2% in like-for-like terms, reflecting the Árma team's commitment to investing on behalf of its shareholders and creating high quality assets.

### **Committed to the business plan**

Committed to achieving the targets set out in its business plan, Árma has terminated the leases on its *Habana* and *Botanic* properties in order to move forward with its plans to refurbish them in line with the Company's Capex schedule. Four of the seven properties in Árma's portfolio are currently undergoing refurbishment works. These were temporarily put on hold at the start of lockdown, however, after resuming works in May the company does not foresee any major delays.

Luis López de Herrera-Oria, CEO of Árma, said that *“the awful Covid-19 crisis has acted as a real stress test for a lot of companies. Thankfully, our team is in excellent health, our assets are all fully operational, and we are in constant contact with our tenants and partners. With Árma's strong financial position, our shareholders can rest easy, safe in the knowledge that our team will continue to generate value thanks to its proven management skills and sound investment discipline.”*



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## **Sustainability, health, and well-being**

Árma is deeply committed to sustainability, as reflected in the design and management of its properties. The Company aims to achieve LEED/BREEAM certification for 80% of its property portfolio by 2021, along with WELL certification for all of its refurbishment projects. WELL is an internationally recognised standard that measures the impact of buildings on people's health and well-being.

In addition, 66% of the Company's portfolio is currently financed with sustainable loans, after it restructured a great deal of existing financing and recently secured a €27 million loan to finance its LS7 office building.

## **Specific measures to help combat the pandemic**

Árma has provided unwavering support to those affected by the pandemic, prioritising the safety and well-being of its tenants, suppliers and employees, as well as the most vulnerable members of society.

The Company has donated more than EUR 300,000 to food banks, care homes, virus testing and for the acquisition of personal protective equipment (PPE).

Árma has also made its properties available for use by Madrid's City Council and Regional Government in order to help deal with the healthcare emergency.

Over sixty percent of these donations were financed via a 50% reduction in management and board members' salaries, while the current incentive plan has also been temporarily put on hold.

## **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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