

## 2020 first half results

### ADVERO PROPERTIES SOCIMI CLOSSES THE FIRST HALF OF 2020 WITH A NEW FINANCING ROUND COMPLETED AND THE INCORPORATION OF NEW ASSETS TO ITS PORTFOLIO

- ADVERO completed a capital increase of 6.7 M€ in June and obtained authorization from its Shareholders' Meeting to complete said financing round up to a total amount around 10 M€.
- The company acquired a new asset in Madrid in the same month of June, and this week it announced the addition to its operating portfolio of two more assets in Madrid.
- Advero's strategic positioning in affordable quality rental in middle-income areas has allowed the company to navigate these recent months of the health crisis without any adverse effects on its income. However, the profit and loss account for the first half of the year include the increasing operating expenses as a result of the obligations as a listed company, which could not be offset in the first six months of the year. This was due to the start of the marketing of its three new assets in Madrid only in September.
- ADVERO currently totals an investment of 15,5 M€ in 8 properties consisting of 126 homes in Madrid and the belt of Barcelona, valued at 22.8 M€ (+ 47%), with a net financial debt of 0.5 M€. The operation of these assets in a full year should place the company's turnover around 1 M€ and the ordinary net result at 0.2 M€.
- The shares of the company closed the first half of 2020 with a revaluation of 9.16% and they accumulate a revaluation of 34.6% in the twelve months since the public listing in early November 2019.

**Barcelona, 30<sup>th</sup> October of 2020** .- ADVERO Properties Socimi, SA, a Spanish real estate investment trust founded in August 2017 with a willingness to facilitate the supply of rental housing in middle income areas in Spain, closed the first semester of 2020 with a financing round completed for 6.7 million euros and the addition of new assets to its portfolio.

Specifically, the company acquired its seventh property in its portfolio in mid-June, located on Teresa Maroto street in the Puente de Vallecas neighbourhood in Madrid. The property includes 16 homes and 11 parking spaces, and it was built in 2011 but had not been rented to date.

ADVERO began its marketing at the end of August and, despite the mobility restrictions and economic uncertainty caused by the pandemic, as of the date of this writing it has reached an occupancy of 75%.

Likewise, this week ADVERO has announced the addition of two more assets in Madrid to its portfolio of properties in operation. Specifically, a building on Platano street in Madrid, with 17 homes, which the company acquired last December and had to undergo a thorough refurbishment and a new construction building on Puerto de Tarancon street in Madrid, with 17 homes and 15 parking spaces. Works on the Platano building, which was required as a result of vandalization following its construction in 2009, concluded at the beginning of October. The marketing of both properties, on a rental basis, has begun recently.

With these new assets, ADVERO currently has eight properties in its portfolio, five of them in the Barcelona belt (Rubi, Sabadell and Terrassa) and three of them in Madrid (Tetuan and Vallecas neighbourhoods), made up of 126 homes. Total investment to date amounts to 15,5 million euros for a portfolio valued at 22.8 million euros in when in full operation (revaluation of 47%). The net financial debt of the company at the date of this writing stands at 0.5 million euros.

The operation of these assets in a full year should put the company's turnover at around 1 million euros and the ordinary net result at 0.2 million euros.

#### Evolution of the profit and loss account in the first semester

**Table 1. P&L 1S 2019-1S 2020**

<i>(in euros)</i>	<i>1H 2020</i>	<i>1H 2019</i>	<i>Evol.</i>
<b>Gross rental income</b>	<b>286,935</b>	<b>149,834</b>	<b>92%</b>
Other operating income	184	52,650	-100%
Operating expenses	-247,442	-130,939	89%
<i>Relating to assets</i>	<i>-69,723</i>	<i>-67,370</i>	<i>3%</i>
<i>% turnover</i>	<i>24%</i>	<i>45%</i>	
<i>Corporate</i>	<i>-177,719</i>	<i>-63,569</i>	<i>180%</i>
<i>% turnover</i>	<i>62%</i>	<i>42%</i>	
Other income	2,404	82,628	-97%
Depreciation and amortisation	-57,004	-35,817	59%
<b>Operating result</b>	<b>-14,923</b>	<b>118,356</b>	<b>-113%</b>
Financial result	-49,248	-5,966	725%
<b>NET PROFIT</b>	<b>-64,171</b>	<b>112,390</b>	<b>-157%</b>

The company's results in the first six months of 2020 mainly include:

- a) Income from only the five properties in the Barcelona belt, due to the entry into operation of the three properties in Madrid as of September 2020.
- b)
  - b) Turnover increased from 149,834 euros to 286,935 euros compared to the same period of the previous year. This 92% increase is attributed to: a) the entry into the perimeter of two new assets in operation whose income was not fully incorporated in the six months of the previous year (+78%) and b) the increase in income in the three properties in operation since 2018 (+14%). Since its inception, ADVERO has maintained a sustained occupancy ratio of 99% in its total assets in operation.
- c) Optimization of operating expenses related to assets, which went from 45% of turnover to 24%, mainly due to the end of the extraordinary investments for the start-up of the two assets in 2019.
- d) After the start of trading in the stock exchange in November 2019, the results for the first half of 2020 show a significant increase in structure costs, linked to obligations as a listed company (audit, stock exchange fees and related advisers, etc. ), which at the end of June 2020 represented 62% of the turnover. These costs should reduce their relative weight as the company grows in size.
- e) Increase in depreciation in 2020 due to the incorporation of new assets in operation.
- f) Non-existence of extraordinary results, as it was the case in 2019.
- g) Increase in financial result mainly due to the incorporation of the costs associated with the total debt of the company (not fully drawn down in the first half of 2019).

Despite the positive operating performance of the business, and the time lag between the increase in fixed costs (overhead costs and financial interest) and the incorporation of new assets in the second half of the year, ADVERO concluded June with a negative net result of 64,171 euros compared to profits of 112,390 euros in June 2019.

The company has recently started marketing its properties in Madrid, the rate of occupancy of which could be affected by the health and economic crisis, as well as by the current mobility restrictions.

Effect of COVID-19 on business

In a year especially marked by the Covid-19 pandemic, ADVERO had no impact on its first half year results from these extraordinary circumstances.

Between the months of April to June, ADVERO handled some requests from residents for a temporary postponement of part of the rent. None of the residents stopped paying 100% of the rent or requested a renegotiation of the rent, and there were only partial deferrals. The company has received confirmation of the repayment of 100% of the amounts deferred prior to the end of 2020.

In the same way, during the state of alarm decreed by the Government of Spain, there were four cancellations of rental contracts, which were immediately replaced, which shows that demand is still active in ADVERO's specialized segment. Likewise, ADVERO has not seen a reduction in the level of income from homes that changed tenants during these months.

Balance sheet

The balance sheet as of June 30, 2020 mainly includes:

- a) The increase in real estate investments due to the incorporation of the acquisition of the asset on Teresa Maroto street in Madrid, formalized in June 2020
- b) The increase in short-term financial investments and the cash position after the capital increase in June 2020, which is included in the share capital.

**Table 2. Balance sheet as of June 30, 2020**

Assets	30/6/20	31/12/19
<b>NON-CURRENT ASSETS</b>	<b>12,727,924</b>	<b>10,342,433</b>
Intangible assets	823	1,112
Property, plant and equipment	35,052	37,132
Property Investments	12,691,266	10,302,981
Long-term financial investments	783	1,208
<b>CURRENT ASSETS</b>	<b>6,806,583</b>	<b>2,581,008</b>
Trade debtors & other accounts receivable	9,612	22,928
Short-term financial investments	398,670	59,119
Short-term accruals	5,780	5,769
Cash & cash equivalents	6,392,521	2,493,192
<b>TOTAL ASSETS</b>	<b>19,534,507</b>	<b>12,923,441</b>

Equity and Liabilities	30/6/20	31/12/19
<b>SHAREHOLDERS' EQUITY</b>	<b>15,303,066</b>	<b>8,596,212</b>
Share Capital	12,131,865	8,146,155
Share Premium	3,643,844	853,847
Reserves	-287,949	-284,473
Treasury Shares	-138,435	-195,483
Retained earnings	-36,530	-43,001
Contributed Capital	29,443	29,443
Annual result	-64,172	64,724
Other equity instruments	25,000	25,000
<b>NON-CURRENT LIABILITIES</b>	<b>3,736,933</b>	<b>3,868,848</b>
Long-term debt	3,736,933	3,868,848
<b>CURRENT LIABILITIES</b>	<b>494,508</b>	<b>458,381</b>
Short-term debt	342,429	352,622
Other short-term liabilities	152,079	105,759
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,534,507</b>	<b>12,923,441</b>

#### Share evolution

The company began trading on the BME MTF Equity (previously MAB) on November 8, 2019 at a value of 6.50 euros. At the time of this writing, the company's shares are trading at 8.75 euros, a revaluation of the 34.6 % in twelve months, driven by the generation of value that the company has been achieving with the incorporation of new assets its portfolio, and which places its market capitalization at 21.23 million euros. The company's shares closed the first half of 2020 with a 9.16% revaluation.

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#### **About ADVERO Properties SOCIMI, S.A.**

ADVERO Properties SOCIMI, S.A. is a Spanish publicly traded real estate investment trust established in August 2017 with the aim of facilitating the supply of quality rental housing in middle income areas in Spain. The company concentrates its investments exclusively in residential assets, located on the outskirts of large cities or middle-income neighbourhoods, with full ownership of the property to facilitate the creation of cohesive tenant communities.

#### **About ADVERO shares**

Shares outstanding: 2.426.373 shares

Market capitalisation on 30/9/2020: 21,23 M€

Trading exchange: BME MTF Equity (Spain)

Trading ticker: YADV

ISIN: ESo105448007

More information is available in the "Investors" section in [www.adveroproperties.com](http://www.adveroproperties.com)

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