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WHO ARE THE TOP IBERIAN INVESTORS?

- Who are the investors in Iberian Property? the full ranking
- Investing in Iberia: how to turn challenges into opportunities?
- What's next in Iberia? Special interview with Daniel Lacalle

+ SPECIAL ISSUE: Iberian PROPERTY SUMMIT LONDON

NO. 02
/ MAY 2017
PRICE
€30 EUROPE

Program

Tuesday, 19th September

1pm - 2.30pm
Registration

2.30pm - 3pm
Conference Opening by Professor João Duque, Conference Chairman

3pm - 4.30pm
The Portuguese economy: A lot of good news (and some not so…)

4.30pm - 5.00pm
Networking coffee break

5.00pm - 6.30pm
Investors Round Table - Lisbon in the Iberian context. Strengths & opportunities

6.30pm - 7.15pm
Cocktail & drinks by Estoril Palácio pool

8.00pm
Welcome dinner
Guest of Honour the Prime Minister of Portugal (to be confirmed)

Wednesday, 20th September

9.00am - 10.00am
Lending is back!

10.00am - 10.45am
Parallel Discussions I - Where & How to invest

- Investment vehicles in Portugal
- Fiscal optimization for RE investment in Portugal
- Banking REO & NPL: Portfolio and single asset acquisition

10.45am - 11.15am
Networking coffee break

11.15am - 12.00pm
Parallel Discussions II - Where & How to invest

- Office & Industrial - Where are the best options?
- Retail - Where to shop?
- Tourism - The market driver in Iberia!
- Urban Renewal - The party is here!

12.00pm - 1.15pm
REIT's in Iberia: Lessons learned in Spain - Opportunities for Portugal?

1.15pm - 3.00pm
Closing Lunch by Estoril Palácio pool

Conference Council

João Duque
Professor Catedrático
ISEG - UNIVERSIDADE TÉCNICA DE LISBOA

Duarte Athayde
CEO
ABREU ADVOGADOS

Eric van Leuven
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TRANSPARENCY IN THE REAL ESTATE MARKET...

ANTÓNIO GIL MACHADO
DIRECTOR, IBERIAN PROPERTY

This current issue has the task to track who are the greatest real estate investors in Spain and Portugal. It's a hard task and the result presents inevitable disparities given the information available, since different players are subject to different norms of data transparency.

I have dedicated my life to the market information and to promote sharing of data and intelligence among the real estate, allowing the best decision-making. But, if all players have the common desire to access to more information, the truth is that few are willing to share it, even regarding basic levels of their activity.

On the basis of the public information available we managed, in this issue, for the first time to profile an investment in Iberia from Spanish Socimis, Portuguese Real Estate Funds and, in general, European societies quoted in regulated markets. Each one of these entities publishes with high disclosure the relation of their investments and their performance. The counterpart are the tax systems usually with better conditions.

To this one we add the information of entities which engage themselves professionally to the assets management, and which understand and accept sharing their activity. The transparency of information enables an adequate oversight by the society, but especially by its investors.

The availability of information is a key factor to a more mature real estate market, helping to attract more investors. These investors, when they realize they have the required data to make their decisions, more easily they adopt more active strategies of investment, developing a real estate market with better liquidity.

Iberian Property will always be at the service of the market, publishing data and information that enable them to take informed decisions regarding the real estate markets in Spain and Portugal. The effort of the current issue is just a start, acknowledging all the entities which share their information.

DOSSIER: WHO ARE THE TOP IBERIAN INVESTORS AND WHAT ARE THEIR TARGETS?

FORUM

ANALYSIS

LEGAL & REAL ESTATE

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IBERIAN PROPERTY IS PUBLISHED BY:
IMOEDIÇÕES -
Publicações Periódicas e Multimédia, Lda.

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PRINT: Uniarte Gráfica - Porto

PERIODICITY: Quarterly

PRICE
Signature (4 issues) - 94€
Separate - 30€

PRINTED COPIES: 3,000 copies

LEGAL DEPOSIT: 422035/17

NIPC: 507 037 219

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Registration nº 115734 of the Media Regulatory Entity

PHOTO COVER
"Torre Agbar", photo: Luciano Mortula - LGM

MORE INFO

INVESTORS FROM ALL OVER THE WORLD RETURN TO THE PORTUGAL REAL ESTATE SUMMIT

Once again, on 19 and 20 September, Lisbon will set the stage to host the international investment community, who will come together for the second edition of the Portugal Real Estate Summit.

The Prime-Minister of Portugal, António Costa

The greatest meeting among international real estate investors to ever take place in Portugal, the Portugal Real Estate Summit will be held in 2017 for the second time, organised by Iberian.Property.

Aiming to attract investors from all over the world to show firsthand the reasons why the Portuguese market has been asserting itself as a destination for foreign capital, the Portugal Real Estate Summit will present a *«luxury»* conference program, featuring international leaders in the fields of economics, investment, banking, asset management, financial and market analysis, on the same stage to share their vision of the current state of the sector in this country.

With the Iberian.Property seal, the event has garnered extensive support from the real estate industry, with sponsorship confirmed by Aguirre Newman, CBRE, Cushman & Wakefield and JLL, as well as Abreu Advogados, MLGTS Advogados and Deloitte. The event has also received widespread support from the main associations and bodies that mobilise real estate investment on a global, European and national scale, including RICS-Royal Institution of Chartered Surveyors, EPRA–European Public Real Estate Association, ULI – Urban Land Institute and ASPRIMA, the real estate developers association of Madrid. ACAI, APPII, APAF and APFIPP are the Portuguese entities associated with this event.

Following the success of the previous edition, and with interest in the Portuguese property market remaining strong among global capital, the organisers expect this second edition to surpass the number of participants registered in 2016. We recall that 280 people attended last year's event, including among the audience representatives from around a hundred international investors from markets such as the UK, US, France, Spain, the Netherlands and Brazil. Blackstone, Benson Elliot, CBRE Global Investors, Fidelidade-FOSUN, Green Oak, HIG Capital, Lone Star, Merlin SOCIMI, M7 Real Estate, Meyer Bergman, Orion Capital and Patrizia were among the international investment firms represented at the event.

"The greatest private equity investors, investment banks and institutional investors in the world attended this event", recalls António Gil Machado, from the event's organisation. "*Aside from investors who are already familiar with the Portuguese property market, several others who had not invested in Portugal yet saw this event as a unique opportunity to get to know the national market and players better*", Machado concludes.

The Portugal Real Estate Summit will present a «luxury» conference program, featuring international leaders in the fields of economics, investment, banking, asset management, financial and market analysis, on the same stage to share their vision of the current state of the sector in this country.

Rupert Nabarro

Portugal Real Estate Summit

The Portugal Real Estate Summit aims to be the most important event for real estate investment in Portugal, combining the strategic vision of the three main international investment sources currently focusing on the national property market –Europe, North America and Asia. In addition to presenting Portugal's macroeconomic framework, the program addresses structuring themes involved in attracting investment to the Iberian Peninsula, among which are the competition between the region's principal cities, the origin and profile of the most active investors, and the most appealing segments and opportunities in the sector. ■

Prime-Minister spoke to investors at the Portugal Real Estate Summit

Confirming the importance of this event as a driver to promote real estate investment in the country, the Portuguese Prime-Minister, António Costa, was one of the figures to attend the first edition of the Portugal Real Estate Summit, where he was the guest of honour at the conference dinner. Costa took the opportunity to ensure that the Government is currently studying the implementation of a REIT regime in Portugal, in order to attract more investment to the country and accommodate the increasingly strong demand among players in this industry. ■

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IBERIA INCREASINGLY ON DISPLAY AT MIPIM

Year after year, Iberia is increasingly showcased at Mipim, with Spain and Portugal driving the region's presence in what has become the greatest event worldwide dedicated to the real estate industry and the platform that forecasts the greatest trends in the sector.

Lisbon's Mayor, Fernando Medina speaking at the conference «How to Build the Best Quality Housing for the Greatest Number of People?» Credits: © V. DESJARDINS - IMAGE&CO

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More events, larger and more imposing stands, and a greater committee of Spanish and Portuguese professionals are the most visible signs of this reinforced commitment, capitalising on the growing attention from international investors on the Iberian market.

Aside from the numerous individual stands of Spanish and Portuguese companies or firms operating in these territories, Madrid, Lisbon and Barcelona also promoted themselves extensively at Mipim 2017, with each of these regions marking its presence with an individual stand that gathered various leading projects under the same roof, promoting investment in the region with the support of several partners.

Comunidad de Madrid and its Think Madrid were the greatest drivers of the Spanish pavilion at MIPIM, which also included the participation of Sareb, ICEX (Invest in Spain), Ayuntamiento de Málaga and Gesvalt. The Madrid cluster received support from companies such as Asesorama, Audaxim Top Building and Rold & partner, as well as architecture firms Rafael de la Hoz and Ortiz.León, among others. Catalonia and Barcelona also had their own stand, joining real estate consultancies, law firms and architecture firm, among others.

The approximately 20.000 visitors at Mipim were also able to explore first-hand some of the major projects planned for the Lisbon region, which in 2017 decided to reinforce its prominence at the trade fair. The residential rent control program launched by the municipality, the new Feira Popular de Lisboa amusement park and Lisboa Water City were the projects showcased not only in the region's stand, but also at the conferences and interventions that included Portuguese participation.

Confirming that there is *"significant interest in Lisbon among investors"*, the CEO of Invest Lisboa, Rui Coelho, told Iberian Property that *"this was the fourth consecutive year that we organised a Lisbon stand and, every year, we have received increasing interest not only in terms of the recognition of participants at Mipim, but also in the number of private partners who join us"*. This year, aside from the Lisbon Municipal Council and Baía do Tejo with its Lisbon South Bay project, the stand for the Lisbon region brought together several private partners, namely the real estate developers Vanguard Eagle and Habitat Invest, the law firms Morais Leitão and Rogério Fernandes Ferreira, the architecture firms Contacto Atlântico and Matelier, and real estate consulting firms B.Prime, Infante & Riu II – Portugal Investments Broker and Castelhana Imobiliária.

Conferences drew hundreds of participants to find out more about Spain & Portugal

Included in the Mipim official agenda, the morning of 16 March was the date chosen for the first international conference organised by Iberian.Property. With the title *"Is Lisbon the next city investment hot-spot?"*, the session met with a full house and joined under the same roof the Mayor of Lisbon, Fernando Medina, the CEO of Baía do Tejo, Sérgio Saraiva, Pedro Coelho, chairman of Square AM and Enrique Gracia, director of Merlin Properties Socimi, as well as the managing partner of B.Prime, Jorge Bota.

Promoting one of the largest urban renewal projects planned for Iberia, according to the CEO of the firm Baía do Tejo, this participation in Mipim *"is clearly positive. On an institutional level, I underline the presence of the three mayors of the municipalities involved in the Lisbon South Bay project, namely Barreiro, Seixal and Almada, whose joint participation in Mipim with the Mayor of Lisbon has sent a strong message of the good relationship between the various entities whose common goal is to make Lisbon a city that is increasingly stronger and more competitive, equipped to compete with other metropolitan areas in the world that are also participating in this trade fair. Regarding the actual development of the Baía do Tejo territories under the Lisbon South Bay aegis, this has also been a very positive experience"*, guaranteeing that the *"expressions of interest by investors both in office parks and in the Cidade da Água (Water City) project have been common here at Mipim"*.

Still in the same morning and also to a full house, the conference *«Why is Spain the new place to invest?»* also took place, organised by Gesvalt and Roca Junyent, joining more than 200 professionals from several parts of the world. Divided into two parts –Urban Transformation and Success Stories – the event included interventions by Sandra Daza, managing director of Gesvalt, Enrique Gracia, director of Merlin Properties, Javier García del Rio, CEO of Solvia, Juan Velayos, CEO of Neinor Homes, Javier Rodríguez Heredia, partner & general manager for Europe of Azora, Daniel Lacalle, economist and commissioner for international investments at Think Madrid and Roger Pl, Senior legal advisor at Roca Junyent.

This session emphasised the solidity of the Spanish economy as a destination for international investment, with the country offering good growth prospects in the medium term. It also served as a platform for a dynamic debate that presented not only the main challenges facing real estate investors in Spain, but above all the advantages offered in comparison with other investment destinations in Europe.

Sharing their perspectives and experiences in different segments of the property market (offices, retail, logistics, hotel and residential), these experts unanimously agreed that this is the start of a new paradigm in Spanish real estate, driven by the entry of new players and a change in the behaviour of demand. ■

The emergence of new players, from increasingly distant origins and with increasingly diversified profiles, is one of the reasons for the change in paradigm taking place in capital markets in Spain.

SIMA 2017 CONFIRMS THE SPANISH PROPERTY MARKET IS STABLE AND BACK TO NORMAL

by: Javier Martín López | Observatorio Inmobiliario, Director

Buyers' appetite marked the development of the latest edition of the Salón Inmobiliario Internacional de Madrid (SIMA), which took place from 25 to 28 May and registered 9% more visitors than last year's edition. This important increase in attendance is almost double the increase registered in 2016, which was 5%, and confirms that the property sector is stable and back to normal.

Added to the growth in visitors that attended SIMA is the increase in the space allocated to the trade fair, 25% more than in 2016, reaching 13.000 m², as well as in the number of exhibitors, 20% more, namely 275, more than 10% of which originated from outside Spain, especially South America and the US.

However, behind this data lies an interesting reality: the recovery of the Spanish residential sector (although in an irregular manner and at different momentums) and the return of developers to the forefront of activity were in great evidence at SIMA. Whereby in the last three years the event was dominated by stands of financial entities selling assets with non-performing loans, this year, real estate developers took precedence, in many cases selling off-plan product, which gives an idea of the pressure on supply, especially in Madrid, Barcelona and some areas on the coast.

It was undeniable that the atmosphere at this year's SIMA was very different from previous years: there was talk of investment, projects, demand… The stands themselves, more elaborate, with more design and space, expressed the change in direction that has taken place in the sector.

This is information regarding the trade fair itself, but we cannot forget that this part aimed for the general public is complemented by a program of analysis and debate for professionals, in this edition joined under the name SIMA pro. This section was launched a day before the event's official opening, on 24 May, with a Real Estate Conference that outlined the new framework of the Spanish residential sector and presented a series of issues concerning the future, such as the need to streamline the administrative process in real estate and urban development, the economic and employment situation of young people and their effect on purchasing power and, consequently on actual housing demand, the relentless progress of the rental market, new business models, the entry of new players in the market and the development business…

There was also the Investment Forum – with some issues concerning content and presentations – which provided useful information, as well as several brilliant and original interventions. All of this was complemented with specific spaces for analysis and debate concerning América Vivienda, Inmonext (technologies and the property sector) and a Seminar on Argentine investment (the guest country in this edition of SIMA and which was very well represented).

Finally, a series of presentations on taxation, risk, smart cities, virtual reality, innovative strategies in real estate marketing, the role of women's associations in real estate, Chinese investment and a presentation by Veltis Rating, the first property rating agency, completed the busy program of SIMA 2017.

See you next year! ■

The recovery of the Spanish residential sector and the return of developers to the forefront of activity were in great evidence at SIMA 2017

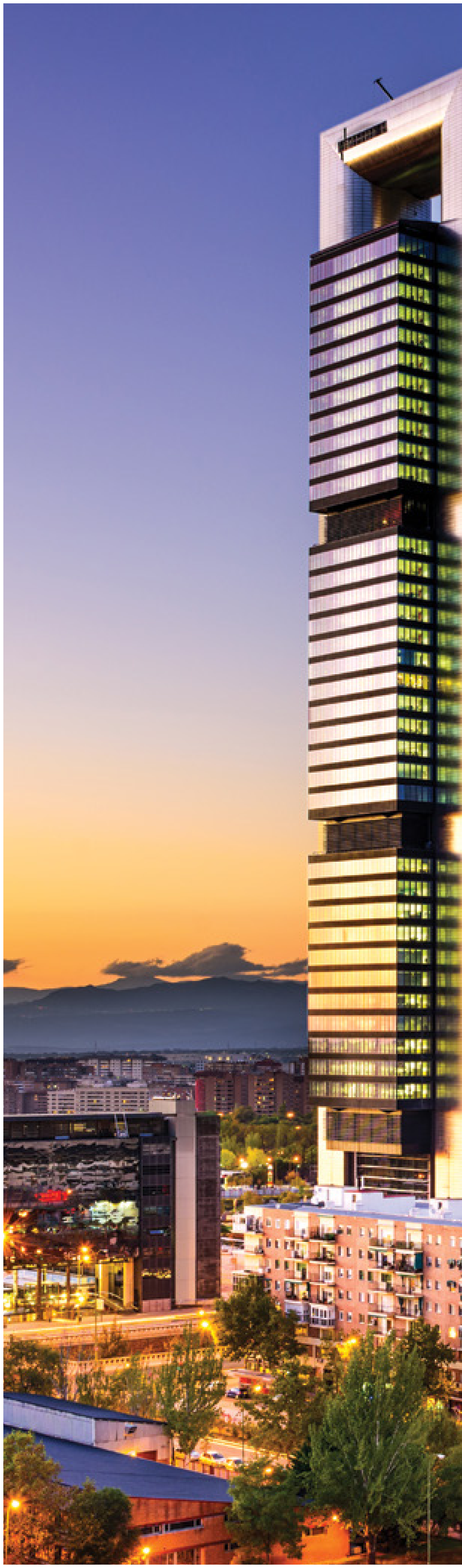
DOSSIER

WHO ARE THE TOP IBERIAN INVESTORS AND WHAT ARE THEIR TARGETS?

Real estate investment in Iberia is thriving, with the Spanish and Portuguese markets breaking records and capturing the attention of investors from all over the world and with extremely diverse profiles.

The financial crisis that marked the beginning of the decade was the catalyst that helped change the paradigm, opening the door of Iberian capital markets to let in new players that, until then, had been virtually non-existent in Spain and Portugal.

Join us in this report and discover what changed in these operators' profiles, and find out first-hand the profile of the current TOP Iberian Investors: who they are, where they come from and which markets they are targeting. ■



AND NOW, WHAT'S NEXT IN IBERIA?

One of the most influential economists in the world, Daniel Lacalle spoke with Iberian Property on the current macroeconomic scenario of Iberia, sharing some tips on what the path to a more robust economy should be.

Why is the Iberian economy out-performing in Europe ?

Numerous factors. On one hand, a very successful set of structural reforms in the financial sector, labour market and public finances. Spain reduced its deficit 40%, and has been creating more than 500,000 jobs per annum. Additionally, looking at the Iberian economy as a whole, it has finally reduced its external imbalances and has reduced its trade deficit, thus reaching record-high exports. This record in exports has been achieved despite the weakness in key trading partner economies like Brazil or Mexico. Finally, there have been some positive external factors, including low oil prices, although these external factors weigh less than the positive impact of the massive reduction in corporate and household debt.

Iberian economic activity is picking up with a long-awaited cyclical recovery, but the truth is that the Spanish and the Portuguese economies are still evolving at different paces. Do you believe that in the short-term there will be a more convergent economic pace? Why?

I do not believe in convergence. I believe in positive differences. Portugal has a tremendous potential and needs to acknowledge its opportunities and reduce imbalances. The same is with Spain. Both can learn from each other making the best out of the differences of each country and the varied exposures to a wide set of economic factors. The way I see it, it's not as a convergence path, but as a strengthening collaboration, so as to make the most out of each other's strengths.

It is almost a decade since the financial crisis of 2008 broke in Iberia: first in Spain and then in Portugal. In the intervening years so much has changed in the economic and financial background... Have we learnt the necessary lessons?

I do not like the term *"financial crisis"* as it gives the impression that it was a crisis of only one sector, when it was a crisis of an entire economic model based on ignoring debt, spending and cost of capital, believing that everything could be justified with optimistic long-term assumptions. Families and businesses have reacted admirably, and the fact that the public opinion is sceptical about the recovery while strengthening their position, is a great thing. Families and businesses have lowered their debt to 2006 levels, focused on a consumption and investment pattern that does not rely anymore on massive debt, and those are very positive lessons. Unfortunately, in Iberia, the rise of populist messages and magic solutions driven by totalitarians that promise heaven and deliver hell is a concern. Populists are promoting the idea that fiscal irresponsibility and massive imbalances are the solution to the economy. Repeating the mistakes of the previous years, would only lead us to yet another crisis.

And are these economies investing enough in R&D and in the transactional side of the economy?

In Europe we talk a lot about *"spending"* in R&D as if it were a magic potion. Investment in R&D is needed, of course, but we need to monitor its effectiveness, and not just how much we spend. Already before the crisis, Iberian economies spent more than Brazil, for example, in R&D in relation to GDP. However, the number of registered patents was massively lower, and the number of companies created from those patents even less. The Iberian economy needs to change the mindset from R&D as a *"public Investment"* and think like Finland or South Korea, where more than 65% of investment in R&D comes from the private sector and it is focused on patents and job creation.

How dependent is the Iberian economy on foreign direct investment (FDI)? And at this moment when all eyes seem to be set in Iberia, how can we boost the FDI in our Peninsula?

Iberian economies are heavily dependent on Foreign Direct Investment due to the small scale of their largest companies. Iberia has very small multinationals, and the largest come from mature or semi-state owned conglomerates.

It is, therefore, imperative that Iberia boosts FDI. This can only be achieved by improving in the World Bank ranking of *"Ease of Doing Business"* and in the Economic Freedom Index by the heritage Foundation, improving investment conditions, cutting red tape and excessive tax burdens. The formula is very simple, Iberia does not need to invent the wheel, just adopt the best practices recognised globally and ignore the siren calls of interventionism and penalizing productive sectors to subsidize unproductive ones.

Is this the right moment to invest in Real Estate in Iberia? And, given its the small dimension, is the Portuguese market condemned to be a second choice after Spain in the foreign investors strategies?

I believe there are selective opportunities in Real Estate due to a combination of value and growth, and I believe the market is starting to recognize them as the imbalances of the Iberian economies are reduced. I believe we should discuss Real Estate from the perspective of real asset returns and valuations relative to other asset classes. As bond yields fall and multiples of infrastructure and financial assets rise to extreme levels, real estate can become a valid option. However, it is essential to be very diligent about the analysis of opportunities. When economies emerge from a real estate bubble, many value opportunities appear, but there are also value traps. Analysing the market adequately and making prudent assessments are key to a successful investment decision.

Considering the major differences between Spain and Portugal, what are the sectors with high growth potential in each of these countries? And what are the key-challenges that need to be overcome?

Both countries have an immense opportunity in healthcare and services that cater to an ageing and more prosperous population, for example. Iberia needs to take the challenge of generating higher added-value in its core sectors, and not try to reinvent the wheel. Tourism and services can be massively improved to provide better and higher quality experiences, more focused on margins than on top-line revenues. The technology sector is also one that can benefit from the combination of value-for-money and growth that Iberia provides. The challenge of Iberia is to increase productivity, which has shown an almost imperceptible growth since 1995. This is because Iberian economies focus stubbornly on subsidized, low-productivity and weak margin sectors. As the tax burden falls on high-productivity sectors and small and medium enterprises to sustain the large conglomerates, productivity suffers, salaries are lower and dependence on economic cycles increases. The positive factor is that Iberia has learned many of the lessons from the bubble, and begins to wake up from the nightmare of debt-fuelled growth and ignoring what happens globally. Iberia now focuses on the external sector, exports are at record-highs and companies have survived admirably. Now it is time to strengthen that export-driven model.

Looking forward into the next 10 years, do you think that Iberia will be able to stand as one of the most important economic centres in Europe?

Of course it can. The question is: does it want to? Iberia's problems in the past have been self-inflicted, so now all the economic agents need to stand together and believe in what is an undoubtable potential, get to work and look at the rest of the world with pride and commitment to be the best. ■

Who is Daniel Lacalle?

Daniel LaCalle was elected by the Richtopia ranking as one of the 20 most influential economists of the world. Professor, author of several bestsellers in the area of Economy, commentator and lecturer, is also an inescapable name in the Investment Fund Management panorama of Europe.

INVESTING IN IBERIA: HOW TO TURN CHALLENGES INTO OPPORTUNITIES?

Capturing the attention of a growing number of investors from all over the world, the Iberian property market offers great opportunities, but presents challenges as well.

Although globalization is also a reality in the real estate sector, local knowledge continues to be a key factor for success. And, since the Iberian market is quite diverse, extending across the territory of two sovereign states, we invited a range of leading investors who have successfully developed their strategies for Spain and Portugal to share with our readers what they consider to be the key challenges that face these players when the time comes to define their strategies.

Find out their answers in this Opinion Forum, which invited them to reflect on the following issues:

What are the key challenges Real Estate investors currently face within the Iberian market? How difficult is it to develop a pan-Iberian strategy?

Lisbon

Juan Velayos
NEINOR HOMES
CEO

Spain started recovering from its real estate crisis in 2013, driving attention and foreign capital to the country non-stop for the past four years. With more competition looking for the same type of returns, the first challenge for investors is to target a specific and lucrative niche to compete in, and become the best at it. Such was the case with Neinor Homes, currently benefiting from a first mover competitive advantage; this status was achieved by a bold and calculated move by Lone Star in 2015, acquiring a real estate developer with 30 years of history from Kutxabank. This transaction marked the first acquisition in a sector that at the time had little or no activity, with few remaining local.

The second challenge is to set a clear, value-creating strategy. Since the acquisition, the management team transformed Neinor and imprinted it with the institutionalisation that is characteristic of the Private Equity industry. This transformation included:

- Focus on the company's three pillars: institutionalisation, product and client
- Very clear and simple strategy: a multi-family residential developer, targeting middle-class buyers with housing units of ca. EUR 300k
- Hiring top talent: from ca. 80 employees at acquisition to over 200 employees as at Q1 2017, led by an experienced management team with top financial expertise and a track record of more than 35.000 units built.
- De-risking at each step of the value chain, and adding flexibility to the residential development business model based on externalisation
- Acquisition of fully permitted high quality land in the best locations with strong immediate demand

Throughout the past two years, this consistency created a very strong company that is transforming the residential development sector. The latest step in this transformation has been the flotation of Neinor Homes shares (ticker-symbol: HOME) on March 29th 2017, marking the biggest flotation by a European developer and the first Spanish developer to go public in the past 10 years.

Success attracts competition, and that is the third challenge: investors need to be ready for an increasingly competitive and sophisticated environment. The success of Neinor Homes and the transformation of the development industry led other private equity backed players to follow the same steps and start competing in the same attractive market. Competition is healthy and welcome, given the past mistakes that led to a bubble in the industry, as well as the fragmentation and low starting point of the housing market that calls for consolidation.

The current competitive environment is such that local players, cooperatives and construction companies will continue to build and deliver a certain number of units in specific regions. While the national players, led by Neinor Homes, and including the rest of the private equity backed developers, will consolidate the market and impose much welcome discipline and transparency at every step of the value chain.

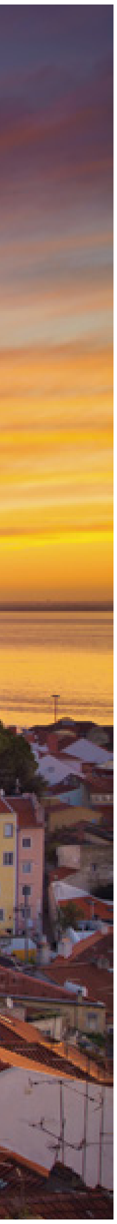
Two final points on competition and room for consolidation: the first is that Neinor is ready to compete by stepping up innovation and the focus on the three pillars. Second, according to CBRE, the yearly demand for new build units in Spain until 2025 is around 180,000 units. Starting from a low level of ca. 64,000 housing starts in 2016, Neinor Homes' run rate target of 3,500-4,000 units per year represents a conservative market share of 2%.

How difficult is it to develop a pan-Iberian strategy?

In a global market, volume and size do matter and therefore a pan-Iberian strategy needs to be considered. The Portuguese market presents many similarities to the Spanish one and therefore could contribute with very profitable synergies to Neinor Homes. Nevertheless, we must bear in mind that there are also differences to consider.

Regulations are not the same, the country – especially recovery of the financial system – is at an earlier point of the cycle and macro fundamentals are not as strong as in Spain. Furthermore, residential development has a very important local component and every market must be studied thoroughly before making any decision. Even in Spain, submarkets in the same autonomic region can behave equally in terms of product demand, absorption and market dynamics.

Thus, as a leading residential developer, Neinor Homes will always study strategic opportunities that are accretive to shareholders and to the company's business plan; if any of these opportunities meet all conditions, then a pan-Iberian strategy could be considered in the medium run.



Cristina García-Peri
HISPANIA
General Manager

One of the main challenges for investors is to find the right asset class to invest in while obtaining the proper balance between risk and return. Furthermore, it is essential to have the right management team who can design and execute an optimal investment strategy. In the Iberian real estate market, it is essential to invest through a local team with expertise in the chosen real estate segment.

In order to achieve a successful multi-country investment strategy it is important to find certain synergies between the countries involved in that strategy. Not every real estate industry can generate synergies across countries, nor are the asset manager's skills transferable enough to be effective outside their country of origin. The hotel industry is one of the few segments where this actually occurs. In this industry, you can achieve synergies, given that in many cases your tenant can be the same across countries, such as large hotel operators that operate worldwide. In addition, a Pan-Iberian strategy has the added advantage of geographical proximity, a single and the EU framework, as well as the crucial fact that we both serve the same tourism source markets in Europe.

> The hotel industry is one of the few segments where you can achieve synergies in the real estate industry

Miguel Pereda
LAR ESPAÑA
Director

Real estate in Spain has become one of the most attractive sectors for investors in the last few years. We see commercial centres and logistics top investors' preferences. This is particularly the case of shopping centres, where sales and visitors have been growing lately thanks to economic recovery, increasing confidence among Spanish consumers and job creation in the country.

Still, investment in real estate faces significant challenges that need to be addressed. Asset improvement is one of these challenges; this does not imply only building refurbishment and enhanced environmental efficiency, but also the way the assets are managed. In this context, asset managers are key to improve the asset's capacity to generate higher revenues, whether it is shopping centres, offices or logistics.

The other main challenge is how real estate assets adapt to new technologies. Again, this is especially true for shopping centres and logistic buildings and how they take advantage of online distribution. The need to improve the customer experience is another significant challenge for the retail sector; shopping centres need to attract customers with a varied offer, such as through different leisure options or making the shopping centre an appealing place to spend time, including attractive outdoor areas.

I believe real estate players in Spain are fully aware of these challenges and we are already working to transform them into opportunities to grow and make the sector even more attractive for investment.

Antonio Simontalero
CBRE GLOBAL INVESTORS
Head of Investment Operations Iberia

For the first half of 2017 property markets in Iberia have continued to perform strongly, supported by an economic recovery that is driving increases in occupancy rates and rental levels. GDP growth forecasts remain positive: 2.0% for Spain, 1.2% for Portugal for the period 2017-21, remarking the different paces of both countries but with common features such as improvements in internal demand and falling unemployment.

In this context, international capital continues to flow into Iberia. Investors remain attracted to Spanish and Portuguese real estate, as both countries still offer rental growth prospects and an attractive yield premium over other markets in Europe.

There are, however, some challenges that investors are facing when building up their Iberian portfolios. Perhaps the most relevant has to do with the access to quality product, which is becoming difficult and competitive as the existing available stock is not enough to satisfy an increasing demand. In order to overcome this, investors need the support of strong local teams and partners who are able to identify the right product/opportunities that will help them to execute their investment strategies.

Another consideration is that as yield compression has already taken place and rental growth is priced into property values, the skills and ability of the Asset Management teams to execute business plans in accordance to underwriting assumptions and identifying new levers for growth will become key to extract value from the portfolios and deliver performance.

Pedro Abella Langa
H.I.G. EUROPEAN CAPITAL PARTNERS
Principal

During the first years following the crisis, many opportunistic deals were made in the Iberian market, but the establishment of Socimis gave way to more value-added and core plus deals, due to the their different returns requirement and the great number of deals closed.

Today, the challenges will depend on the type of return required. Opportunistic has become more difficult, unless new projects are developed, namely residential projects where some of the key players have already been accumulating land at good prices. Sareb in Spain and banks in general continue to have a heavy balance sheet that will lead to opportunistic sales, but the challenge is to obtain defined portfolios from them.

Tourism in the Iberian Peninsula has risen considerably in the past years. There is still a great number of hotels or hotel portfolios that belong to individuals who do not plan to continue the business, and the longstanding lack of investment in these assets makes them suitable for rebranding and refurbishing with international operators. The challenge will be to identify this type of opportunity and convince the seller of this strategy.

It is still difficult for the core pockets, but it will come in the short time.

Developing a pan-Iberian strategy has been easier for the Socimis and similar structures due to their required returns and type of investment. To develop a truly pan-Iberian strategy it is helpful to be represented in both countries, either by affiliates or operating partners with a good local presence and knowledge.

Paulo Sarmento
MEYER BERGMAN
Principal

I suppose the main challenges for real estate investors interested in Iberia are not much different from the ones faced by investors interested in other European countries, particularly those investing in countries that are not part of the core nucleus of European investment markets (UK, Germany, France). Interest in these peripheral European markets has been growing steadily since Q3 2013, and the abundance of money ready to be deployed by investors (both equity and debt) has not been matched by the quantity and quality of available assets. Therefore, we face today a seller's market, with prices peaking around (and sometimes surpassing) maximum historical highs.

All of this has to be analysed in the context of historically low interest rates, which has been used as an argument for those defending that these prices are comparatively not as high as the ones registered in 2006-07. The market seems to agree with this view, as there are no apparent signs of reduced appetite; on the contrary, the amount of money allocated to Iberian markets seems to be growing.

In this framework, competition for assets is very strong and some investors have acquired assets accepting lower returns than they would normally seek or going higher up the risk curve than they would normally go. Others may have underwritten those assets based on unrealistic rental growth prospects, a vision encouraged by some local agents and that investors less familiar with the territory may take for granted.

Having a good knowledge of the occupier markets and reliable advice on the ground may help you avoid these pitfalls and correctly forecast the behaviour of the asset in the next years. But this is only part of the equation, as you still need to make assumptions about how pricing will evolve in the capital markets in a scenario where inflation is growing again and there is talk of interest rate hikes and a possible change of stance in quantitative easing.

Developing a pan-Iberian strategy is not only possible but desirable, as there are some synergies between the two markets of Portugal and Spain – namely in the operators and investors that are more active in both. But there are fundamental differences in terms of scale and speed of movement between the two markets, and any pan-Iberian strategy needs to take this into account. Availability of resources and speed of execution will be paramount, as is often the case in very competitive markets.

I believe the case for investing in Iberia is strong, but should always be founded on an intimate knowledge of the two markets and on a cool head – always keeping in mind the relationship between risk and return, and where you wish to position yourself as an investor on both parameters.

«Developing a pan-Iberian strategy is not only possible but desirable, as there are some synergies between the two markets of Portugal and Spain – namely in the operators and investors that are more active in both.»

Carmina Ganyet
COLONIAL
Corporate Managing Director

The financial markets in the Spanish real estate sector have been opening at a fast pace which, along with a positive evolution of the economy, has stimulated great investor appetite. Both the creation of Socimis, which require investment to create critical mass, and the massive entry of liquidity, have added pressure to the ecosystem. Consequently, the challenge lies in achieving profitability in such a competitive market.

At Colonial, our main goal is to keep focusing on a selective investment strategy in the office segment, with a financial discipline that enables us to remain shielded from downturns and with an important value-added component ("*prime factory*"). We create yields based on an industrial strategy of product or renovation, with rigorous return and quality demands. These operations are achieved by remaining very close to the large market players, but above all to the owners. We have closed deals with family offices or insurance firms, who consider Colonial the perfect partner to divest noncore assets, in exchange for participation in a company with prime office assets that is well diversified in highly complementary markets such as Paris, Madrid and Barcelona. The challenge in our business, which is benefitting from a rise in real rents, is to find product that is suitable for renovation in order to offer our clients high quality, eco-efficient buildings with flexible spaces and the proper services.

«The challenge lies in achieving profitability in such a competitive market»

Alexandre Fernandes
SONAE SIERRA
Head of Asset Management Europe

The Iberian real estate market heated during 2015 and 2016, with investment volumes increasing substantially, economic fundamentals becoming more robust and financing further available, which is driving investment in the real estate sector.

Since investors demand is at a peak, the biggest challenge at the moment is – and I believe it will be in the near future - the shortage of good quality assets, mainly prime properties, so the next steps seem to be the recovery of development or redevelopment (refurbishment, expansion or change of use) of assets and land acquisition. The main players are already starting or planning development and redevelopment projects in the main cities of Portugal and Spain. This is the case, inter alia, of Sonae Sierra that has a very ambitious investment plan of more than € 750 million for the next 5 years in Iberia, anchored by the McArthurGlenn Designer Outlet in Malaga (Spain), the undergoing projects in Portugal like the expansion of NorteShopping in Porto, the refurbishment of Centro Vasco da Gama in Lisbon, the refurbishment of CascaiShopping in Cascais, the planned expansion of Centro Colombo in Lisbon and the investment plan of the Spanish REIT (Ores Socimi), where Sonae Sierra is partnering with Bankinter and the responsible for the real estate management.

Going forward, I am a believer that the main driver for returns will be based on the accuracy of asset management, so the strategy will have to be based on the capacity to identify opportunities and to create value through proactive redevelopment initiatives. This can only be possible with local management, with hands-on experience, knowledge and a successful track record that only an operational partner, with outstanding management capabilities and capital invested, like Sonae Sierra, is able to provide.

Pedro Coelho
SQUARE AM
Member of the Board

The key challenges put up to real estate investors within the Iberian market, vary primarily from the ones that already know the market, and the new comers that have now the first approach to it.

These will have to understand laws, tax regime (property, corporate and double taxation dividends), and the local real estate market specification and trends.

This takes time, patience and money. They will have to opt between creating their own structure, or subcontract a local and existing expertise.

For the ones that already know the market, the challenge is to lead with an increasing competition, with a lot of money to invest, then with prices rising and yields compressing.

On the other hand, the more experience and knowledge there is, the better access to off market deals and to better opportunities, there will be.

The hardness of developing a pan-Iberian strategy is very much linked to the above connection. Although from the investment approach it is common sense to say that, from a global investor perspective, Iberia is the same region, in fact each country has some different laws, some different taxes in all levels (property, corporate, and shareholding), and some own real estate market particularities.

Therefore, different strategies and different teams have to be considered if an investor wants to succeed. And one should always bear in mind that in real estate a very bad investment decision has a costly impact.

Juan Barba
MERIDIA CAPITAL
Partner | Managing Director Real Estate

The usual answer would include the following components:

- Cultural differences from the Anglo-Saxon world (where most equity comes from, directly or indirectly)
- Possible deficiencies in the legal system for some investors (stability, transparency and timing to defend rights…)
- Depth of the market (depending on "*where*" on the cycle, lack of liquidity or lack of product)
- Difficulties to find a team or JV Partner
- Political risk
- The strong (negative) influence of burocracy in economy

As these elements are vastly known, I would like to tackle other ones, more financially-driven, using the real factors affecting cap rate (study performed by Chervachidze & Wheaton and commented by Livia Giorgialongo):

- Debt availability: Iberia suffered in past years from debt availability, which pushed cap rates up, thus heavily reducing values. Now debt availability is perceived as a more stable factor
- Country risk premium: 2012 proved that country risk premium is extremely key. Record levels at that time dried the market. Today, political uncertainty & lack of stability would negatively increase risk premium and therefore hampering the real estate market recovery by strongly influencing –negatively- values and liquidity
- Real T bond yield is the key challenge getting more press (some predicting *"doom days"* when interest rates rise). It would certainly have a negative effect (as it would also affect the other components). Nevertheless, its correlation in the past with the real estate market was not that obvious, behaving less of as a challenge than anticipated
- Real Rent ratio, where the correlation of economic growth and rent -relative to the supply- has been historically the norm (with a time lag effect). This seems now to be the case (probably in a different speed than forecasted) and could be stable if economic growth keeps its good pace

Wind is blowing in the right direction for real estate in Iberia, hopefully not to be turned into a tornado by mortal gods.

Joan Vidiella
SPINNIA
Managing Partner

Real estate investing is complicated and requires a great deal of expertise to engage profitably in the business. It will keep being so in Iberia, if not even more arduous, as players get more sophisticated and markets more populated of avid investors. Considering that the time of bargains in Spain and Portugal is over, this adds to the complexity of developing a successful approach. Investors looking for a safe haven for their money in turbulent times in the equity markets have rapidly priced the best core real estate assets in the Southern countries at levels close to those of other European peers, making it difficult to make certain moves. Thus, more than ever, expertise, planning and focus are necessary, along with decision taking agility. And the logical move towards value add strategies has become almost an obligation.

Real estate fundamentals continue to steadily improve, and transaction volume and prices are back to historical high levels, although acquisitions are extremely selective, with sensible cap-rate compression.

Adding value is crucial at this (cycle) stage, so successful real estate investors know it is worth the additional costs (in terms of money and ego) to find help when they need it and embrace local professional's expertise. On the other hand, strategies based in smart ideas and innovation are giving a competitive edge at reshaping or even redefining the final product, which the market absorbs with gusto, making at the end of the day a higher return for the investor.

José António de Mello
SELECTA SGFII
Chairman

Portugal is currently experiencing a propitious climate for real estate investment. The country offers economic and geopolitical stability. Non-residents find pleasant weather, a diverse landscape and a rich architectural heritage with more than 900 years of history in this country.

Entry to the EU and access to the main international airports is easy.

In recent years, we have watched a significant part of the international community recognise Portugal as a real estate destination. There are many reasons to choose this country: it is easy to do business; international tourism awards; safety; excellent transportation and health infrastructures; education and quality of life.

Portugal can offer real estate investments to match the best and most prestigious locations (south of France) but at lower prices. One can find high quality, well constructed properties at competitive prices due to the low liquidity of the domestic market. The risk of medium term depreciation is reduced – the country was not hit by the 2007/2008 speculative bubble.

In terms of taxes, inheritance and endowments are not taxed to residents and there is a special exemption or reduction on income tax for non-habitual residents.

The combination of all of these factors provides a quality of life and serenity that places Portugal as one of the first choices for a permanent or holiday residence.

The opportunities are great and sustainable in Portugal, and the time is right.

> «Strategies based in smart ideas and innovation are giving a competitive edge at reshaping or even redefining the final product»

José Araújo
MILLENNIUM BCP
Director of Real Estate Business Management

It is well known that there is currently a lack of new product in primary locations in the Iberian Peninsula, namely in Portugal, both in the residential and services segments.

As such, I believe that the greatest challenge will be to recognise new locations outside Lisbon and Porto where prices are still attractive and there are good chances to create interesting capital gains, especially with tourism expanding outside the major cities and its recognised ability to drive future investment.

But for those who insist on the main cities, namely Lisbon, there is a good alternative at the moment: buy land and build from scratch. There are good locations, good allotments, a willingness from banks to help development once again and there is still substantial liquidity in the market.

Another challenge will always be the tax and legislative issue, since these have not always had the desired stability, with some advances and setbacks, which is less than ideal for long-term investors.

Finally there is the decision-making process. Despite some improvement, coordination with local authorities regarding the timing to approve and submit the necessary requirements for those who develop new projects or wish to alter old ones, is still far from optimal in a market as volatile as this, where players need to complete their projects within the same economic cycle and avoid the risk of the economy slowing down or changing direction.

Time to market is decisive in every business and more so in this industry, where the investment, versus risk, versus time ratio is greater than in many other economic sectors.

How to choose in a mature market?

Sareb real opportunity in real estate

The Management Company for Assets Arising from the Banking Sector Reorganisation (Sareb) is a Spanish entity, which was created towards the end of 2012 to help clean up the Spanish financial system. More specifically, Sareb manages a sizeable and **diverse real estate portfolio**, both in terms of **asset class and location within Spain.**

From both a price and location perspective, the properties marketed by Sareb offer good investment opportunities

Created as a liquidating company, with an initial portfolio valued at almost €51,000 million, Sareb has until 2027 to divest all of its assets. Since it was created four years ago, the company has **played a key role in driving the Spanish real estate sector and attracting international capital.**

From both a price and location perspective, the properties marketed by Sareb offer good investment opportunities. Slightly over half of Sareb's product portfolio is located in the regions of **Andalusia, Catalonia, Valencia and Madrid**. The rest of its assets under management, including both properties and real estate loans, are located in areas such as **Castilla León, Castilla la Mancha, Galicia and Murcia**, and to a lesser extent in **Asturias, Cantabria, Extremadura and La Rioja**. Almost 40% of the company's products are **residential, both new-build and existing homes**.

Sareb also has a sizeable portfolio of **serviced development land and land under development**, making it one of the most important agents driving the Spanish economy.

Its product catalogue is complemented by **a wide range of assets from construction works currently on hold, to commercial and industrial properties,** thereby greatly diversifying the number investor profiles that the company deals with.

Sareb markets its products via four real estate servicer platforms **(Altamira, Haya, Servihabitat and Solvia)**, whilst it also **directly manages major institutional deals**. It also actively works via its investor relations department to target and **adapt its divestment strategies to best suit the needs of its clients and the market as a whole.** The company has specific divestment vehicles that offer international investors significant tax benefits.

Since its creation, **Sareb has sold almost 50,000 properties**, which were either directly under its ownership or linked to loans that it manages. The company actively works with Spanish developers to find **ways in which they can collaborate to generate value in the portfolio and thereby speed up the asset divestment process.** Sareb is also actively launching marketing campaigns directed at both the general public and institutional investors. This year, it has been particularly successful with its **coastal and completed housing campaigns,** as well as the campaigns for projects where construction work **has been temporarily suspended** and land, which focused on professional public buyers.

All the company's current sales campaigns can be viewed on its website www.sareb.es

SPAIN, FRANCE AND THE US LEAD THE REAL ESTATE INVESTMENT IN IBERIA

With greater liquidity than ever, the Iberian top real estate investment ranking is more international and diversified than ever, being headed by Spain, France and the US.

In this study conducted by Iberian Property, we analysed the activity of the 35 largest real estate investors in the Iberian Peninsula, based on the GAV (Gross Asset Value) of the asset portfolios they own in Iberia. Altogether, they hold assets that amount to a GAV of 66.20 billion euros.

Table 1 – TOP 10 Iberian Investors, Breakdown by Gross Value (GAV)

		GAV (€ bn)	Type	Country of Origin
1	Merlin	10	Socimi & Reits	Spain
2	Colonial	8,07	Private Equity & Insurance Companies	Spain
3	Pontegadea	6,06	Private Equity & Insurance Companies	Spain
4	Sonae Sierra	4,03	Managers & Investment Funds	Portugal
5	Rodamco-Unibail	3,56	Socimi & Reits	France
6	AXA Reim	3,12	Managers & Investment Funds	France
7	CBRE Gi	2,70	Managers & Investment Funds	US
8	Mapfre	2,78	Private Equity & Insurance Companies	Spain
9	Hispania	2,00	Socimi & Reits	Spain
10	GMP	1,90	Socimi & Reits	Spain

SOURCE: Iberian Property

DISCLAIMER: Being a pioneer work among the real estate media in Iberia, this ranking has been produced by Iberian Property for information purposes only and should not be relied upon as a basis for entering into transactions without seeking specific, qualified professional advice. Its main goal is to contribute towards a greater transparency and intelligence of the real estate investment market in Spain and Portugal. It is not intended to be a complete description of the markets to which it refers. This ranking uses information obtained from public sources that Iberian Property has rigorously checked and believes to be reliable, but Iberian Property has not verified such information and cannot guarantee that it is accurate or complete.

Our criterion was based on direct ownership of real estate assets, therefore indirect investments and/or for development companies or real estate investment are not covered.

Our mission is to promote Iberian real estate investment market. This will only be possible with investors' collaboration. And that is why, if we are incorrect, we ask you to inform us by email *agil@iberian.property*.

Looking at the Top 10 of the largest investors (table 1), those of Spanish nationality clearly dominate, occupying the first three positions on the list –Merlin (1st), Colonial (2nd) and Pontegadea (3rd) -, immediately followed by a firm of Portuguese origin, Sonae Sierra, in 4th place. With Iberia dominating the first half of the table, it is rounded off by the presence of two players of French origin – Rodamco Unibail (5th) and AXA-REIM (6th) – and one of North American nationality – CBRE Global Investors (7th), ending with three more Spanish entities - Mapfre (8th), Hispania (9th) and Gmp (10th).

Almost all of these entities own a portfolio with a GAV that exceeds 2 billion euros, and the sum of their assets amounts to 44.15 billion euros. In other words, 67% of the value of the sample is in the hands of only ten entities.

Asset Managers & Investment Funds own the majority of assets

The sample was grouped into three different categories: Socimi & REITs (listed vehicles), Asset Managers & Investment Funds and, finally, Private Equity & Insurance Companies. Iberian Property's analysis determined that almost half (41%) of the total value of assets is in the hands of *«Socimi & REITs»*: 27.44 billion euros, followed by *«Private Equity & Insurance Companies»*, with a share of 34%, in other words, 22.79 billion euros in assets. The least active type of investor in terms of GAV is *«Asset Managers & Funds»*, with a 24% share, in other words, 15.97 billion euros (Graph 1).

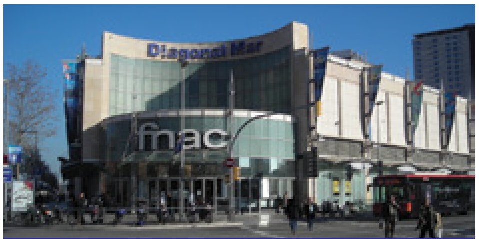
Top transactions 2016 / 2017

1. 19 Hotels

Size (m²)	3.645 rooms
Price (million €)	590
Buyer	Foncière des Regions
Seller	Merlin Propertes

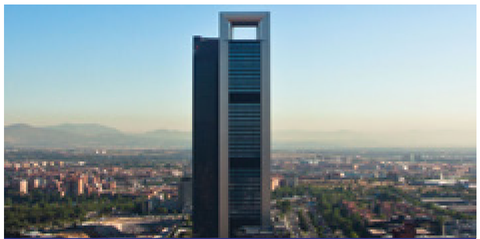
2. Xanadú Shopping Center

Size (m²)	153.695
Price (million €)	530
Buyer	Intu Properties
Seller	Ivanhoe Cambridge group



3. Diagonal Mar Shopping Center

Size (m²)	87.500
Price (million €)	493
Buyer	Deutsche Asset Management
Seller	Northwood Investors



4. Torre Cepsa (aka Torre Foster)

Size (m²)	109.000
Price (million €)	490
Buyer	Pontegadea
Seller	IPIC Capital

Top Iberian Investors - GAV Breakdown by type of investor (€Mn)

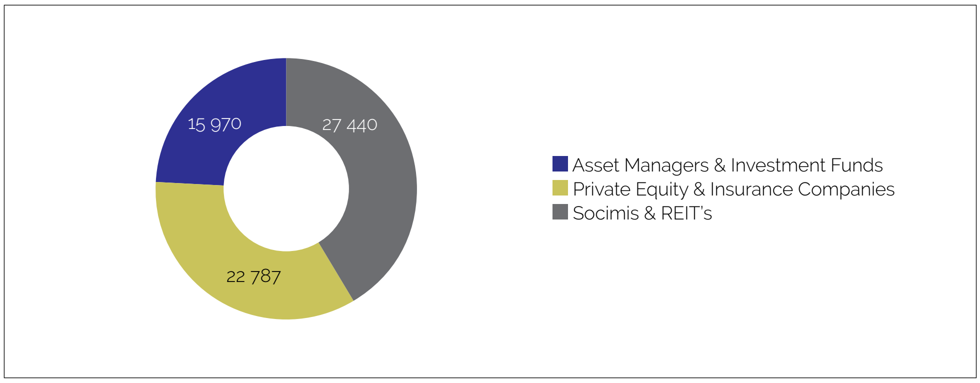


Table 1. SOURCE: Iberian Property

The «*SAREB factor*»

These figures exclude the «*SAREB factor*», the entity that manages assets originating from bank restructuring operations and which, alone, currently has under management more than 40.93 billion euros in assets.

Created in 2012 within the scope of the Spanish government's Memorandum of Understanding (Mou) with Troika, this tool used in the Spanish financial sector to face excessive exposure to the property sector, absorbed approximately 200.000 real estate assets amounting to 50.78 billion (80% credits & loans and 20% properties), originating from portfolios of banks that, in exchange, received a share in SAREB's capital for the corresponding value.

Unlike the remaining entities included in this ranking, SAREB's mission is to disinvest and dispose of all assets in its portfolio within 15 years (until 2027), generating capital gains for its shareholders. According to data provided to Iberian Property, in these first four years, SAREB has already disposed of approximately 9.07 billion euros in assets, making it one of the most prominent entities in the real estate investment market in Spain.

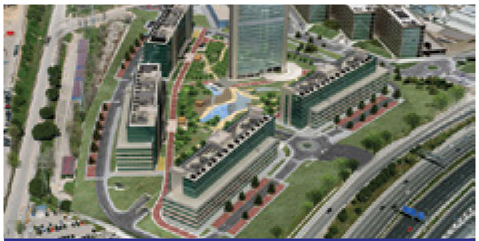
Merlin: the largest asset buyer in the past year

In order to ascertain the most active entities to purchase real estate investment assets in 2016/17, Iberian Property gathered a sample made up of the 250 largest and most emblematic private operations that took place in Spain and Portugal over the last eighteen months by 112 entities. Altogether, these deals completed between January 2016 and May 2017 represent a total value of 13.43 billion euros.

The socimi Merlin Properties stood out as the most active investor during this period, allocating 769.4 million euros, in other words, approximately 6% of the total. The North American asset manager CBRE Global Investors came next, with a 4% share, conducting investment operations at a total value of 545.4 million euros. Both entities were quite active in Spain and Portugal. This podium is completed by Foncière des Régions, the French asset manager that, at the end of 2016, purchased from Merlin a portfolio of 19 hotels in Spain for the total amount of 535 million euros.

According to Iberian Property, these three entities alone were responsible for a joint investment of 1.85 billion euros, in other words, 14% of the total amount. Among the sample analysed, a total of 14 investors were identified who allocated more than 250 million euros to the purchase of real estate assets in Iberia since the beginning of 2016 (table 2).

Top transactions 2016 / 2017



5. Parque Empresarial Adequa

Size (m²)	75.000
Price (million €)	380
Buyer	Merlin Properties
Seller	Lone Star Funds

6. 11 Eroski Supermarkets and 2 commercial galeries

Size (m²)	136.000
Price (million €)	358
Buyer	Invesco Real Estate
Seller	Gonuri Harizartean (Eroski and Topland)

7. Portfolio of non-strategic real estate assets

Size (m²)	---
Price (million €)	320
Buyer	Spanish Association of Rural Savings Banks
Seller	Bantierra

Table 2 – TOP 10 Most Active Investors, Breakdown by Value invested in 2016 /2017 (H1)

		Global Value Invested (million €) - estimated	Type	Country of Origin
1	Merlin Properties Socimi	769,4	Socimi & REITS	Spain
2	CBRE GI	545,4	Managers & Funds	US
3	Foncière des Regions	535	Socimi & REITS	France
4	Deutsche AM	530	Managers & Funds	Germany
4	Intu	530	Socimi & REITS	Spain / UK
5	Pontegadea	490	Private Equity & Insurance Companies & Pension Funds	Spain
6	Axiare	453,3	Socimi & REITS	Spain
7	Oaktree and Freo	330	Managers & Funds	US
8	Spanish Association of Rural Savings Banks	320	Private Equity & Insurance Companies & Pension Funds	Spain
9	Lar España Real Estate Socimi	298,2	Socimi & REITS	Spain
10	Trajano Iberia Socimi	288,1	Socimi & REITS	Spain
11	TH Real Estate	285,5	Managers & Funds	US
12	SG Trust	285	Private Equity & Insurance Companies & Pension Funds	Singapore / France
13	Baraka Group	274	Private Equity & Insurance Companies & Pension Funds	Spain
14	M&G Real Estate	250,2	Managers & Funds	US

SOURCE: Iberian Property

In this analysis of the type of entities that made the most purchases in the last three semesters, *«Asset Managers & Funds»* spent the largest amount of money on asset acquisitions in Portugal and Spain: 5.83 billion euros, surpassing the 4.15 spent by *«Socimi & REITs»* from the sample. *«Private Equity & Insurance Companies & Pension Funds»* spent *«only»* 3.45 billion euros (graph 2).

Most Active Investors 2016/H1 2017

Breakdown by Value Invested / Type of Investor

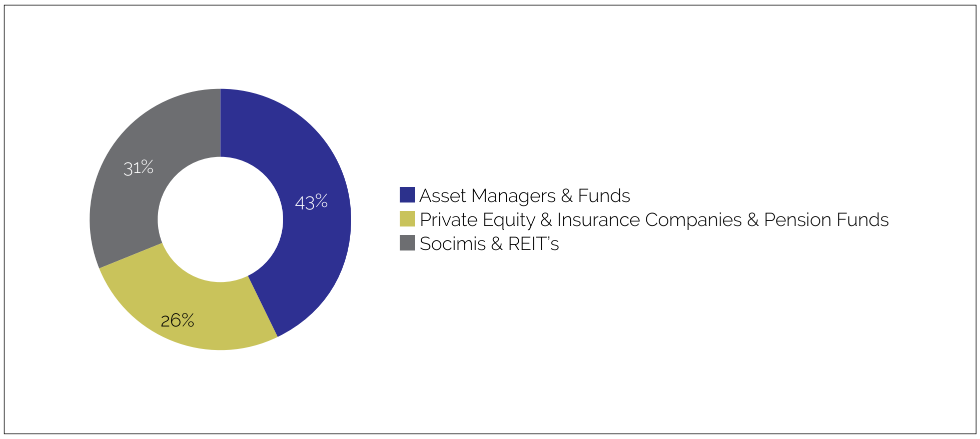


Table 2. SOURCE: Iberian Property

Socimis lead the sector's recovery in Spain

Socimis (the acronym for listed corporations for investment in the real estate market, also known as Spanish REITs) have been increasingly asserting themselves as a major alternative for investment and for capitalising a sector that, after the real estate bubble burst, was practically reduced to ashes.

Today, Merlin, Lar, Hispania and Axiare are unavoidable names in Iberian capital markets, standing not only as the most active socimis in terms of completed deals, but also as the owners of some of the largest asset portfolios. A reality confirmed by Iberian Property's study, which determined that in only three years since entering the MAB market (in the Spring of 2014), these four entities have already accumulated assets amounting to a total GAV of almost 15 billion euros.

A success story in Spain, the REIT format has not reached Portugal yet, and is one of the industry's main demands, given these instruments' recognised potential to increase liquidity in the market. The Government acknowledges this situation and the Minister in charge of this matter claims to currently be preparing a proposal to introduce a REIT-like regime in Portugal, although he does not mention a date for this.

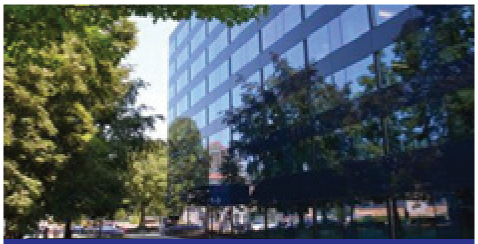
Iberia collects € 4.5 bn from new foreign investors in 2017

With Spain heading the list, Iberia is undeniably on the map of new capital attracted for investment in commercial real estate, receiving 4.5 billion euros of the funds these players plan to invest in the sector globally in 2017.

In the 2017 edition of the study *«The Great Wall of Money»*, which monitors the volume of capital recently channelled to the property sector on a global level, both through debt and through equity, the consulting firm Cushman & Wakefield places Spain in 13th position among these players' favourite markets.

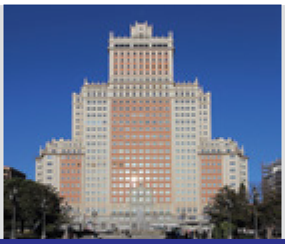
Although we continue to witness an exceptional volume of capital directed towards the property sector, the rate of growth is now starting to moderate, the consultancy notes. A current trend in the global market cycle and which will also reach Iberia.

Top transactions 2016 / 2017



8. Project Boston - Portfolio of 14 office buildings

Size (m²)	116.000
Price (million €)	300
Buyer	Oaktree and Freo
Seller	BBVA



9. Edificio España

Size (m²)	---
Price (million €)	272
Buyer	Baraka Group
Seller	Wanda Group

10. 50% stake from Xanadu Shopping Center

Size (m²)	153.695
Price (million €)	264
Buyer	TH Real Estate
Seller	Intu Properties

Insurance companies are back to buying *«trophy»* assets

Over the past eighteen months, Iberia has been witnessing the return of insurance companies to capital markets, focusing strongly on the acquisition of trophy assets in prime locations in the principal Iberian cities (table 3). The reason for this renewed interest? Namely the combination of three factors: the recovery of office rental prices, weak bond returns and new regulation on capital in Spain (commonly known as Solvency II).

At the moment, this trend is more evident in the Spanish market, where little more than a month ago, the real estate division of the Italian insurance firm Generalli purchased the Preciados 9 building, at the centre of Madrid, for 100 million euros. The turning point was led by Mapfre in 2015, when the Spanish insurance company paid approximately 82 million euros to become the owner of an iconic building in Plaza de la Independencia in Madrid. And, little more than a year ago, we witnessed the return of Mutua Madrilena to capital markets, after almost a ten year absence, with the purchase of a building that used to belong to Forum Filatélico, in Madrid, for 30 million euros. This movement has spread to other smaller insurance companies as well, such as Santalucia or the mutual firm PSN, among others.

Albeit less evidently, in Portugal, insurance firms are also taking a leading role in driving capital markets, in a movement headed by Fidelidade Properties. This is the real estate division of the Portuguese insurance company Fidelidade that, since being purchased by the Chinese Fosun, has recently shown a solid commitment to expanding its real estate investment portfolio, emerging as one of the major asset owners in the Portuguese capital, where it has been focusing strongly on purchasing derelict assets in the riverfront area and converting them into office buildings.

In 2017, one of the largest operations closed in the Lisbon market was also carried out by an insurance firm, but this time in the role of seller. Namely the Tranquilidade group, which sold part of its portfolio to the consortium Anchorage Capital / Norfin for approximately 140 million euros, according to several market sources.

Two of the wealthiest men in the world invest almost 900 million in one year

Amancio Ortega, the wealthiest man in Spain, and Pierre Castel, the 6th wealthiest man in France, don't want to miss out on the positive climate in this market either. Through their real estate investment divisions, both multimillionaires have been extremely active purchasing properties in Spain and Portugal, completing a set of four operations that total a capital injection of approximately 883 million euros, Iberian Property determined.

Although the final results of Pontegadea's activity in 2016 are unknown, it seems that this was a record year for Amancio Ortega's real estate investment firm that, according to several market sources, invested approximately 1.83 billion euros in asset purchases last year, in destinations such as London, Miami, New York, Seoul, Montreal and Madrid. In the Spanish capital alone, the firm paid approximately 490 million euros to acquire ownership of Torre Cepsa, in what was until now the largest deal he has closed in his home country, where he focuses above all in the offices and retail sectors.

Indeed, offices are the preferred target of the multimillionaire Pierre Castel in Lisbon where, after acquiring Torre Ocidente in 2015 for more than 70 million euros, he returned in full force in 2016, undertaking the largest investment operations in office assets in Portugal that year. Through his firm SG Trust, Castel paid 235 million euros to become the owner of Office Park Expo, also known as Lisbon's judicial city; added to another 50 million euros, which is the estimated amount he paid to purchase the NOS headquarters from Blackstone last summer. This French investor also has business in Spain, where he invested more than 500 million euros to purchase commercial properties over the past three years through his socimi Zambal. In 2016, Castel expanded his Spanish portfolio with the purchase of the building that houses the Gas Natural headquarters in Madrid, in a sale & leaseback operation valued at 120 million euros, collecting approximately 138 million euros from the sale of two retail assets to CBRE Global Investors: ABC Serrano and Preciados 9, both in Madrid.

AMERICANS GIANTS KEEP MAKING THE NEWS IN IBERIA

Key players in some of the largest investment operations during the *«real estate on sale»* crisis, some of the greatest hedge funds and managers of private keep making news in this new stage of the Iberian real estate market.

Lone Star Funds sells in Spain and reinvest in Portugal

Lone Star Funds, in a little more than three years, has become an important reference in the sector. In 2014 acquired the Spanish Bank Kutxabanc to Neinor, one of the greatest real estate developers of the country, closing the deal for 930 million euros. Benefiting from the fact that the new owner is a manager of private equity, the developer returned to a growth, building 2.000 homes in 2016 and expects to raise up to 3.250 a year from 2018 to 2020. The latest say that Lone Star plans to sell 25% to 50% of the company this year, in a deal that could value Neinor at around 2 billion euros.

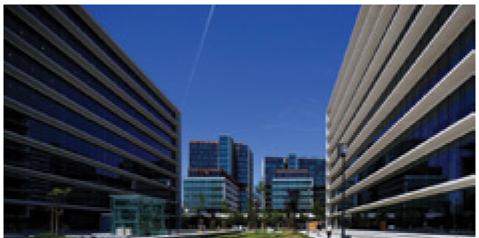
In Portugal, the plan is to complete the sale of 75% of the Novo Banco capital and so to take the portfolio of the real estate assets listed in the Bank's balance sheet. Among it there is the plot Nova Amoreiras, one of the most desired to real estate development in Lisbon, already with allotment permit approved, and which the manager of private equity undertook to develop.

Meanwhile, the Group keeps following the strategy to raise investors to develop the second stage and expand the Portuguese resort in Vilamoura, acquired in 2015 for 220 million euros. At the same time, continues to advance with the sale of the real estate assets acquired in 2015, in Portugal and Spain, by the purchase of the debt of the bankrupt Spanish Group Chamartín Imobiliário.

Top transactions 2016 / 2017

11. 11 logistics warehouses

Size (m²)	322.500
Price (million €)	243,3
Buyer	P3 Logistic Parks
Seller	Gore Spain Holdings SOCIMI



12. Office Park Expo

Size (m²)	78.600
Price (million €)	235
Buyer	SG Trust
Seller	NORFIN

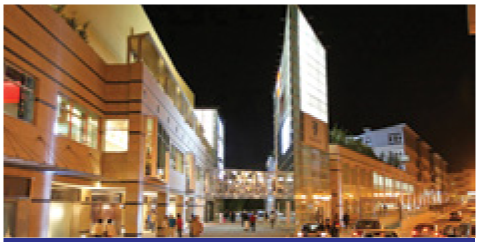
> The Top 3 most active investors in 2016/17 were responsible for a joint investment of 1.85 billion euros (14% of the total amount invested in this period)

P

Top transactions 2016 / 2017

13. Nueva Condomina Shopping Center

Size (m²)	110.000
Price (million €)	233
Buyer	Klépierre
Seller	Subsidiary of BNP Paribas Fortis SA/NV



14. Forum Viseu and Forum Coimbra

Size (m²)	---
Price (million €)	220
Buyer	Greenbay / Resilient
Seller	CBRE Global Investors

15. 49% stake from La Maquinista shopping centre

Size (m²)	95.000
Price (million €)	201,2
Buyer	Euro Cervante (Socimi owned by the Soberan Fund from Singapur GIC)
Seller	GIC

Blackstone sells Logicor and gains € 12.25 billion

Another big news about North-Americans and that is shaking the market is the sale of Logicor to the Chinese Fund CIC - China Investment Corp - for a record level of €12.25 billion euros. With this operation, the property division of Blackstone leaves the pan-European logistics platform, launched in 2012, and gathered more than 630 industrial assets with more than 13 million square meters of GLA in 17 countries (including Spain and Portugal).

Nevertheless, the American funds manager, one of the biggest in the world, will remain present in the Iberian real estate market, with Multi, the shopping center European platform.

Värde surprised the sector with the acquisition of Via Cèlére

By the end of February there was a story that left all the sector astonished. Gómez-Pintado sold the real estate development, Via Célere, to Värde Fund, in a transaction that promises to revolutionize the housing market in Spain. By this operation, the North-American Fund consolidated itself as *«the»* major real estate developer in Spain, owning already Aelca and Dos Pontos, and confirmed the profound ongoing change in the sector, with foreign funds highly investing to increase scale, wiling to *"purse strings"* in order to acquire solid companies like Via Célere.

IBERIAN PROPERTY DELIVERED RETURNS THAT WERE ALMOST DOUBLE THE EUROPEAN AVERAGE

Iberian commercial property delivered returns that were almost double the European average in 2016, confirm the latest results of the IPD Annual Property Index by MSCI.

Diagonal Mar, Shopping Center in Barcelona (Spain)

The conclusions in this index leave no room for doubt: in a year when the total return on commercial property investment in Europe was 7%, estimated by the IPD Pan-Europe Annual Property Index, the return delivered on investments in Iberia was 13.6%, according to the IPD Iberia Annual Property Index.

In a year marked by «*moderate returns*» in most of the 18 European property markets monitored (in and outside the Eurozone), the Pan-Europe Index diminished in comparison with 2015 (10%). However, the performance of the Iberian Index (which monitors the behaviour of the Spanish and Portuguese markets) stabilised compared with the previous year, remaining at 13.6% and, for the second consecutive year, presenting the best result provided by this Index since 2007.

Commenting on these results, Malcolm Hunt, Executive Director of MSCI, explains that «*The slowing of total returns, which was seen in only a couple of European countries in 2015, is becoming more widespread. The U.K. and Ireland have continued to experience a significant slowing of returns in 2016, but France, Spain, Hungary, Poland and Belgium are also seeing total returns moderate* *now. While a number of countries are still posting very strong double digit returns, for others this moderation has seen capital values begin to decline».*

In 2016, a year when most capital markets in European countries had a «moderate» performance, with several markets decelerating or stabilising, Portugal, along with the Netherlands, was the exception, presenting positive results. These were the only two countries where returns on investment increased significantly in the period analysed, rising from 11% to 12.2% and from 7.7% to 10.3%, respectively.

Results in Iberia among the best in the decade

The 12.2% return presented by the IPD Portugal Annual Property Index 2016 is in fact the highest result attained by the Portuguese market in the last decade. In turn, in 2016 the Spanish market obtained the second best result since 2007: 13.3%, surpassed only by the 15% achieved in 2015.

According to MSCI, the strong performance of Iberian commercial property in 2016 was driven mainly by capital growth, due to additional yield compression and rising rental values, which occurred in almost all market sectors.

Last year, capital growth was most pronounced in the Spanish market: 7.8%, while in Portugal capital growth reached 6.2% (compared with 4.9% registered in 2015).

Regarding income return, it was in Portugal that this index recorded the best result in Iberia, at 5.7%, compared with 5.1% in the Spanish market.

Industrial leads in Spain and Retail in Portugal

Concerning the best performing sectors, the differences between the two Iberian markets are evident. If in Spain almost all asset classes recorded double-digit total returns in 2016, the same cannot be said for Portugal.

Industrial was the sector that stood out the most in the Spanish market, delivering a total return of 13%, followed by Retail and Offices, with 12.9% and 11.6%, respectively.

In Portugal, the scenario is quite different, with the IPD Index recording a great discrepancy in the performance of "*traditional*" asset classes. Thus, while Retail delivered returns of 16.4%, Offices did not exceed 3.1% in 2016, while returns from Industrial assets remained negative (- 2.0%), despite a better performance than in 2015. We must, however, note the good performance of alternative assets in the Portuguese market, referred to as "*Other*", and which, on a national level, delivered the second best return: 6.3%.

Regarding the different best performing real estate formats, the trend was the same across Iberia, with large shopping centres leading with the highest returns, MSCI revealed, adding that in Portugal, the return was 19.3%. ■

IPD Pan-Europe Annual Property Index

This index is based on the IPD indexes for Austria, Belgium, Czech Republic, Denmark, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the U.K., as well as the KTI Index for Finland.

The IPD Pan-Europe Annual Property Index tracked the performance of 48,918 properties and 765 portfolios with a combined capital value of € 733.6 billion.

IPD Iberia Annual Property Index

This index tracks the performance of 1.083 property investments, with a total capital value of € 27.8 billion as at December 2016.

The IPD Spain Annual Property Index tracks the performance of 40 portfolios and 511 property investments, with a total capital value of € 20.5 billion as at December 2016. The IPD Portugal Annual Property Index tracks the performance of 30 portfolios and 572 property investments, with a total capital value of € 7.2 billion as at December 2016.

> In 2016 the total return on commercial property investment in Iberia was 13.6%, according to the IPD Iberia Annual Property Index.

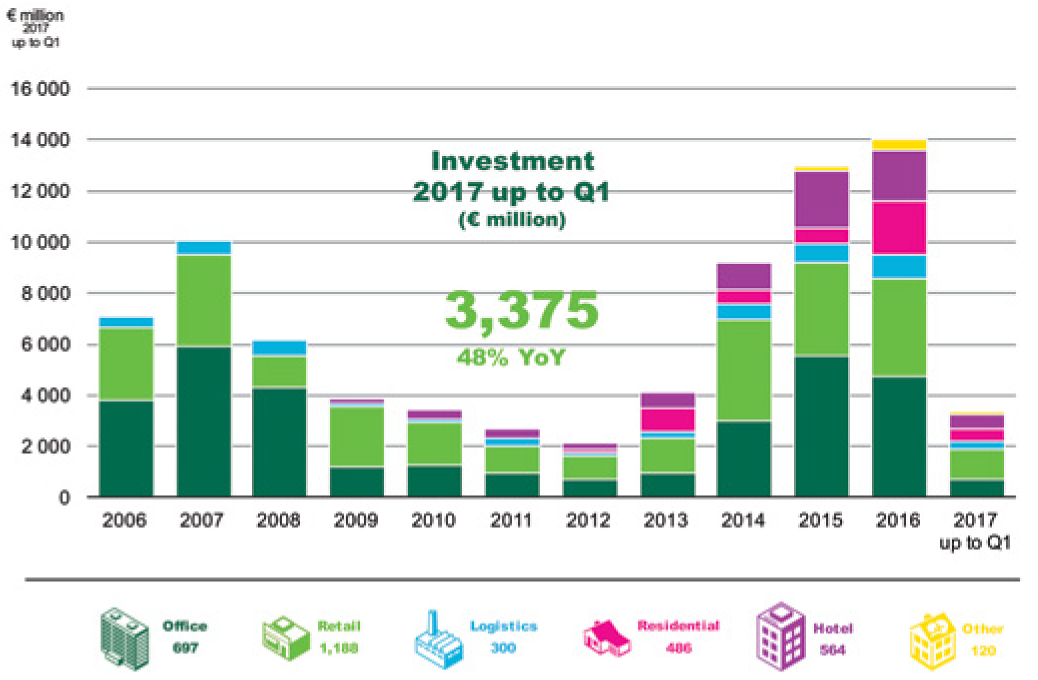
CBRE

ANOTHER RECORD YEAR OF REAL ESTATE INVESTMENT IN SPAIN

For the third consecutive year, and bolstered by an unprecedented Q4 that accounted for nearly half of the full-year total, investment in the Spanish real estate sector once again hit record highs in 2016.

POWERED BY: CBRE Spain

Spain: CRE Investment



Even discounting the major corporate deals completed in 2015 and 2016, with both years having the common denominator of turning the Socimi Merlin into the largest real estate company in Spain and one of the largest in Europe, activity levels highlight that the real estate sector continues to appeal to investors and that Spain remains firmly fixed on overseas investors' radar.

In 2016, the Spanish real estate market hit a new record investment volume, registering over € 14,000 million.

The total volume invested in the Spanish real estate market reached € 14,022 million, up 8.2% y-o-y and a new record high. Major deals that were particularly noteworthy included the acquisition of the Diagonal Mar Shopping Centre in Barcelona for € 493 million and Torre Cepsa in Madrid for € 490 million. As well as portfolio deals, such as the acquisition of the Merlin Properties hotel portfolio by Foncière des Regions.

In 2016, investors showed a clear interest in all sectors, however, as in 2015, offices proved the most attractive asset class, posting an investment volume of just over €4,800 million. Nevertheless, this figure was down on the €5,500 million booked in 2015, in contrast to all other sectors where 2016's volumes topped those seen in 2015.

2017 started on a good footing and was the best start to a year ever seen in terms of investment volume.

Things could not look better following an upbeat Q1 2017. Interest to invest in the Spanish market remains rife and the volume registered is the best start to a year on record. A total of € 3,375 million was invested, 48% more than in Q1 2016.

OVERSEAS VERSUS DOMESTIC INVESTORS

Since the sector started to recover back in 2013, overseas investors have shown a particularly strong interest in all sectors of the Spanish real estate market. Almost 75% of the total volume invested came from outside of Spain in 2013, and although this percentage dropped in subsequent years, a large part of this inflow started to be channelled through Socimis, companies under Spanish ownership, but largely funded via foreign capital.

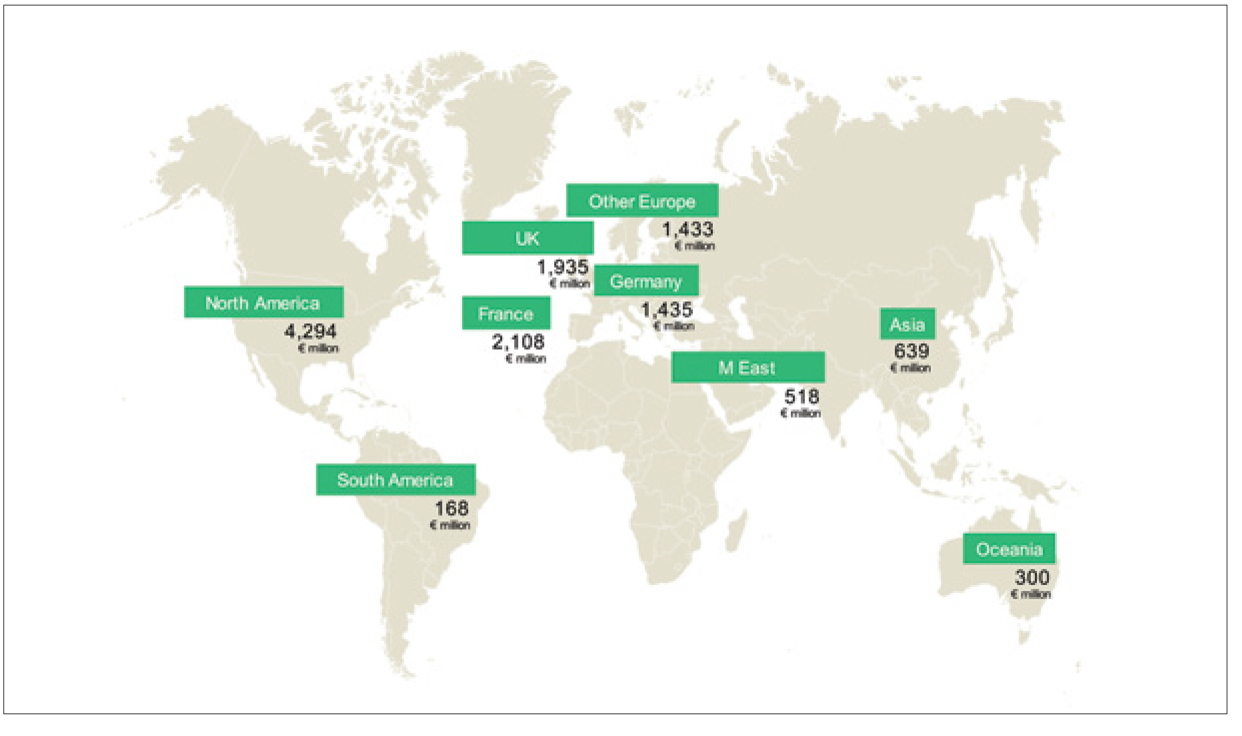
In 2016, overseas investors remained very active, representing almost 39% of the total investment figure. Socimis accounted for 39%, whilst domestic investors represented 20%. This trend extended into Q1 2017, with 68% of investment coming from overseas and domestic capital accounting for just 13%.

The current heightened level of liquidity on the market, instability in international financial markets, low-yielding debt markets and forecasts for rental growth in various real estate sectors, are some of the factors that have drawn overseas investors towards the Spanish market during the past two to three years.

By nationality, since 2015 US investors have clearly been the most active, accounting for 36% of direct foreign investment, followed by UK investors who represented 19%.

Among these, we would highlight players such as Blackstone, Invesco, Intu Properties and CBRE Global Investors. Regarding the most active domestic investors since 2015, Pontegadea, Inmobiliaria Colonial and Meridia Capital particularly stand out.

Origin of Capital Flows into Spain



INVESTOR PROFILE: BEFORE AND NOW

During the recession years, office take-up declined, whilst the amount of available vacant space rose. As a result, the prime rent dropped sharply, plunging by around 40% in both Madrid and Barcelona.

Investing in the Spanish real estate market was therefore considered a risky investment and as a result prices fell considerably, not just due to the lack of demand, but also due to the rising number of divestments taking place in the real estate sector, a situation which drove up supply. Against this backdrop, opportunistic investors entered the market in 2013 and 2014, taking advantage of these low prices on the expectation that the market would recover, that the value of their assets would increase and that they would be able to subsequently sell them above their acquisition price, thereby obtaining healthy capital gains.

Since then, the sector's recovery has been clear for all to see. Demand has recovered and prime rents have grown at a healthy rate for nearly all of the last two years. Growth forecasts are also very upbeat for all sectors. For example, in the office sector, Madrid and Barcelona are two of the main European cities forecast to register the highest y-o-y rental growth until 2021.

Madrid and Barcelona boast strong rental growth potential for the next 5 years in all sectors.

This backdrop has fuelled investor confidence, and allowed the Spanish real estate market to post two consecutive record investment volumes in 2015 and 2016.

This new market climate has also allowed a new type of investor to enter the market, investors with a Core Plus or Core profile that are looking for quality, well-located assets where returns are mainly generated via rental income.

However, despite this type of investor's heightened interest in the Spanish real estate market, there is a lack of quality product on the market, given that many owners are holding onto their properties in light of the forecast rental growth. This has created a barrier to entry for this type of investor, given that current owners who are willing to sell, are doing so based on future market conditions and not based on the reality of the current market.

The lack of prime product on the market is causing these investors to move towards markets that have traditionally been classed as secondary, or even to invest in non-prime product alternatives, such as construction projects. Some isolated alternative investments were seen in 2016 and more are expected to appear in 2017.

Core-Plus and Core investors are showing the greatest interest in the Spanish real estate market, however Value-Add investors are best-suited to the current market climate.

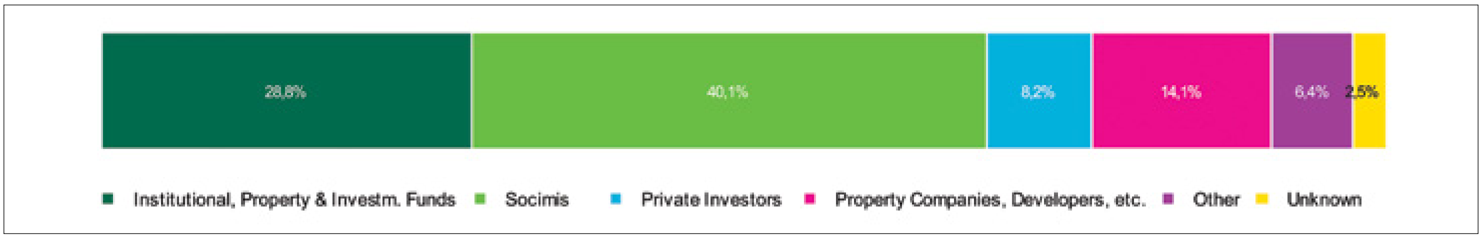
Given the lack of quality product, the investor profile that is undoubtedly the best-suited to the current market climate is Value-Add. There are several examples of these types of deals, especially in the office sector, where investors purchase assets with low occupancy rates or high capex requirements in order to reposition and subsequently sell them when the assets have higher occupancy rates, thereby obtaining attractive returns via value uplift.

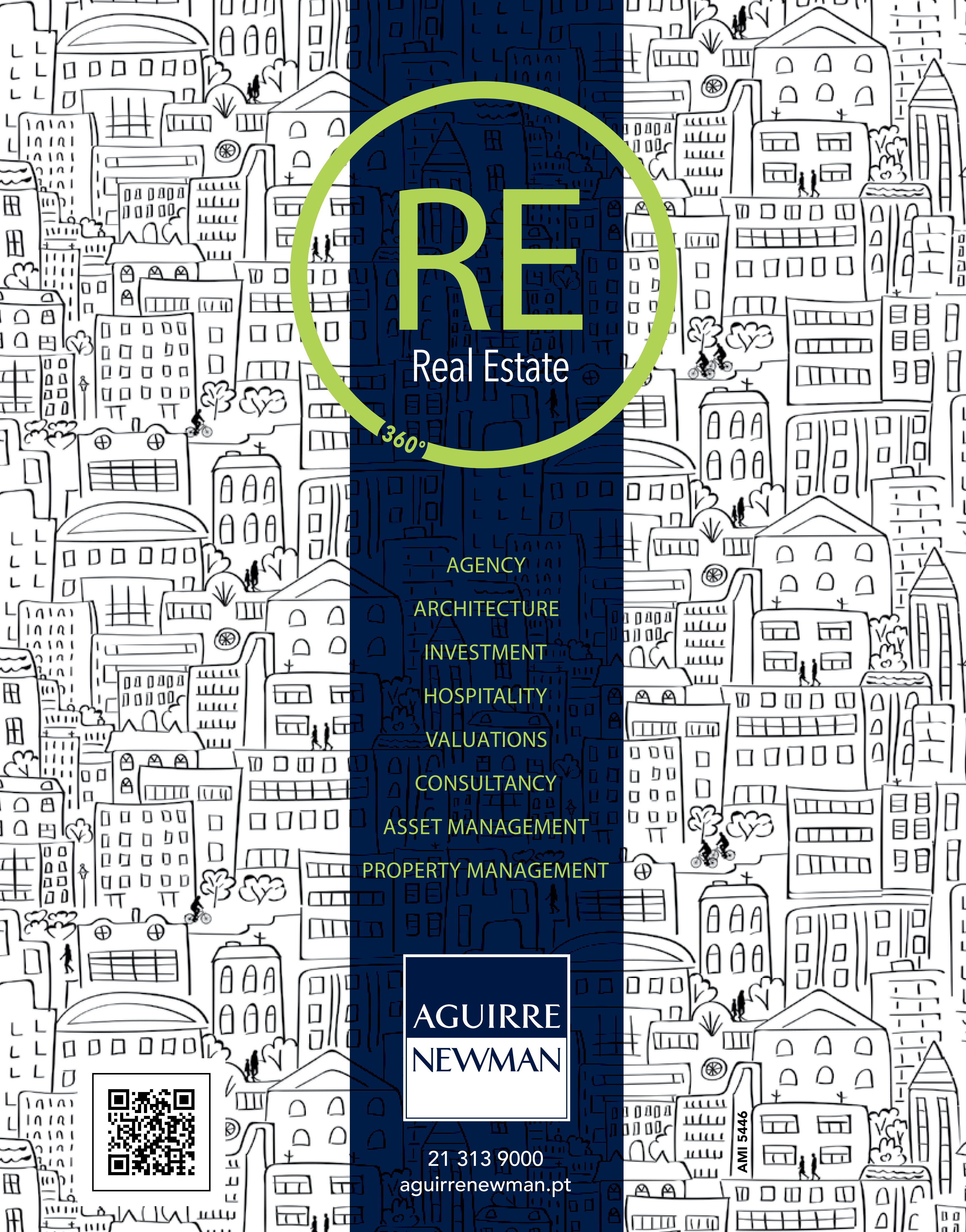
INVESTOR TYPE

Since 2014, the word Socimi has become synonymous with the Spanish real estate market. Their role in the market has and will continue to be key: in 2016 they were once again the most active players, representing 39% of the total investment volume. Moreover, as well as the four major players in the sector, Merlin, Axiare, Lar España and Hispania, which are listed on the Spanish stock exchange, a total of 29 other Socimis are also listed on the MAB (Alternative Stock Exchange Market), 17 of which were floated in 2016. This figure is expected to continue climbing in 2017, as new Socimis take the plunge and list. In parallel with this, and in line with their target to grow in size and offer their shareholders more attractive returns, we are likely to see more M&As, in some cases clearly aimed at developing specialisations and divesting non-strategic assets. Socimis such as Merlin Properties have headed up some of the most important deals in the sector, such as the purchase of Testa, or more recently the acquisition of Torre Agbar in Barcelona's 22@ district.

In terms of investment volume, Socimis are followed by institutional funds such as insurance companies, pension and sovereign funds, as well as other collective investment vehicles such as investment funds. Since 2015, this type of investor has accounted for 29% of the total investment volume, highlighting big names such as Blackstone, Invesco, GreenOak and Axa among others. Among domestic investors of this calibre, Meridia Capital is one of the most active players, investing in almost all sectors, especially offices.

GRAPH 3: INVESTOR TYPE VERSUS TOTAL INVESTMENT VOLUME (2015 – Q1 2017)




RE
Real Estate
360°
AGENCY
ARCHITECTURE
INVESTMENT
HOSPITALITY
VALUATIONS
CONSULTANCY
ASSET MANAGEMENT
PROPERTY MANAGEMENT
AGUIRRE
NEWMAN
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CBRE

WHEN ALL WINDS ARE FAVOURABLE

With the economy showing clear signs of growth and the property market displaying strong fundamentals, Portugal continues to attract the attention of new investors, with extremely diverse profiles and interest in a wide variety of assets.

POWERED BY: CBRE Portugal

In a context of great economic optimism and strong capital markets, gone are the days when Portugal, along with Italy, Greece and Spain, was included under the derogatory epithet "*PIGS*".

Portugal currently benefits from the global scenario of historically low public debt interest rates and high liquidity, with real estate standing out as one of the most attractive investment options. However, investment in Portugal has only benefitted from this movement since Troika left the country in the middle of 2013, in other words, much later than Europe in general, where this new investment cycle in commercial real estate began in 2010.

The favourable global climate has been complemented by the gradual growth of the Portuguese economy and a reduction in the country's public debt, currently displaying the highest confidence levels since the beginning of this indicator (20 years ago). The Portuguese economy's negative cycle reversed in the last quarter of 2013 and the country only initiated positive annual GDP growth in 2014. It was also in 2014 that the unemployment rate started to decrease annually. At the moment, the scenario is promising. The GDP growth rate in the first quarter of 2017 was 2.8% compared with the same period last year and is expected to grow 2.4% for the year (above the 1.9% average forecast by the European Union), while the unemployment rate continues to drop (9.9% forecast for 2017 vs 16.2% in 2013).

Main Economic Indicators

	2016	2017 (F)	2018 (F)
GDP	1.4%	2.4%	1.4%
Fixed Investment	-0.1%	4.8%	2.1%
Unemployment Rate	11.1%	9.9%	9.1%
Government Budget (% of GDP)	-2.0%	-1.9%	-1.8%

Source: Oxford Economics

In the first years of this investment cycle, namely 2014 and 2015, the main operations involved the sale of several assets and portfolios of assets in credit default held by banks or corporations, leading to the entry of major players with an Opportunistic and Value-Added profile. Investors such as Blackstone and Lone Star, both of North American origin, stood out at the time and were undeniably the "*Early Birds*" in our country. The disposal of assets with nonperforming loans led investment in commercial real estate in 2015 to reach a record value of €2.100 million.

In 2016, the investor profile was more diversified, from Core to Opportunistic, also including Core Plus and Value-Added, and it has remained this way in 2017, with extremely dynamic demand from a wide range of investors.

The country's improved risk perception and yields with an extremely interesting differential in comparison with other European markets, should continue to draw increasing interest from Core investors in 2017. We note that, while the prime yield in Lisbon offices (CBD) is 5%, in Madrid and Barcelona it is 4%, in London (West End) it is 3.8% and in Paris (CBD) it is 3%.

On the other hand, compared with 2016, we expect a greater predominance of investors with an appetite for risk, along with a rise in rents (vs yield reduction). Indeed, rental values, namely in the office sector, are currently under great pressure due to extremely dynamic demand that has, however, been hard to materialise due to a lack of available space. Although yields are currently at record lows and may still compress further in some sectors, these are not expected to vary as much as rents.

At the same time, due to extremely low yields, there is a greater propensity for risk among investment funds with a traditionally Core profile in order to guarantee their investors/ subscribers higher rates of return. The acquisition of properties to regenerate for residential use, namely in Lisbon, has been the target of these funds. However, this type of product is becoming scarce and there is already some interest in acquiring land for new build projects.

Opportunistic buyers should be less active in 2017 since a substantial quantity and volume of assets are not likely to enter the market; a situation that may change with the sale of Novo Banco, since this entity still owns several sizeable assets and portfolios whose disposal was placed on hold. On the contrary, greater momentum is expected on the sale side since the products of some investment funds that entered at the beginning of this cycle (Early Birds) are now in the final stage of their lifecycle.

Regarding the banking sector in Portugal, there is still a considerably high volume of nonperforming loans (NPL) in real estate assets, despite the gradual disposal of small portfolios. The value of assets held by banks is estimated at about € 10.000 million. Larger portfolios are expected to enter the market in 2017, resulting in the arrival of new players in this NPL segment.

Core investors who are recently active in the Portuguese market include, namely, CBRE GI and REITs such as Merlin and Trajano, both Spanish, and the South African group Loadstone; while Oaktree, Signal and Anchorage Capital stand out among investors with a more Value-Added and Opportunistic profile.

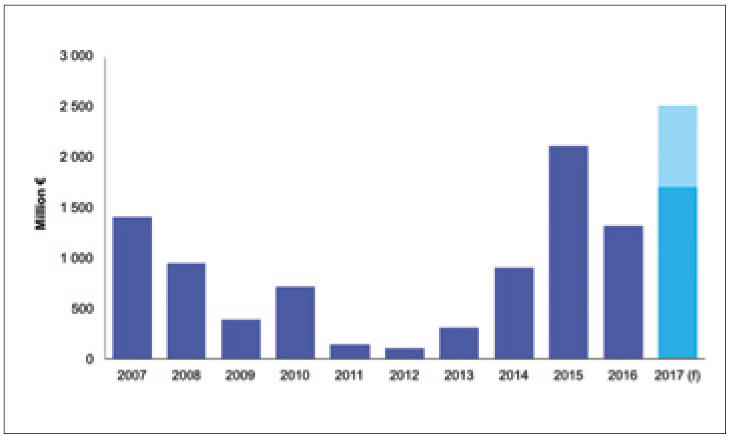
Overall, investors don't really have an Iberian strategy. At best, they target countries in southern Europe. Only a small number of investors have a joint strategy for Portugal and Spain, as is the case of SOCIMIs (Spanish REITs) and some Spanish family offices.

In terms of REITs, it is expected that legislation enabling this investment structure to operate in Portugal will be concluded this year, which may bring a new dynamic to the market. However, and despite the interest already shown by some investors to create and manage these structures in our country, it is uncertain whether there is sufficient product to create REIT vehicles in Portugal since, by nature and legislative enforcement, these vehicles invest in income assets (Core and Core Plus product). In any case, the possible creation of a REIT in Portugal will not take place before the end of the year.

Although it is currently difficult to determine the origin of investment (frequently associated with the domicile of the structure/ vehicle), we foresee that, overall, investment in 2017 will, like in 2016, originate mostly from Europe, but with the entry of new investors from different geographies such as South Africa and the Middle East.

In conclusion, CBRE expects 2017 to be another year of strong investment in commercial real estate in Portugal. CBRE estimates that, in the first half of 2017, a total of € 1.000 million in transactions will be completed, with the year closing at around € 1.700 million, possibly even surpassing the record value achieved in 2015, provided the transaction of a portfolio of shopping centres is completed this year. ■

Annual Investment Turnover in Portugal



Source: CBRE Research Portugal

HOW MUCH IS THE IBERIAN PROPERTY MARKET CURRENTLY WORTH?

Before investing, it is essential to know how much transactional activities in the real estate market are worth. And, in a heterogeneous market like Iberia, it is crucial to be able to compare the fundamentals of every location and sector.

Entreposto Building, Lisbon

Gathering the latest information available, the Iberian Property team analysed and summarised the activity in the first quarter in the transactional sectors of each of the three main Iberian investment destinations: Madrid, Lisbon and Barcelona, offering exclusive insight of how much this property market is worth today.

OFFICES – Annual take-up close to 1 million m²

Altogether, in 2016 the three main Iberian office markets traded 928.800 m², 84% of which in Spanish territory. These estimates are by CBRE, and they confirm that Madrid is the principal location in Iberia chosen by companies, with a total take-up of 454.000 m², in other words, 49% of the total Iberian office market in 2016. Barcelona follows next, with 331.000 m² and, finally, Lisbon with 143.800 m².

In the meantime, and considering the data presented by the consultancies Cushman & Wakefield and JLL, in the first quarter of 2017, office take-up in Iberia has already reached 208.641 m², maintaining the relative share of each regional market.

MADRID: the take-up volume of 87.000 m² in the first quarter of 2017 represents a 13% decrease compared with the same period the previous year, according to Cushman & Wakefield. The greatest share of net take-up in the quarter was by companies in the technology sector. Nonetheless, estimates indicate that total take-up in 2017 will be around 450.000 m².

With the vacancy rate at approximately 13% at the end of the first quarter, 205.800 m² of new supply are expected to be completed until the end of the year, 145.000 m² of which represent regenerated spaces and the remaining 60.800 m² are new build. Although it still carries relatively low weight, the development of new construction projects is now beginning to grow, and there is greater investor interest in turn-key and speculative projects.

The average rent increased 1.6% compared with the previous quarter, now standing at 31 €/m² / month. Forecasting that there will be a reduction in vacancy in 2017, the consultancy estimates that rents will rise between 8% and 10% in the prime segment and 3% to 5% in peripheral areas throughout this year.

According to figures by C&W, investment in office assets increased 58% compared with the first quarter in 2016, rising to 240 million euros, with SOCIMIS standing out once again as the principal investors. Likewise, national investors also led purchases in the first quarter, representing a 70% share of the volume invested. Yields continue to contract, reaching 3.5% at the end of the quarter.

LISBON: reflecting an annual growth of 34% compared with the same period the previous year and 62% above the quarterly average of the past five years (26.932 m²), the 43.641 m² taken up in the first quarter does not reflect the current market demand. This because, like in 2016, although demand continues to grow – driven above all by the strong momentum of the BPO sector – it is heavily restricted by the lack of available offer. A situation that JLL expects will endure for the next couple of years, and which will result in a decrease in the vacancy rate and a rise in rents.

The vacancy rate continues to drop in 2017, reaching 10.1% at the end of the quarter with almost every zone recording a decrease. During that period, prime rents continued to rise in several market zones, currently at 18.5 €/m² for the Prime CBD and 15.5 €/m² in Parque das Nações, where there is virtually no available space.

Regarding future supply, JLL estimates that until the end of 2018, 96.600 m² of new stock will enter the market, distributed across eight new buildings, half of which already have guaranteed occupancy.

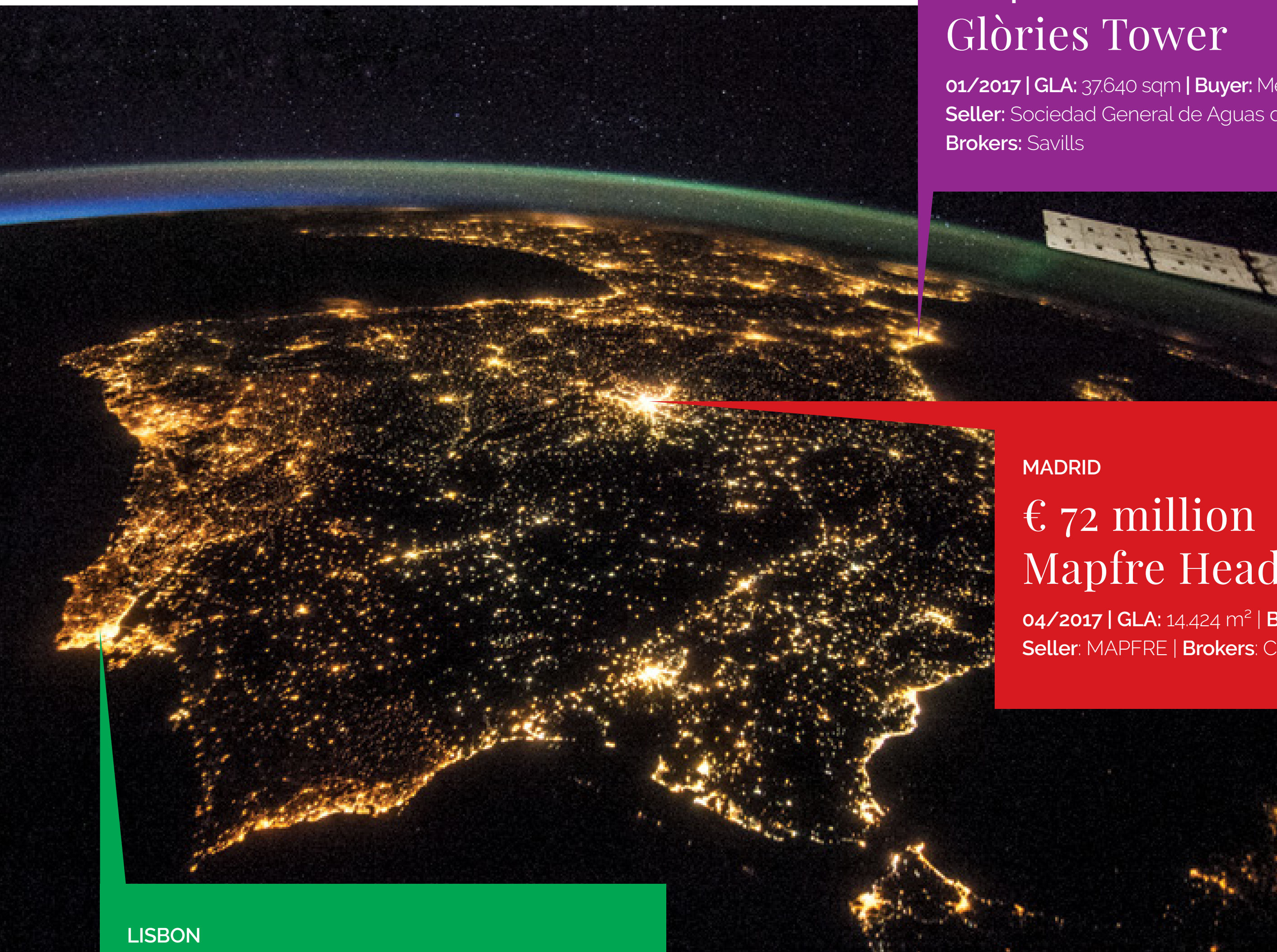
BARCELONA: in the first quarter of the year, 78.000 m² of offices were taken up in Barcelona, 14% more than in the same period the previous year. Led by companies in the IT & Telecommunications and Services & Professional Services sectors, demand continued to show strong momentum in this period, with activities remaining 10% above the average of the last ten years, reveals Cushman & Wakefield.

Currently, the vacancy rate in the Barcelona market is 8.7%, and it may continue to drop over the next months due to a lack of new stock entering the market, while demand remains robust. It must be noted that no new project was completed in the first quarter, and the consultancy estimates that, except for regeneration projects, no injection of stock generated through new development will take place in Barcelona until 2018. Looking at the pipeline of new offer due to be concluded until 2019, Cushman highlights the entry of 70.000 m² in the @22 zone and an additional 19.500 m² in Zona Franca, namely Torre Marina by Iberdrola.

The market's activity and decrease in vacancy is driving rental values in Barcelona which, particularly in the best buildings, have maintained an upward trajectory since the end of 2014. Currently, the prime rent is at 22 €/m²/ month, 7.3% above the values practiced a year ago.

Regarding investment, and maintaining the trend observed in 2016, the first quarter was marked by the completion of seven investment operations involving offices, totalling a volume of more than 400 million euros. Prime yields reflect the growth in economic activity, reaching 3.5% in the CBD at the end of the quarter, while in the New Business Areas it stood between 4.5% and 5%. A differential that, Cushman concludes, *«is attractive for investors who seek modern spaces in excellent locations, and we expect this trend to remain over upcoming months»*.

Mapfre Tower, Madrid



BARCELONA

€ 142 million Glòries Tower

01/2017 | GLA: 37.640 sqm **| Buyer:** Merlin Properties
Seller: Sociedad General de Aguas de Barcelona
Brokers: Savills

MADRID

€ 72 million Mapfre Headofices

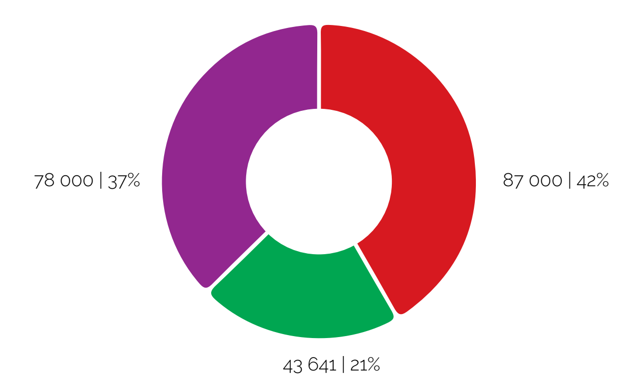
04/2017 | GLA: 14.424 m^2 | **Buyer**: Gmp
Seller: MAPFRE | **Brokers**: CBRE

LISBON

€ 65,5 million Entreposto Building

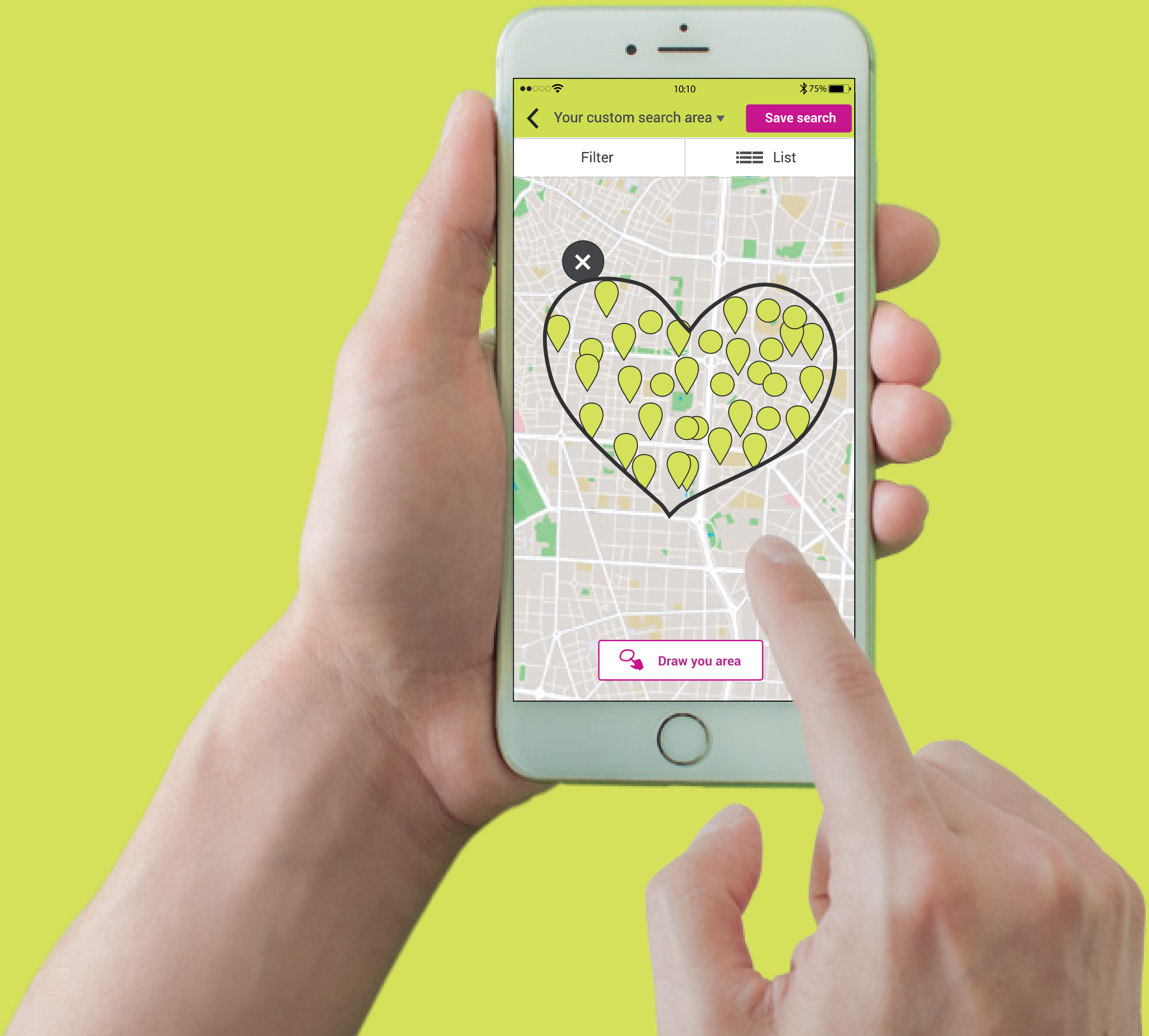
01/2017 | GLA: 48.000 m^2 | **Buyer:** Signal Capital
Seller: Entreposto Gestão Imobiliária
Brokers: JLL, Cushman & Wakefield

Office Take-Up Q1 2017 (sqm)



sources: Savills (Madrid), Cushman & Wakefield (Barcelona) and JLL (Lisboa) idealista

The best app to search properties in Portugal and Spain



SHOPPING CENTRES: Another record year?

Both in Spain and Portugal, retail, particularly the shopping centre format, continues to be one of the main focal points of real estate investors in 2017.

Proof of this was the completion in the first quarter of a set of sizeable operations on both sides of the border, totalling more than 1.3 billion euros invested in the sector until March.

Unsurprisingly, the greatest share is concentrated in Spain. The consulting firm Aguirre Newman calculates that more than 1 billion euros were invested in the purchase of shopping centres in Spain in the first quarter. And, in its Estudio de Mercado Centros Comerciales 2016/2017, the company foresees that interest will remain strong throughout the year, although they consider it unlikely that 2017 will achieve the historic level of investment in shopping centres reached in 2016: 3.5 billion euros. The reason for this is the decrease in product available for sale.

Forum Coimbra

Diagonal Mar, Barcelona

Following Barcelona, now Madrid has the most expensive mall

In August 2016, a new Iberian record was set regarding the value invested to purchase a shopping centre, approximately 490 million euros, for the Centro Comercial y de Ocio Diagonal Mar, with 87.500 m^2 of GLA in the Barcelona area, by Deutsche Asset Management from Northwood Investors.

However, less than six months later, in March 2017 a new record was reached, this time in Madrid, with the purchase agreement by Intu Properties from Ivanhoe Cambridge for the Xanadú Shopping Centre, for the historic amount of 530 million euros and an initial yield of 4.3%. Totalling a GLA of 153.695 m^2, ownership of this shopping centre continued to be disputed by investors until May when, on behalf of the fund European Cities, TH Real Estate reached an agreement with Intu to purchase a 50% share of this asset, a deal which was closed for 264 million euros.

Also a hot year for Portugal

Meanwhile, the Portuguese market is also expected to have a «hot» year in this sector, which is already off to a dynamic start with the announcement of the purchase, among other deals, of a portfolio of two shopping centres – Fórum Viseu and Fórum Coimbra – from CBRE Global Investors by a consortium of South African investors that is making its début in the country, the joint-venture Greenbay / Resilient. Closed for 219.25 million euros and anticipating a yield of 6%, this operation illustrates the positive climate in the Portuguese market, with investors originating from increasingly distant sources and willing to invest in the purchase of secondary product, as is the case with these centres, with a GLA of 51.489 m^2 and 18.705 m^2, respectively, and which are located outside the country's major urban centres.

According to calculations by the consultancy JLL, retail represented 61% of the volume invested in commercial real estate purchases in the Portuguese market in the first quarter of 2017.

And several market sources estimate that, as was the case in Spain, Portugal may also start to register a new record for the purchase price of a shopping centre, with one of the largest operations ever to take place in the sector in the pipeline. This because, at the beginning of the year, the opportunistic North-American fund Baupost placed on the market its 90% share of Dolce Vita Tejo, located beside Lisbon and one of the largest shopping centres in Europe, with a GLA of 104.000 m^2 and 300 shops. The goal of the operation is to sell for approximately 300 million euros, in other words, almost double the 170 million euros spent to acquire the share little more than two years ago.

Opportunistic investors start to leave the stage

This operation arises in the wake of the divestment process the fund is also executing in Spain, where it is selling, individually, the eight shopping centres in the Alicante, Malaga, Barcelona and Madrid areas, which were part of the portfolio purchased from the Dutch fund Vastned less than three years ago, for 160 million euros. Indeed, this was the case in the deal closed with Lar España Real Estate last August, who purchased the shopping centre Vistahermosa in Alicante for approximately 42.5 million euros.

Baupost's strategy exemplifies a trend that is taking place in the Iberian shopping centre market, where international funds with an opportunistic profile are now starting to exit the stage, divesting assets they purchased at sale prices during the crisis, for a good profit margin.

Another well-known example is Lone Star Funds which, after taking over the property portfolio of the bankrupt Chamartin Imobiliária in Portugal in 2015 for about 500 million euros, sold three of the shopping centres that same year (Vila Real, Coimbra and Porto) to Deustche AM.

Yields drop to record lows

Last year registered a slight yield compression in retail across virtually all of Iberia. In Spain, and in the case of «*gold*» shopping centres, Aguirre Newman reported that in 2016, a number of operations were closed with initial yields below 4%, a new record low. However, forecasts indicate that these rates shall generally remain between 4 and 4.5% throughout this year. Meanwhile, in Portugal, retail yields are also on a downward trajectory, reaching 5% at the end of 2016, according to Cushman & Wakefield.

Metromar Shopping Center, Seville

In the first quarter of 2017 the investment in shopping centres totalled more than 1.3 billion euros in Iberia

Slight growth in supply

The Iberian shopping centre market has reached maturity, which is why the growth in supply has been moderate and, in 2017, is not expected to surpass 330.400 m² of new GLA.

In Spain, approximately 235.000 m² of new stock is expected, 80% of which is part of new projects, while the remaining 20% represents projects to expand existing shopping centres, estimates Aguirre Newman. However, data by AECC – Associação Espanhola de Centros Comerciais indicates that, between 2017 and 2019, 27 new projects are due to launch, namely openings and expansions, adding more than 1.3 billion m² to the national stock.

These numbers differ greatly from the pipeline for Portugal where, until the end of the year, only 95.400 m² of new GLA is due to open, most of which (83.000 m²) belongs to Mar Shopping, the second shopping centre developed by InterIkea Centres in the country and due to open in the Algarve on September 27. Here, over the next few years, growth in supply is expected to remain slow and will take place through expansions, namely of shopping centres such as NorteShopping, Oeiras Parque and Centro Colombo.

INDUSTRIAL & LOGISTICS: Barcelona has the fourth largest capital growth in Europe

Assuming itself has the main Iberian logistics center, the rhythm of the annual capital growth of Barcelona's market should be the fourth largest at European level up to 2021.

The estimate is from JLL, which in the *«Industrial & Logistics Fundamental – Spain Q1 2017»* report suggests that the capital value from logistics assets in Barcelona's market should grow an annual average of 2.2% between 2017 and 2021, with Catalonia standing out as the fourth market with the higher annual valuation of all Europe.

Likewise, and although the growth of the rents is not yet transversal to all market zones, the prediction is that over the next four years the market values in Catalonia grow at an annual average of 2.7%, the fifth largest at European level.

At the basis of this prediction it is the strong dynamism that the market has experienced over the last months, showing a vacancy-rate of 3.66%. Logistics take-up in the Q1 of this year, in Barcelona, was of 124,160 m^2, 40% more than in the same period last year, reaffirmed Aguirre Newman, the real estate consultant. Currently are under construction 246,470 m^2 of the new logistics GLA in the region, of which 85% already with tenant, given that this year only 18,000 m^2 should be completed, estimates JLL.

Investors keep strengthen the focus in the industrial and logistics Spanish market, in which they invested about €230 million during the first quarter

Saba Parques

Supply shortages available «*hinders*» further growth in Spain

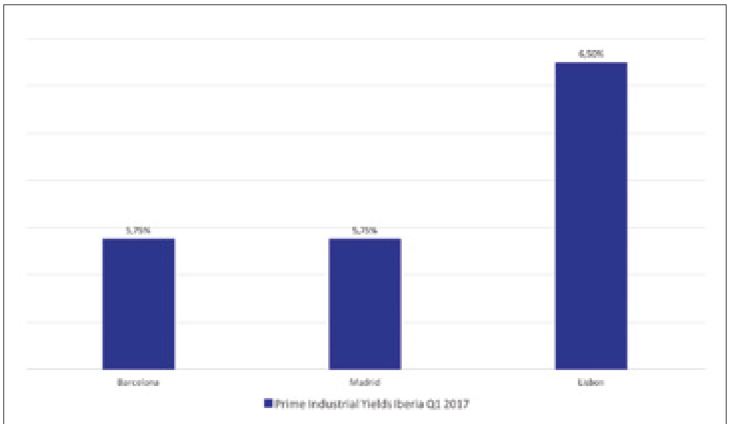
However, Madrid closed the Q1 with a total take-up of 127,700 m², been this the region with the record of the highest rent to be applied in this period: 6 €/m² month, to a specific transaction in the CMT area, states Aguirre Newman. In any case, JLL's prediction is that the industrial rents over the Spanish capital follow the course of growth, at an annual average of 2.3%, between 2017 and 2021, that is to say the 6° largest growth at European level.

CBRE estimates that the level of activity regarding take-up in Madrid, in the first quarter of 2017, was 13% below than in the same period. According to the consultant the main reason is not the decelerating of demand, but yet the supply shortages available in line with the requirements of the take-up. JLL estimates that Madrid's market shows a vacancy rate of 4.29%, being currently under construction 206.623 m² of the new GLA, 26% already with tenant, expecting that by the end of the year 107.826 m² to be completed.

Investment grew 70.4% up to March

Taking this scenario into consideration, the investors keep strengthen the focus in the industrial and logistics Spanish market, in which they invested about €230 million during the first quarter. This figure, determined by Aguirre Newman, in its *"Q1 Monitor Mercado Logístico de Madrid y Barcelona"*, represents an annual growth of 70.4% in view of the €135 million assigned to the sector in the same period of 2016, and assume yields by 5.75%. ■

Prime Industrial Yields Iberia Q1 2017



SOURCES: Cushman & Wakefield, JLL

The other side of the coin: the Portuguese case

On the other side of the border, the industrial market is the one that has taken longer to recover, with the take-up of sites on the market of Lisbon somewhere around 140,000 m² in 2016. This figure, indicated by CBRE, already unfolds a 5% growth regarding 2015, but still 16% below the average of last decade.

This take-up also reflects a market where over the last four years does not exist new construction, where the entry of new operators is not significant, and where large distribution companies have been settling their expansion needs into the places they already occupied, due to the lack of available qualified warehouses.

Nevertheless, after five years of residual encouragement in greater Lisbon area, it was launched in 2016, in Alverca, the first speculative construction project. Taking into account the business growth of the distribution companies, the CBRE expects more movements in this sector this year, anticipating the launch of new buildings.

One of those projects concerns the construction of the first naves in the Logistics Platform Lisbon-North, in Castanheira do Ribatejo. With a development potential of 430,000 m² of Gross Floor Area, this platform would gain a fresh impetus after its acquisition last September, by Merlin.

This asset was one of the five included in the "*done deal*" by Spanish socimi with SABA, acquiring by €115 million SABA Parques Logisticos and its assets, namely the parks in Cim Vallès (Barcelona) and Lisboa-Norte (Portugal), as well as equities in Parc Logístic de la Zona Franca (Barcelona), Sevisur (ZAL Puerto de Sevilla) and Arasus (Álava).

INVESTING IN IBERIA: HOW TO TURN CHALLENGES INTO OPPORTUNITIES?

Capturing the attention of a growing number of investors from all over the world, the Iberian property market offers great opportunities, but presents challenges as well.

Although globalization is also a reality in the real estate sector, local knowledge continues to be a key factor for success. That's why we have invited a team of leading consultants and advisors to reflect on the following issues: **What are the key challenges Real Estate investors currently face within the Iberian market? How difficult is it to develop a pan-Iberian strategy?** Here are their answers:

Valencia

Adolfo Ramírez-Escudero
CBRE ESPAÑA
President

In 2016, the commercial real estate investment volume in Spain reached € 14,000 million (8% more than in 2015) and € 1,250 million in Portugal (29% up on 2015). The industry is expected to register yet another year of strong activity in 2017, boosted by the continued improvement in the Iberian peninsula's economy and its positive forecasts. With little yield compression expected for the best properties, investors are relying on rental growth, which still has strong uplift potential.

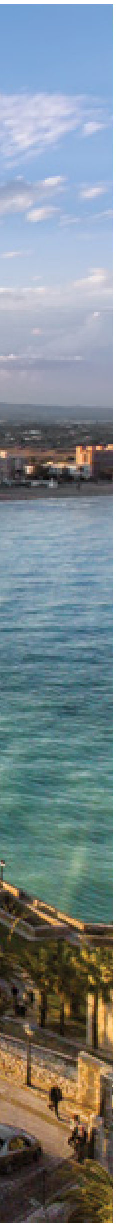
The offices market will continue to perform extremely well, especially in Madrid and Barcelona. Rental growth potential is undoubtedly one of the most attractive factors, with the current low interest rates and heightened levels of liquidity keeping the office market extremely active. Yields have almost bottomed out in the CBDs of the main cities, with property prices soaring in the best locations. However, the lack of good product continues to be a drawback for many investors, which is the reason why those with a value-add profile have been, and are likely to continue to be, very active.

Prime yields in the logistics market will continue to harden in 2017, possibly dropping to 6% in some deals that are currently under negotiation and investment activity is likely to reach similar levels to those seen in 2016.

In the retail sector, shopping centres are the star players and their yields continue to tighten even further, thanks to the heightened levels of demand. Due to the current levels of uncertainty, Core investors are willing to be more aggressive when it comes to acquiring truly prime properties that offer them secure rental income. Yields for secondary properties have also hardened, although there are fewer investors interested in secondary product, therefore there is less competition. There is also extremely high demand for high-street retail, thanks to private and institutional investors. The entry of the latter into the market, has meant that there is even less product on the market and this has forced investors to look at value-add properties and retail units located on less prime streets, offering more appealing yields and without significantly increasing investor risk.

Finally, housing has become a market with opportunities worth exploring. The uncertainty of sovereign debt and stock market volatility has pushed many investors to diversify their portfolios into the residential segment. Yields are higher than for other alternative assets and potential value uplift - although still moderate – remains very attractive. The housing rental market continues to be a fairly non-professional sector and major international funds have barely carried out any mega deals or created any large portfolios.

In conclusion, the real estate market in Spain and Portugal is currently at a unique point in the real estate cycle and attracting investors from across the globe. There are still opportunities out there, but only those with an in-depth knowledge of the market will be able to tap into them and capitalise on them.



«The real estate market in Spain and Portugal is currently at a unique point in the real estate cycle and attracting investors from across the globe»

Francisco Horta e Costa
CBRE PORTUGAL
Managing Director

The Portuguese property market is currently showing unparalleled momentum. Investment opportunities are many and diverse, across every sector. Due to relatively recent laws, ranging from labour laws to favourable tax regimes, as well as laws that impact real estate directly, Portugal has been in high demand among corporations, investors and individuals, whether to set up business, invest or live. If we add the country's fantastic intrinsic characteristics (climate, cuisine, proximity to the ocean, low cost of living), as well as those of its cities and the proficiency of its qualified workforce to speak several languages, we have a "*cocktail*" of benefits that are hard to match!

Since none of this is possible without real estate, the residential and office markets are running high and the best investment opportunities involve property development in these two sectors, although there is also a lack of new logistics product. There is a great shortage of grade A offices to accommodate the high demand from large occupants who, beginning five years ago, decided to bring a significant part of their services to Portugal. Furthermore, there is a growing lack of residential product for Portuguese consumers who do not have the purchasing power to live in the city centre. And as the "*icing on the cake*", the Portuguese economy has displayed increasingly better indicators. In the first quarter of this year, the GDP increased 2.8% compared with the same quarter the previous year and unemployment dropped below 10%. Much of this growth is due to Tourism, which is another sector that presents excellent opportunities and there are various investors ready to invest in anything that has "*beds*". Revenue from tourism in Portugal increased 10.7% in 2016 compared with the previous year, surpassing 12.6 billion euros.

The fact that Portugal has excellent universities, two of which are listed in the ranking of the world's top 50 universities, has made the number of foreign students rise by more than 75%, originating from more than 200 different nationalities.

The great challenge is to find "*investable*", quality products in every sector, since real estate development was stagnant for many years. It is crucial to produce properties now that rents are rising and prices in the residential market have reached unprecedented levels. It also still remains a challenge to mobilise large-scale financing, especially from Portuguese banks, which almost all underwent restructuring in one way or another and are only now beginning to breathe again and slowly return to the market, although there are still many past issues to be resolved. This may also represent a good opportunity: banks are now recapitalised, with new shareholder structures and, having recorded impairments for a number of years, are now ready to come to market to sell assets or loan portfolios now that the pricing gap has also contracted.

In conclusion, there are many opportunities and the "*stars are aligned*", but we must tread carefully when climbing the risk curve.

> «The great challenge is to find "investable", quality products in every sector, since real estate development was stagnant for many years in Portugal»

Borja Ortega
JLL SPAIN
Head of Capital Markets

Fernando Ferreira
JLL PORTUGAL
Head of Capital Markets

It is now a proven fact that international investors consider the Iberian Peninsula a stable market for their investments. Their needs, objectives and yield targets determine whether they opt for either Spain or Portugal, although they are fully aware that both countries are growing economically and, consequently, offer more robust real estate sectors. Early figures for this year reflect this, with both markets attracting strong interest. Current numbers suggest Spain will close 2017 with commercial property investment volumes on a par with recent years, which are close to pre-crisis levels. Non-residential volumes in Portugal are expected to close 2017 at around 2 billion euros, making it one of the country's best years.

Investor strategies generally involve entering the Spanish market first, given that it is a larger market with a greater supply of assets, before expanding to Portugal. It is worth bearing in mind that the two countries' strengths lie in different market segments. Offices and logistics assets are more compelling investments in Spain, for example, whereas retail assets carry greater weight in Portugal.

However, work is required in both countries to resolve a shared problem: the lack of available supply to meet existing demand. The solution, without a doubt, is to emphasise the need to develop new product and increase efforts to renovate existing assets as a way to boost supply.

Investors are setting their sights on Spain and Portugal

Ricardo Martí-Fluxá
ASOCIACIÓN DE CONSULTORAS INMOBILIARIAS
Chairman

For those who operate in this business on an international level, our country offers real estate investors stability in the midst of an atmosphere of uncertainty, brought about by Brexit in the United Kingdom and political change in both Europe and the United States.

Our market is currently growing at a rate that had not been seen in the past decade. According to data by members of the Asociación de Consultoras Inmobiliarias (ACI), during the first quarter of this year, real estate investment in Spain surpassed 3.4 billion euros, 50% more than the volume recorded in the same period in 2016. These numbers are a clear indication of the importance Spain holds for real estate investors, who seek quality assets that are adapted to their current needs and meet their demands, such as a prime location. On the other hand, these requirements represent unique opportunities for the development and regeneration of real estate products, transforming them into efficient, tailor-made solutions.

Given this context in the property market, investors are developing strategies that include expanding their assets, adding to properties located in the busiest areas of the major cities others in adjoining streets. Furthermore, investors are also studying new investment opportunities in secondary cities, such as Malaga for residential and hotels, Bilbao for logistics, high street retail and shopping centres, as well as Valencia, Sevilla and Alicante. Ultimately, these tactics are a clear indication of the full potential Spain has to offer all real estate investors.

Jorge Marrão
DELOITTE PORTUGAL
Partner & Real Estate Leader

The Portuguese and Spanish real estate market has shown a good performance in the last two to three years, in both income return and capital growth, driven by the overall economic recovery. The challenge faced by investors is to ascertain whether a new economic cycle has effectively arisen in the aftermath of the global financial crisis, and knowing the right time to leave. Yield compression has taken a significant role in capital growth, indicating consistency in the new upward cycle and favouring a buy/hold strategy, though this would naturally depend on individual circumstances. The preceding financial crisis has resulted in Portuguese banks accumulating significant real estate, which will likely be transferred to investors in the short-run and represent an opportunity to non-core/value added investment profiles.

The first step to facilitate the process of a pan-Iberian strategy is to approach the Iberian market as a single regional market, rather than a dual, Spain-Portugal sequenced destination for international property investments. Investors who adopted this approach in recent years looked at the Portuguese market beforehand, thus proving their strategy correct.

Spain and Portugal are indeed two different countries with two different political agendas. Notwithstanding, these two countries are not only geographically and historically bound, but also economically intertwined in such a way that they effectively represent a single real estate market.

Luís Miguel Rosado
EY
Partner | Assurance | Cluster Leader: Real Estate, Hospitality, Construction

Recovering from the global financial crisis that spread through Portugal and Spain and the revival of the real estate market in both countries, as evidenced by the number of transactions and increasing prices mainly in the residential and commercial market there are still opportunities namely in the office sector. It is expectable that investment in the Iberian Peninsula will continue to grow, especially foreign investment. These investors seek to take advantage of the synergies from neighboring countries, leveraging the most competitive solutions that generate economies of scale.

Some of the toughest challenges to these investors will be the dichotomies of the two countries and excessive tax and legal complexity. Therefore, the main concern of the sector should be to provide confidence and stability in an efficient and transparent tax system.

Additionally, the elimination of dichotomies would allow the creation of significant benefits from an Iberian perspective. As an example, the implementation of REITs has been largely discussed in Portugal but never implemented, whereby in Spain the SOCIMIs can be regarded as the equivalent form of a REIT. Tax legislation is a fundamental factor when deciding for a specific form of investment structure in any country and special attention should be taken in the real estate market to anti-abuse rules related to Base Erosion and Profit Shifting (BEPS), which, will naturally make investors extremely cautious when determining an investment structure.

> «The first step to facilitate the process of a pan-Iberian strategy is to approach the Iberian market as a single regional market»

Paulo Silva
AGUIRRE NEWMAN
Managing Director

The main challenges that face investors in the Iberian market involve above all: the need to assess investment intentions within a competitive context, where the time needed to evaluate an investment opportunity correctly may conflict with the availability to carry out the investment intentions; predicting the reversal of the market trend; and the fact that the available indicators (namely rental values applied in the office markets) do not reflect the market reality. I will explain this last point using the practical example of the office market in Lisbon: the market indicators for prime rents do not reflect the actual prime rents practised because the buildings where these are being applied display physical characteristics that raise doubt regarding their classification as "*prime*" due to their age and condition. This situation is a consequence of a lack of investment in the office market, aggravated by the fact that, from the pipeline for the next two years (approximately 58.000 m2), only 25% (11.000 m2) of the areas are currently available.

It would be much easier to define a pan-Iberian strategic plan if there was more awareness regarding the specificities of each market, and in this sense I am not distinguishing countries, Spain or Portugal, but cities (Madrid, Barcelona and Lisbon). The strategy should also include cities where investment is not as obvious due to a lack of indicators – such as the city of Porto – but that are experiencing great momentum and growth.

Luis Martín Guirado
GESVALT
Corporate Director of Business Development

Spain is undoubtedly an appealing country for international and national investors in the real estate industry. Only in 1Q 2017, around €3.8 billion have been invested in our country, a figure in line with those achieved in 2016 and 2015. But where, how and why is it being invested?

In addition to the more "*traditional*" assets such as retail, office, logistics or residential assets, other types of properties -so-called alternative assets- are emerging. These include hospitals, student residences or elderly homes, especially the latter type. The returns on these businesses are not as high as on other real estate assets, although they are sustainable and -due to demographic reasons- their demand will not stop growing in the coming years.

In Spain, these centres have traditionally been managed by families or religious institutions, and little by little, both national and international investors specializing in the management of these assets have started to acquire and build them not only in a region or specific area but all over the country, in search of a considerable volume making efficiency possible in terms of staff management, resources and beds. These funds, whether pension or mutual funds, provide capital and management and search for these assets capable of providing a 4.5-6.0% return rate. In fact, only in 2017 the total amount invested on these assets is expected to reach €750 million.

Alternative Assets, the new focus of real estate investment

Miguel Bacalhau
THE K ADVISORS,
Head of Valuation, MRICS

The Iberian market consists of two different realities: the Portuguese and the Spanish one. Before making any investment decision at an Iberian level, one should have a clear knowledge of these local markets, its specific attributes and what is expected from each one in terms of size, liquidity and return.

Business plans are based on assumptions that can differ a lot from Spain to Portugal. The Spanish market size, as well as its population and economy, are much larger than the Portuguese market. There are also differences between both markets when we compare items such as liquidity, yields, tax regimes which apply to investment vehicles, property and lease laws.

To set up an Iberian investment strategy can be challenging because many times the decision centers of multinational investment companies are geographically far from the countries where the investments are being made. This can be partially overcome if investment companies are advised by local experts with deep knowledge of the particular drivers of the market.

For instance, take the example of valuations, which are widely used and relied upon in a diversity of purposes. In a context of an Iberian strategy it is key that this advice is consistent, transparent, and contributes to promote confidence in the markets. Firms "*Regulated by RICS"* are the most suitable to provide such advice, as they are both committed to the highest standards and open to independent scrutiny.

The Portuguese and Spanish markets have very different dimensions. Therefore, it´s not always possible to find assets that are properly adjusted to each investment strategy and market. However, in recent years we have witnessed a greater maturity of the Portuguese market and an alignment with the Spanish market.

Furthermore it is important to refer that incentive conditions for international investors should be taken into account, bearing in mind that each country has its own legal and tax studies/fiscal structures. As an example, we can mention the REITS (Real Estate Investment Trust), better known as Socimis in Spain. Thus, there must be an adaptation to the same investment vehicles and rules in both realities.

We are convinced that there will be news about this subject in Portugal soon, considering that some new alternatives are being studied. As we mentioned before, the maturity of the Portuguese investment market in the last 3 years has been crucial to help reach the quality level of the Spanish market. We also believe that the strengthening of these vehicles and the existence of common Iberian platforms can make a difference, since they have a significant relevance which may trigger the interest of more investors.

Pedro Rutkowski
WORX
CEO

Jorge Bota
B.PRIME
Managing Partner

At the moment, the lack of some types of product is clearly the principal challenge in capital markets in the Iberian Peninsula. Indeed, the appetite of international investors remains, but supply is limited and presents values that we believe are borderline sustainable for some asset segments.

In Portugal, as well as the market restriction described above, we have also been faced with a lack of financing by banks for the property sector.

Iberian capital markets have existed for some time, since international investors analyse Portugal and Spain as one region, usually beginning in Madrid and then widening their horizons to Barcelona and Lisbon.

Therefore, although there are clear differences that distinguish the markets, namely their practices, the Iberian Peninsula is analysed as a whole and any risk assessment takes this factor into consideration.

For the market to be almost perfect, we would only need the investment that originates in Spain and flows to Portugal to run in the opposite direction as well, and that will be a difficult challenge to overcome due to the small scale of Portuguese players.

In conclusion, we do not believe that there are substantial

THE ROAD TO BREXIT: WHAT'S NEXT FOR INVESTORS?

With the UK expected to start the process of leaving the EU this month, we asked a panel of investment and economic experts covering a variety of areas, from real estate to European equities, what they are looking out for in the coming months.

AUTHOR: Emma Stevenson | Investment Writer at Schroeders

The UK government is expected to trigger Article 50 by the end of this month, signalling the start of a two-year process that will see the country leave the EU.

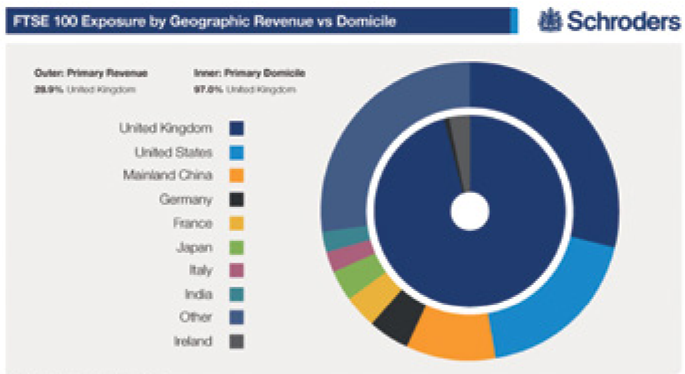
The Brexit process started on 20 February 2016 when then Prime Minister David Cameron called a referendum on the UK's membership of the EU. The news saw a decline in the value of sterling, although stockmarkets experienced a more muted reaction. External events, such as worries over China's economy, were also affecting markets in early 2016.

Source: Thomson Reuters Eikon, 1 January 2016 to 28 February 2017. Rebased to 0 on 1 January 2016.

Past performance is not a guide to future performance and may not be repeated.

A similar pattern was repeated on 24 June 2016, the morning after the referendum, when it was confirmed that the "*Leave*" campaign had won the day. Again, sterling moved lower but stockmarkets were less affected than many had anticipated.

In part, the resilience of the UK stockmarket was due to investor appetite for international stocks with foreign - particularly US dollar - earnings. The chart below shows that the FTSE 100, the UK's leading large cap benchmark, generates only c.29% of its revenues from the UK.



Source: FactSet, as at 1 March 2017.

Additionally, the FTSE 100 is home to many international companies operating in defensive sectors such as pharmaceuticals and tobacco. These companies were in demand both because of their overseas earnings and also the less economically-sensitive nature of their operations.

At the same time, commodity-related sectors such as oil & gas and metals & mining also performed well. They were viewed as being among the chief beneficiaries of sterling weakness against the US dollar, with commodities generally being priced in dollars.

Source: Bank of England, Thomson Reuters Eikon, January 1980 to 28 February 2017 "A measure of the overall change in the trade-weighted exchange value of sterling, calculated by weighting together bilateral exchange rates. It is designed to measure changes in the price competitiveness of traded goods and services and so the weights reflect trade flows in manufactured goods and services.

What comes next in the Brexit process?

With Article 50 expected to be triggered by the end of March 2017, the UK will then start the formal two-year process of exit negotiations with the EU. We asked our investment experts what they expect to happen next.

The first point of disagreement between the UK and its European partners may well be the exit payment the UK will need to make to settle existing liabilities.

Azad Zangana, Senior European Economist & Strategist, said:

"The triggering of Article 50 itself will largely be a non-event for investors given that it has been widely flagged for some time. However, in the near-term, an issue that could become a political hot potato is the size of the UK's exit payment.

"Michel Barnier, the European Commission's chief Brexit negotiator, has indicated that the UK may be asked to pay up to €60 billion (£51 billion or 2.7% of 2016 GDP) to cover the cost of existing commitments. Analysis conducted by the Financial Times newspaper suggests that this is an upper estimate of gross liabilities. It estimates that the final payment could be worth €20 billion (£17 billion or 0.9% of GDP).

"A significant political fight over the UK's exit bill could jeopardise the chances of a favourable/friendly trade agreement at a later point. Despite the UK's desire to negotiate a trade deal in tandem with the divorce proceedings, there is no requirement for trade to be concluded under Article 50.

"The precise proceedings and outcome of the negotiations will remain highly uncertain for some time. This is likely to keep investors on high alert for any signs of better or worse outcomes than expected. However, the negotiations themselves are unlikely to have an economic impact before Brexit actually happens."

How will UK stocks be affected?

There is likely to be limited initial impact on equity markets, but there could be periods of volatility as the negotiating process unfolds.

David Docherty, Fund Manager, UK Equities, said:

"In market terms, the triggering of Article 50 is already well discounted and the notification itself is therefore unlikely to have an impact on UK equities. In contrast, the two years of negotiations which follow Article 50 will have a much greater influence on UK companies and markets.

"As the bargaining continues, we expect to see recurring bouts of market volatility as investors respond to, and anticipate, evolving negotiating positions.

"We believe that the ebbs and flows of the negotiating process should throw up valuation anomalies in a number of stocks as investors attempt to identify and calibrate the implications for individual companies.

"Our bottom-up stockpicking approach should serve us well as we look to exploit these mispriced opportunities when they emerge."

A bottom-up investment approach is based on analysis of individual companies, where that company's history, management, and potential are the primary focus, rather than general market or sector trends.

Meanwhile, companies will be seeking certainty over their access to EU markets, but it may be some time before this is agreed.

Roger Doig, Analyst, European Equities, said:

"Assuming there are no unexpected obstacles to triggering Article 50 thrown up by the House of Lords, it should be triggered by the end of March. A period of negotiation – potentially quite lengthy and quite fractious – will follow.

"In this time, UK-based banks and insurers will continue to navigate in the fog, but with the two-year exit clock ticking, their contingency planning will become more urgent.

"Demands for greater clarity about how UK-based firms can access EU markets will grow, but the government won't be in a position to give this clarity while the exit bill remains unresolved."

Some real estate markets may be more affected than others

The real estate sector is an area of particular focus amid the risk that some companies may decide to relocate certain operations. London could see the biggest impact, with other UK cities likely to be less affected.

Mark Callender, Head of Real Estate Research, said:

"Winning cities across the UK such as Manchester, Bristol and Leeds are likely to continue to benefit from ongoing tenant demand. These cities share the common attributes of diversification, modern infrastructure and quality of life.

"Our main concern is the impact which Brexit could have on the London office market. While London will continue to be a major hub for international business given its large pool of skilled labour and other inherent advantages (e.g. English law, time zone), there is a risk that banks and other financial services will have to switch some of their activities to the EU.

"In turn this could affect the lawyers and other professional services who work for the banks. We are also conscious that around a quarter of London's construction workers are from other EU countries." ■

OriginALLY Published in 07/03/2017 @ http://www.schroders.com/en/uk/tp/markets2/markets/the-road-to-brexit-whats-next-for-investors/

URÍA MENÉNDEZ
PROENÇA DE CARVALHO

A TROUBLED REAL ESTATE ASSET RELIEF PROGRAMME IN PORTUGAL?

by: João Torroaes Valente and Hélder Santos Correia | Lawyers

1. FOREWORD

As at December 2016, the share of non-performing loans ("*NPL*") in the banking sector's total portfolio in Portugal was 19.5%[1]. The major Portuguese banks paid EUR 16 million per day in NPL and other impaired claims.

According to studies by the EU authorities, the key factors for NPL resolution are the legal and judicial systems.

In Portugal, the major obstacles mentioned in relation to the judicial system were the following: (i) lengthy insolvency proceedings – often due to a shortage of judges; and (ii) complex insolvency proceedings[2].

Furthermore, as recognized by the European Central Bank ("*ECB*"), even if a sustainable restructuring solution has not been reached each "*bank is still expected to resolve the non-performing exposure. Resolution may involve initiating legal procedures, foreclosing assets, debt to asset/equity swap, and/or disposal of credit facilities/transfer to an asset management company/securitisation*"[3].

2. DEBT DELEVERAGING STRATEGIES

2.1 General overview

Strategies to deleverage banks' balance sheets, through segregation of assets (notably with "*bad banks*") are no novelty.

The striking issue here is that these strategies *"«are back». The concept is simple. The bank divides its assets into two categories. Into the bad pile go the illiquid and risky securities that are the bane of the banking system, along with other troubled assets such as nonperforming loans. (...) The bad-bank concept has been used with great success in the past and has today become a valuable solution for banks seeking shelter from the financial crisis."*[4]

Even before the most recent financial crisis, a number of countries experi¬enced systemic distress in terms of private debt and bank NPLs.

The first experiment on these strategies occurred in the US, in 1988, with the Mellon Bank and the bank created for this purpose: the Grant Street National Bank[5].

In Europe, the model in this matter was Sweden, in 1992, where *"most bad assets from state-owned Nordbanken, the country's third largest bank, were transferred to a separate asset management company (an "AMC"), Securum"*[6].

After that, the more notable cases are the National Assets Management Agency (NAMA) in Ireland, in 2009, the Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (SAREB) in Spain, in 2012, and the Bank Asset Management Company (BAMC) in Slovenia, in 2013.

2.2 Principles and common models

The good/bad bank approach has had legal recognition and is expressly contemplated by European law [7].

The ultimate purpose of AMC is to minimise the cost for the general public of resolving impaired bank claims, by managing the assets until market conditions improve and a higher sales price can be obtained.

On the one hand, transferring the distressed assets allows banks to (i) focus on running the healthy parts of their businesses, and (ii) access funding on more favourable terms, thus increasing their liquidity and reinforcing lending activities. Conversely, distressed assets are managed by independent professional specialists with a long-term plan for asset disposal.

The ECB [8] distinguished two main approaches to asset support: the *"off-balance sheet"* approach and the *"on-balance sheet"* approach.

A. The *"on-balance sheet"* approach consists of asset insurance or asset protection schemes, involving the ring-fencing of distressed assets within the banks' balance sheets. These schemes are typically designed with a loss absorption structure.

   The banks themselves remain liable for the first losses that accrue in the pool of insured assets, while government support only begins when this set level of losses has been exceeded.

   This approach could be achieved by implementing the following models:

   a) Internal restructuring unit. This solution set out an *"internal bad bank"*, which could be favourable when nonstrategic assets account for a sizable share of the balance sheet.

   b) On-balance-sheet guarantee. Through this planned way out, the bank protects part of its portfolio against losses, typically with a second-loss guarantee from the domestic government.

   Implementing this model is not particularly expeditious, but could be the least attractive model to new investors given that the bank's core performance is still not transparent: the bad assets are still on the balance sheet and there is no clear legal separation.

B. The *"off-balance sheet"* approach consists of asset removal schemes. This entails the segregation of distressed assets from the banks' balance sheets and their transfer to an independent AMC (also known as bad bank).

   Two basic models are usually identified within this approach:

   a) External bad-bank: the bank moves the assets off the balance sheet into a new credit institution. Taking into consideration the challenges involved in a bad-bank spinoff (setting up a new legal banking entity), this model normally requires the full involvement of the domestic governments. This operation requires asset valuations and transfer, a funding scheme and a legal or accounting framework for asset transfer to bad-bank entities to be readily available.

   b) SPV: the bank divests its undesirable assets into a special-purpose vehicle (SPV), which is generally government-sponsored. *"This solution works best for a small, homogeneous set of assets, as structuring credit assets into an SPV is a very complex move and for many banks is not practical. The heterogeneity of the assets involved, investors mistrust of securitization structures, and new regulatory penalties make most securitizations too expensive for banks."* [9]

The key principle of modern corporate governance applies, also, in this particular case: one size does not fit all. All debt deleveraging strategies must be considered on a case-by-case basis, and depend on the actual features and conditions of the distressed banks, that is, the domestic characteristics in which the entity operates.

Besides, two factors may intricate the establishment of AMC in Europe: (i) Eurostat put in place guidance under which most asset management companies would be considered part of the public sector and therefore subject to EU fiscal rules; and (ii) since 2015, public ownership of AMC has become more complicated because it could potentially lead to a *'bail-in'* of certain creditors. [10]

Ultimately, the models are not fixed and hybrid approaches can always be implemented. The Italian approach is an example of this.

The Atlante Fund is, formally, an Italian private equity fund created in April 2016, being advertised by the Italian Minister of Finance as *"an entirely private operation"*, which was specifically designed not to fall under the state aid umbrella framework.

This SPV is, currently, a fund of around EUR 5 billion, which will be used to:

(i) Purchase NPL from the Italian banks – at nonmarket price, probably somewhere between what the market is offering (around 20% of nominal value) and the book value of these loans (around 40% of nominal value)[11]; and

(ii) Subscribe the upcoming capital increases of Italian banks seeking recapitalizations.

3. WILL THERE BE A PORTUGUESE ASSET SUPPORT SCHEME?

In view of the above, the Portuguese government has recently created a working group to study the model that would better fit the specificities of the Portuguese banking market. At this point, we do not know which type of asset support schemes (if any) would be implemented in Portugal and to or through which the existing large stocks of impaired assets currently tainting the Portuguese banks' balance sheets would be transferred.

However, when asked about this matter during an interview, the Portuguese prime minister answered: *«A bad bank will not be created»*. He went on to suggest that *«It will be neither a bank, nor bad. It will be a positive mechanism for the economy. The issue goes beyond solving a bank's balance, it is more than that: it is also about solving the companies' balance»*.

A troubled real estate asset relief programme is on the cards in Portugal. The policy-makers may decide to implement a scheme that contributes to safeguarding the financial stability and containing the impact of possible asset support measures on the national treasury and public finance. ■

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TOP INVESTORS
IBERIAN DIRECTORY //

SPECIAL IBERIAN PROPERTY SUMMIT

MERLIN PROPERTIES

MERLIN Properties SOCIMI, S.A. is one of the major Spanish real estate companies trading on the Spanish Stock Exchange and included on the quotation System (Sistema de Interconexión Bursátil – SIBE or Continuous Market) since 30 June 2014.

MERLIN Properties is a SOCIMI (Spanish REIT). The company specialises in the acquisition and management of commercial property in the Core and Core Plus segments in the Iberian region.

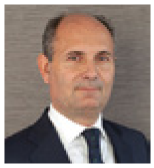
The company boasts a team of professionals with extensive and proven experience who manage the company's portfolio of assets seeking the highest operating efficiency and returns. MERLIN Properties is led by Ismael Clemente, Executive Chairman and CEO; Miguel Ollero, CFO and COO; and David Brush, CIO.

www.merlinproperties.com

Main listed market	Bolsa de Madrid
Number of shares issued	469 770 750
Free Float	64,29 %
Last Quotation:	€ 11,52 (07/06/2017)
Capitalization:	€ 5 412 Mn
Gross Asset Value Q1/17	10 027 Mn €
Nº of assets	1157
EPRA NAV	€ 5.300 Mn
Gross Rents 2016	€ 463 Mn
Gross Yield	5,1%
EBITDA 2016	€ 161 Mn
NET Earnings (EPRA)	€ 93 Mn
EPRA NAV per share	€ 11,36

BOARD MEMBERS

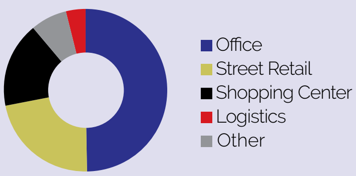
Ismael Clemente
Vice Chairman / CEO



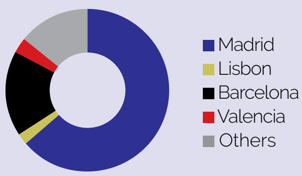
Miguel Ollero
Corporate Managing Director / COO

David Brush
CIO

SECTOR PROFILE



MAIN INVESTMENT CITIES



Data Collected from www.merlinproperties.com

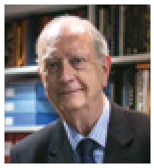
Colonial

Inmobiliaria Colonial is the leading company in the Spanish real estate sector. Specialising in the leasing of offices in prime zones, its priority is efficient management and a sustainability policy with the objective of continuously improving the satisfaction of its customers as well as its portfolio of assets.

www.inmocolonial.com

Main listed market	Bolsa de Madrid
Number of shares issued (total)	392 470 000
Free Float (%)	64,50%
Last Quotation	€ 7,51 (7/06/2017)
Capitalization	2 792 Mn €
Last dividend	€ 0,015
Gross Asset Value (Global)	€ 8.069 Mn
Net Asset Value Iberia	€ 2.037 Mn
Nº of assets	42 Spain, 21 France
Gross Rents 2016	€ 271 Mn
EBITDA 2016	€ 220 Mn
NET Earnings (EPRA)	€ 2,6 Mn
NAV per share	5,19 €
Last quotation / NAV per share	1,45 €

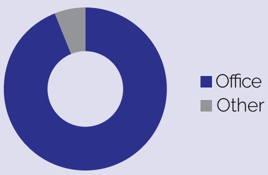
BOARD MEMBERS



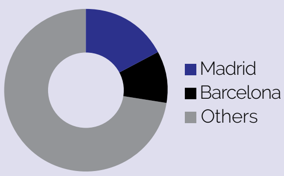
J.J. Brugera Clavero
Chairman

P. Viñolas Serra
Chief Executive Officer

SECTOR PROFILE



MAIN INVESTMENT CITIES



Data collected from: www.inmocolonial.com, www.bolsamadrid.es

HISPANIA

ACTIVOS INMOBILIARIOS

Hispania became listed on the Spanish Stock Exchange on the 14th of March of 2014 and as of today it has raised €1,083 million. Hispania's current portfolio includes more than 209,600 sqm in offices, more than 750 dwellings and more than 10,700 keys.

Hispania's goal is to capture investment opportunities in the Spanish Real Estate markets and creating a portfolio of high quality assets in the residential, hotel and offices sectors.

Hispania is part of the FTSE EPRA / NAREIT Global Real Estate Index, Ibex Mid Cap Index, Euronext IEIF REIT Europe Index and S&P Global Real Estate Index.

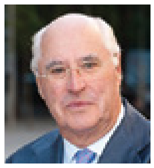
In accordance with best corporate governance international practices, Hispania´s Board of Directors, chaired by Rafael Miranda, has a majority of independent Board Members.

Hispania is externally managed by Azora Gestión S.G.I.I.C., S.A., which has granted it total exclusivity for all of its investment deal flow in Spain, except for student housing.

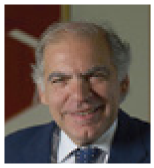
www.hispania.es

Main listed market	Bolsa de Madrid
Number of shares issued (total)	10.917.000
Free Float (%)	50,10%
Last Quotation	14,97 € (07/06/2017)
Capitalization	€ 1.624 Mn
Last dividend	0,1574 €
Gross Asset Value	€ 2.008 Mn
Net Asset Value	€ 1.374 Mn
Net Rental Income (2016)	€ 121 Mn
EBITDA 2016	€ 90,7 Mn
NET Earnings (EPRA)	€ 54 Mn
NAV per share	12,58 €
EPRA NAV	€ 1.495 Mn
EPRA NAV per share	13,72 €
Last quotation/ EPRA NAV per share	1,078530259

BOARD MEMBERS



Rafael Miranda Robredo
Chairman of Hispanias's Board of Directors and Executive Committee

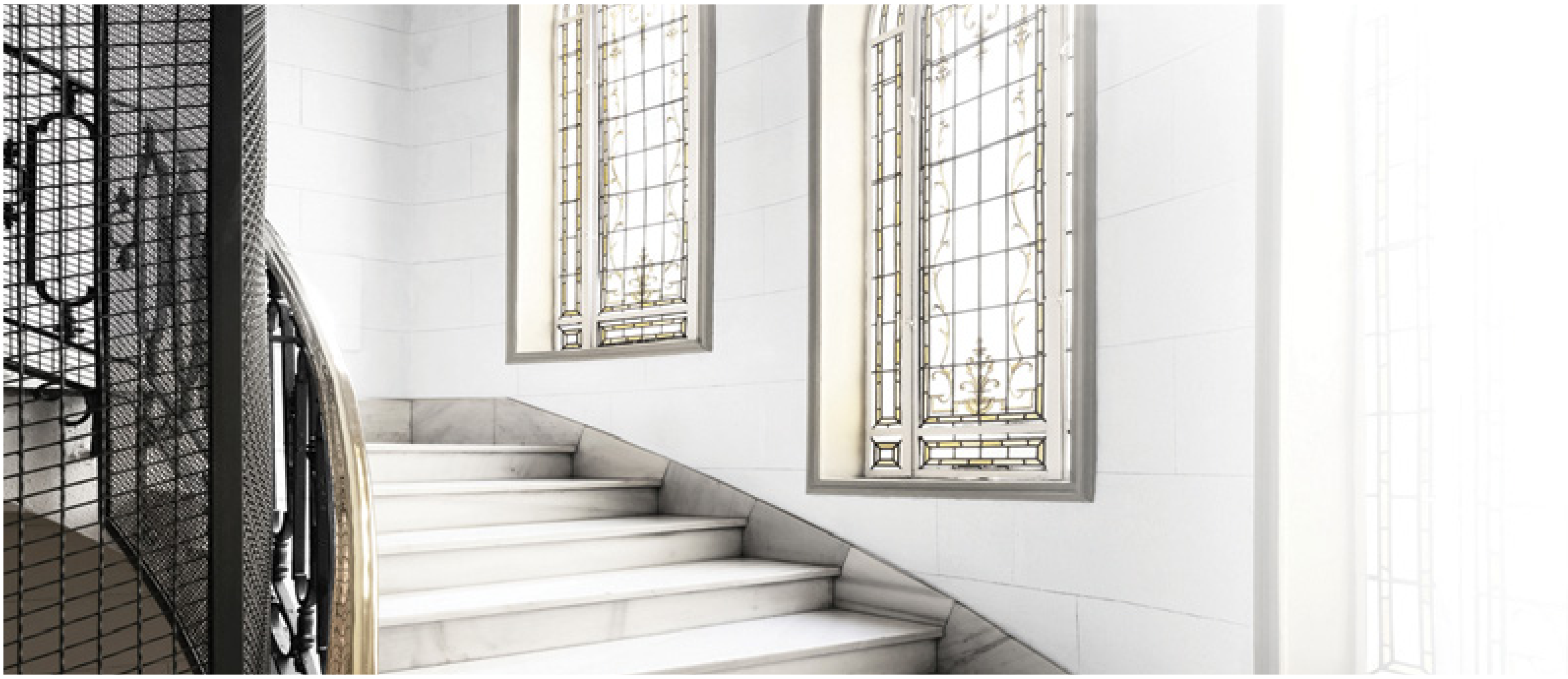


Fernando Gumuzio

Joaquín Ayuso

SECTOR PROFILE

Data collected from: www.hispania.es



axiare
PATRIMONIO

Axiare Patrimonio SOCIMI, S.A. is a real estate investment company (SOCIMI) focusing on rental properties. Its property portfolio is comprised of 70% Class A offices and 30% logistics and retail assets, primarily located in Madrid and Barcelona.

The Company was set up as a 'blind pool' (no assets) in order to obtain improved returns on investment via the opportunities and favourable conditions in the Spanish real estate market at the time of its creation and thereby build a high-quality property portfolio that offers good profitability and liquidity to its investors.

In contrast to others SOCIMIs, the company's rental portfolio is actively managed by an expert in-house team, which is solely and exclusively dedicated to working on this project and which is fully in line with investor interests.

In 2014, the company completed 17 real estate transactions worth €424 million, thereby creating a 388,000 sqm property rental portfolio.

Axiare Patrimonio SOCIMI, S.A. is a member of EPRA and BME The company has been listed on the Spanish Stock Exchange since July 9, 2014, as a SOCIMI following the approval of its prospectus by the Spanish Stock Market Commission (CNMV). The company's headquarters is registered at Calle José Ortega y Gasset 29, 5th Floor, 28009 Madrid.

www.axiare.es

Main listed market	Bolsa de Madrid
Number of shares issued (total)	79062000
Last Quotation	15,44 € (31/05/2017)
Market Capitalization	€ 960 Mn
Last dividend (2016)	0,18 €
Gross Asset Value	€ 1343 Mn
Net Asset Value	€ 815
Nº of assets	32
Gross Rents 2016	€ 42,4 Mn
EBITDA 2016	€ 31 Mn
NET Earnings (EPRA)	€ 19 Mn
EPRA NAV per share	€ 10 Mn
Last quotation/ EPRA NAV per share	1,12 €

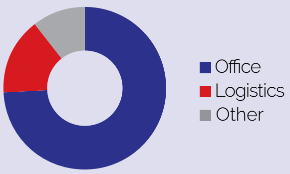
BOARD MEMBERS

Luis Alfonso López de Herrera-Oria
CEO of Axiare Patrimonio

Chony Martín Vicente-Mazariegos
CFO and Director of Investor Relations

Guillermo Fernández-Cuesta Laborde
Real Estate Director and Deputy to the CEO

SECTOR PROFILE



Data collected from: www.axiare.es, www.bolsamadrid.es

LAR ESPAÑA REAL ESTATE SOCIMI S.A. (LRE) began to operate as a listed company on the Spanish Stock Exchanges on 5 March 2014, as a SOCIMI (Spanish REIT) with the aspiration to become a reference for asset management in Europe. Lar España's aim is to generate high returns for its shareholders via its business strategy of owning, operating and renting its Real Estate portfolio, which is mainly focused on Commercial Property Assets in Spain and has expanded in its size currently surpasses the EUR 1.3 billion barrier.

Lar España is investing following a value added approach based on an active management strategy. To do so, the company has raised EUR 400 million in initial capital from its IPO and in January 2015 completed the first bond issue carried out by a SOCIMI in Spain for EUR 140 million. In August 2015 it successfully completed a EUR 135 million share capital increase and another EUR 147 million one in August 2016.

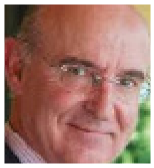
On 4th June 2015, Lar España was included on the FTSA EPRA/NAREIT Global Index, a select global index designed to showcase the general trends of listed Real Estate companies around the world. The European Public Real Estate Association (EPRA) recognized Lar España with their 'Gold Award' in 2016, hence turning the firm in the first Spanish SOCIMI in receiving twice consecutively the most prestigious award in the real estate sector in recognition of the quality of the information provided by Lar España within the Index standards framework.

www.larespana.com

Main listed market	Bolsa de Madrid
Number of shares issued:	90.540.562
Free Float	45,40 %
Last quotation	7,92 € (07/06/2017)
Capitalization	€ 717 Mn
Gross Asset Value	€ 1.313 Mn
Net Asset Value	€ 1.191 Mn
Nº of assets	29
Gross Rents 2016	€ 60 Mn
EBITDA 2016	€ 18 Mn
NET Earnings (EPRA)	€ 6,7 Mn
NAV per share	€ 13,16

BOARD MEMBERS

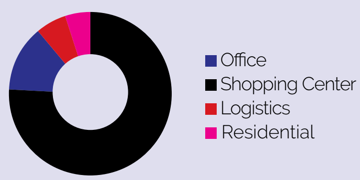
Jose Luis del Valle
Chairman



Pedro Luis Uriarte
Member

Alec Emmot
Member

SECTOR PROFILE



Data Provided to Iberian Property (Lar España)

CBRE GLOBAL INVESTORS

CBRE Global Investors is an international real estate asset manager, with investments in 20 countries, €82.0 bn in assets under management and a portfolio of more than 500 institutional clients. In EMEA, the firm is present in 14 countries and with circa €39.2 bn in assets under management. In 2016 the firm recorded a transaction activity of €7.8bn in EMEA and more than 40 operations.

With a leading position in shopping centers, a significant presence in the logistics and office market and the capacity to analyze opportunities in other assets, the firm provides management and advisory services, designing risk-benefit profiles tailored to the specific needs of each customer, country, market situation and cycle phase.

With offices in Spain since 1996, CBRE Global Investors has a strong presence in the Iberian market with €2.7 bn assets under management, including 23 shopping centers and 29 logistic platforms.

www.cbreglobalinvestors.com

Fund strategy	Core to Added Value
Gross Asset Value	€ 2.700 Mn
Nº of assets	52
Benchmark	IPD
Target Investors	Institutional
Legal Structure	Private Equity
Legal Domicile	Castellana, 202, Madrid, Spain

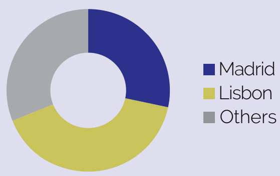
BOARD MEMBERS

Antonio Simontalero
Head of Investment Operations Iberia

Antonio Roncero
Head of Transactions Iberia

SECTOR PROFILE

MAIN INVESTMENT CITIES



TRANSACTIONS 2016 & 2017

Asset Name	Sales Date	Sector	Location // City	Area	Seller
H2O Rivas Shopping centre	May 2017	Retail	Madrid	50.000 sqm	Alpha Real Trust
Colon 1 Building	January 2017	Office	Madrid	3.910 sqm	Barclays Bank
A2 Logistics Warehouse Portfolio	April 2016	Logistics	Madrid	250.000 sqm	Metrovacesa and Parques Intermodales Gran Europa
Miralcampo	June 2016	Logistics	Madrid	61.000 sqm	Allegra Europea Holding SA
AlgarveShopping	May 2016	Retail	Albufeira, Portugal	44.792 sqm	Sonae Sierra

Data provided by CBRE Global Investors

Gmp ENFOQUE PATRIMONIALISTA

Founded in 1979, Gmp is one of the leading unlisted property-owning real estate groups in Spain. From the outset, Gmp has followed a firm property-owning approach. This focused strategy has allowed it to achieve a solid position in the Spanish real estate market as a specialist in the developing, investing and managing high-end offices and business parks in Madrid.

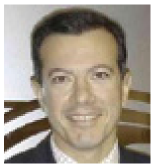
GIC Group, Singapore's sovereign wealth fund, has a 32.9% shareholding in the Company.

grupogmp.com

Main listed Market	Bolsa de Madrid
Number of Shares Issued	19.124.270
Last Quotation	42,85 (07/06/2017)
Capitalization	819 Mn
Gross Asset Value 2016	1.903 Mn
Nº of Assets	27
EPRA NAV 2016	1.070 Mn
Gross Rents (Turnover) 2016	93,6 Mn
EBITDA 2016	51,8 Mn
EPRA Earnings 2016	25,3 Mn
EPRA Net Initial Yield 2016	5,4%

BOARD MEMBERS

Francisco Montoro
Chairman and CEO



Xabier Barrondo
Director General de Negócio

José Luis Garcia
Director General Corporativo

Data collected from: grupogmp.com; www.bolsasymercados.es

SONAE SIERRA

Sonae Sierra, www.sonaesierra.com, is the international company dedicated to develop and service vibrant retail-centred properties. The company operates from corporate offices in 12 countries providing services to clients in geographies as diverse as Portugal, Algeria, Brazil, Colombia, Germany, Greece, Italy, Morocco, Romania, Russia, Slovakia, Spain, Tunisia and Turkey. Sonae Sierra owns 45 shopping centres with a market value of about €7 billion euros, and manages and/or lets 74 Shopping Centres with a Gross Lettable Area of 2.3 million m2 and about 9,100 tenants. At present, Sonae Sierra has 15 projects under development, including 7 for third parties, and 5 new projects in the pipeline.

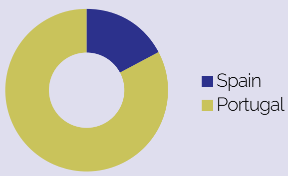
Sonae Sierra currently works with more than 20 co-investors at asset level and manage four real estate funds for a large number of investors coming from across the world.

www.sonaesierra.com/corporate/en-gb

Gross Asset Value (Global)	€ 6.956 Mn
Net Asset Value (GLOBAL)	€ 1.418 Mn
OMV Breakdown - Iberia (%)	58%
GAV Iberia	€ 4.034 Mn
Nº of assets (Owned & Co-Owned in Iberia)	27
Benchmark	INREV
Target Investors	Institutional: Grosvenor Investments (Portugal) Sarl 50% / Sonae SGPS (50%)
Legal Structure	SGPS
Legal Domicile	Portugal

SECTOR PROFILE

MAIN INVESTMENT CITIES

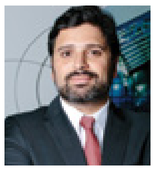


BOARD MEMBERS

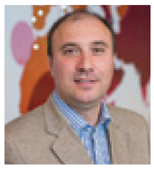
Fernando Guedes de Oliveira
CEO

Pedro Caupers
Chief Investment Officer and Board Director - Investment Management

Alexandre Fernandes
Asset Management Europe



Alexandre Pessegueiro
Asset Management Spain



Manuel Morete
Asset Management Portugal

Data collected from www.sonaesierra.com, www.sonae.com

Sareb

Sareb is the Asset Management Company for the real estate assets coming from the banking sector restructuring. It is a private institution created in November 2012, to manage and orderly dispose of the assets acquired from the nine financial institutions that received government funding.

It was created with a portfolio worth €50,780 million, of which 80% represented real estate related loans and 20% were all classes of real estate assets. Sareb issued private debt with the Spanish Treasury guarantee in order to acquire the portfolio.

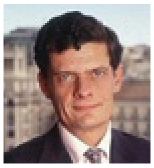
As part of the divestment strategy, Sareb has a program that enhances the value of the portfolio by investing in Development, Work in Progress and Rentals.

Since its creation, Sareb has reduced 21% its portfolio and repaid 20% of its debt.

www.sareb.es

Fund strategy	Divestment process
Gross Asset Value	€ 40.925 Mn
Net Asset Value	€ 39.975 Mn
Liabilities	92% secured bonds / 8% equity (2% capital and 6% subordinated debt)
Equity	€ 4.049 Mn
Performance Objective	Its mission is to divest an asset portfolio with a value of 50.781 billion euros in 15 years
Target Investors	Institutional (54,1% held by private Banks, Insurance Companies, a RE Company and na Electric Company; 45,9% hel by the Spanish Government through the Fondo de Reestructuración Ordenada Bancaria (FROB))
Legal Domicile	Spain

BOARD MEMBERS



Jaime Echegoyen Enríquez de la Orden
President

Rodolfo Martín Villa
Propietary Director

Manuel Enrich
Director Investment Relations

Data provided by Sareb

Neinor HOMES

Neinor Homes is the leading residential developer in Spain with the largest and best quality land bank in the country, with an investment totalling ca. 1.200 million euros. With a buildable area of approximately more than 1,250 km2, divided between Madrid, Catalonia, Balearic Islands, Basque country, Andalusia and Valencia.

Its 30-year track record as a residential developer took a new dimension on March 29th 2017, when Neinor Homes shares were listed on the Spanish continuous market and became the largest ever European residential developer IPO. Neinor Homes continues to drive the change in the sector basing its daily activity on three pillars: institutionalisation, product and customer.

www.neinorhomes.com

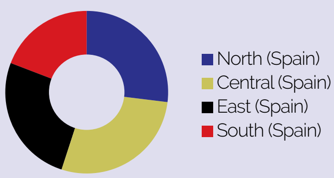
Main listed market	Mercado Continuo (Bolsa Española)
Number of shares issued (total)	79.005.034
Free Float (%)	60%
Last Quotation	8,35 € (02/06/2017)
Capitalization	€ 1.449 Mn
Last dividend	N/A
Gross Asset Value	€ 1.016 Mn
Net Asset Value	€ 631 Mn

BOARD MEMBERS

Juan Velayos
Chief Executive Officer & Board Member

Juan Gómez Vega
Head of Investor Relations

MAIN INVESTMENT CITIES



- Land bank for 166 developments and 9.700 residential units
- 33 residential developments on sale
- 60 residential developments under construction

Data provided by Neinor Homes

unibail·rodamco

Unibail-Rodamco is the leading listed real estate company in Europe and the third-largest in the world. Listed on the Paris stock exchange since 1972, today the Group owns an exceptional portfolio of prime commercial properties located in the largest most prosperous cities across Continental Europe.

Unibail-Rodamco's operations are deliberately focused on large shopping centres in major European cities, the most prestigious office buildings in the heart and West of Paris and major convention and exhibition venues in and around Paris.

However, Unibail-Rodamco's strategy goes deeper than the selection of prime assets. The Group chose to vertically integrate the entire chain of value creation in real estate. The combination of its three activities of development, investment and management, enriches the Group with unrivalled market knowledge and reactivity.

With €8.0 billion to be invested over the next 5 years, its development pipeline is the largest among the listed real estate companies.

www.unibail-rodamco.com

Main listed market	Paris Bourse
Gross Asset Value (Global)	€ 40,495 Mn
EPRA NAV	€ 17,783 Mn
EPRA Earnings	€ 1,114.2 Mn
EPRA Earnings / share	11.24 €/share
GAV / % of the Iberian portfolio	9%
Gross Asset Value (Iberia)	€ 3,556 Mn
Nº of Assets Iberia:	13
Gross Rents Iberia:	€ 163 Mn
Net initial Yield (Iberia)	4,80%

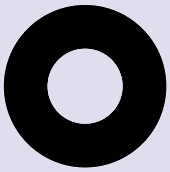
BOARD MEMBERS

Christophe Cuvillier
Chairman of the Management Board

Olivier Bossard
Chief Development Officer

Fabrice Mouchel
Deputy Chief Financial Officer

SECTOR PROFILE



MAIN INVESTMENT CITIES

Data collected from: www.unibail-rodamco.com




CARMILA is a company specialised in revitalising the shopping centres anchored to Carrefour hypermarkets in France, Spain and North of Italy.

Carmila was created on 16 April 2014 by Carrefour (48%) and its partners (52%), made up of leading international investors (Amundi, Axa, Blue Sky Group, BNP Paribas Cardif, Colony Capital, Crédit Agricole Assurances, Pimco and Sogecap) who are all convinced of the high potential of creating value at such shopping centres.

The company owns, manage, and develop shopping centres and retail parks anchored by Carrefour hypermarkets, but doesn't own or operate any Carrefour hypermarkets nor do lease to Carrefour.

A pan-European *"Regeneration Factory"* to Reinvigorate and Extract Value from Shopping Centres, the company has closed €1.8 Bn of off-market acquisitions since inception.

The planned merger with Cardety, to 2017, would create the third-largest listed shopping centre property company in continental Europe, with 205 shopping centres and retail parks with a gross asset value of Euro 5.300 million.

www.carmila.com/en

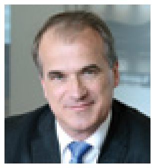
Fund strategy	Added Value
Gross Asset Value (Iberia)	€ 1.100 Mn
Net Potential Yield (Iberia)	6,8%
Nº of assets in Iberia	70
Passing Rent (IBERIA)	€ 72 Mn
Benchmark	EPRA
Target Investors	Institutional Shareholders: 58% / Carrefour (42%)
Legal Structure	SICAV (France)
Legal Domicile	France

SECTOR PROFILE

BOARD MEMBERS

Jacques Ehrmann
CEO and Chairman of Carmila / Executive Director of Carrefour

Yves Cadélano
Deputy CEO of Carmila / CEO of Carrefour Property France



Géry Robert-Ambroix
Deputy CEO

Sebastián Palacios
COO Spain

Data collected from: www.carmila.com

KLEPIERRE

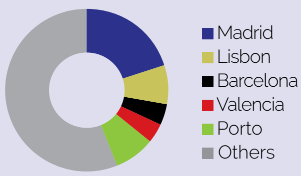
The leading pure play shopping center property company in Europe, Klépierre combines development, property and asset management skills. The company's portfolio is valued at 22.8 billion euros at December 31, 2016 and comprises large shopping centers in 16 countries in Continental Europe which altogether welcome 1.2 billion visitors per year. Klépierre holds a controlling stake in Steen & Strøm (56.1%), Scandinavia's number one shopping center owner and manager. Klépierre is a French REIT (SIIC) listed on Euronext Paris and included in the CAC 40, EPRA Euro Zone and GPR 250 indexes. It is also included in ethical indexes, such as DJSI World and Europe, FTSE4Good, STOXX® Global ESG Leaders, Euronext Vigeo France 20 and World 120, and is ranked as a Green Star by GRESB (Global Real Estate Sustainability Benchmark). These distinctions underscore the Group's commitment to a proactive sustainable development policy.

www.klepierre.com/en

Main listed market	EURONEXT PARIS
Number of shares issued (total)	314 356 063
EPRA NAV	€ 11.446 Mn
NET Earnings (EPRA)	€ 694 Mn
EBITDA 2016 (Group Total)	€ 990,6 Mn
Gross Asset Value - Iberia	€ 1.874 Mn
Nº of assets	25
Net rental income Iberia 2016	€ 98,4 Mn

SECTOR PROFILE

MAIN INVESTMENT CITIES

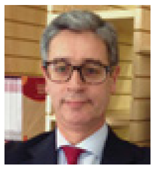


BOARD MEMBERS

Jean-Marc Jestin
Chairman of the Executive Board

Jean-Michel Gaul
Deputy CEO – Member of the Executive Board

Frédéric de Klopstein
Chief Investment Officer



Luís Pires
Head of Iberian Territory

Data collected from: www.klepierre.com

intu

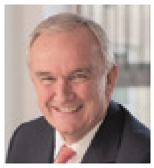
Intu owns some of the largest and most popular shopping centres in the UK and Spain.

Our Spanish strategy is to create a business of scale through acquisition and development. Concentrating on the top-10 key catchments, we aim to establish a market-leading position in the country through ownership and management of prime shopping resorts. As well as our three top-10 Spanish centres we also have four development projects: intu Costa del Sol, Valencia, Vigo and Palma, on which we plan to invest a further 388 million euros within the next few years.

The group is also a major shareholder of Asturias Retail & Leisure Socimi SA. *www.intugroup.co.uk/en*

Fund strategy	Core and Added Value
Gross Asset Value Iberia	€ 918 Mn
Nº of assets (Spain)	4
Annual Property Income	€ 19,3 Mn
Benchmark	IPD
Legal Structure	REIT
Legal Domicile	UK

BOARD MEMBERS



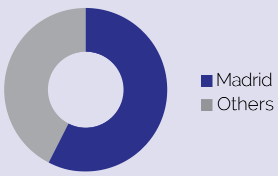
John Strachan
Chairman

Alex Barbany Fernández
Managing Director - Spain

Martin Breeden
Development Director

SECTOR PROFILE

MAIN INVESTMENT CITIES



TRANSACTIONS 2016 & 2017

Asset Name	Sales Date	Sector	Price	Area	Buyer	Seller
Xanadú Shopping	mar/17	Retail	€530 Mn	153,695sqm	Intu (Asturias Retail & Leisure SOCIMI)	Ivanhoe Cambridge
Xanadu Shopping (50% stake)	mai/17	Retail	€264 Mn	153,695sqm	TH Real Estate	Intu Properties

Data collected from: www.intugroup.co.uk, www.asturias-retail.es

TH Real Estate

TH Real Estate, an investment affiliate of Nuveen (the investment management arm of TIAA), is one of the largest real estate investment managers in the world with c.$99.1bn in AUM. Managing a suite of nearly 80 funds and mandates spanning both debt and equity across diverse geographies, sectors, investment styles and vehicle types, we provide access to every aspect of real estate investing.

With offices in 20 cities throughout the US, Europe and AsiaPacific, over 500 professionals and 70 years of investing experience, the platform offers impressive local expertise coupled with a sophisticated global perspective.

With a particular focus on retail, we actively manage all of our Iberian assets, as well as identify and pursue business development and investment opportunities from our office in Madrid, opened in 2007 and that counts with a seven-member team inhouse.

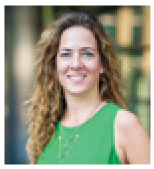
www.threalestate.com

Fund strategy	Core and Added Value
Funds	European Cities Fund; European Logistics Fund (ELOF); Southern European Value-Add mandate (SEVA); P3 Logistic Parks
Gross Asset Value (Iberia)	€ 1.300 Mn
Nº of assets (Iberia)	14
Benchmark	IPD /other
Target Investors	Institutional
Legal Domicile	US

BOARD MEMBERS

Mike Sales
Head of TH Real Estate

Marta Cladera
Head of Iberia



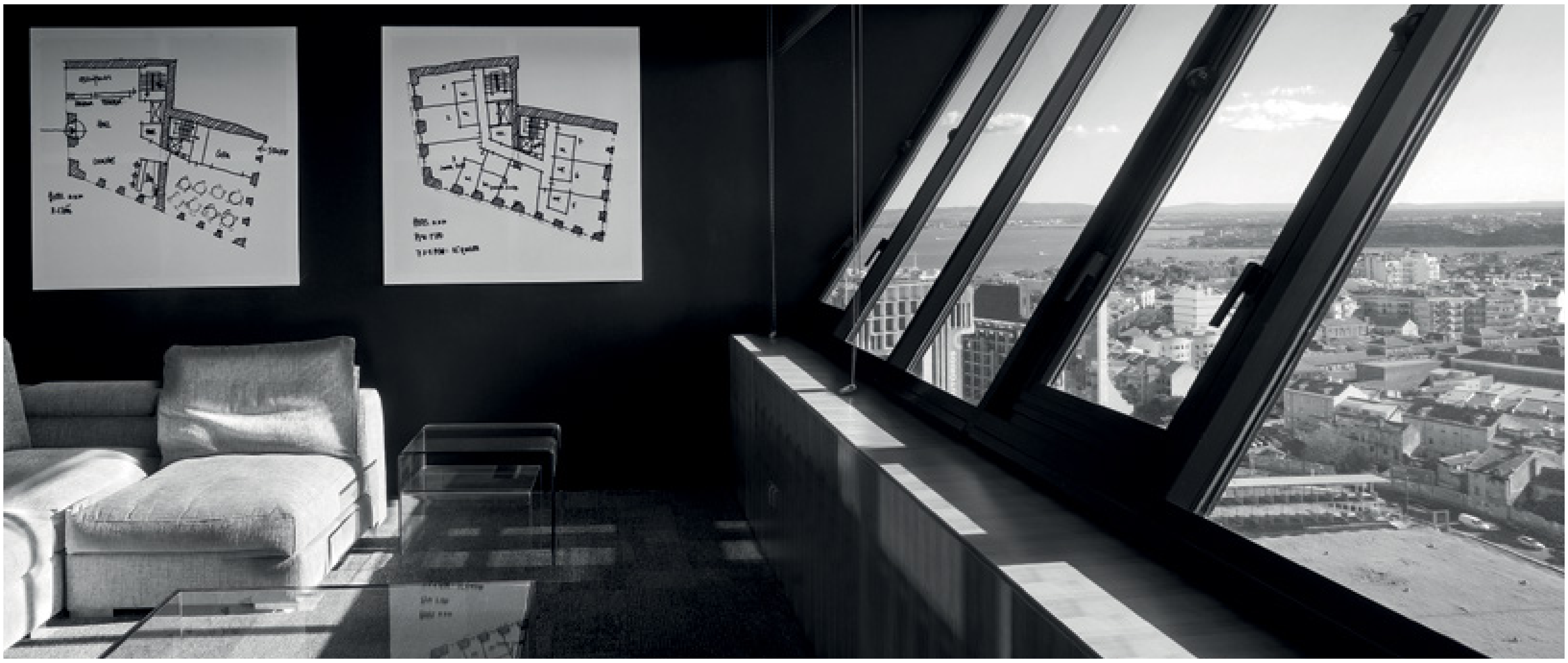
Maria Valverde
Asset Manager

SECTOR PROFILE

TRANSACTIONS 2016 & 2017

Asset Name	Sales Date	Sector	Price	Area	Buyer	Seller
Xanadu Shopping (50 % stake)	mai/17	Retail	€264,4 Mn	119227 sqm	TH Real Estate (European Cities Fund)	Intu
El Corte Inglès Logistics Park	mar/17	Logistics	€21,5 Mn	35000 sqm	TH Real Estate on behalf of the European Logisitcs Fund (ELOF)	Private
Nassica Getafe	nov/16	Retail	€142,7 Mn	53000 sqm	TH Real Estate / Neinver	KKR

Data collected from: www.threalestate.com



SQUARE
ASSET MANAGEMENT
Sociedade Gestora de Fundos de Investimento Imobiliário, SA

Square Asset Management is the largest open-ended fund asset manager in Portugal, with circa €900M AuM under management, for private and institutional investors:

- Core Asset Funds : 454 €M AuM
- Distressed Asset Funds: 433 €M AuM
- Consultancy: 65,5 €M AuM

With a consistent growth and an efficient strategy, that constantly outperforms market indicators, Square AM manages five real estate funds: four distressed asset funds and one Core balanced fund. The latter is a six time winner of the prestigious Morgan Stanley/IPD award for the Highest Performance Iberian/NationalBalanced Portfolio.

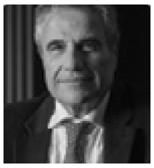
The key for our success is based on an extensive knowledge of the real estate market, combined with vast national and international experience in the financial sector of our management team that works together since the early 90s.

Square AM is focused on creating innovative solutions for managing assets, aiming to strike a balance between minimizing risk and maximizing returns..

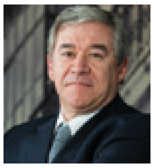
www.squaream.pt

Fund strategy	Core and Added Value
Gross Asset Value	€ 887 Mn
Net Asset Value	€ 887 Mn
Nº of assets	90
Performance Objective	12 Months Euribor + 2%
Benchmark	IPD // APFIPP
Target Investors	Retail
Legal Structure	Open-ended Fund
Legal Domicile	Portugal

BOARD MEMBERS



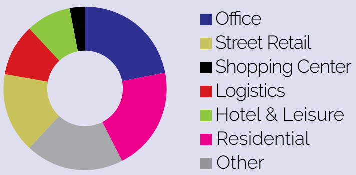
Mário Tomé
Executive Chairman



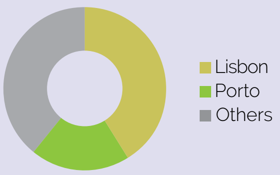
Pedro Coelho
Board Member

Luísa Bordado
Board Member

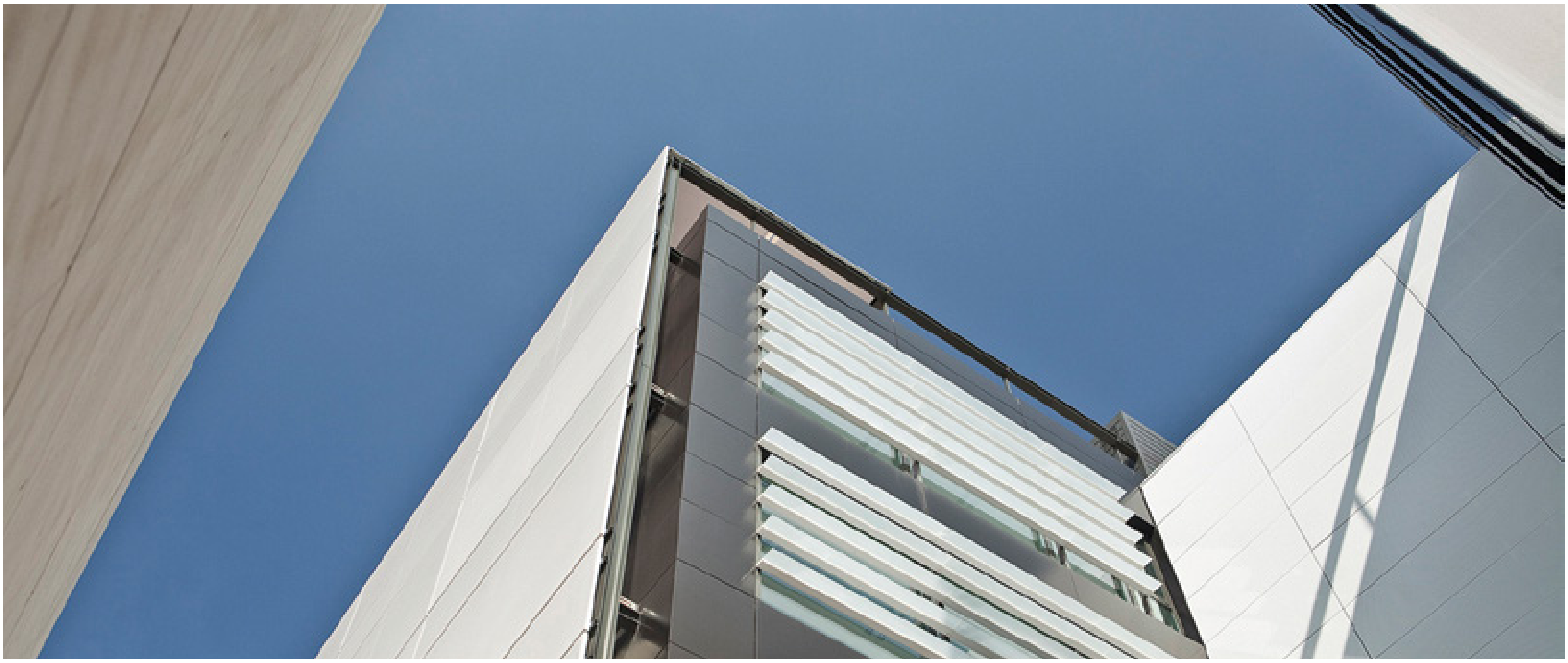
SECTOR PROFILE



MAIN INVESTMENT CITIES



Data provided to Iberian Property (Square AM)



ZAMBAL SPAIN
SOCIMI S.A

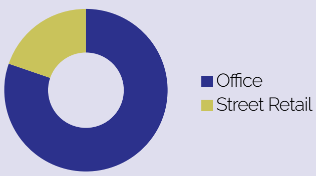
Zambal Spain Socimi SA, is an investment vehicle created in 2013 whose activity is to invest and subsequently manage prime real estate assets in well-consolidated markets both at a geographical level (Madrid and Barcelona) and at a sectorial level (offices and high-street retail). Since then has assembled a portfolio estimated at € 700 Mn without recourse to bank financing.

The socimi is oriented toward a long-term investment policy, principally based on assets that generate stable income, due to their qualities and location, as well as to the type of tenant (blue-chip entities who are market leaders within their sectors).

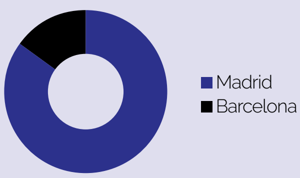
It is externally managed by IBA Capital Partners SL.

www.zambalspain.com

SECTOR PROFILE



MAIN INVESTMENT CITIES



Main listed market	MAB
Number of shares issued (total)	450.806.000
Last Quotation	1,26 €
Capitalization	€ 573 Mn
Gross Asset Value	€ 661 Mn
Net Asset Value	€ 529 Mn
Nº of assets	9

BOARD MEMBERS

Thierry Julienne
Chairman

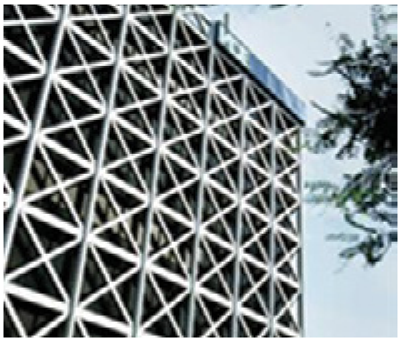
Jesus Valderrama
Member of the Board

TRANSACTIONS 2016 & 2017

Asset Name	Sales Date	Sector	Price	Area	Buyer	Seller
San Luis 77	dez/16	Office	€120 Mn	31.899 sqm	Zambal Socimi	Gas Natural
Parque de Ocio Manoteras	mai/16	Retail	€28,8 Mn	13000 sqm	Zambal Socimi	na
ABC Serrano		Retail	€80 Mn	14448 sqm	IBA / CBRE Global Investors	Zambal Socimi
Preciados 9	2016	Retail	€58,8 Mn	2400 sqm	IBA / CBRE Global Investors	Zambal Socimi

Data collected from: www.zambalspain.com, www.bolsasymercados, www.iba-capital.com




Selecta
SGFII, S.A.

Selecta is a Real Estate Investment Fund Management Company engaged in managing funds tailored to meet the specific needs of institutional investors. Our mission is to provide our clients with the capacity to make safe investments in real estate, by establishing medium and long term partnerships.

Selecta and the funds under its management are regulated by Bank of Portugal and the Securities Exchange Commission. The control over the investments is ensured by internal rules and procedures adopted on the basis of international best practices, providing adequate protection for the funds under management.

Our concern has been to be close to the various economic stakeholders of the real estate industry, whether these are investors or operators, consultants and agents. With a flexible structure and an expeditious decision-making capacity we offer professionalized and specialized solutions.

www.selecta-sgfii.com

Fund strategy	Core and Added Value
Gross Asset Value	€560 Mn
Net Asset Value	€ 439 Mn
Nº of assets	308
Benchmark	IPD // APFIPP
Target Investors	Institutional, Private Investors
Legal Structure	Funds Manager
Legal Domicile	Portugal

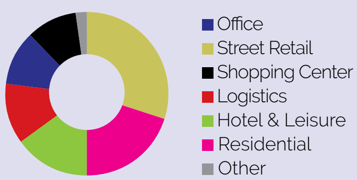
BOARD MEMBERS

José António José de Mello
Chairman

Bernardo Manuel Pacheco Ferreira Pinheiro
Member of Board

Diogo Pinto Gonçalves
Member of Board

SECTOR PROFILE



Data provided to Iberian Property by Selecta SGFII

M&G REAL ESTATE

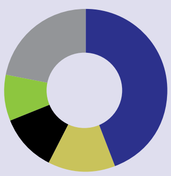
M&G is a leading international asset manager, known for its long-term and conviction-led approach to investing. We have been an active manager of investments for individual and institutional clients for over 80 years.

Today we manage assets in excess of £264.8bn (as at 31 December 2016) in equities, multi-asset, fixed income, real estate and cash for clients across Europe and Asia.

www.mandgrealestate.com

SECTOR PROFILE

MAIN INVESTMENT CITIES



Fund strategy	Core
Funds	M&G European Property Fund / M&G Secured Property Income Fund
Gross Asset Value (Global)	€ 2.445,20 Mn
Net Asset Value (Global)	€ 1.969 Mn
Net Asset Value Iberia	€ 327,10 Mn
Nº of Assets Iberia	14
Performance Objective	Long-term target return 7-9% pa
Benchmark	No benchmark
Target Investors	Institutional
Legal Structure	SICAV-FIS
Legal Domicile	Luxembourg

BOARD MEMBERS


Alex Jeffrey


Tony Brown


Christopher Andrews


Ng Chiang Ling


Sanjeev Sharma

Data provided to Iberian Property by M&G

TRAJANO IBERIA

Trajano Iberia Socimi, SA, is a newly incorporated company, aimed at investing in a mixed portfolio of properties of different types located in Spain and Portugal, mainly, for rental.

It is promoted and managed by the Real Estate division of Deutsche Bank in Spain, which has a team of professionals with extensive experience in real estate.

Since its incorporation in March 2015, the Company has attracted funds amounting to approximately 95 million euros and has carried out the necessary procedures for listing on the MAB, as previous steps to provide a structure from which to invest in real estate under the Socimi regime.

Directors and managers of the Company estimate that a significant portion of the equity raised will be invested in the next 6-9 months. The rest, making use of financial leverage (50% LTV), will be invested over 2016. Real estate investments to be undertaken will focus mainly on the sector of offices, shopping centers and logistics.

The Company has not ruled out investing in other real estate sectors, excluding residential development, provided that it meets the estimated profitability target in the business plan included in the Information Document for Admission to the Market.

www.trajanoiberia.es

Main listed market	MAB
Capitalization	€ 149 Mn
Gross Asset Value (31/03/2017)	€ 302 Mn
Net Asset Value (31/12/2016)	€ 155 Mn
Nº of assets 2017	5
Gross Rents 2016	€ 9 Mn
EBITDA 2016	€ 6,6 Mn
NET Earnings (EPRA)	€ 3 Mn
NAV per share	11, 7 €

BOARD MEMBERS

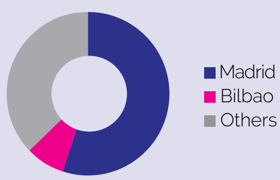
Carlos Manzano
Head of Real Estate Iberia

Daniel Gálvez
Head of Real Estate Asset Management Iberia

Fernando Domínguez
Senior Real Estate Asset Management Iberia

SECTOR PROFILE

MAIN INVESTMENT CITIES



Data collected by Iberian Property from:

GRUPO SIL

SILCOGE, a Portuguese development company, was founded in 1949. SILCOGE develops turnkey projects, providing a complete service from site acquisition to final occupation. The Company also renovates existing buildings, converting these into quality investment assets. SILCOGE has two business units, one devoted to Income Producing Grade A Assets and another to the Development of unique projects. The footprint of the company, mainly located in Lisbon and, the quality of its assets, makes it one of the best real estate companies in Portugal.

SILCOGE is currently managing c. 80,000 sqm of Income Producing buildings and developing over 250,000 sqm of property in the Greater Lisbon and Oporto Areas.

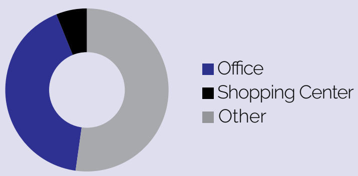
www.sil.pt/pt/silcoge/

Gross Asset Value	€ 335 Mn
Nº of assets	25
Legal Domicile	Portugal

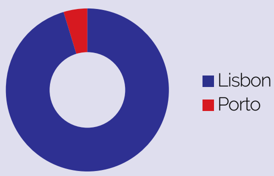
BOARD MEMBERS

Pedro Silveira

SECTOR PROFILE



MAIN INVESTMENT CITIES



LANDMARK ASSETS

Asset Name	Acquisition Date	Sector	Location // City	Area	Main Tenants
FPM 6	2005	Office	Lisbon	12500	Liberty
Palmela	2003	Office	Lisbon	4500	Bank of China

source

PONTEGADEA

Investment strategy	Common Box - Core
Gross Asset Value (2015, Global)	€ 6.058 Mn
Net Asset Value (2015, Global)	€ 5.058 Mn
Nº of assets	undisclosed
Legal Domicile	Spain

A family investment group linked to Amancio Ortega, the world's second-wealthiest individual.

Pontegadea Real Estate and Pontegadea Investments are estimated to own a property portfolio worth around €7 billion. At the end of 2015, Pontegadea Real Estate was reported to have total assets of €6 billion, according to accounts filed by the group and reported in the Spanish press. But since then the investment group have purchased at least another €500 million worth of property, with the latest acquisition of a Miami tower block worth $500 million (€469.6 million), according to reports. Another big buy for Pontegadea in 2016 was a New York City hotel costing $67.6 million.

CONTACTS

Roberto Cibeira
CEO

Data collected from: Expansion, ABC

AXA INVESTMENT MANAGERS

Gross Asset Value (Europe)	€ 63.622 Mn
Gross Asset Value Iberia	€ 3.181 Mn

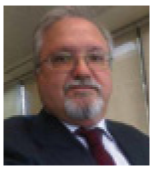
AXA Investment Managers - Real Assets has over €70 billion in assets under management, including €53.4 billion in direct property & infrastructure and €14 billion in real asset finance as of end of December 2016. We offer a 360˚ approach to investing in real assets, which comprises opportunities in both equity and debt, across different geographies and sectors, as well as via private and listed instruments. We are a global leader in real assets investment, the number one property portfolio and asset manager in Europe, and one of the largest worldwide. Our teams have been managing funds and mandates for over 30 years and comprise about 600 people in 15 offices that operate in 24 countries around the world, which provide us with in-depth knowledge of countries, cities and sectors.

AXA Investment Managers is part of the AXA Group, a global leader in financial protection and wealth management.

realassets.axa-im.com

CONTACTS

Hermann Montenegro
Local Head of Asset Management & Transactions



Vincent Darrort
Local Head of Asset Management

Data collected from: https://realassets.axa-im.com

MAPFRE

Investment strategy	Core and Added Value
Gross Asset Value	€ 2.779 Mn
Owner-occupied assets	€ 1.003 Mn
Rest of the RE investment	€ 1.274 Mn
Legal Structure	S.G.A
Legal Domicile	Spain

The real estate investment arm from the Spanish insurer group MAPFRE, Mapfre Inmuebles provides real estate services as well as the asset management of the insurer commercial property portfolio.

www.mapfre.es

CONTACTS

Luis Basagoiti Robles
Presidente

Melchor García
Manager-Director

Data collected by Iberian Property from: www.mapfre.com

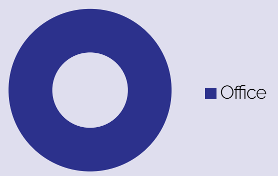
URO Property Holdings

Main listed market	MAB
Gross Asset Value	€ 1667 Mn
Net Asset Value (Valor Neto Contable)	€ 1576 Mn
Nº of assets	731
Gross Rents 2016	€ 109 Mn

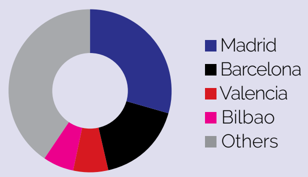
URO PROPERTY HOLDINGS, S.A. is a real estate investment trust (REIT) listed on Mercado Alternativo Bursátil (MAB).

www.uropropertyholdings.com

SECTOR PROFILE



MAIN INVESTMENT CITIES



CONTACTS

Carlos Martínez de Campos y Carulla
Chairman of the Board

Data collected from: www.bolsasymercados.es, www.uropropertyholdings.com

Fidelidade Property

Investment strategy	Core and Added Value
Gross Asset Value (2015, estimated)	€1 550 Mn
Benchmark	INREV
Legal Structure	Institutional investor (insurance company / private equity)
Legal Domicile	Portugal

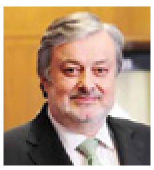
Fidelidade Property Europe, SA is one of the Fidelidade Insurance Group Companies. Benefiting from its strength, Fidelidade Property supports the Group's real estate investments in Portugal and abroad and ensures the management of the its asset portfolios.

With an intervention at all stages of the real estate and supported by a huge market knowledge, Fidelidade Property holds and manages real estate investments, directly and through investment funds in different countries through a rigorous and prudent policy.

In Portugal, Fidelidade Property manages a portfolio of real estate income, consisting of assets of different classes, with strong weight in residential and offices, mainly located in Lisbon and Oporto.

www.fidelidade.pt

CONTACTS



Jorge Manuel Baptista Magalhães Correia
President of the Board

Data colected from: www.fidelidade.pt, www.vidaimobiliaria.com

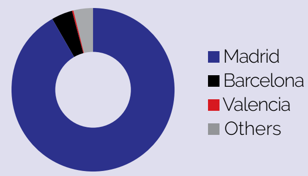
Mutua Madrileña

Investment strategy	Core and Added Value
Gross Asset Value	€ 1531 Mn
Net Asset Value	€ 1.008 Mn
Nº of assets	81
Legal Structure	Insurance Company
Legal Domicile	Spain

Mutua Madrileña Inmuebles is the business area responsible for the management and maintenance of the real estate assets from the Spanish Insurer Mutua Madrileña, owner of one of the most relevant real estate portfolios in Spain, including 25 office buildings totalling an area of 210.000 sqm.

www.mutuainmobiliaria.es

MAIN INVESTMENT CITIES



CONTACTS

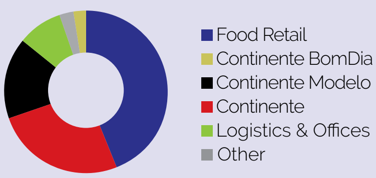
Ignacio Garralda
CEO

Data collected by Iberian Property (www.grupomutua.es)

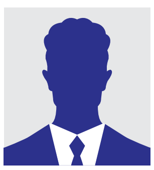
SONAE RP

Fund strategy	Core and Added Value
Gross Asset Value	€ 1.260 Mn
Net Asset Value	€ 931 Mn
Nº of assets	109
EBITDA	€ 80 Mn
Turnover	€ 92 Mn
EBITDA / GAV	8,75%
Benchmark	IPD
Target Investors	Institutional - Sonae SGPS
Legal Structure	Subsidiary of Sonae Investimentos SGPS, SA
Legal Domicile	Portugal

SECTOR PROFILE



CONTACTS



Miguel Florido
Member of the Board

Data collected from: www.sonae.pt

Fundger

Fund strategy	Core and Added Value
Gross Asset Value (Valor Líquido Global sob gestão)	€950 Mn
Net Asset Value	€943 Mn
Benchmark	IPD
Target Investors	Retail
Legal Structure	Real estate fund management company
Legal Domicile	Portugal

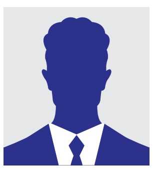
The real estate fund management company of Group Caixa Geral de Depósitos

FUNDGER's goal is the management of real estate funds, aiming at sustained growth of the portfolios of applications. It is responsible, in general, the practice of all acts necessary or appropriate and the proper administration of the Funds.

www.fundger.pt

CONTACTS

Luis de Carvalho Machado



Paula Cristina Cândido Geada

Data collected from: www.fundger.pt , www.cmvm.pt

MULTI

Gross Asset Value Iberia (estimate)	€ 800 Mn
Nº of assets Iberia	14
Legal Domicile	Netherlands

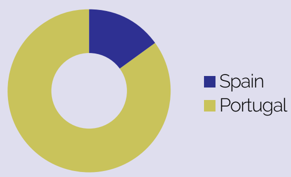
Multi is a leading owner, manager and (re) developer of high quality shopping centres in 14 European countries, including Turkey. As a well-capitalised, growth-oriented, pan-European retail platform Multi is focussed on creating, managing and improving sustainable rental income.

Multi currently owns or manages over 130 shopping centres, which welcome more than 400 million visitors per year, spending an estimated 4 billion euros annually in more than 6,000 stores, restaurants and attractions. Multi has over 650 employees across its mall management, asset management, development and support businesses.

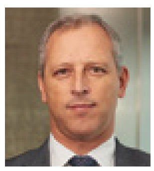
Is the pan-European retail platform from Blackstone.

multi.eu

MAIN INVESTMENT CITIES



CONTACTS



Francisco Cavaleiro Ferreira
Managing Director
Portugal and Spain

Data collected from www.multi.eu, www.vidaimobiliaria.com and RCA

LOGICOR

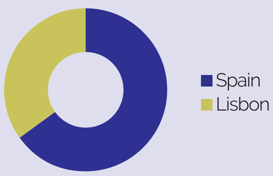
Market Value (1/06/2017)	€ 12.250 Mn
Total sqm Iberia	1 540 000
% Iberia within the European sqm portfolio	12%
Benchmark	INREV

A leading owner and operator of modern logistics facilities in Europe, Logicor owns a portfolio of assets totalling more than 13.000.000 sqm in 17 countries and specialises in *"big box"* sites used for large-scale distribution operations

Logicor was founded by Blackstone's real estate business in 2012 and has rapidly grown into one of Europe's largest warehousing specialists, with modern logistics facilities in 17 countries across the continent. In june 2017, the sale of the company to China Investment Corporation marks the biggest property deal in history, for a global value of € 12.25 bn.

www.logicor.eu

MAIN INVESTMENT CITIES



CONTACTS

Andrès van de Riet
Managing Director - Head of Asset Management

Data collected from www.logicor.eu; www.inrev.org and www.ft.com

GENERALI

Gross Asset Value - Europe (2016)	€ 24.000 Mn
GAV - Breakdown Spain (2014)	3%
GAV Iberia (estimated)	€ 850 Mn

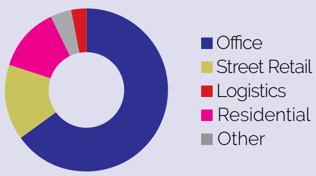
Generali Real Estate S.p.A. is one of the world's leading real estate asset managers with more than €25 billion of AuM as of end of December 2016.

By managing a unique mix of historical and modern properties, Generali Real Estate has developed best-inclass skills in the fields of technological innovation, sustainability and urban development.

Generali Real Estate is part of the Generali Group, an independent Italian Group, with a strong international presence. Established in 1831, it is among the world's leading insurers and it is present in over 60 countries with total premium income exceeding €70 billion in 2016.

www.generalirealestate.com

SECTOR PROFILE



CONTACTS

Aldo Mazzocco
CEO & General Manager

Data collected from: www.generalirealestate.com

IBERDROLA

Investment strategy	Core and Added Value
Gross Asset Value (estimated 2015)	€ 600 Mn
Portfolio:	200,000 sqm of GLA
Legal Structure	Real Estate Investment Arm of the energetic company Iberdrola
Legal Domicile	Spain

Iberdrola Inmobiliaria Patrimonio, is the real estate subsidiary from the giant energetic group Iberdrola, dedicated to the development and management of commercial real estate assets. It owns a portfolio of more than 200,000 sqm of GLA, ranging from office towers, to industrial warehouses, hotels and retail assets..

www.iberdrolainmobiliaria.com

CONTACTS

José Sainz Armada
President of the Board

Emilio Sánchez Castellano
Chief Executive Officer

Data collected from: www.iberdrolainmobiliaria.com, www.expansion.com, http://cincodias.elpais.com

CATELLA ASSET MANAGEMENT IBERIA

Gross Asset Value (Europe)	€ 3.400 Mn
Gross Asset Value (Iberia)	€ 150 Mn
Benchmark	INREV
Legal Domicile	Spain

Catella is a leading specialist in property advisory services, property investments, fund management and banking, with operations in 12 European countries. The company is listed on Nasdaq Stockholm in the Mid Cap segment.

Catella's Asset Management operations in Spain are an independent and asset management division of Catella Group, which in total holds some EUR 3.4 billion in property assets under management in Europe.

www.catella.com

MAIN INVESTMENT CITIES

CONTACTS

Javier Hortelano
Managing Partner - Spain

Data provided to Iberian Property by Catella AM Iberia

H. I. G. REALTY PARTNERS

Investment strategy	Added Value and Oportunistic
Gross Asset Value (global)	€ 20.000 Mn
GAV Iberia 2015 (estimated)	€ 600 Mn
Legal Structure	Hedge Fund / Venture Capital
Legal Domicile	US

H.I.G. Realty Partners makes opportunistic investments in small to mid-sized real estate assets across all property types located in the United States and Europe, with a specific focus on special situations.

H.I.G. Realty Partners is an affiliate of H.I.G. Capital, LLC, a leading global private equity investment firm with $21 billion of equity capital under management.*

www.higcapital.com

CONTACTS

Riccardo Dallolio
Co-Head of European Real Estate

Pedro Abella Langa
Principal Spain

Data collected from: http://higcapital.com, www.auraree.com, iberian.property, www.expansion.com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