

15 June 2017

News Release

UBS Asset Management adds two prime logistics assets to Iberian portfolio for EUR 35 million

London, 15 June 2017 – UBS Asset Management's (UBS-AM) Real Estate & Private Markets (REPM) business has completed the acquisition of the PP10 Warehouses, two core logistics assets located in Madrid, Spain. The assets were acquired by REPM's Iberian team on behalf of a separate account client from Invesco Real Estate for EUR 35.15 million.

The two core logistic assets total 34,968 sqm and have been acquired 100% let, with a sole tenant occupying each of the properties. Constructed in 2008 to the highest specifications and well maintained since, they stand in prime condition comprising a mix of flexible warehouse and office space, with high provisions of loading docks and car parking to the exterior of each site.

Warehouse 1, the larger of the two properties, has a GLA of 20,468 sqm and has been occupied by CADYSSA, regarded as one of the largest distributors of cosmetics in Spain, as its national headquarters since the asset was built. The 14,500 sqm Warehouse 2 is occupied by XPO Logistics, the international logistics operator, also since completion of the asset in 2008. Together, the two properties should provide stable long-term income streams owing to both their attractive weighted average lease term of 17 years, and strong covenants.

PP10 is located in Leganes, one of Madrid's most consolidated distribution and logistics submarkets, 11 kilometres outside of the capital. Situated adjacent to the M50 ring road which surrounds the city and connects to a number of major motorways, PP10 offers an unrivalled location for local and national operators, while also being just 40 kilometres from Madrid Barajas International Airport.

This acquisition is directly in line with the client's multi-asset class strategy on a pan-European scale and represents their first logistic investment. The acquisition also provides a competitive exposure to the recovering Spanish economy, and is coupled with a positive outlook for the logistics sector in Madrid. These properties bring REPM's assets under management across the Iberia business to circa EUR 675 million¹. REPM has operated in Iberia, including Spain and Portugal, since 2003 and currently manages seven funds or separate account mandates with a portfolio of assets across the office (59%), logistics (7%) and retail (34%) sectors.

Jesús Silva, Head of REPM – Iberia at UBS-AM, commented: *"These latest two additions to our Iberian portfolio bring our logistics holding in the market up to six assets, providing us with a stronger foothold in this highly sought-after and undersupplied sector. Our ability to secure these high-performing properties is a credit to our local team of highly skilled and experienced professionals who have a deep knowledge of the property landscape. The strong fundamentals of the Spanish real estate market, with the economic recovery well underway, in addition to the remaining potential for further growth in*

¹ Source: UBS Asset Management, Real Estate & Private Markets



ecommerce, support our confidence in the outlook of this investment and our ability to generate attractive returns for the benefit of our clients."

Alejandro Monge, Director – Transactions, Spain for IRE, commented: *"The successful sale of Leganes confirms the continued demand among institutional investors for core assets in Spain. This demand, combined with the achievement of our business plans, meant the timing was optimal for us to sell this outstanding asset. However, we continue to have a strong interest in the Spanish market on behalf of our existing investment mandates."*

REPM was advised on this transaction by Dentons, Novasa & Olive, and KPMG, while the vendor was advised by BNP Paribas.

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