

COMISIÓN NACIONAL DEL MERCADO DE VALORES

C/ Edison, nº 4
28006 – Madrid

Madrid, February 28, 2019

QUABIT INMOBILIARIA, S.A. (“**Quabit**” or the “**Company**”), in compliance with what is established in article 228 of the restated text of the Spanish Stock Market Law (*Ley del Mercado de Valores*) enacted by Royal Legislative Decree 4/2015, of October 23, makes public the following:

RELEVANT EVENT

Quabit communicates that the company results corresponding to the period of twelve months ending on 31 December 2018 have been published.

A presentation of the company results is attached.

Sincerely,

Miguel Ángel Melero Bowen
Secretary of the Board of Directors



FY 2018 RESULTS

Quabit 
Inmobiliaria

28 February 2019

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- 1 Highlights
- 2 Residential Development
- 3 Land Bank
- 4 Business Plan level of fulfilment
- 5 Valuation: GAV & NAV
- 6 Financial Statements & Debt
- 7 Cosing Remarks
- 8 Annexes

SPEAKERS



Félix Abánades
CHAIRMAN &
CEO



Rubén Bernat
CFO



Álvaro López-Zaballa
HEAD INVESTOR
RELATIONS

Setting the grounds for Growth

Financial Strength: Equity +31%, LTV -16pp

€63 M Successful monetary Capital Increase (overdemand of 1,8x)

€6 M Successful non monetary Capital Increase

Development for residential rental business project

Business Plan on track

190 home units delivered in 2018 (215 at 17.02.19, 100% 2018 target)

Strong investments⁽¹⁾ in land bank (>€180 M since 2017, repercussion <20%)

~4,000 home units under development (50% Plan 2018-22)

New developments launched (1,467 home units in 2018, 18% Plan 2018-22)

Commercial strength (793 pre-sales in 2018, +148% vs. 2017)

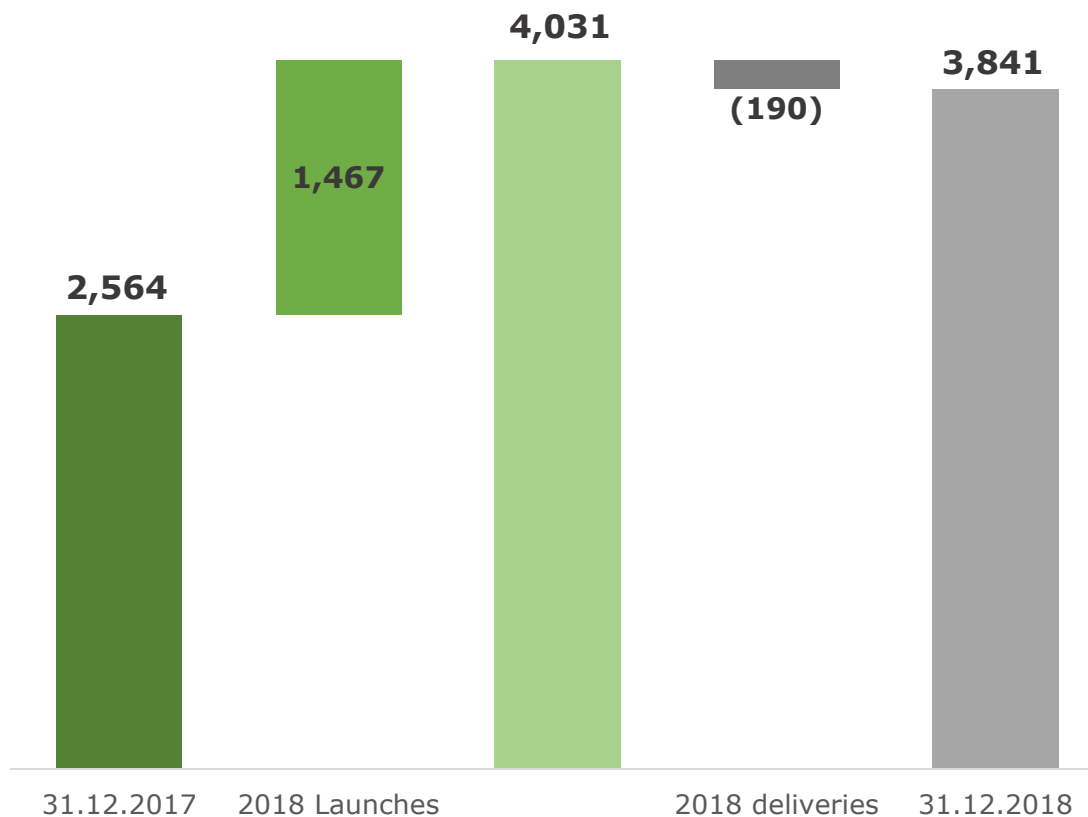
Management Commitment

Management Incentive Plan approved (conditioned to EBITDA & 100% Total Shareholder Return)

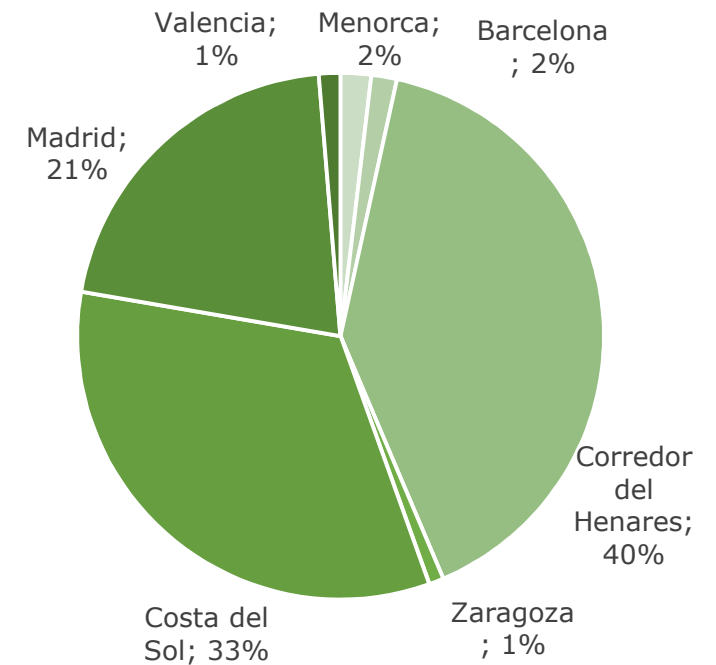
(1) Includes closed transactions with notarized public deed. Investment by effective date of public deed. Does not include private contracts pending notarized public deed

~4,000 homes under development (50% Plan 2018-2022)

Home units under development & delivered⁽¹⁾ at 31.12.18



Geographic breakdown (4,031 home units)

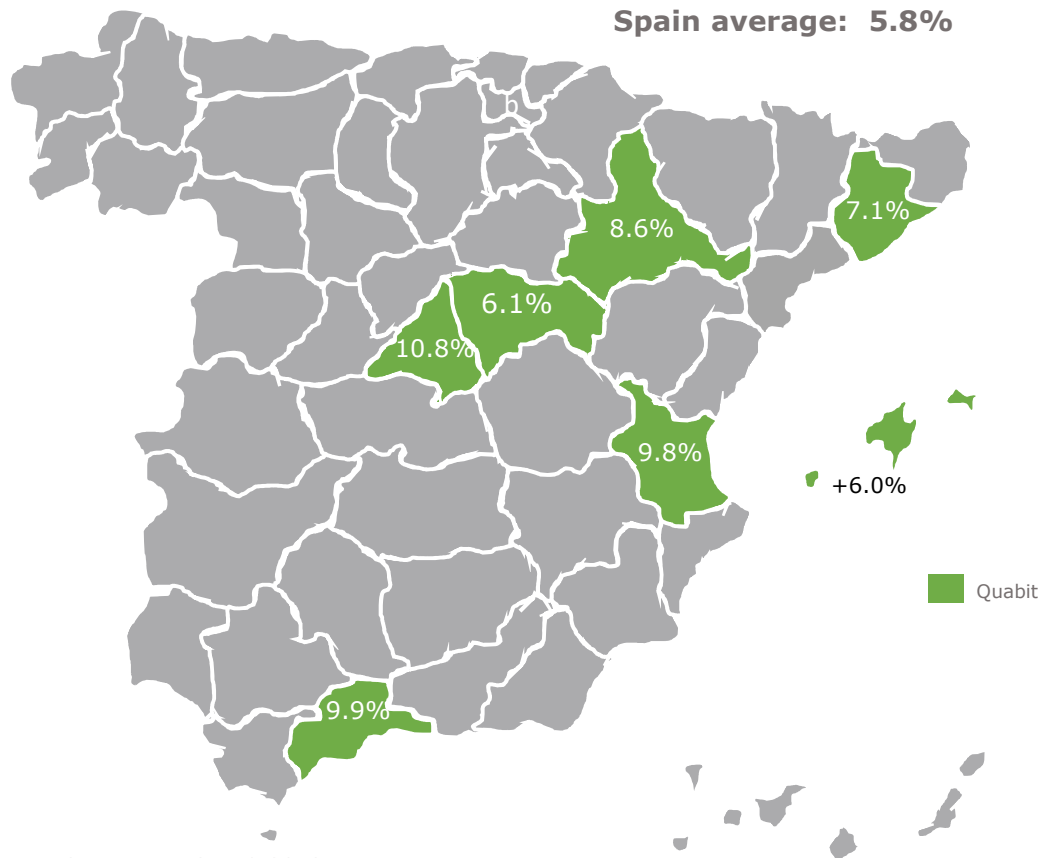


- €839 M estimated turnover (47% Business Plan 2018-2022)
- ~1,500 home units launched in 2018 (18% Business Plan 2018-2022)

(1) Includes old stock (13 home units)

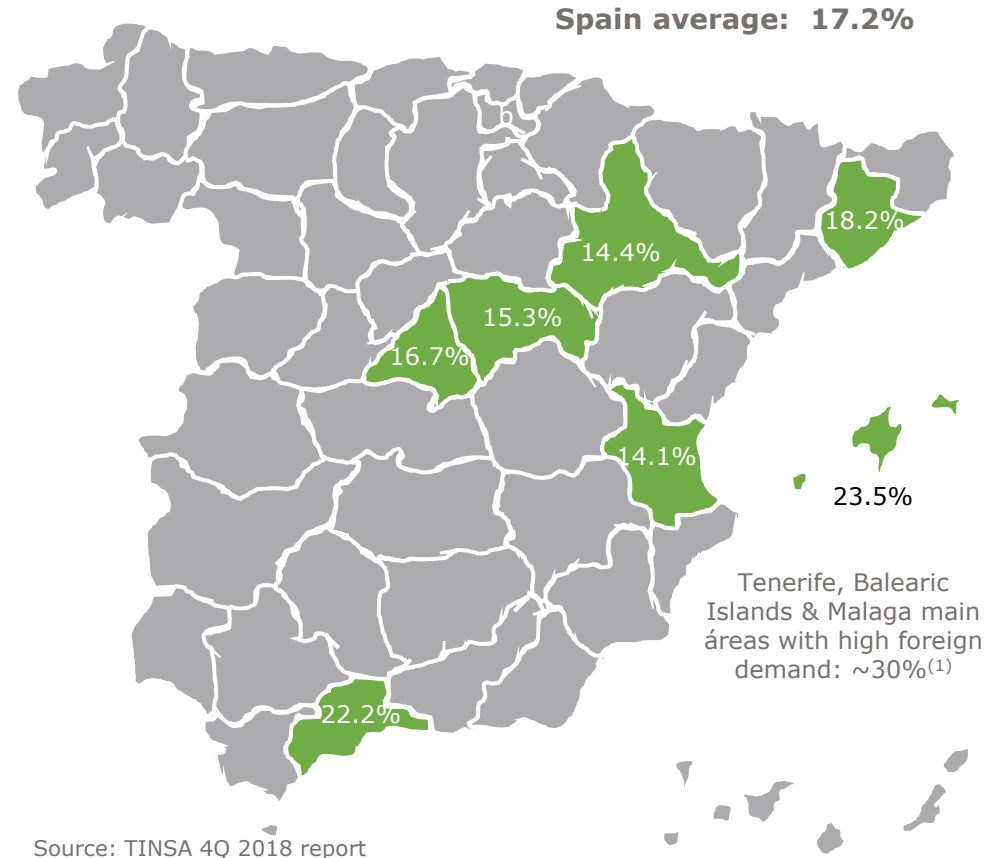
...in high potential areas

Average prices new and second hand home units



Source: Tinsa 4Q 2018 report.
2018 Annual variation

Financial effort (% family income)



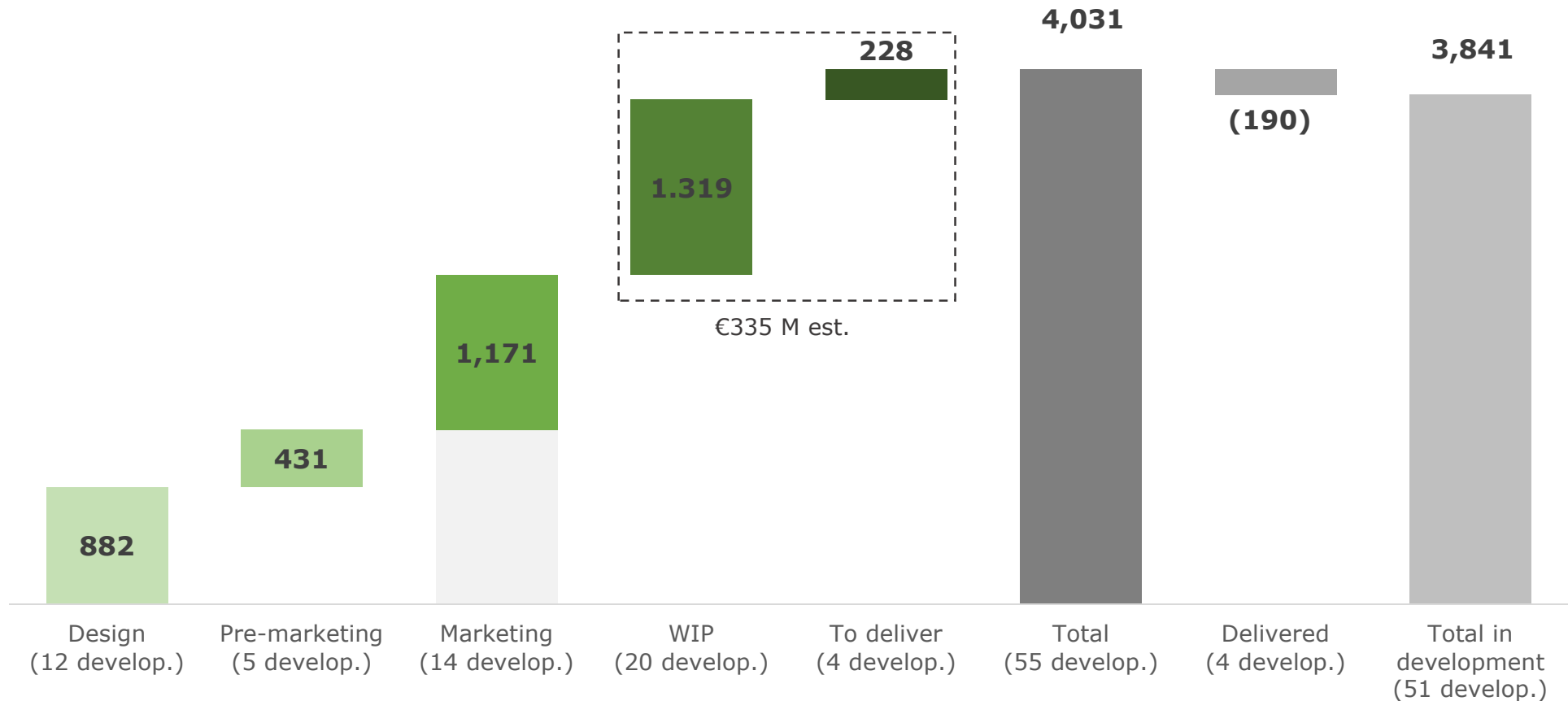
Source: Tinsa 4Q 2018 report
(1) Source: Colegio de registradores Spain 4Q 2018

Tenerife, Balearic Islands & Malaga main areas with high foreign demand: ~30%⁽¹⁾

- Upward and sustainable prices given the moderate level of current financial effort

> 1,500 home units WIP or delivery⁽¹⁾

Home units under development⁽¹⁾ by stage

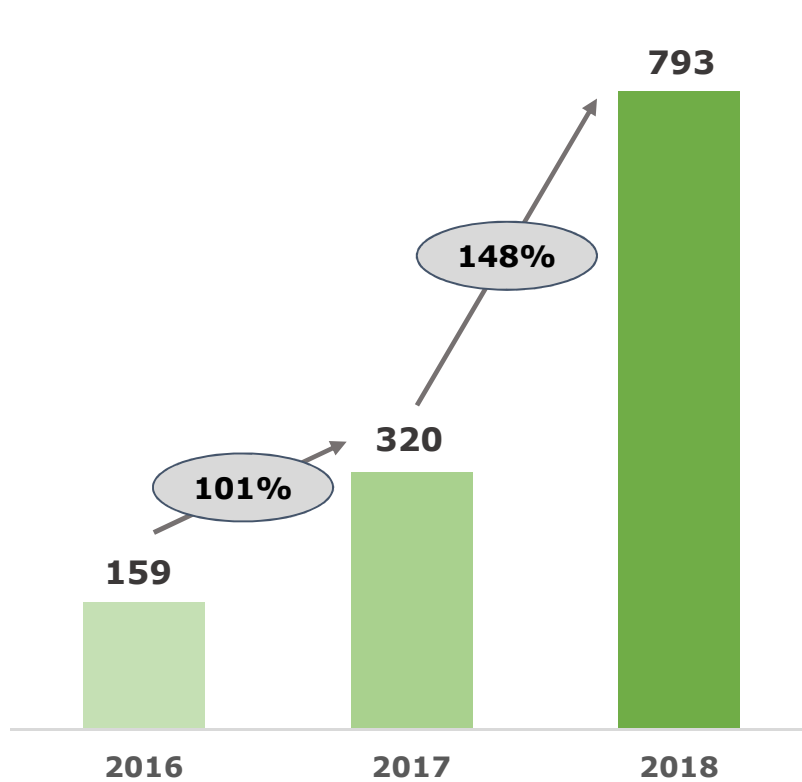


- €335 M estimated turnover (19% 2018-22 Business Plan)
- Kick-off delivering home units as expected (215 home units delivered at 17.02.19)

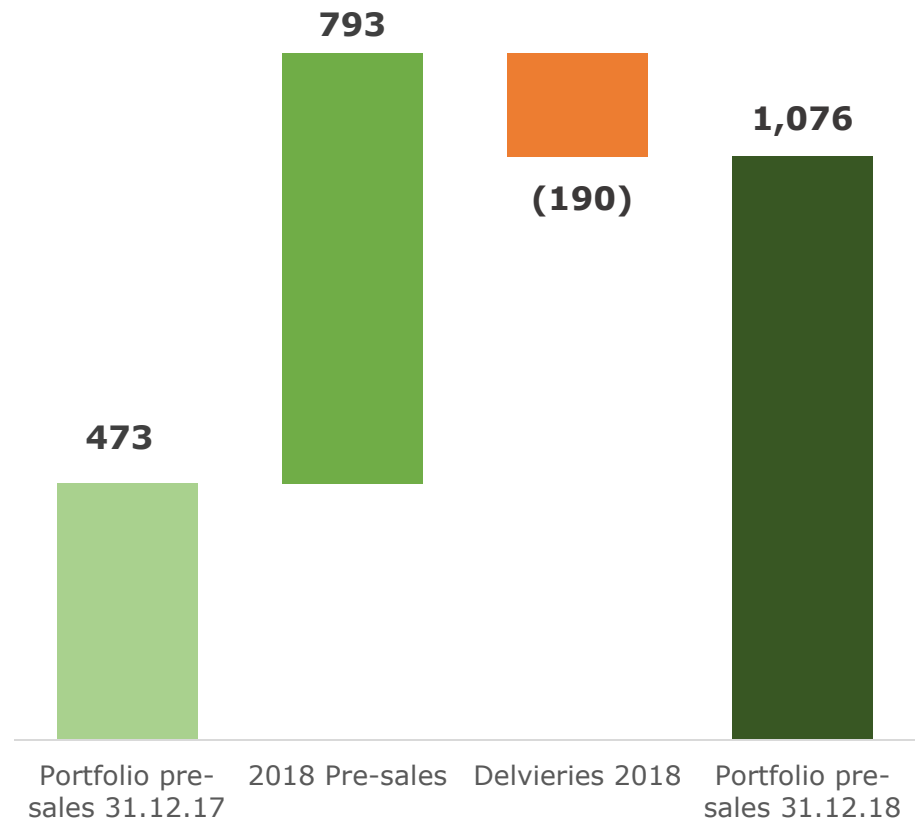
(1) Includes home units delivered (old stock: 13 units at 31.12.17 of which 11 have been sold and delivered at 31.12.18)

Commercial strength: pre-sales Book ~ €225 M

Strong growth in pre-sales units



2018 Pre-sales book (€M)

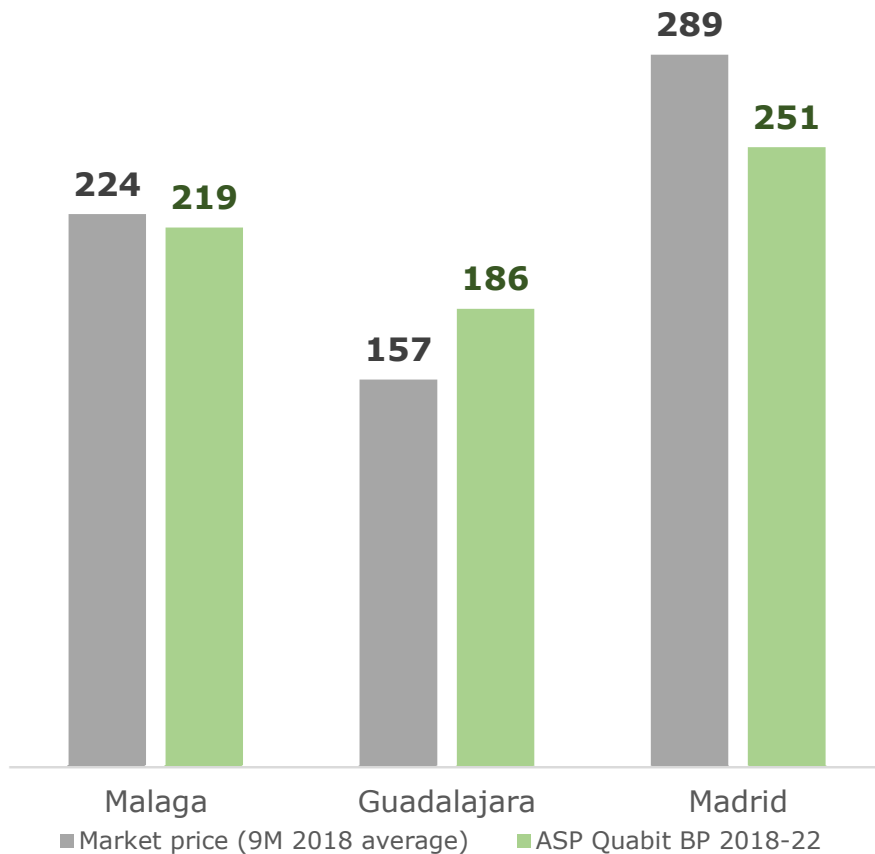


- Pre-sales of 793 home units in 2018: estimated turnover €166 M
- Pre-sales book (31.12.18): 1,076 home units, estimated turnover €224 M

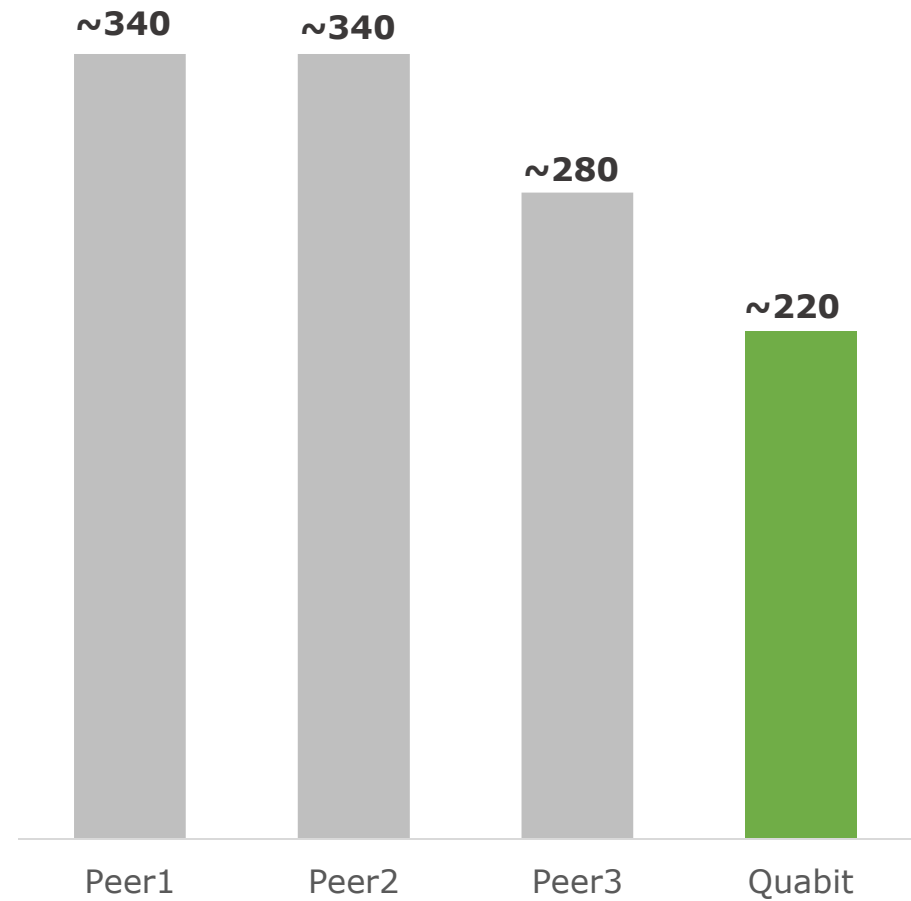
Strategic positioning: middle class homes

ASP aligned with the reference markets
(€ thousands)

Malaga, Corredor del Henares & Madrid accounts for 94% home units under development



Average Sale Price
(€ thousands)⁽¹⁾

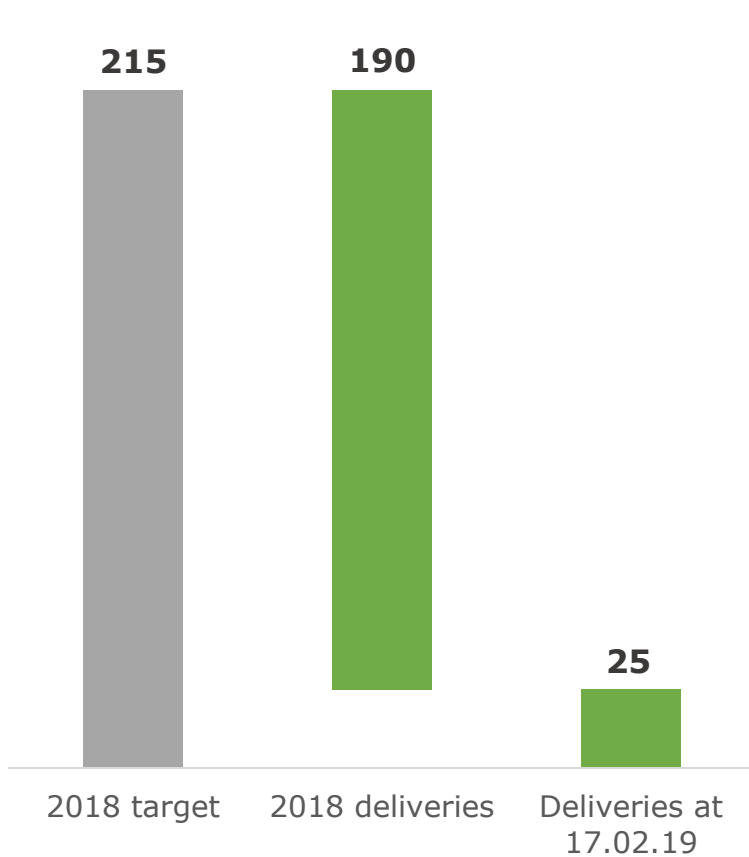


Source: Ministry of Public Works. 9M 2018 average new homes transactions

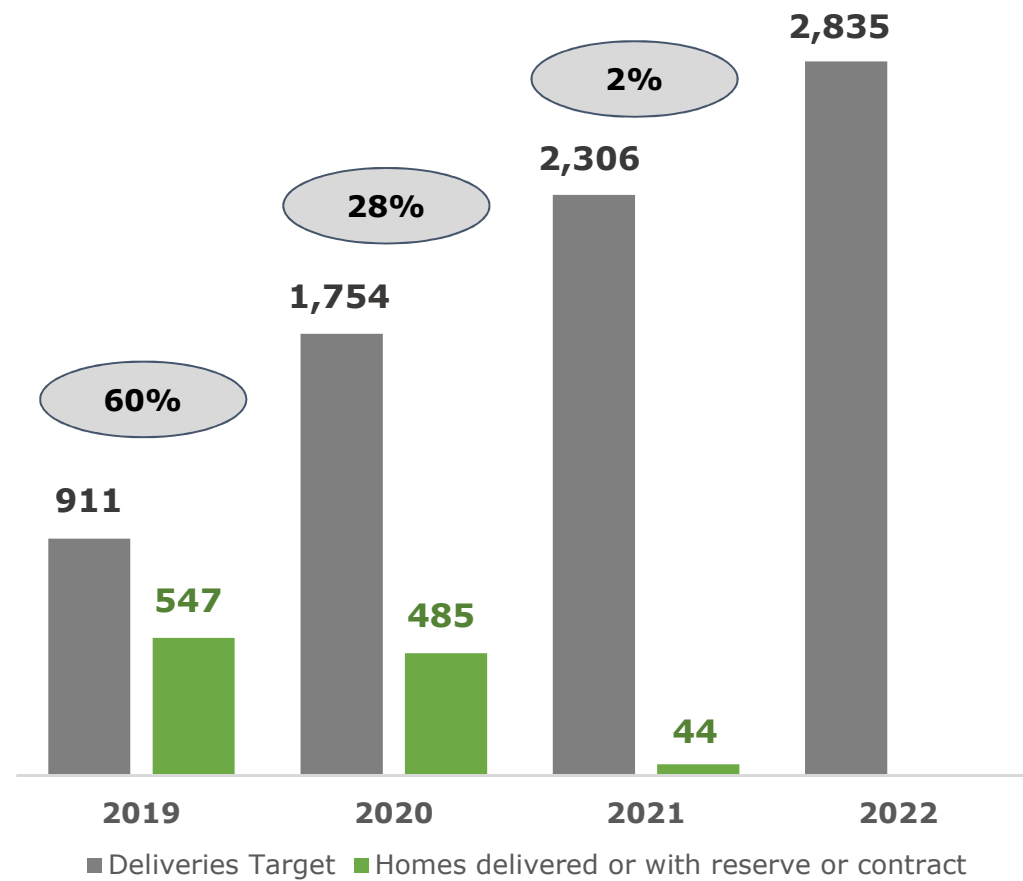
(1) Business Plans and company reports

Business Plan deliveries targets on track

2018 deliveries



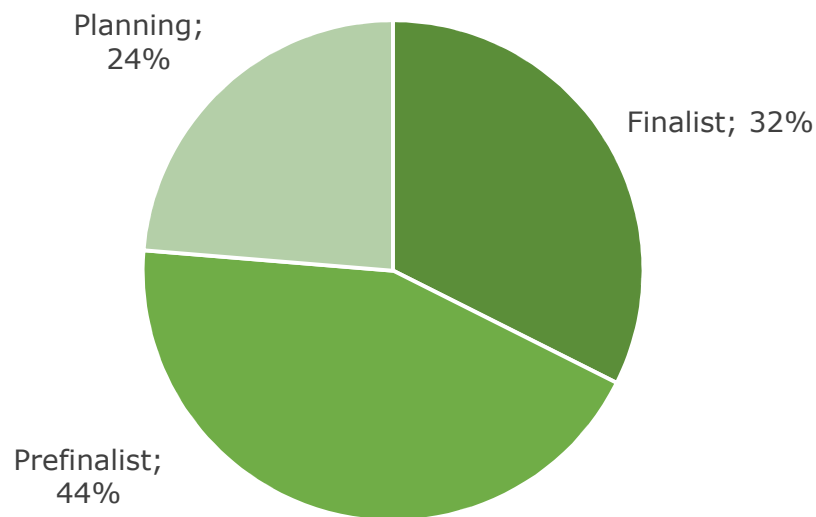
% Deliveries Coverage



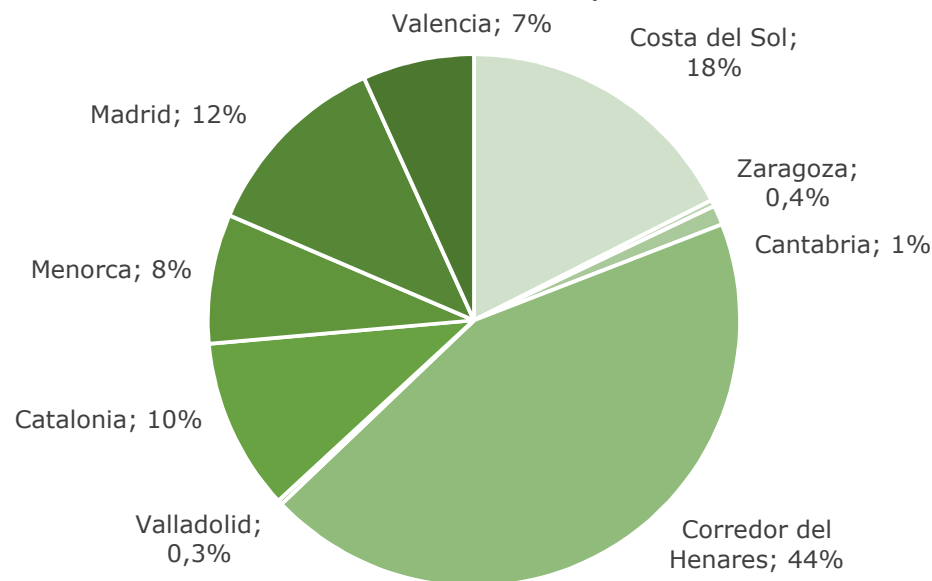
- 215 home units delivered at 17.02.19 (2018 target)
- > 90% 2019 deliveries are expected during 4Q
- Maximizing sales pace attached to deliveries schedule

Land Bank in highly attractive areas

Land Bank⁽¹⁾ Status
Total 880,699 sqmb



Land Bank⁽¹⁾ Geographic Breakdown
Total 880,699 sqmb



- >75% finalist & prefinalist land bank
- Total land under management 1,082,704 sqmb (>8,500 home units)
 - Land Bank: 880,669 sqmb
 - WIP projects⁽²⁾: 131,793 sqmb
 - Land bank rights⁽³⁾: 70,212 sqmb
- Quabit owns 5.4 millions sqm of strategic land (non buildable) in high interesting locations for its future development

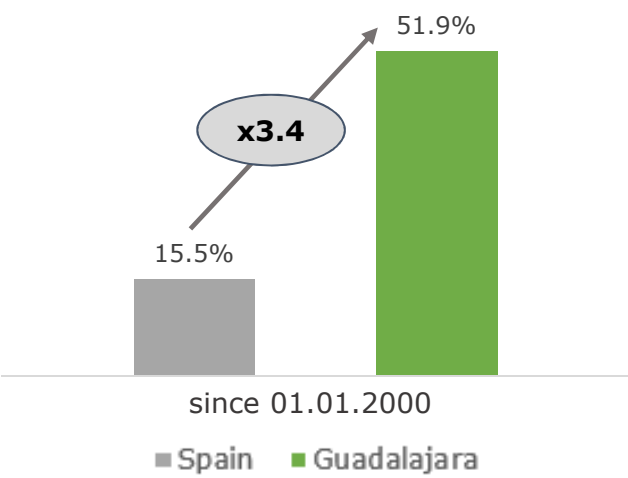
(1) Does not include 62,934 sqmb of land mortgaged as security for Quabit at enforcement proceedings nor 7,278 sqmb in private contracts pending notarized public deed
 (2) Does not include finished stock
 (3) Includes 62,934 sqmb of land mortgaged as security for Quabit at enforcement proceedings and 7,278 sqmb in private contracts pending notarized public deed

Corredor del Henares: high potential region

Much more attractive population dynamic ...

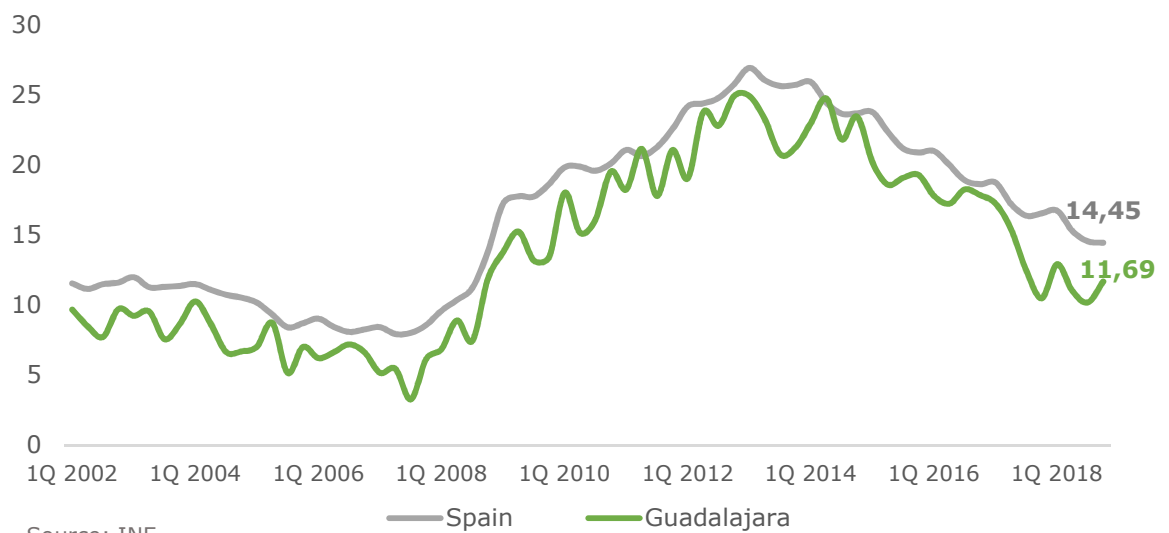
...and with an structural lower unemployment rate than Spain average...

Population growth (01.01.00-01.07.18)



Source: INE

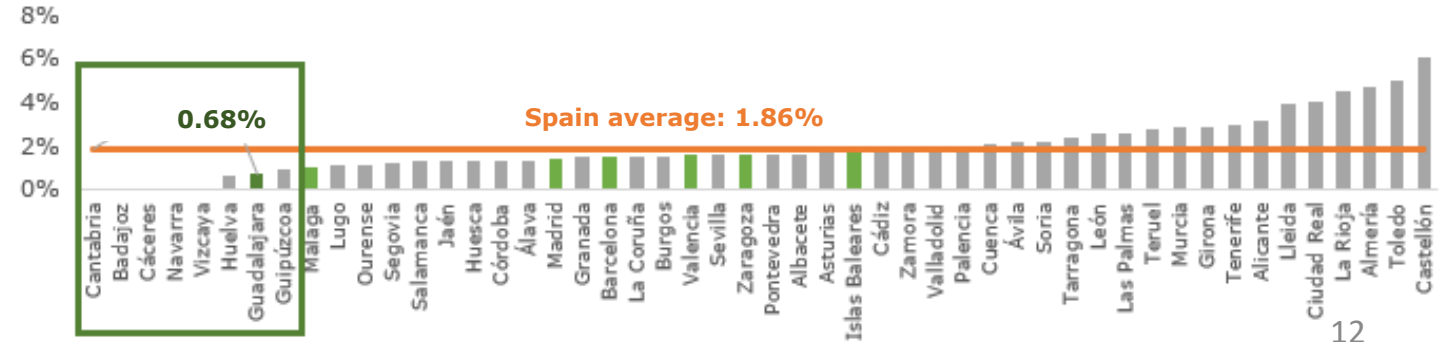
Unemployment Rate (% , 1Q 2002-4Q 2018)



Source: INE

Within the lowest housing stocks...

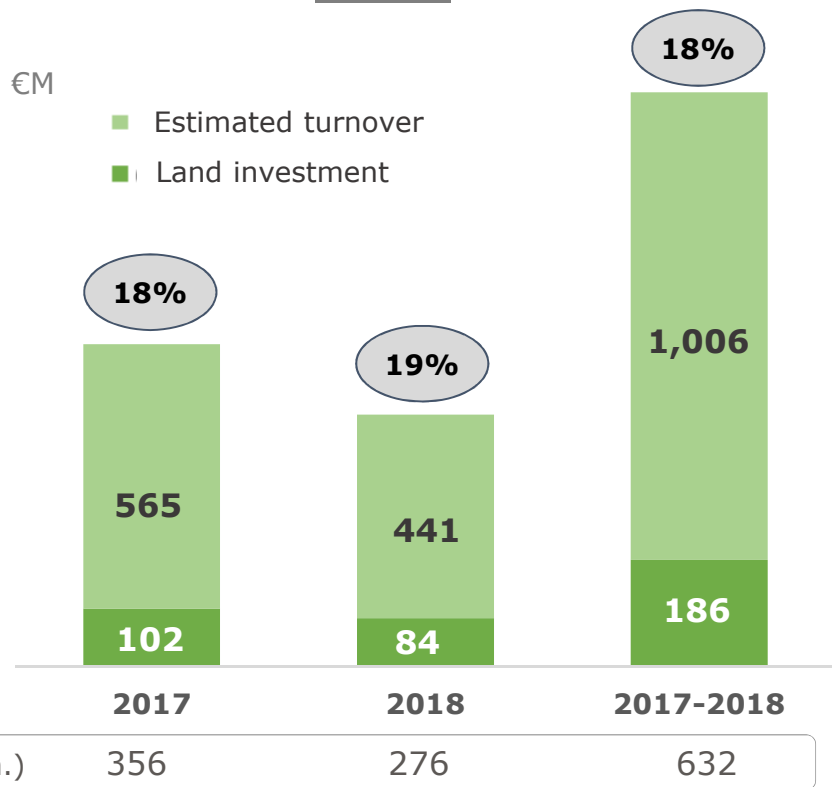
New homes Stock / total homes (% , 2017)



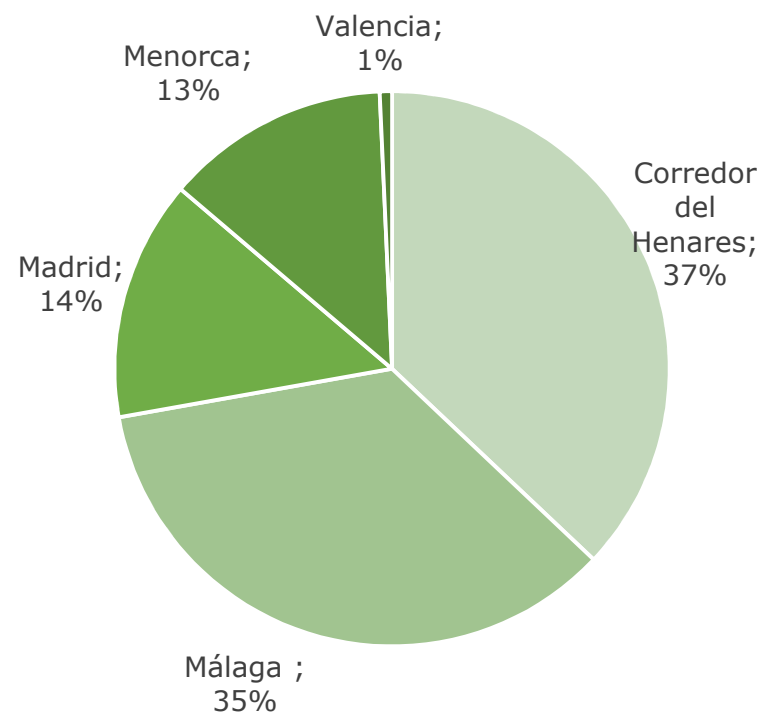
Source: Ministry of Public Works.

Rigorous investment process⁽¹⁾ in high potential areas

Land Investments⁽¹⁾ repercussion
<20%



Land Investments⁽¹⁾ by geography
 (2017+2018, €186 M)

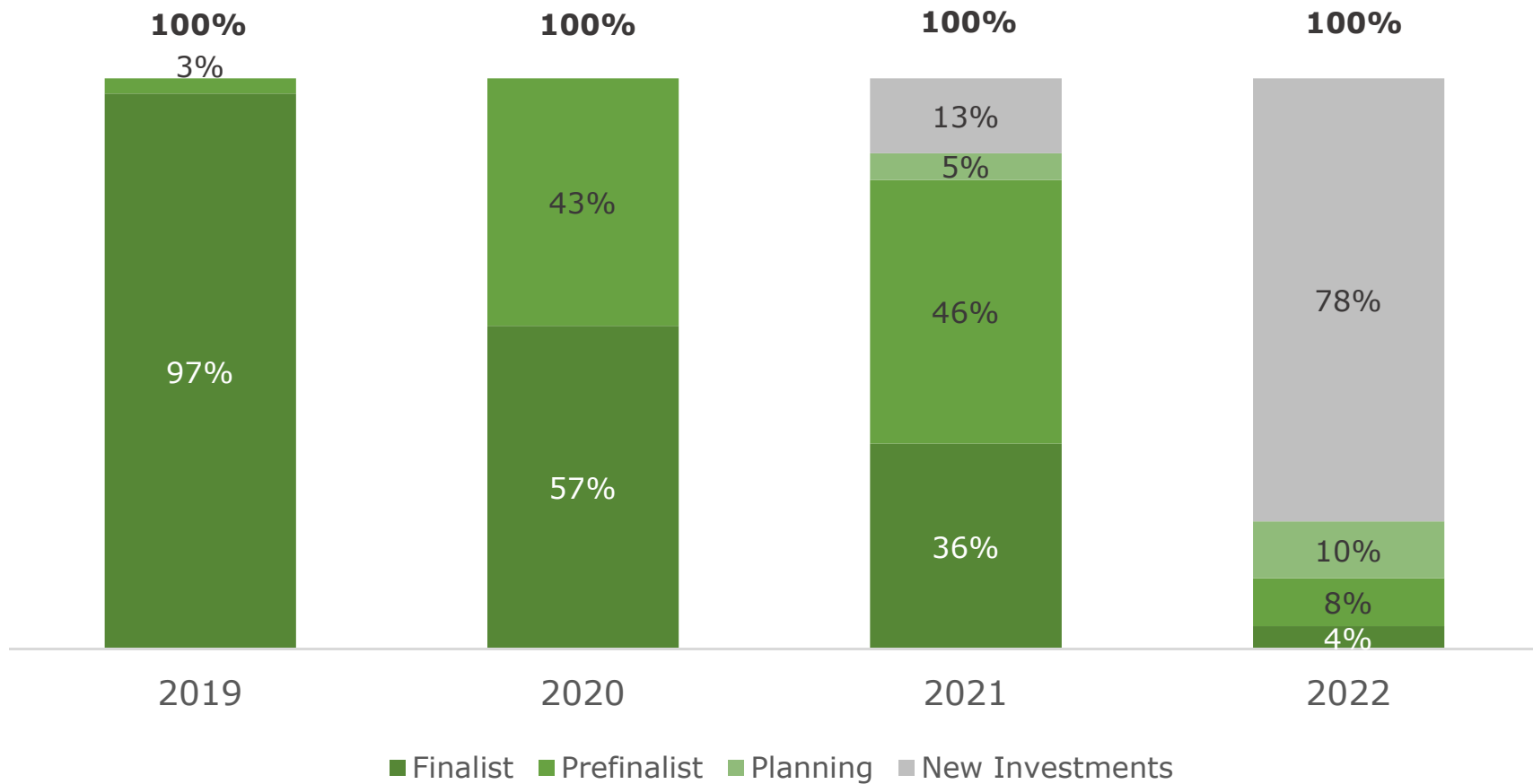


- Minimizing capital invested in land bank to:
 - Increase capital turnover
 - Minimize margin reduction due to land financing costs

(1) Includes closed transactions with notarized public deed. Investment by effective date of public deed. Does not includes private contracts pending notarized public deed

Expected deliveries until 2021 Land coverage ~95%

Home units land coverage according to current land status at 31.12.2018

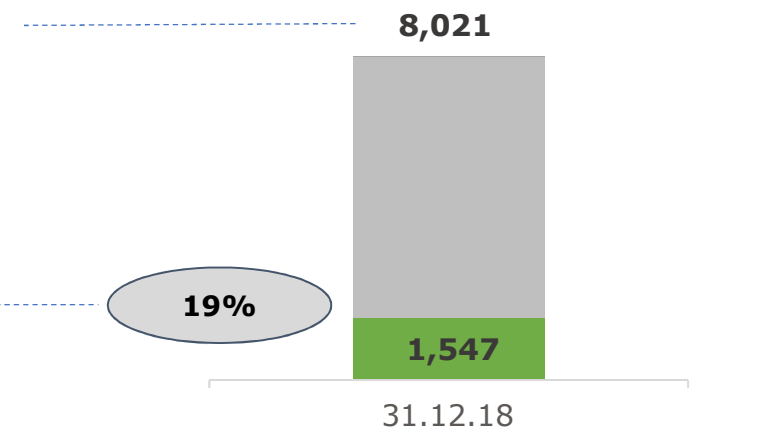
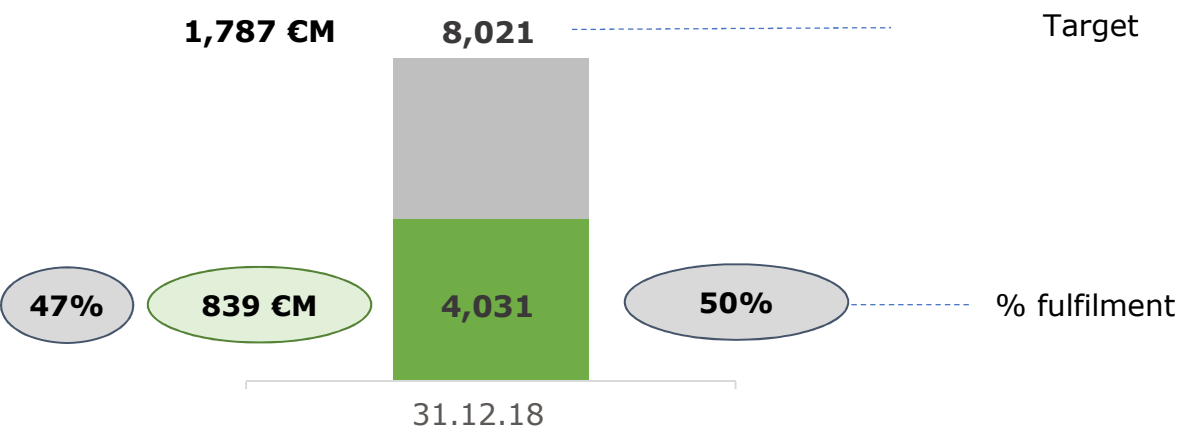


• Pending Land Investments for 2021 & 2022 on track

Business Plan 2018-2022 on track

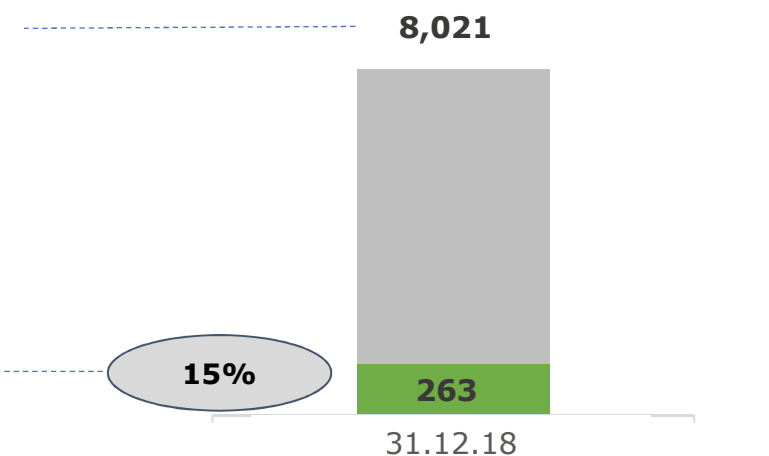
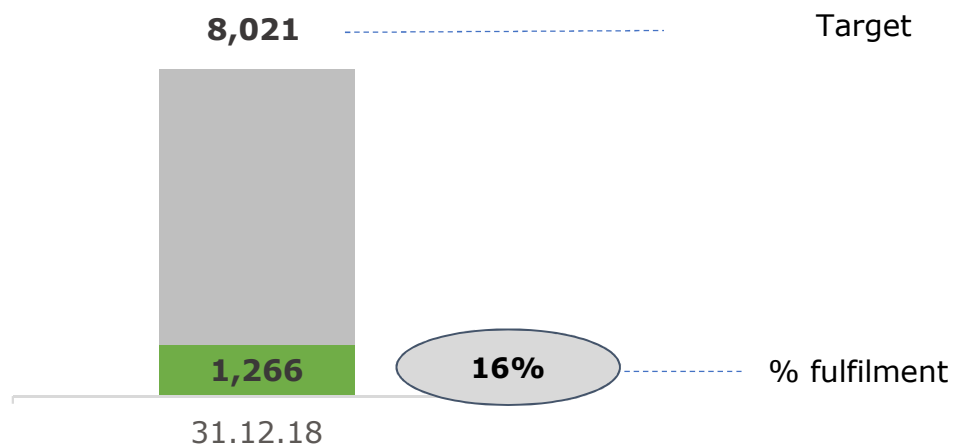
Under development + Delivered (units)

WIP + in delivery/delivered (units)



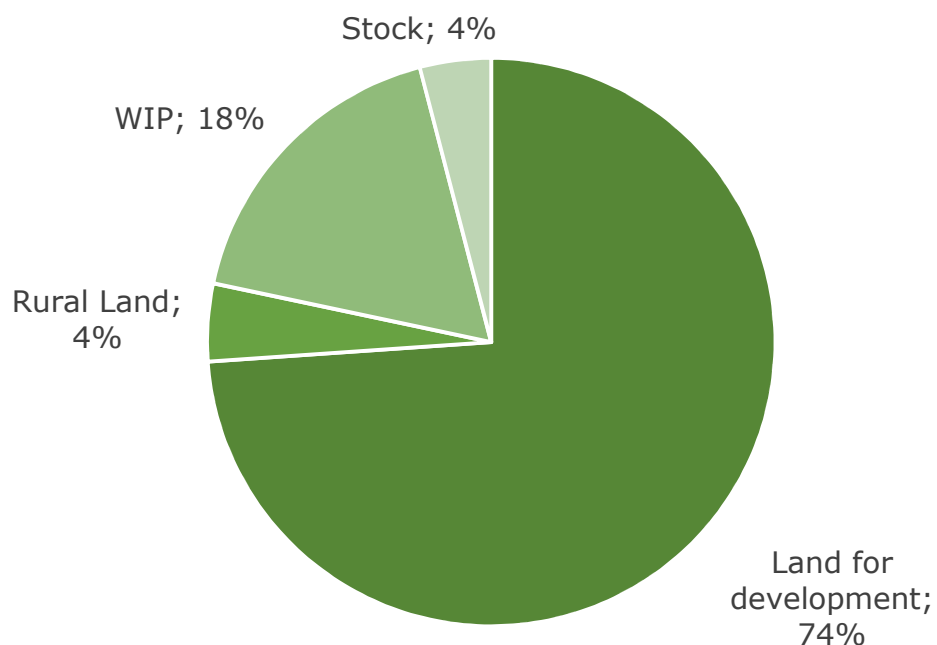
Pre-sales + delivered (units)

Pre-sales + delivered (€M)



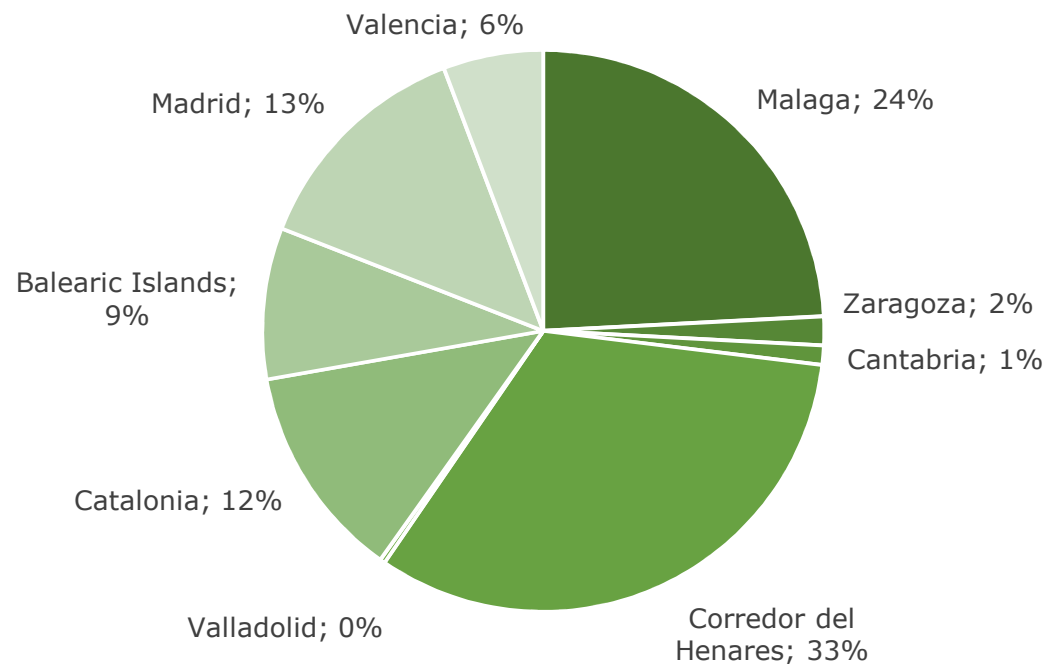
GAV: €506 M at 31.12.18⁽¹⁾

GAV by asset class (€506 M)



- Reduced stock for sale and future optionality due to rural land

GAV by geography (€506 M)

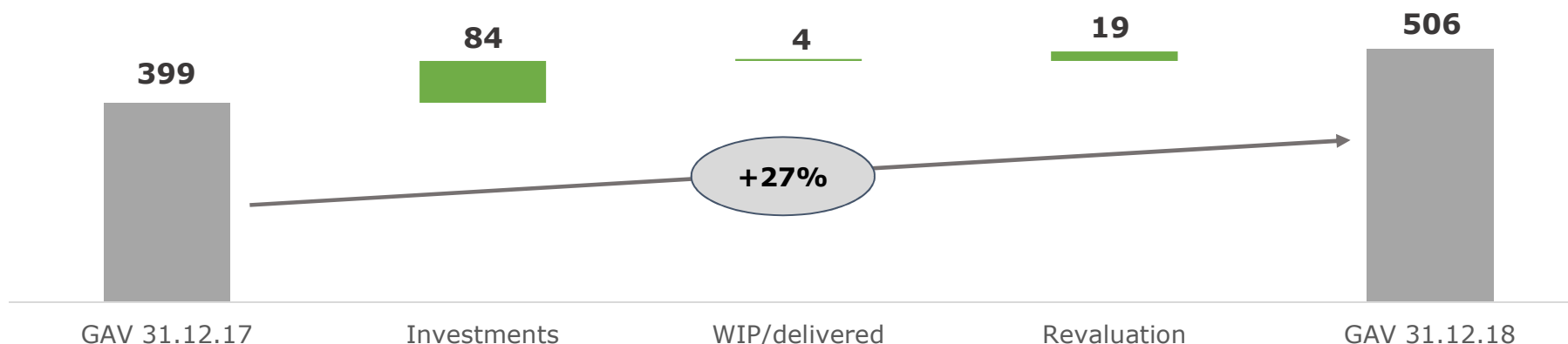


- Diversified portfolio in high potential areas. Malaga, Madrid, Balearic Islands, Valencia, Catalonia & Corredor del Henares accounts for 97% GAV

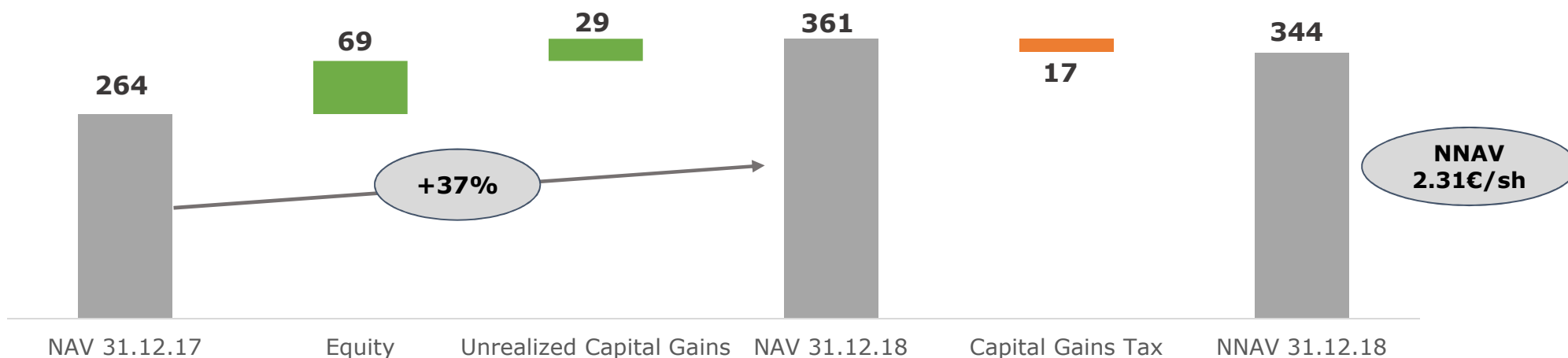
(1) Independent RICs valuation by BDO

GAV & NAV strong growth during 2018

GAV bridge during 2018



NAV bridge during 2018



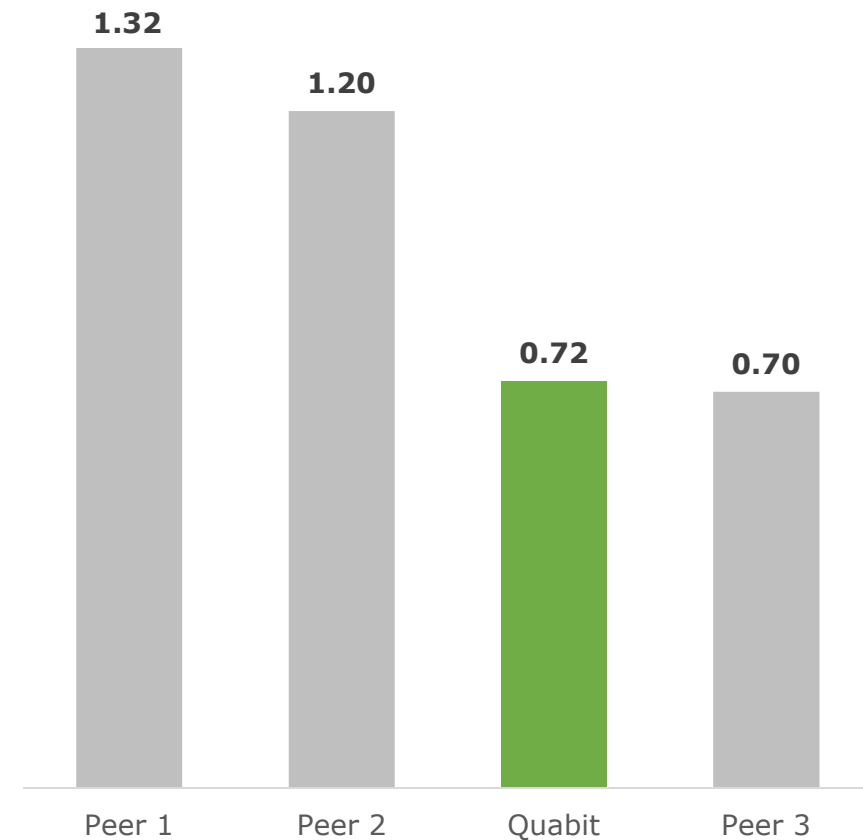
- GAV growth due to strong investments and asset revaluation
- NAV growth due to Capital Increases and higher unrealized capital gains

Stock is trading at very attractive levels

Quabit P/BV, P/NAV & P/NNAV ratios⁽¹⁾



P/BV Ratio⁽¹⁾ (listed real estate developers)



- ... with a Management totally aligned with stockholders (Incentive Plan)

(1) Stock Market closing Price at 26.02.19 & Book Values with latest data available for peers (Quabit BV, NAV & NNAV at 31.12.18)

P&L: start of Business Plan home deliveries

€ thousands	2018	2017	Change
Turnover	39,676	5,701	596%
EBITDA	(25,306)	(7,301)	(247%)
Financial Results	38,099	(4,593)	930%
Earnings Before Tax	12,593	(11,992)	205%
Net Income	6,779	14,389	(53%)
Attributable to the Parent Company	6,815	14,333	(52%)
Attributable to Minority Interests	(36)	56	166%

- Turnover strong increase due to start of home deliveries (190 units vs. 6 in 2017)
- Negative EBITDA due to the extraordinary effect of the valuation correction of land and lower debt relief
- Positive Financial Results due to debt relief accounting in 2018 (€43 M, mainly SAREB)
- Lower Net Income due to capitalize tax in 2017 (€26 M)

Lower EBITDA due to extraordinary items

€ thousands	2018	2017	Change
Turnover	39.676	5.701	596%
Procurements	(32.715)	(9.867)	232%
Other operating expenses & overheads	(29.221)	(24.232)	21%
Other operating income	12.784	19.706	(35%)
Changes in operating provisions	(16.003)	1.311	(1.321%)
EBITDA	(25.306)	(7.301)	(247%)

- Turnover recovery and positive gross margin due to the start of homes deliveries, although it is still insufficient to cover the other operating expenses and overheads costs
- Lower income from debt write-offs accounted in "other operating income", which has resulted in a reduction of that item of €6.9 M
- Quabit has proceeded to the valuation correction of certain land in planning stage due to the foreseeable lengthening of the development periods (does not affect land planned to be developed during the Business Plan 2018-2022)

Equity strength to boost growth

€ thousands	31.12.2018	31.12.2017	Change
Non-Current Assets	73,349	81,139	(10%)
Current Assets	507,427	447,160	13%
Inventories	426,525	349,063	22%
Others	80,902	98,097	(18%)
Total Assets	580,776	528,299	10%
Total Equity	295,818	226,456	31%
Attributable to the Parent Company	291,793	223,213	31%
Attributable to Minority Interests	4,024	3,243	24%
Non-Current Liabilities	18,218	27,497	(34%)
Bank debt	5,945	15,472	(62%)
Others	12,273	12,025	2%
Current Liabilities	266,740	274,346	(3%)
Bank debt	211,749	239,456	(12%)
Others	54,991	34,890	58%
Total Liabilities & Equity	580,776	528,299	10%

Inventories:

- Strong increase due to Land investment & WIP effort

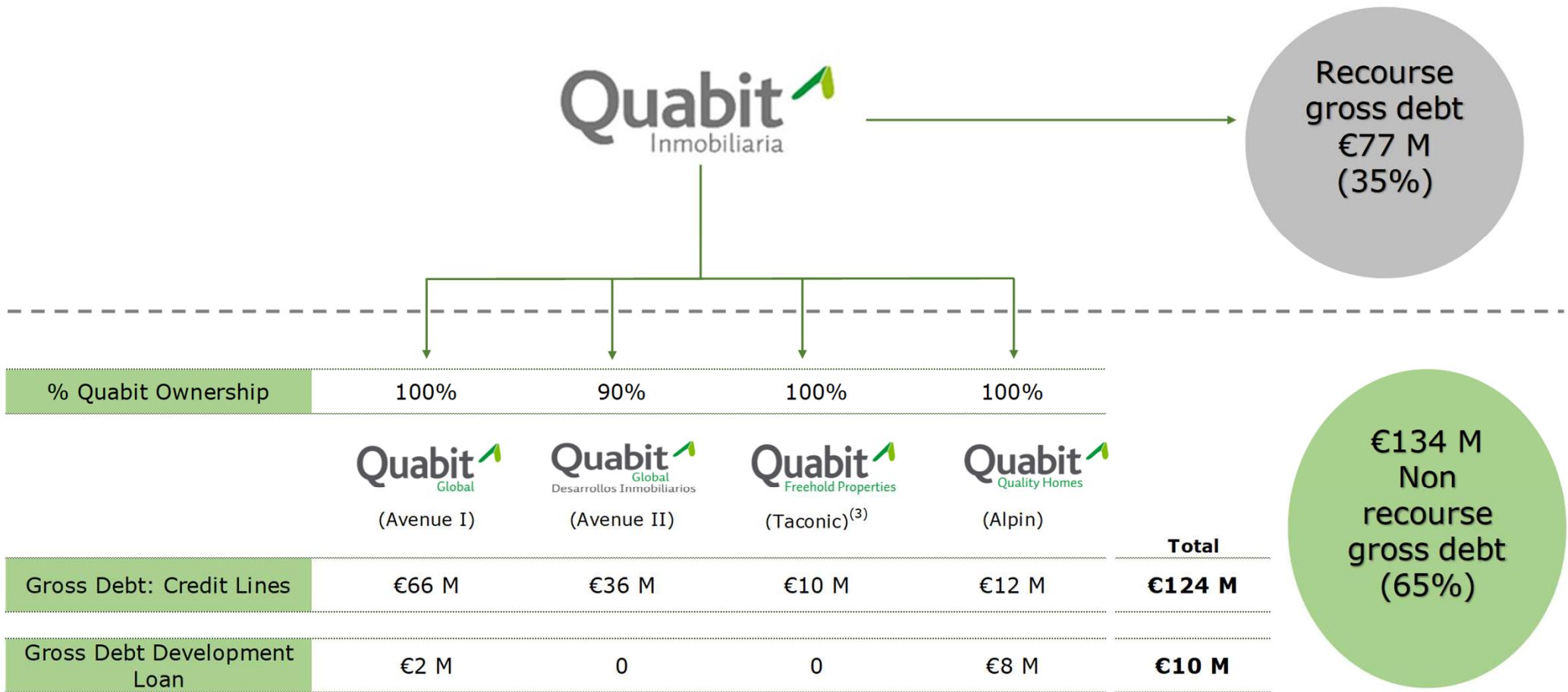
Equity:

- Grows mainly due to capital increases and net income during the period

Bank debt:

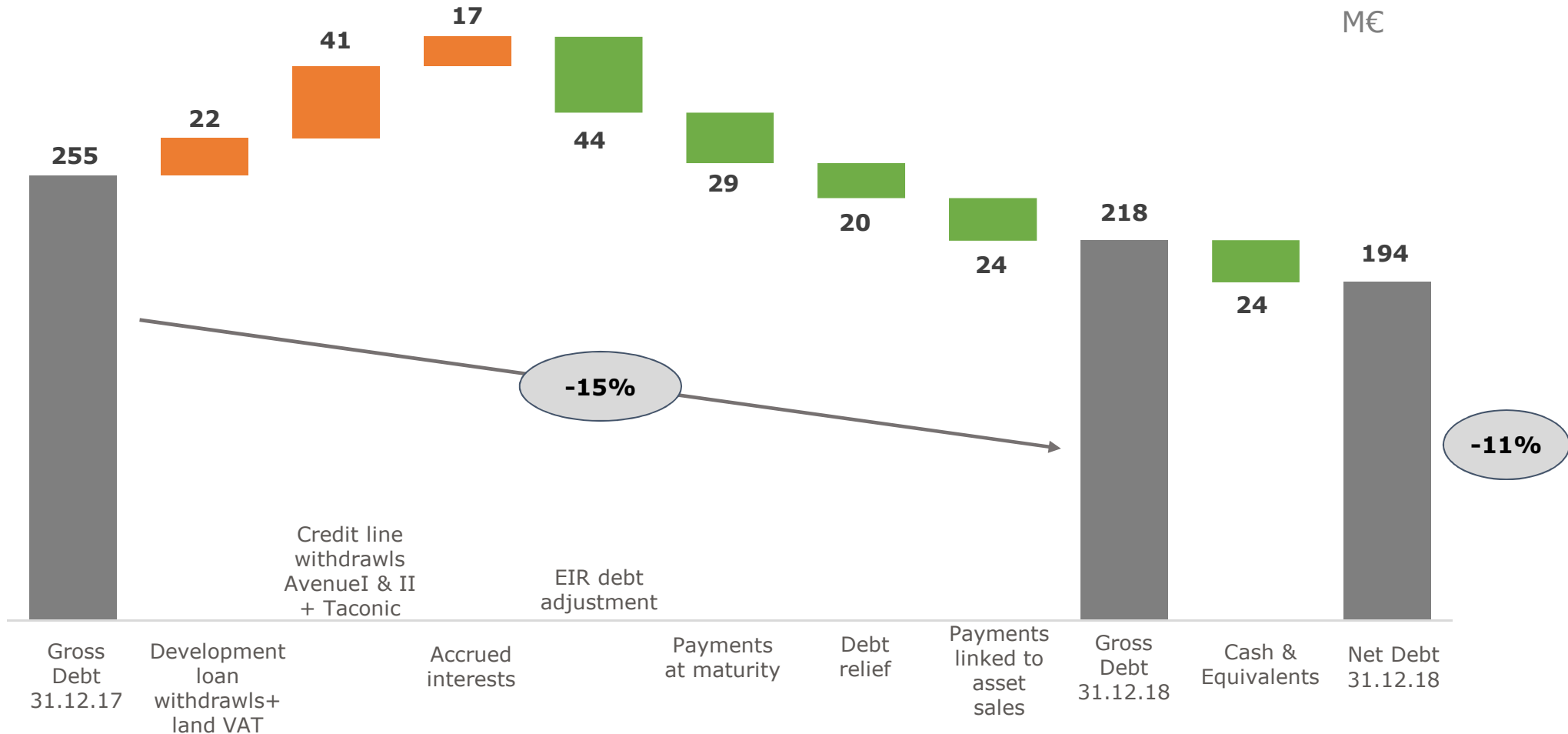
- Decrease due to early repayment of corporate debt and debt relief accounted

Debt structure: 65% non recourse debt



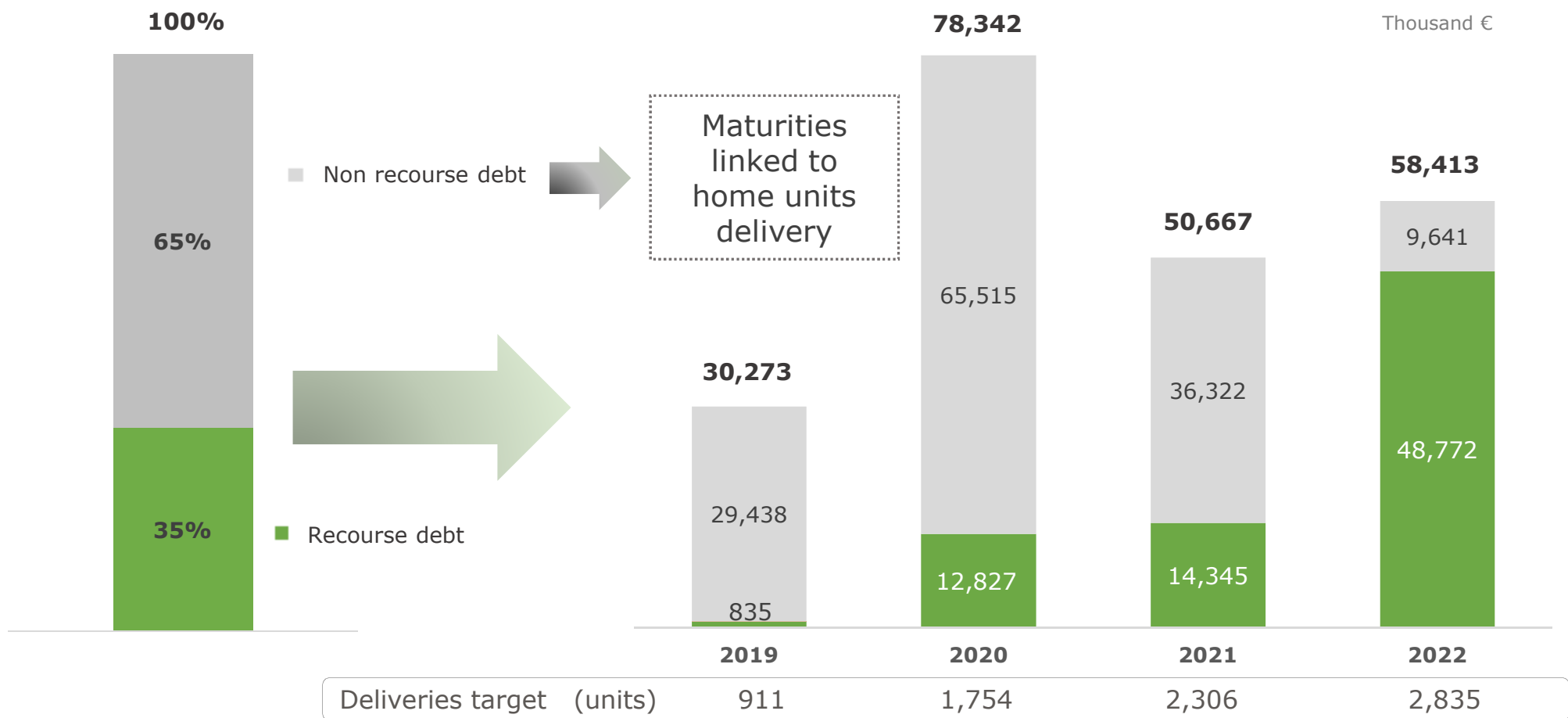
- Recourse gross debt (€77 M, mainly SAREB debt) 0% interest rate (accrued interest are cancelled once the principal is amortized)

2018 Gross Debt bridge



- Lower Gross Debt mainly due debt relief accounting
 - €24 M lower Net Debt an below €200 M

Debt maturities aligned with Business Plan cash flows



- 65% gross debt is non recourse debt
- There are not relevant recourse debt maturities until 2022 (when > 2,800 home units are expected to be delivered)

Financial Strengthening

Strong Investments in land bank and WIP

Attractive asset portfolio in high potential areas

Business Plan on track

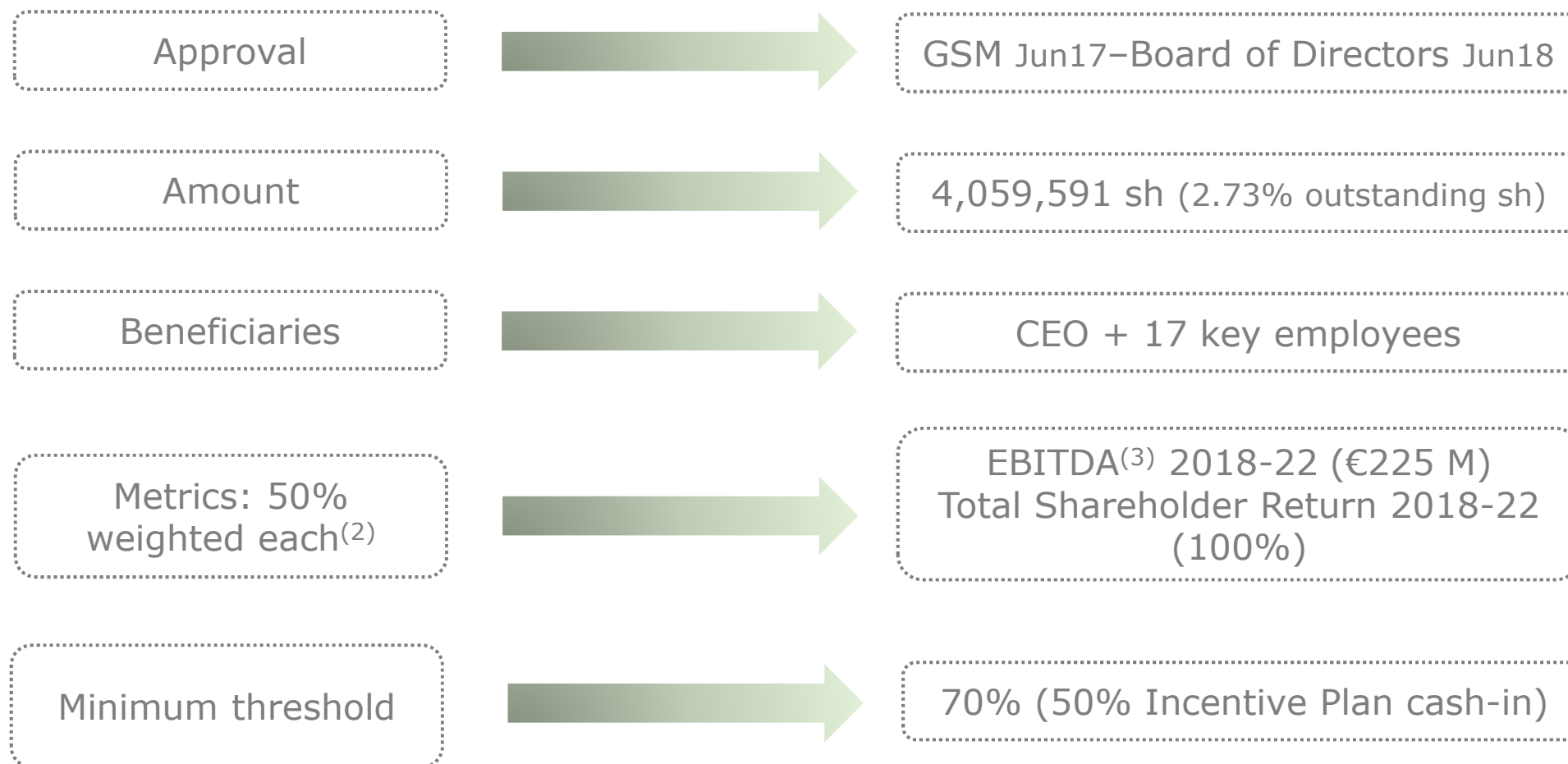
Strong GAV (+27%) & NAV (+37%) growth

Development for residential rental business project

Management fully committed to shareholders

ANNEXES

Management Incentive Plan I⁽¹⁾



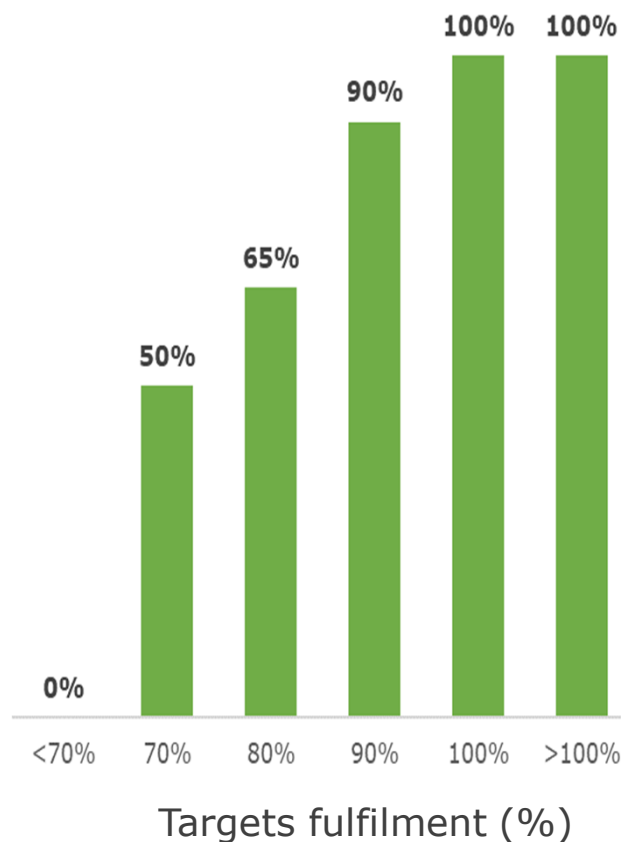
(1) Expandable in 25% (1,014,898 shares)

(2) Reference Price to measure Total Shareholder Return (closing Price at 29/12/2017 = 1,88€/sh)

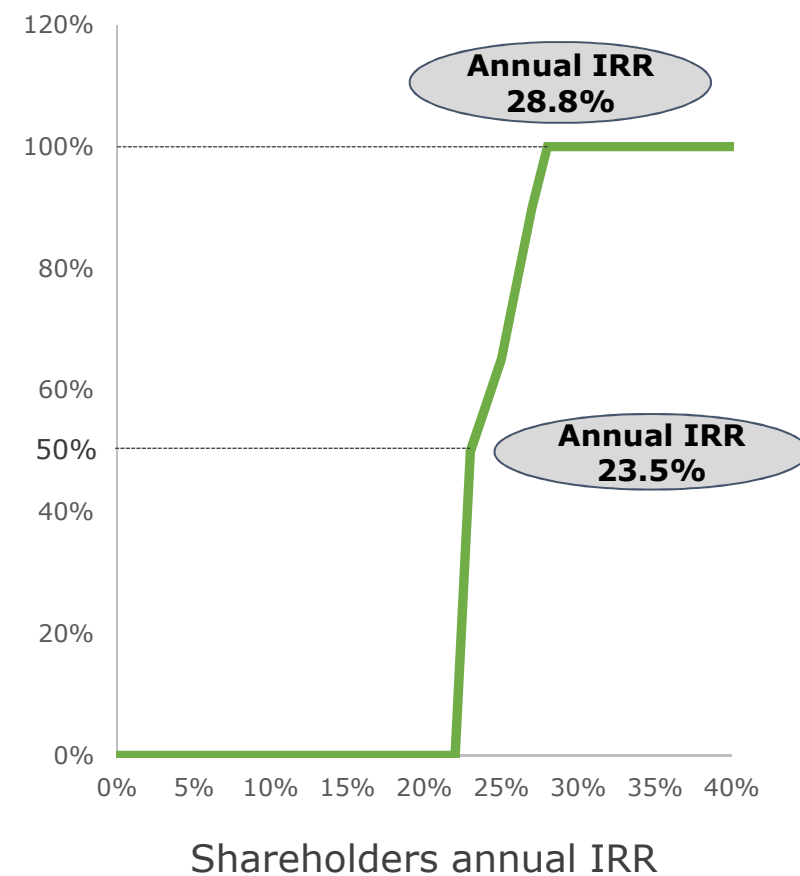
(3) Includes accounting of debt reliefs

Management Incentive Plan II⁽¹⁾

% Incentive Plan cash-in based on targets fulfilment %



% Incentive Plan based on shareholders IRR



Incentive Plan: to cash-in 50%, shareholder annual IRR must be >23% until 30.12.22

Incentive Plan: to cash-in 100%, shareholder annual IRR must be 28.8% until 30.12.22

(1) Assuming same % fulfilment in both metrics through 2018-2022 period (EBITDA % Total Shareholders Return). Closing Price at 26.02.19 = 1.420 €/sh

Quabit debt cost for a standard⁽¹⁾ real estate development is 7-8%

Real estate development project Investment	Financial Structure	Interest Rate	Average life of debt
Land investment (20-25%)	Equity 30-40%		
	Debt 60-70%	12-16%	25-35 months
Development, commercialization and construction Investment (75-80%)	Equity 15-25%		
	Debt (development loan) 65-70%	2.25%-3.5%	5-10 months
	Guarantees 10-15%	1.5-2.0%	18-24 months

External Financing Cost 7-8%

(1) Includes real estate development projects which land has been financed with the current credit lines ("Avenue I y II" & Taconic)



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