



Quabit<sup>↑</sup>  
Inmobiliaria

# BUSINESS PLAN 2017-2022

NOVEMBER 2017

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## 1. Strategic positioning

- **QUABIT** is a Spanish real estate group with over 20 years' experience, listed on the Stock Exchange since 2006 that bases its business on the creation of value via integral management of the entire real estate cycle through two chief lines of business: land management and real estate development.
- **The company operates on a national scale and seeks to resume its position as one of the leaders of the real estate market** in Spain. It is positioning itself in areas with the greatest growth potential (Madrid, Corredor del Henares, Malaga, Costa del Sol and Valencian Community, among others).
- Quabit's growth plan is operated by a **highly qualified team with tried and tested experience in the real estate sector**, a deep knowledge of the market and high management capacity.
- QUABIT is one of the few companies focused on real estate development with **direct, clear exposure to the recovery and consolidation of the real estate market**.

## 3. Solid balance sheet

- **SOUND FINANCIAL STRUCTURE AND ASSET SITUATION** .
- **OFF-BALANCE SHEET VALUE LEVERS:** tax credits pending recognition and debt releases.
- **REPAYMENT SCHEDULE OF CORPORATE DEBT:** 9.4% the next 2 years; 26.4% the following 2; and 64.2% in 2022.

## 2. Great visibility of the Business Plan

- **LAND PORTFOLIO:** QUABIT's current land portfolio, plus the land acquisition operations to be effected shortly and all the residential developments the company now has in progress and marketing lend great visibility to its ambitious Business Plan.
- **CAPTURE OF FINANCIAL RESOURCES:** QUABIT plans to capture **up to 95 million euros via a capital increase**, together with **new financing in the sum of €120m** for land acquisition of which a part will originate from the recycling of the line signed with Avenue Capital Group and loans of land.

## 4. Value creation and shareholder remuneration

- **Commitment to Corporate Governance.** Transparency in communications with stakeholders.
  - **PAYMENT OF DIVIDENDS in cash, in the sum of €87m, as from 2019.**
- OBJECTIVES:**
1. **Return on investment in excess of 5% in respect of dividends.**
  2. **QUINTUPLE the book value of the company.**
  3. **Exceed €1,000m on the Balance sheet.**

## 0.2 Consolidation of the positive trend in the real estate sector

The positive trend of the real estate market in the first semester of the year confirms the growth expectations for 2017. The sale of houses consolidates its growth, 15.5% year-on-year in S117, boosted by the sound progress of the economy and low financing costs.

### The first semester consolidates the positive trend in house sales

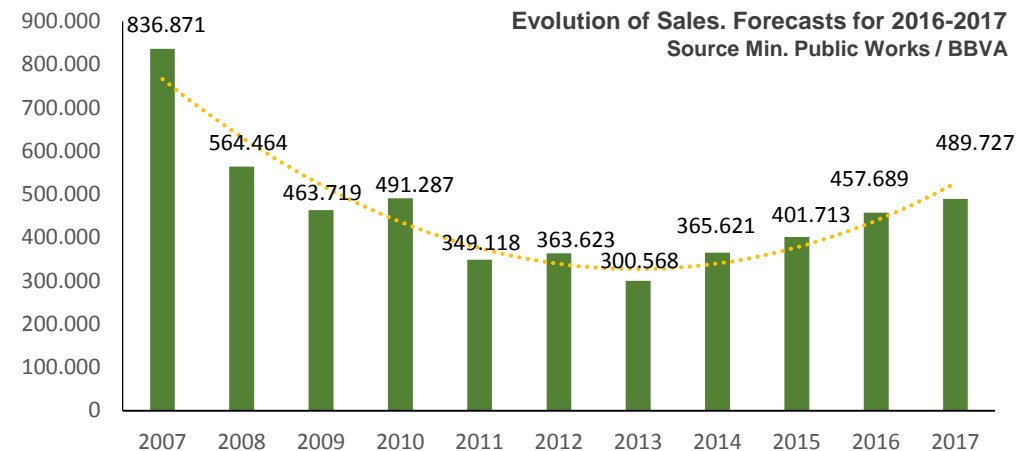
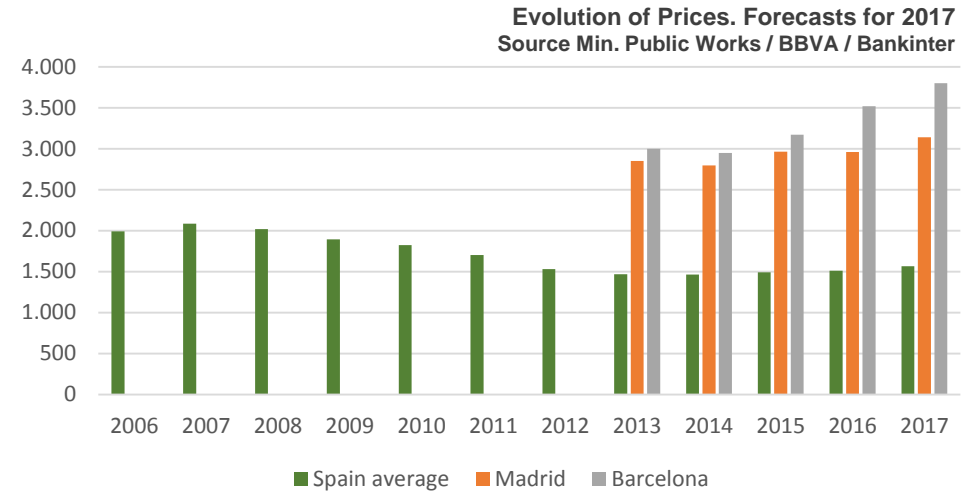
- According to data from the General Council of Notaries, **in the first six months almost 265,000 dwellings were sold, 15.5% more than in S116**. This concludes a positive semester in which the growth trend becomes consolidated and progress is made in accordance with the expected outcome (around 500,000 dwellings sold in 2017).

### New cutback of mortgage interest rates

- Financing costs again reached a minimum low in July, such that the rate of free loans for the acquisition of homes stood at 2.2%. The low financing costs continue to boost the trend in new credit operations for homes for housing acquisition which, according to data from the Bank of Spain, **grew in July by 21.0% year-on-year**.

### Commencement of housing moves forward and shows signs that this will continue

- During the first five months of the year almost 32,600 dwellings were issued construction permits**, and the rate of growth during the first part of 2017 makes it possible to reach over 75,000 permits in 2017.



## 2015. A Key Year for Quabit

### REFINANCING OF THE DEBT. Major agreement with chief creditor: SAREB

- Payment of debt deferred to the year 2022.
- Early payment of €35.6m → release of assets with great development potential → 1,000 dwellings.
- New maturities schedule: 9.4% the next 2 years; 26.4% the following 2; and 64.2% in 2022.

### CANCELATION OF DEBT

- Deeds in lieu– land (under the refinancing agreement with financial entities 2014) + Early payment to Sareb of €35.6m = reduction of debt by €90m.

### CAPITAL INCREASE

- Success of the increase with demand in excess of the maximum amount: €45m.

## 2016. Quabit continues to move forward

### INTENSE DEVELOPMENT ACTIVITY

- Launch of the investment plan: acquisition of land in Boadilla del Monte (Madrid) and Guadalajara.
- Commercial launch of five new developments: 302 dwellings. Current all with construction work in progress.
- Guaranteed bank financing for undertaking new developments.
- Completion of works and handover of Residential Parque de los Tilos, Zaragoza (56 units).
- Almost total liquidation of residential stock.

### CAPTURE OF FINANCING FROM INTERNATIONAL FUNDS: AVENUE CAPITAL GROUP AGREEMENT

- Line of financing of up to €60m for the acquisition of urban land for residential use, falling due in 4 years.
- The drawdowns will finance 70% of the land acquisitions. The remaining 30% will be financed by Quabit.
- Annual interest rate of 16% of the amount drawn down.
- Possibility of leveraging the land with bank financing that considerably enhances the financial cost.
- Possibility of early repayment and reuse of funds for new investments, which could raise the real amount of the line of credit to €85m.

### DIVIDEND PAYOUT

- Payout of new shares in the proportion of 1 new share for every 20 old shares via an issued capital increase.

## 2017. Visibility of the growth and expansion plan

### DIVIDEND PAYOUT

- For the second consecutive year, payout of new shares in the proportion of 1 new share for every 20 old shares, via an issued capital increase.

### TRUST OF THE MARKETS IN THE QUABIT'S STRATEGIC PLAN

- Quabit completes a **capital increase of €38m** with excess demand, to carry out its ambitious expansion and growth plan.
- **Avenue Capital Group** ratifies its trust in Quabit's investment plan with a **new line of credit of up to €40m**.
- New investment firms lend strategic support to Quabit's business plan and sign a **loan agreement in the sum of €15m** with certain funds led by **Alpin Equities** to launch new developments.

### 1,655 DWELLINGS MARKETED

- During the first nine months of the year, the company has placed on the market 13 new developments of a total of 1,353 dwellings in Madrid, Guadalajara and Corredor del Henares, Malaga and Costa del Sol which, together with the 302 dwellings already on sale (all building works commenced), increase the company's portfolio to 1,655 dwellings. In addition, Quabit is currently working on the commercial launch of a further 5 developments and will end the year with approximately 450 dwellings more on the market.

### LAND PORTFOLIO WITH OVER 1 MILLION SQUARE METRES

- During the first nine months of the year Quabit has acquired land to the value of 149.6 million euros, with a development potential of 467,831 square metres to develop 3,500 dwellings in Madrid, Corredor del Henares, Malaga and the Balearics. Following these operations, Quabit's residential portfolio totals almost one million square metres for the development of 6,720 dwellings.

		Andalusia	Aragón	Cantabria	Castilla La Mancha	Castilla León	Catalonia	Balearics	Madrid	Valencia	TOTAL
CONSTRUCTION-READY	m <sup>2</sup> developable	105.695,93	7.053,82	0,00	123.664,00	2.456,50	23.219,00	0,00	35.065,21	9.628,69	<b>306.783,14</b>
PRE--CONSTRUCTION READY		94.509,17	0,00	4.996,00	186.885,00	0,00	0,00	69.340,25	28.678,70	648,87	<b>385.057,99</b>
PLANNING		500,00	3.297,00	5.430,90	46.678,63	0,00	75.424,73	0,00	34.889,23	115.165,29	<b>281.385,79</b>
RUSTIC	m <sup>2</sup> land	0,00	0,00	0,00	873.561,09	0	90.134,00	4.177.392,00	0,00	199.353,17	<b>5.340.440,26</b>

<b>Total m<sup>2</sup> DEVELOPABLE</b>	<b>m<sup>2</sup> developable</b>	<b>200.705,10</b>	<b>10.350,82</b>	<b>10.426,90</b>	<b>357.227,64</b>	<b>2.456,50</b>	<b>98.643,73</b>	<b>69.340,25</b>	<b>98.633,14</b>	<b>125.442,85</b>	<b>973.226,92</b>
<b>Total m<sup>2</sup> RUSTIC SURFACE AREA</b>	<b>m<sup>2</sup> land</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>873.561,09</b>	<b>0,00</b>	<b>90.134,00</b>	<b>4.177.392,00</b>	<b>0,00</b>	<b>199.353,17</b>	<b>5.340.440,26</b>

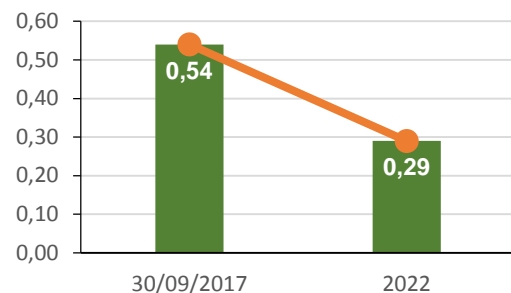


## 0.4 Residential Developments 2017 (to September)

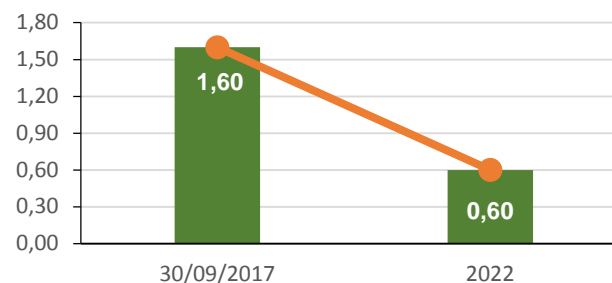
DEVELOPMENT	PROVINCE	Nº DWELLINGS	SITUATION	TURNOVER € thousands
Quabit Las Lomas	MADRID	12	WORKS COMMENCED	14.749
Quabit Sant Feliu	BARCELONA	63	WORKS COMMENCED	18.525
Quabit Las Cañas	GUADALAJARA	24	WORKS COMMENCED	6.447
Quabit Aguas Vivas Phase 1 V.P	GUADALAJARA	116	WORKS COMMENCED	15.321
Quabit Casares Golf Phases 1 and 2	MALAGA	87	WORKS COMMENCED Phase 1	23.792
Quabit Aguas Vivas Phase 2 Public Housing	GUADALAJARA	200	FOR SALE	29.520
Quabit Style	GUADALAJARA	64	FOR SALE	12.716
Quabit Torrejón Public Housing Phases 1, 2 and 3	MADRID	114	FOR SALE Phases 1 and 2	16.528
Quabit La Peñuela Phases 1, 2 and 3	MADRID	93	FOR SALE Phases 1 and 2	18.355
Quabit El Cañaveral Public Housing Phases 1, 2 and 3	MADRID	208	FOR SALE Phase 1	39.800
Quabit Las Quintas del Cañaveral Public Housing Phases 1, 2 and 3	MADRID	77	FOR SALE Phase 1	21.630
Parque Residencial de Quabit Las Suertes	GUADALAJARA	76	FOR SALE	14.025
Los Caprichos de Quabit Las Suertes	GUADALAJARA	24	FOR SALE	5.850
Quabit Collection	ZARAGOZA	36	FOR SALE	10.875
Quabit Altair	MALAGA	33	FOR SALE	8.726
Quabit Hacienda de la Torre Phases 1, 2 and 3	MALAGA	209	FOR SALE Phase 1	38.140
Quabit Los Pedregales Phases 1, 2 and 3	MALAGA	144	FOR SALE Phase 1	25.357
Quabit Riverside	MALAGA	75	FOR SALE	27.074
	<b>DWELLINGS</b>	<b>1.655</b>	<b>TURNOVER € thousands</b>	<b>347.430</b>

<b>TURNOVER</b>	<b>1.915 €m</b>	DEVELOPMENT OF LAND IN PORTFOLIO	502 €m
HOUSING DEVELOPMENT	1.787 €m	DEVELOPMENT IN CLOSED ACQUISITIONS	579 €m
SALE OF LAND	94 €m	DEVELOPMENT OF LAND PENDING ACQUISITIONS	706 €m
DEVELOPMENT AGENT	34 €m	TURNOVER FROM SALE OF LAND IN PORTFOLIO	33 €m
		TURNOVER FROM SALE OF CLOSED ACQUISITIONS	61 €m
<b>DELIVERY OF DWELLINGS</b>	<b>7.888 dwellings</b>	DELIVERY DWELLINGS ON LAND IN PORTFOLIO	2.145 dwellings
		DELIVERY DWELLINGS OF CLOSED ACQUISITIONS	2.343 dwellings
		DELIVERY DWELLINGS OF INVESTMENTS PENDING	3.400 dwellings
<b>INVESTMENT IN LAND</b>	<b>673 €m</b>	DEVELOPMENTS 2017 – 2022	298 €m
		DEVELOPMENTS SUBSEQUENT TO 2022	375 €m
<b>PROFIT AFTER TAX</b>	<b>334 €m</b>	CASH FLOW OF LAND IN PORTFOLIO	170 €m
<b>OPERATING CASH FLOW</b>	<b>463 €m</b>	CASH FLOW FROM CLOSED OPERATIONS	143 €m
		CASH FLOW FROM NEW ACQUISITIONS	133 €m
<b>DIVIDEND PAYOUT</b> in cash	<b>87 €m</b>	CASH FLOW OF DEVELOPMENT AGENT	17 €m
<b>RETURN ON EQUITY (ROE): As from 2022 above 25%</b>			

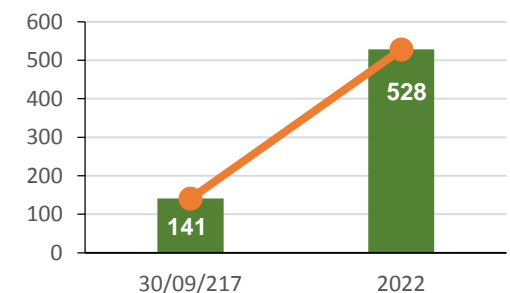
**NET FINANCIAL DEBT RATIO/ASSETS**



**NET FINANCIAL DEBT RATIO/EQUITY**



**EQUITY (€m)**





Quabit has **value levers** on its Balance sheet that are related to its **current agreements on debt cancellation and the possession of tax credits** not included in its Assets. Below is an evaluation of these levers on the Balance sheet ended 30 September 2017 and that projected for the end of the Plan's horizon.

### Adjustments 30/09/2017

**Limitación of recourse:** Effect arising from the cancellation of debt in the sum of 30.6 mill € with assets valued at 41.6 mill €, which would cause a negative effect of 11 €m.

**Debt release:** Amount of debt recorded at 30/09 which will be condoned as the payment schedule is effected. Positive effect of 48.5 €m in assets.

**Tax Credit:** Positive impact due to recognition of tax credits not currently included in the Balance Sheet in the sum of 168.2 €m

### Balance sheet at 31/12/2022

At 31/12/2022 there would be no adjustments pending due to the recording of all debt releases, handover of assets associated with debt with a limitation of recourse and recognition of the total tax credit

#### ADJUSTED BALANCE SHEET 30/09/2017

(In thousands EUROS)	30-sep-17				ADJUSTED 30/09/2017	FORECAST 31/12/2022
	30/09/2017	Limitation of recourse	Debt releases	Tax Credit		
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS:</b>						
Fixed and other Non-current assets	33.477	(19.736)	-	-	13.741	14.310
Deferred tax assets	33.831	-	-	168.200	202.031	165.040
<b>Total non-current assets</b>	<b>67.308</b>	<b>(19.736)</b>	<b>-</b>	<b>168.200</b>	<b>215.772</b>	<b>179.350</b>
<b>CURRENT ASSETS:</b>						
Inventory	278.396	(21.899)	-	-	256.497	798.330
Other	51.445	-	-	-	51.445	30.327
<b>Total current assets</b>	<b>329.841</b>	<b>(21.899)</b>	<b>-</b>	<b>-</b>	<b>307.942</b>	<b>828.657</b>
<b>TOTAL ASSETS</b>	<b>397.149</b>	<b>(41.635)</b>	<b>-</b>	<b>168.200</b>	<b>523.714</b>	<b>1.008.007</b>
<b>LIABILITIES AND NET EQUITY</b>						
<b>NET EQUITY:</b>						
shareholders of the Parent Company.	140.488	(11.040)	48.491	168.200	346.139	527.758
Minority interests	79	-	-	-	79	83
<b>Total net equity</b>	<b>140.567</b>	<b>(11.040)</b>	<b>48.491</b>	<b>168.200</b>	<b>346.218</b>	<b>527.841</b>
<b>NON-CURRENT LIABILITIES:</b>						
Debts with credit entities	13.530	-	-	-	13.530	-
Other	5.446	-	-	-	5.446	-
<b>Total non-current liabilities</b>	<b>18.976</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18.976</b>	<b>-</b>
<b>CURRENT LIABILITIES:</b>						
Debts with credit entities	205.780	(30.595)	(48.491)	-	126.694	303.943
Other	31.826	-	-	-	31.826	176.223
<b>Total non-current liabilities</b>	<b>237.606</b>	<b>(30.595)</b>	<b>(48.491)</b>	<b>-</b>	<b>158.520</b>	<b>480.166</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>397.149</b>	<b>(41.635)</b>	<b>-</b>	<b>168.200</b>	<b>523.714</b>	<b>1.008.007</b>



c/ Capitán Haya, 1 – pl. 16  
Madrid 28020. Spain  
Tel. +34 91 436 48 98

Website: [www.grupoquabit.com](http://www.grupoquabit.com)  
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