

AXIARE PATRIMONIO

16 NOVEMBER 2017 08:25 GMT - PRODUCTION
16 NOVEMBER 2017 08:26 GMT - DISSEMINATION

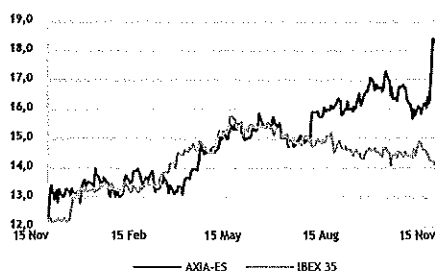
BUY (Upgrade from Hold)

THESE GOODS RESULTS REINFORCE AXIARE POSTITION

KEY DATA

Share Price (EUR)	18,30
Target Price (EUR)	20,00
Upside / Downside	9,3%
Previous Target Price (EUR)	16,10
% change in Target Price	24,2%
Ticker	AXIA SM
Market Cap (EUR m)	1.447
EV (EUR m)	1.456
Shares Outstanding (m)	79,1

SHARE PRICE PERFORMANCE (12M)



PRICE PERFORMANCE TABLE

%	YTD	1M	3M	12M
Absolute	32,4	9,3	11,8	48,8
Relative to IBEX 35	23,7	11,9	17,0	29,1

All sources unless otherwise stated: Company data, FactSet, Mirabaud Securities. All data as of 15 November 2017

ANALYST

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Axiare published another good set of results that were much stronger than the rest of competitors and we think that reflects the success of the company's strategy. These good results and Axiare position regarding the Colonial's takeover bid show that the process is going to be less easy than the market discounts. This new situation allows us to increase the TP to € 20 /share and a Buy recommendation, as there is no downside risk and there are reasons to think that a new investor could be interested to maintain Axiare as an independent project.

ANOTHER EXCELENT QUARTER IN RENTAL ACTIVITY

3Q17 results reflected once again the success of the Axiare's repositioning strategy. Net Annualized rent grew 10.4% qoq to 56 Mn, driven by the office portfolio. Gross rents grew 7% qoq (+46% at 9M17) to €16 Mn and NOI was up 8% qoq with no significant changes of assets in the quarters, so basically this growth is organic.

Excellent rental activity in the office portfolio. Net annualized rents of the office portfolio was up 10.4% qoq. The office portfolio occupancy rate reached 86.7% up 110bp in the quarter (+519bp in like for like basis YTD). Axiare signed additional 3.665 new square meters of offices (32.403 M2 YTD). We should highlight that all these good figures compares with quite weak data from the rest of the peers, and we think that reinforce the differential strategy of Axiare.

Axiare will study how to respond to Colonial unsolicited takeover bid. After market close Axiare send a communication where stated that they were not informed of Colonial takeover bid and that the management, board and advisors will evaluate any offer submitted and respond considering the commitment to maximize the value for shareholders.

These good results reinforce Axiare's position to maintain its independence and allow them to keep creating value to their shareholders. At the end, Colonial are buying assets and to pay premium for these assets do not make a lot of sense. Meanwhile, as these results reflect Axiare project create value on the existing assets and in any future potential acquisitions, as the strategy of buying assets for reposition had shown excellent results.

This new situation allows us to increase the TP to € 20 share and a Buy recommendation, as there is no downside risk and there are reasons to think in new potential investors. The position of Axiare against the takeover bid and these strong set of results open a new scenario for Axiare, were there is no downside risk and where we cannot rule out a new potential bidder for Axiare to maintain the independence of the company and a project that has been extremely successful. This year in Abertis we have already seen an example of a war of takeover bid at prices that nobody thought could be seen months ago. Therefore we increase the TP to € 20 share and recommendation to Buy