

OTRA INFORMACIÓN RELEVANTE

GAVARI PROPERTIES SOCIMI, S.A.

Madrid, 8 de octubre de 2020

En virtud de lo previsto en el artículo 17 del Reglamento (UE) nº 596/2014 sobre abuso de mercado y en el artículo 228 del texto refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, y disposiciones concordantes, así como en la Circular 3/2020 del segmento BME Growth de BME MTF Equity (“BME GROWTH”), GAVARI PROPERTIES SOCIMI, S.A. (la “Sociedad” o “GAVARI”), pone en su conocimiento que:

La Sociedad ha publicado en su página web una presentación informativa. El contenido completo de la presentación se puede consultar a continuación y en la sección de inversores de la página web de la Sociedad:

<https://gavariproperties.com/es/inversores>

Quedamos a su disposición para cuantas aclaraciones consideren oportunas.

Atentamente,

D. Juan Merino de Cabo

Presidente del Consejo de Administración de GAVARI PROPERTIES SOCIMI, S.A.

High Yield Residential Socimi

September 2020



Investment opportunity

The opportunity

The opportunity consists in taking part in the capital increase of Gavari Properties Socimi S.A. (REITs) in order to increase the current portfolio of 158 homes in the metropolitan outlying districts of Madrid and Malaga – areas named as “High Yield” due to their high return.

Two business segments: Long term rental apartments and Co-living oriented to students (room accommodation alternative that offers the best of a residence: community, living together, leisure ... with the independent rental of a student housing: privacy, freedom ...)

Unique project, which combines a purchasing capacity at excellent market prices with a very important added value in all its operations due to the repositioning of assets, this last factor being our main competitive advantage, as we are already showing in projects where we have improved 40% your income in 6 months.

Pipeline portfolio of more than 300 available apartments (target portfolio under Management ≈ 500 homes) in Madrid y Málaga.

With a 3/5 year investment target horizon, the net return target ex commissions and expenses is 12%-18% with target multiple over capital invested of 1,6 - 2x, with annual dividends over invested capital of ≈ 5% after closing investment period

Strategy and Investment philosophy

Acquisition and reform of more than 20 year-old residential buildings in metropolitan outlying districts of Madrid and adjacent municipalities and the city of Málaga, with high demand, short supply and limited volatility.

Property management through long-term rental (traditional rental) or rooms for students (Coliving)

Investment in income generating assets or are close to generate avoiding transferring any type of developer risk to the investor while facilitating the obtaining of rents throughout the life of the project.

Proven management skills and strengthened by the strategic alliance with a team with vast experience in this type of assets and a top-tier Advisory Board.

Market outlook

In Madrid, housing prices have risen since 2014 at an annual rate of 7.2% (Málaga 7.4%) and rental prices at 7.5% according to Idealista.com, due to, among other reasons, a large imbalance between rental supply and demand.

The number of homes built in a year decreased 90% from 850k in 2006 to 80k in 2017 reducing significantly new stock of residential units, according to the Spanish Ministry of Development.

Annual gross returns of 8-10% per rental on the assets targeted for investment with respect to traditional product in prime areas with return on the levels of inflation.

Limited impact on Covid-19 at this stage and good performances vs. other real estate segments

Liquidity in markets and scarcity of investment opportunities with upward annual remuneration and potential.

Proposed opportunity

01

Currently

158 units under management



Currently

Injection of funds in Gavari Properties Socimi S.A. from investors.

The Socimi is listed in the Stock Market (MAB) since June 1st, 2020.

Ticker -> YGAV

ISIN -> ES0105482006

02

New investors - Pipeline execution

500 homes under management



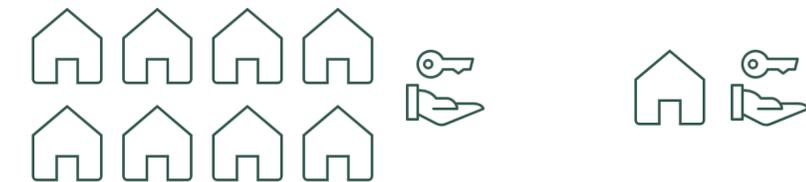
Years 1 – 3

Liquidity obtained from investors used to consolidate the vehicle and execute value-adding activities on assets and optimization of their return.

03

Devestiture

Full Project selling or partially Project by Project



Year 3-5

Acquisition by another Socimi or Investment Fund.
Sale of projects in globally or individually.

Note: GavariAM, as Project Manager, has a management contract with Gavari Properties and will receive a fee in return for management.

Gavari Properties at a glance...

158 units

Under management
155 apartments + 3 commercial
units

>20%

Acquisition discount
vs. market

< 6-8%

Unpaid monthly rents
(target 3% after asset repositioning)

95%*

Asset Occupation

≈ 37%

Debt / Gross asset value

> 10.000 m²

Under management

>8%**

Current Gross yield
vs. 5% acquisition yield
(9% reversionary after asset repositioning)

≈ €16M

Gross asset value (GAV)

*Excluding long term rental apartments in Carlos III

** September 2020

Limited stock does not suit needs and trends

Metropolitan attraction

- ≈ 70% of the world population will live in urban areas by 2030⁽¹⁾.
- Next step “from country side to the city” movement → mid-size cities are losing population in favor of large cities⁽²⁾.
- Limited budget to pay mortgage or monthly rental

Leasing economy

- Home ownership continues to decline in Spain (76% in 2018 vs. 81% in 2007) and still far from European levels (69%).
- Peak home acquisition age is moving from 25 to 45 years old for millennials⁽³⁾.
- Credit restrictions after financial crisis to be intensified due to Covid-19 crisis making very difficult house acquisition.

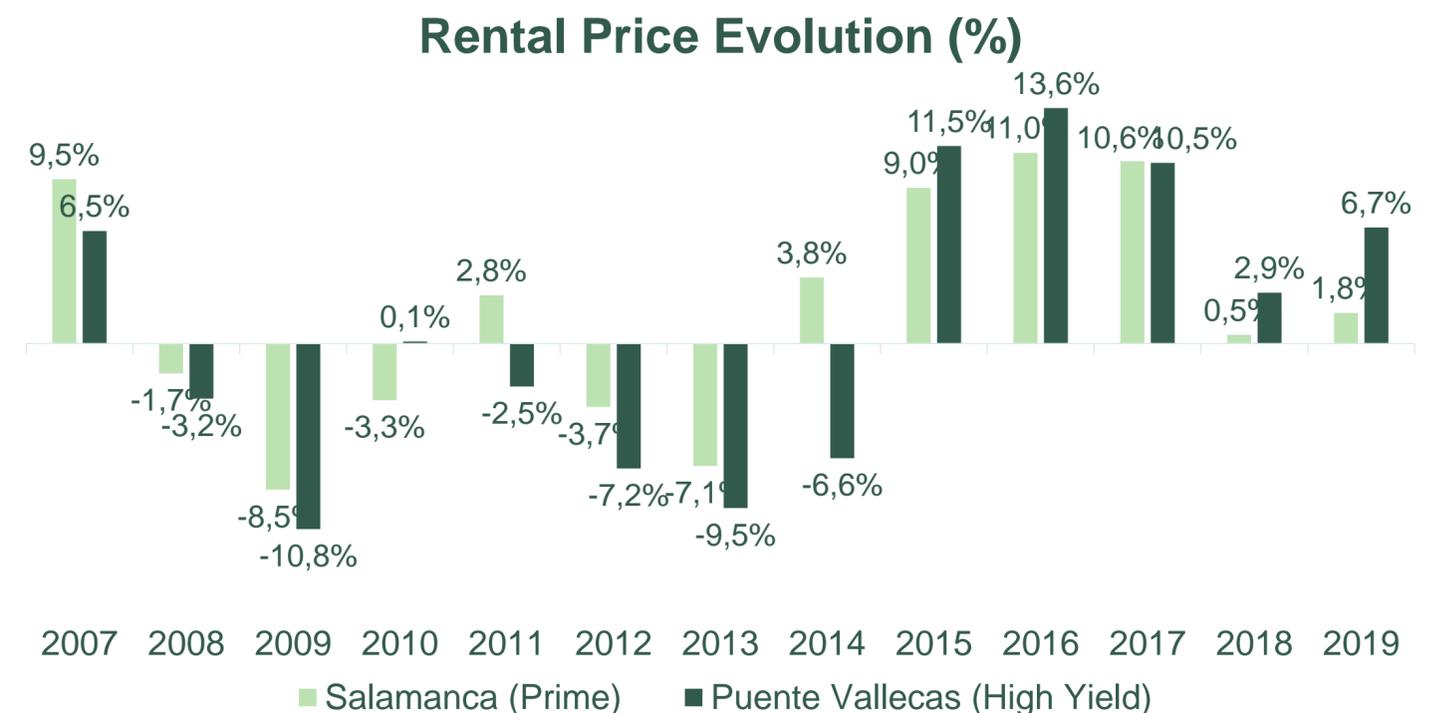
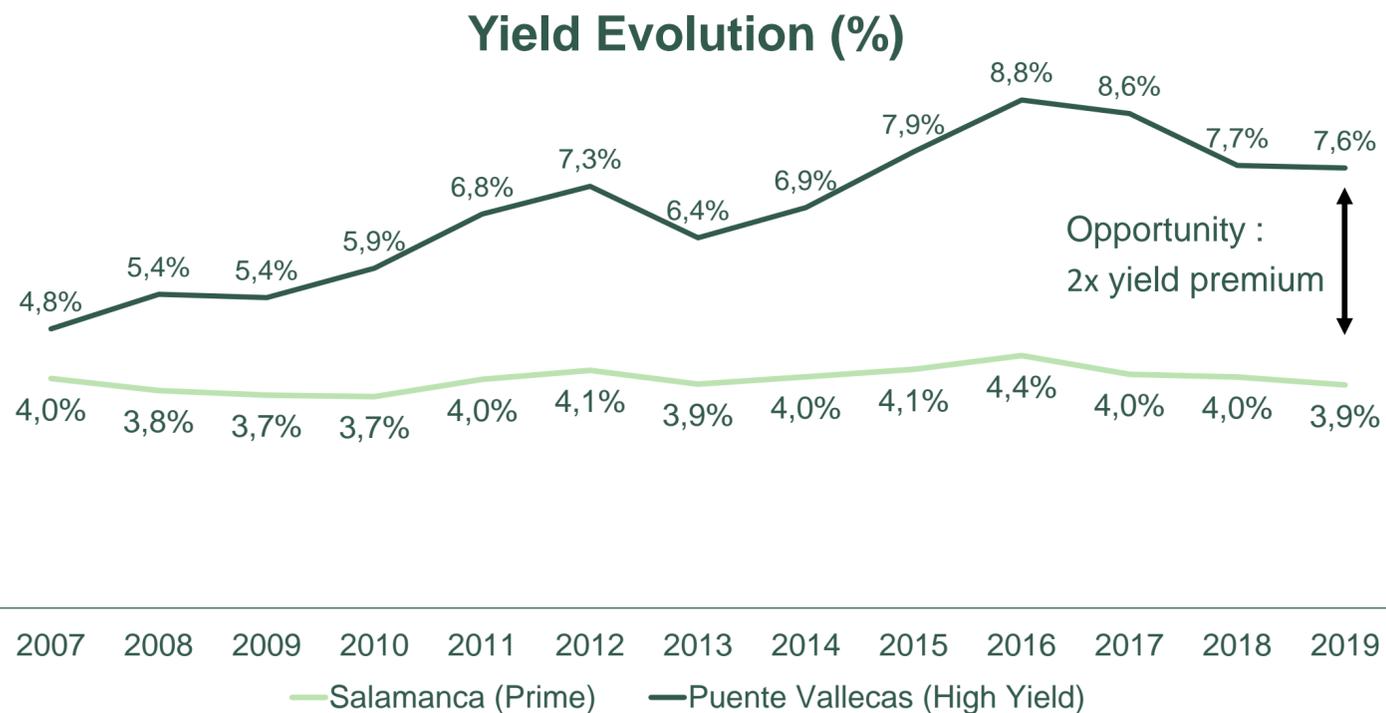
Restricted supply of affordable rental housing⁽⁵⁾

- Less than 4% of total available supply in Madrid is below 700 EUR / month.
- If we consider apartments with 2 or more bedroom only 1,5% is below 700 EUR / month
- Market cheapest apartment in Madrid for rent at 500 EUR / month.

Key driver

▪ (1) United Nations (UN DESA) 2018 Revision of World Urbanization / (2) “La metropolización de Madrid vacía las provincias ricas de España” analysis– elconfidencial.com / (3) US millennials, 2015, Goldman Sachs Investment Research / (4) Europe, Eurostat / Idealista.com

Affordable rental apartments are the opportunity



- Currently, significant better performance of affordable rental apartments (6%-8% GY) vs. prime locations (2,5% - 4,0% GY).
- Similar rental price evolution in recent years between High yield and Prime with better yield performance after financial crisis in High Yield market.
- Healthier market stock composition – funds and solvent new owners since 2010 - will avoid a significant price drop in high yield areas – new stronger owners in financial terms.

Source: Monthly pricing report Idealista.com

Covid considerations

Private rented sector (PRS) new trends

- Available supply increase due to tourists disappearance and therefore tourism apartments converted into long term apartments
- Possible massive departure of tenants from the city to municipalities far from the city. The route seems limited by purchasing power, availability of supply and infrastructures, real attractiveness.
- The shortage of affordable supply in the family housing market (+2 rooms) continues.

PRS resilience

- Home is a basic necessity and a forced change has a strong emotional and economic impact.
- Segment has suffered the least from the pandemic in terms of non-payment and valuation and the one that has best recovered from its first impact
- The need for a home in cities is not questioned, nor will it be in the face of complex perspectives of commercial spaces, offices, etc.

Payment delay (not default)

- Moderate dilation of average payment times.
- Increase in non-payment at the time of receipt of receipts that is gradually resolved in time.
- Strong commitment of tenants not to fall into a legal proceeding. Delay but not default.

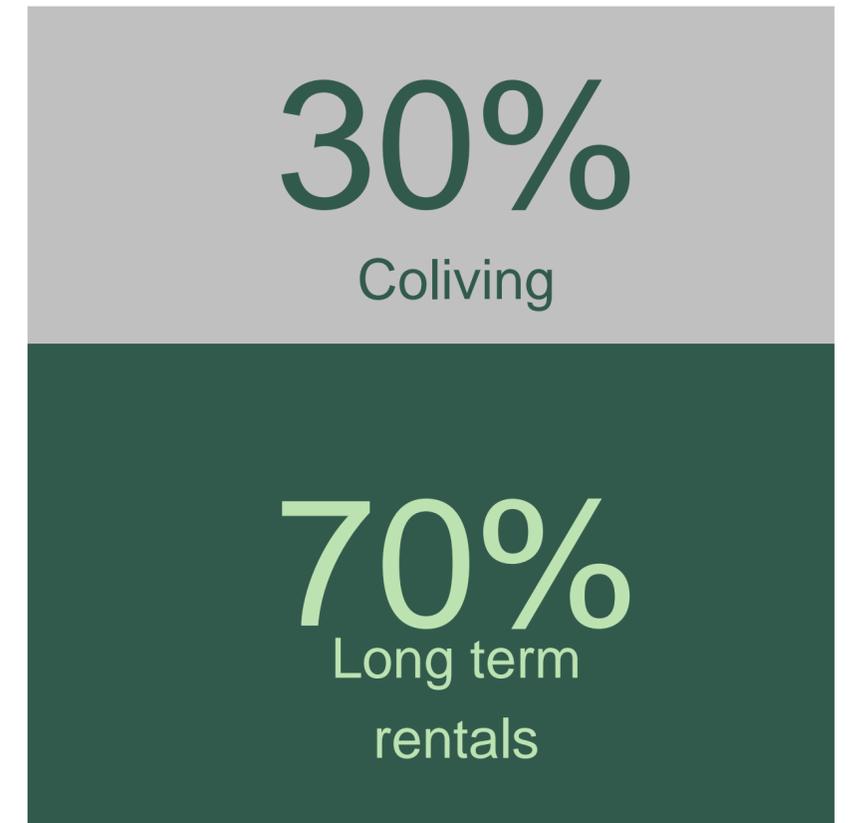
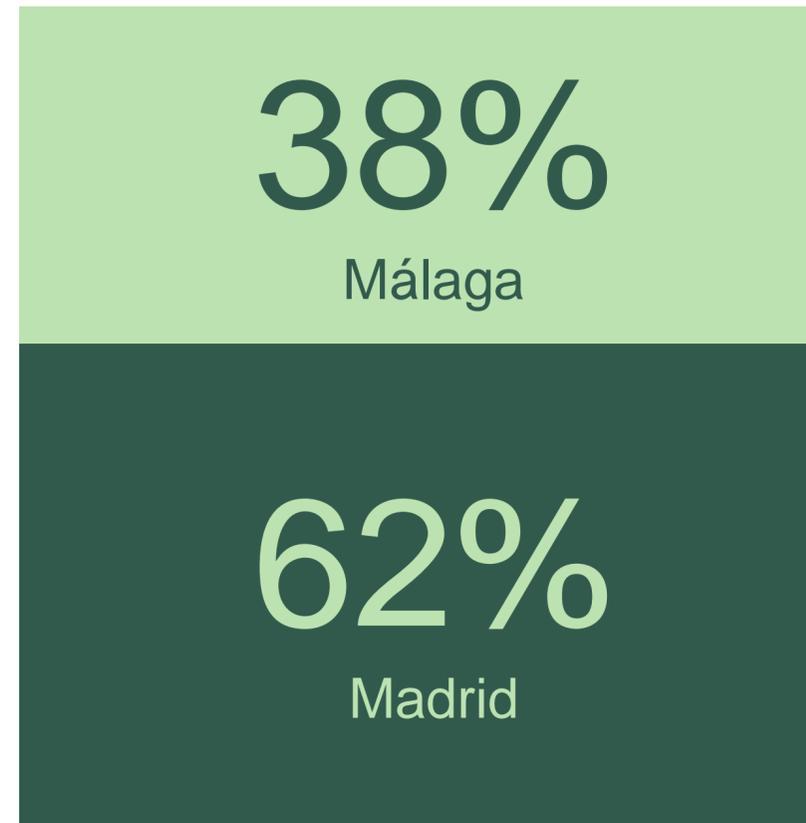
Current portfolio

Portfolio mix

units \approx 158

Gross value \approx 16 M EUR

Revenues business mix target



Current portfolio under management

Project name	District (Municipality)	Acquisition date	# Units	m2	Yield revisionary
Cherry	Cruz Humilladero (Málaga)	31.07.2018	36	2.491	9,5%
Aportación	Ciudad Lineal Puente de Vallecas San Blas (Madrid)	15.10.2018	16	784	8,4%
Nadine I	Cruz Humilladero (Málaga)	30.10.2018	46	2.878	8,8%
Callejo	Puente de Vallecas (Madrid)	29.11.2018	12	794	7,3%
Carlos III	Getafe (Madrid)	05.06.2019	38	2.499	11,1%
Marcelino	Madrid	15.09.2019	9+3	647	8,0%
TOTAL			160	10.093	9,2%

Yield = Unleveraged Gross Yield

Business Case – Long term

Description: Six buildings project next to train station in Malaga – Cruz de Humilladero district - with a very poor maintenance situation and low tenant profile paying an average rent of less than 250 EUR/ month while in Malaga there are no chance to find attractive alternatives to rent below 600 EUR/month

Previous situation

- Vacancy rate: 85% occupied
- Deplorable maintenance status
- Very low tenant profile
- No scoring in place to select tenant



Current situation (Project target)

- +70% increase of rental average (238 EUR – 438 EUR) in 21 month.
- Vacancy rate: 100% occupied
- Full outdoor installation refurbishment and progressive indoor as contracts expire
- New strong scoring system focused in solid tenants



# apartments	46
# buildings	6
m2	2.684
Location	Calle Carceleras 3, 5, 7 ; Caña 3, 7 and Leandro Martinez 37 Málaga
Acquisition Cost (EUR)	2.015.347
Capex (EUR)	713.881
Pending Capex est. (EUR)	250.000
Total project (EUR)	2.979.228
Acq. Cost (EUR/m2)	751
Capex (EUR/m2)	266
Total Project (EUR/m2)	1.110

	Pre-Acq	2018 (last Q)	2019	2020	2021	2022	2023
Revenues	126.228	31.557	225.346	240.000	252.000	264.000	264.000
Costs	-30.000	-6.250	-35.000	-35.000	-35.000	-30.000	-30.000
NOI	96.228	25.307	190.346	205.000	217.000	234.000	234.000

Gross Yield	4,2%	-	7,6%	8,1%	8,5%	8,9%	8,9%
Net Yield	3,2%	-	6,4%	6,9%	7,3%	7,9%	7,9%

Net exit yield	6,5%	<i>Leverge 40% LTC</i>
IRR	20,3%	<i>Interest Cost: 2,5%</i>

(*) Gross yield (Yield on cost) = Revenues / investment property; Net yield = Revenues – expenses / investment property

Business Case – Coliving

Description: Long term rental project changed into a student coliving after a strong outdoor and indoor refurbishment located just in front of Carlos III University with a 12.000 people campus. There is no residential experience competitor excluding 750 places managed by the University.

Previous situation

- Vacancy rate: 15% occupied
- Deplorable maintenance status
- Long term rental business model oriented



Current situation (Project target)

- Turn business model into a coliving for students, renting rooms of the existing apartments
- Vacancy rate (September est.): Fully booked.
- Monthly revenues from 1,5k EUR to more than 30k EUR



# apartments	38
# buildings	5
m2	2.561
Location	Calle Daoiz 38, 40, 42, 46 y Sanchez Morate 27 - Getafe (Madrid)

Acquisition Cost (EUR)	1.983.818
Capex (EUR)	1.412.191
Pending Capex est. (EUR)	150.000
Total project (EUR)	3.546.009

Acq. Cost (EUR/m2)	775
Capex (EUR/m2)	551
Total Project (EUR/m2)	1.385

	Pre-Acquisition	2019 (half year)	2020	2021	2022	2023	2024 (exit)
Revenues	20.400	27.175	250.977	366.080	400.400	400.400	200200
Costs	-15.000	-17.631	-47.059	-53.965	-56.024	-56.024	-28012
NOI	5.400	9.545	203.918	312.115	344.376	344.376	172.188

Gross Yield	0,6%	0,8%	7,1%	10,3%	11,3%	11,3%
Net Yield	0,2%	0,3%	5,8%	8,8%	9,7%	9,7%

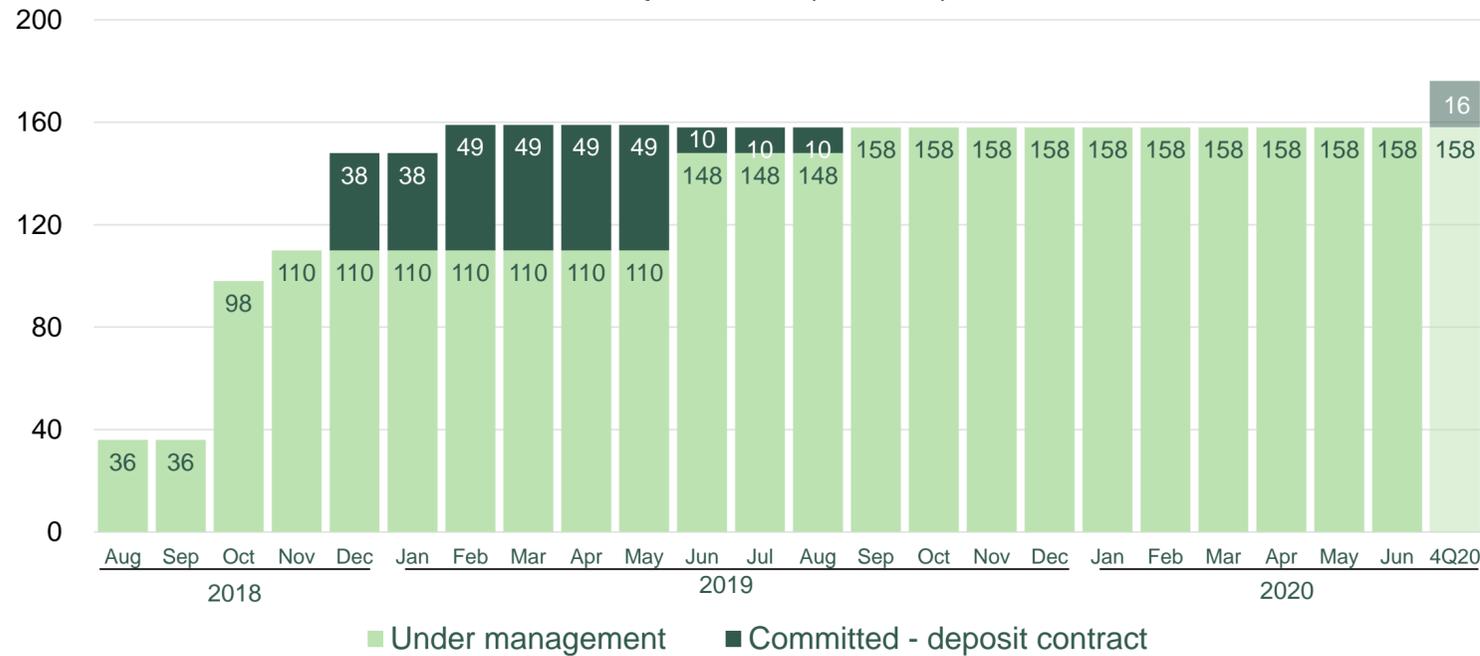
Net exit yield	6,0%	<i>Leverage: 43% LTC</i>
IRR	24,8%	<i>Interest cost: 2,5%</i>

(*) Gross yield (Yield on cost) = Revenues / investment property; Net yield = Revenues – expenses / investment property

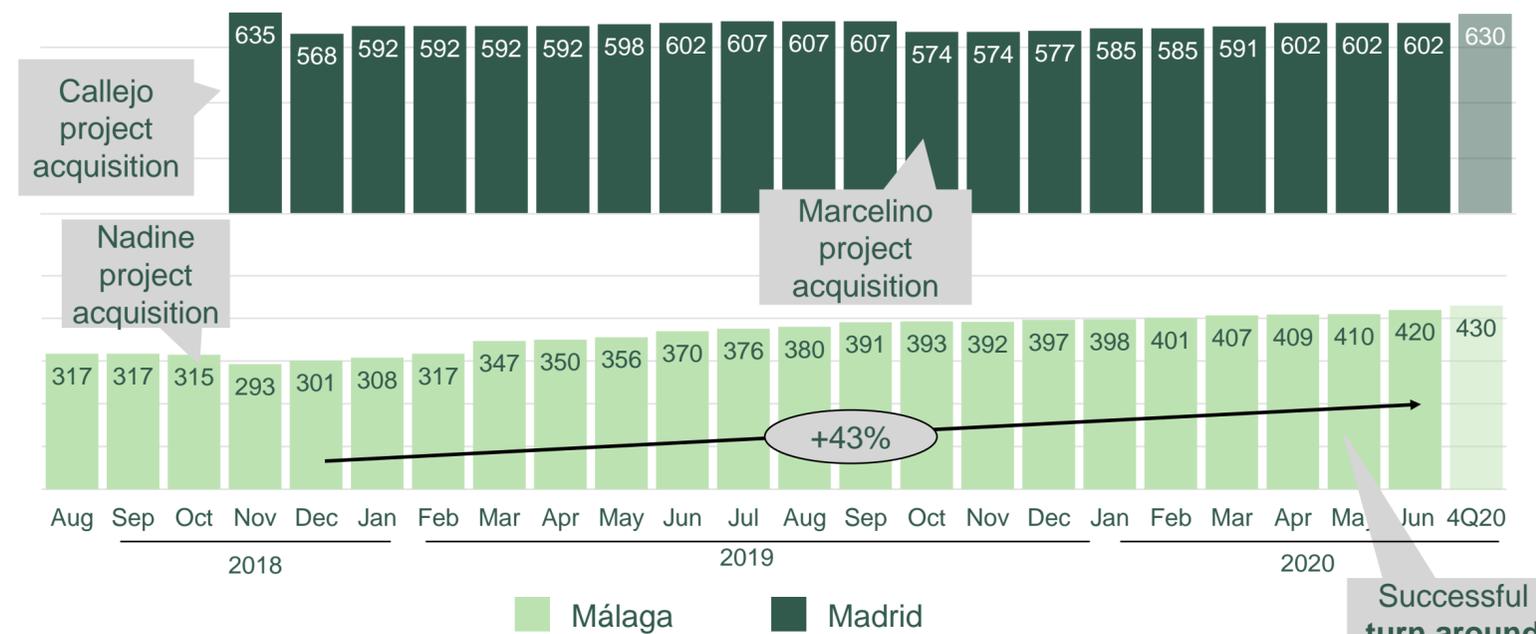
Main KPI evolution

Main operational KPI

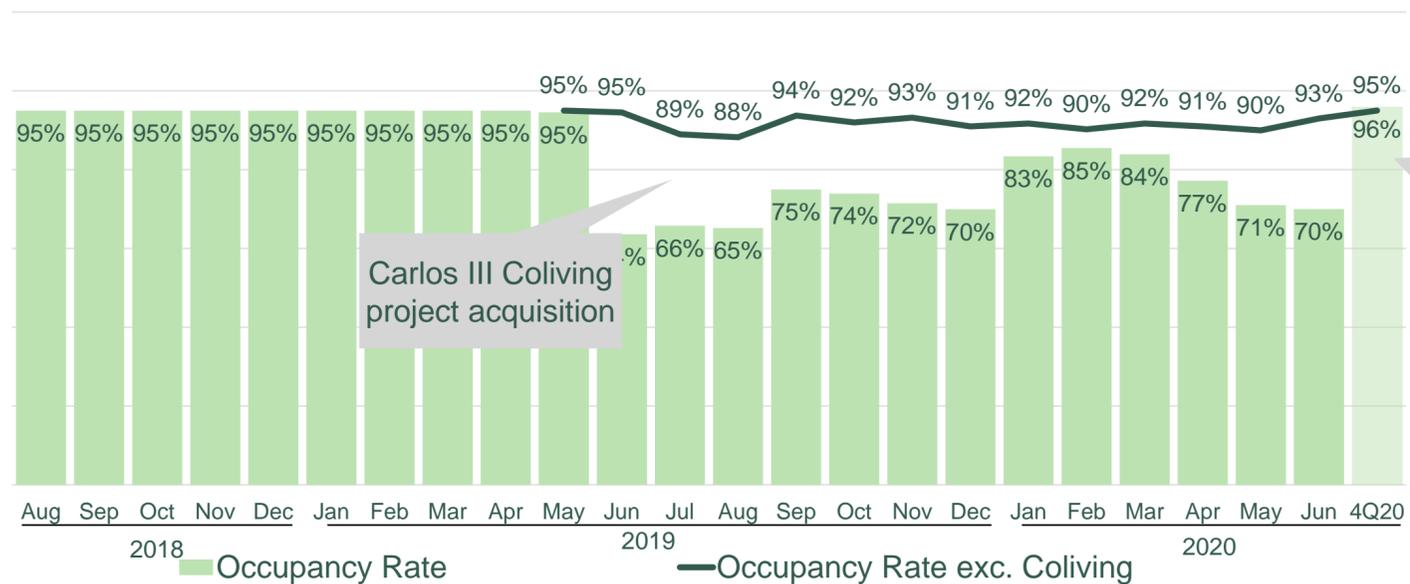
Current portfolio (# units)



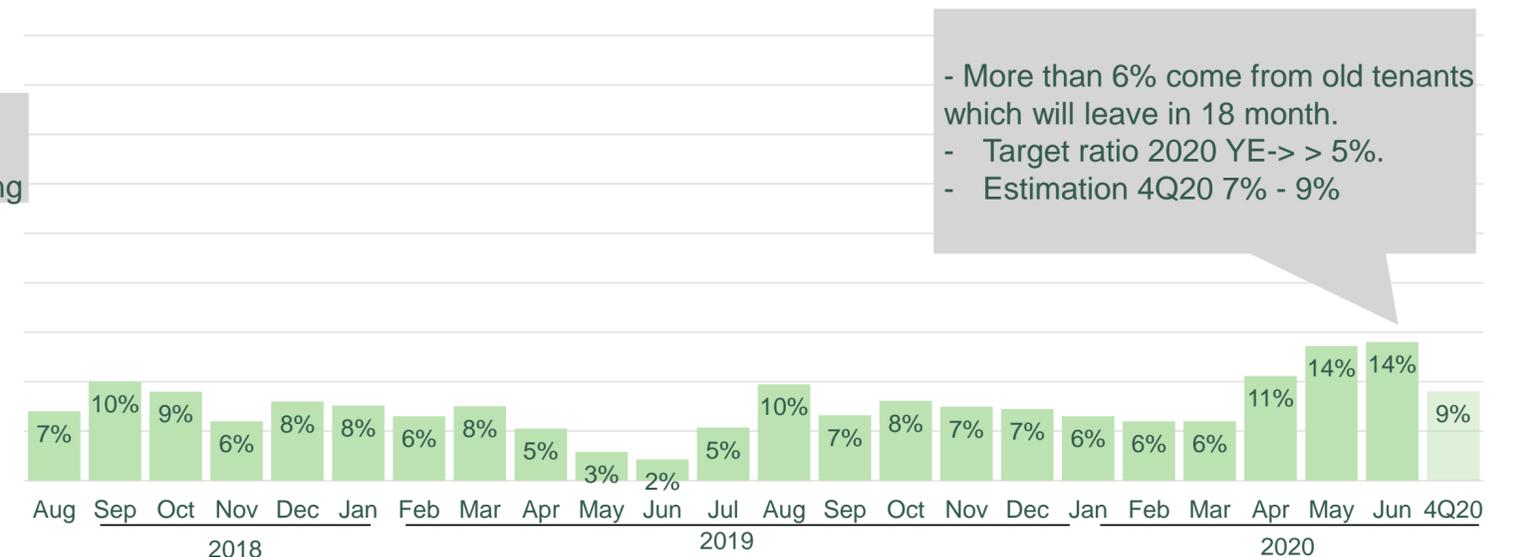
Average Price Rent (EUR / housing)*



Occupancy rate (% rented housing)**



Late payment rate – unpaid monthly rent (% revenues)**

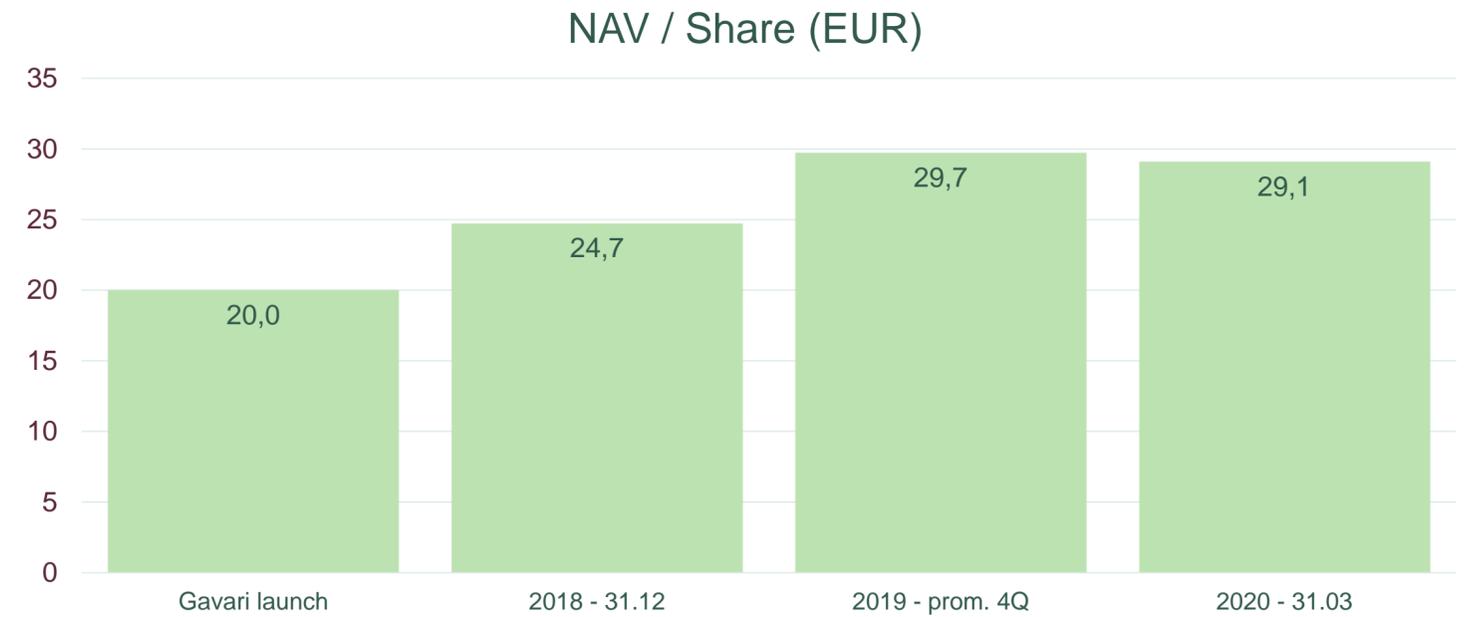
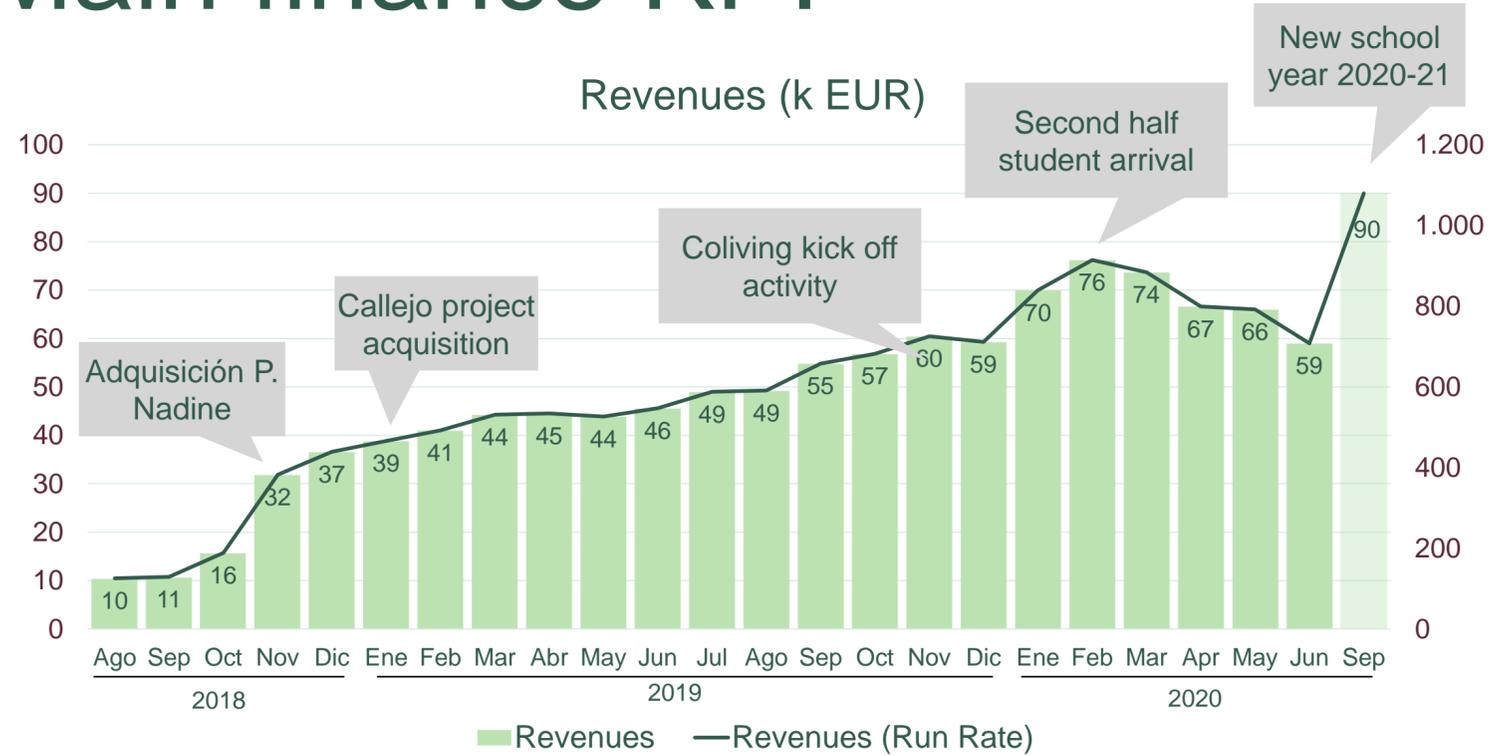


* Excluding Carlos III – Coliving project

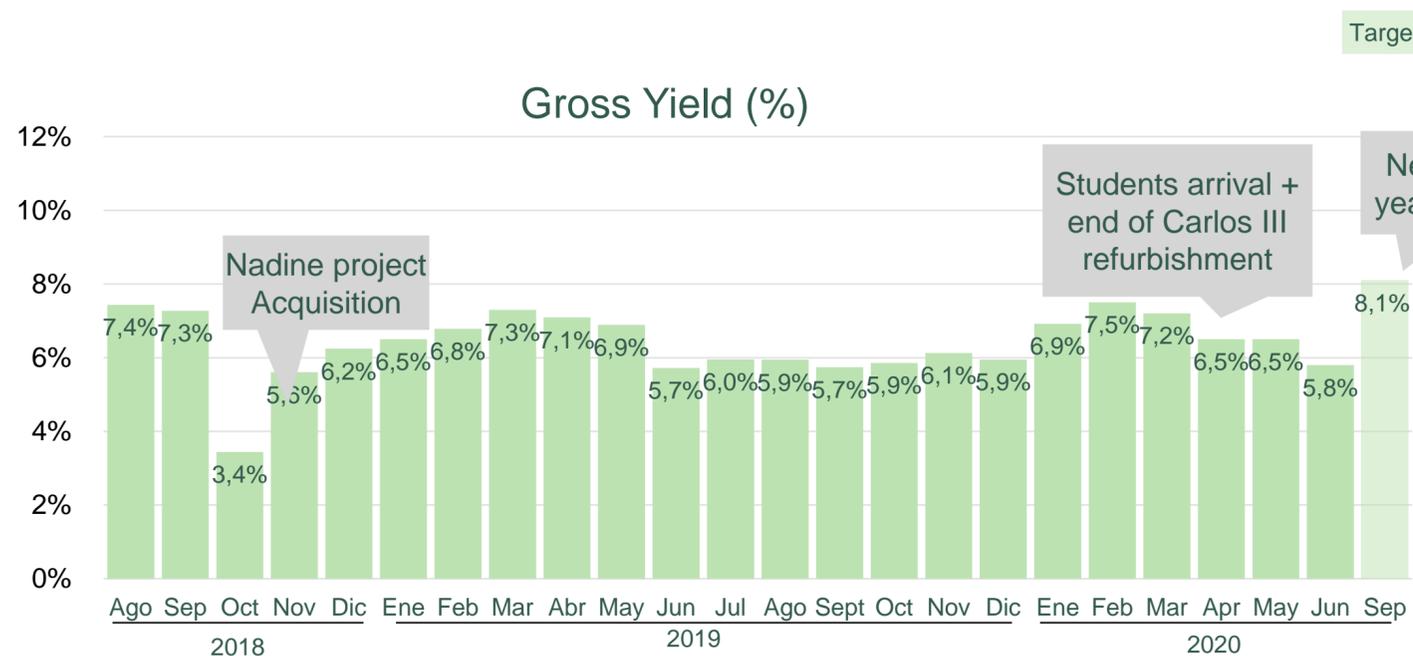
** Around 2% are commercial spaces which cannot be rented neither be adapted into apartments and 3% of unoccupied rate will turn into contracts in 12 months as proindiviso dissolvent process will come to an end and legalization of commercial spaces will be approved to turn into apartments

*** Considering pending rents to be paid by Malaga city hall

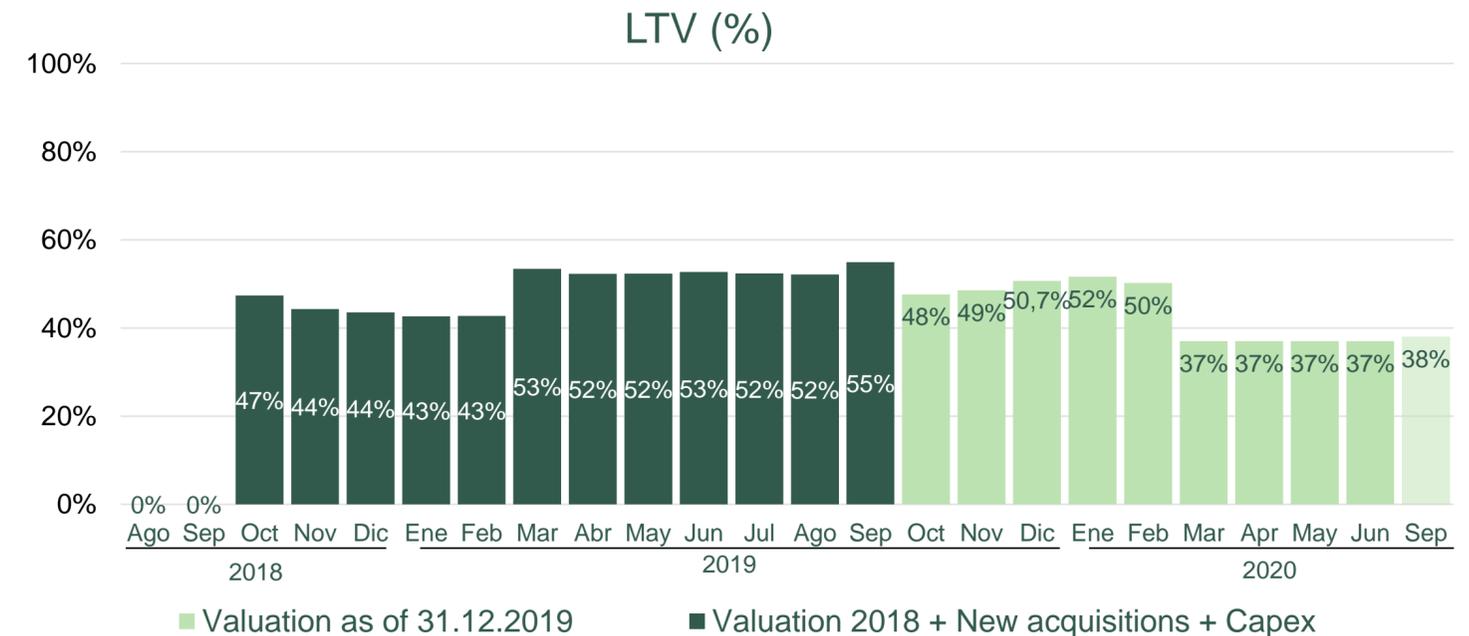
Main finance KPI



Note:= ECO Asset valuation per project + Capex ; updated every 31.12 RICS standard by CBRE] / # shares



Gross yield = Revenues / assets (books)



Note:= 4Q is taking CBRE assets valuation as of 31.12.2019

Gavari Properties Team



José de Cabo
Founder



Juan Merino
Founder & CEO



Lidia Arribas
Property Manager

Associated advisors with vast experience in socimis (REITs) and real estate

Tax



Legal



Legal – Real Estate



Valuation



Audit



Registered Advisor



Property management - Operational



Liquidity supplier



Main target areas MADRID

Ciudad Lineal

- Pueblo nuevo
- Ventas

San Blas

- Simancas

Puente de Vallecas

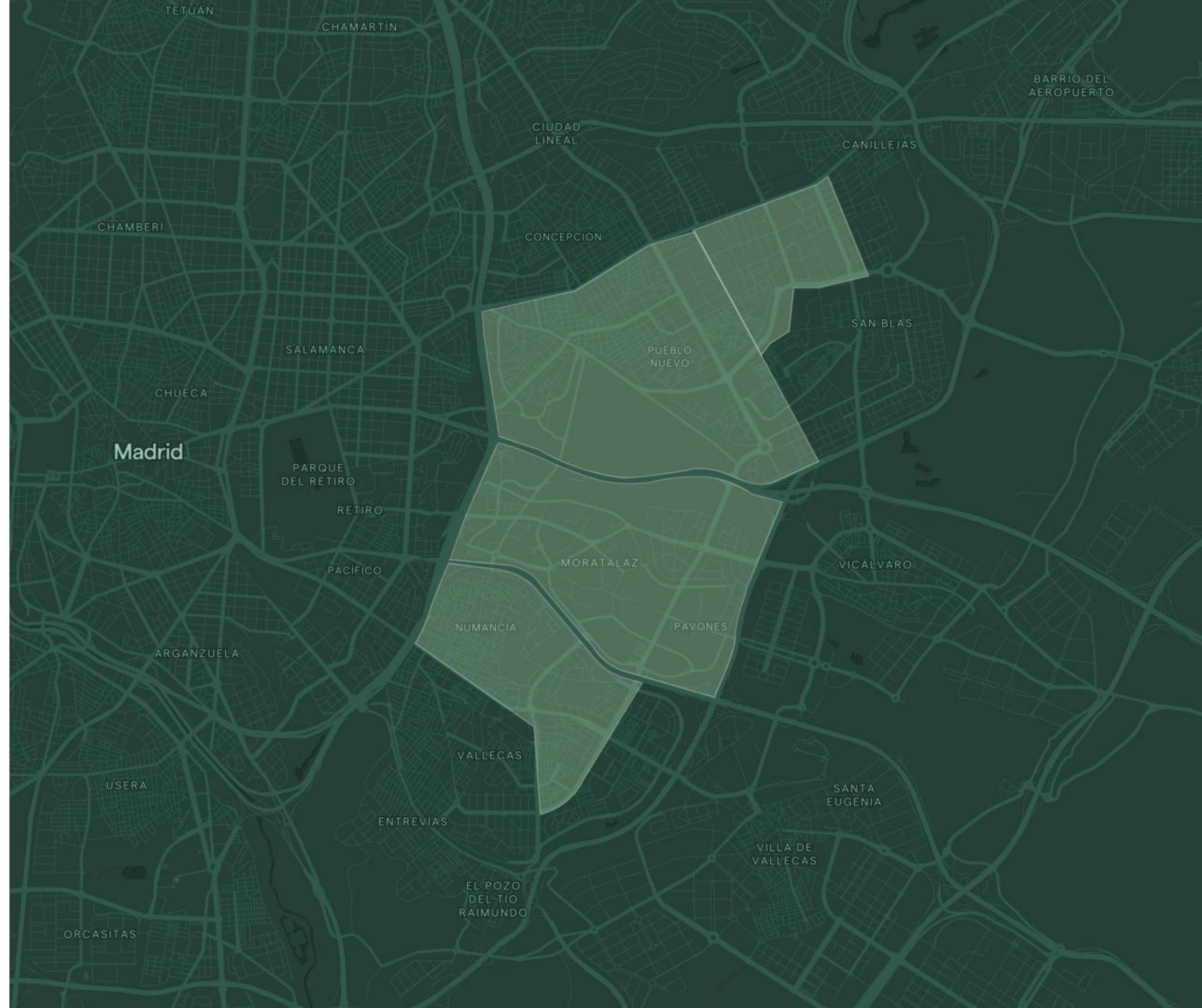
- Numancia
- Portazgo
- San Diego

Municipios limítrofes

- Getafe
- Leganés
- Móstoles
- Etc...

Nota:

Investments could be expanded to other areas in exceptional circumstances in the case of identifying highly attractive opportunities and with the approval of the Advisory Board.



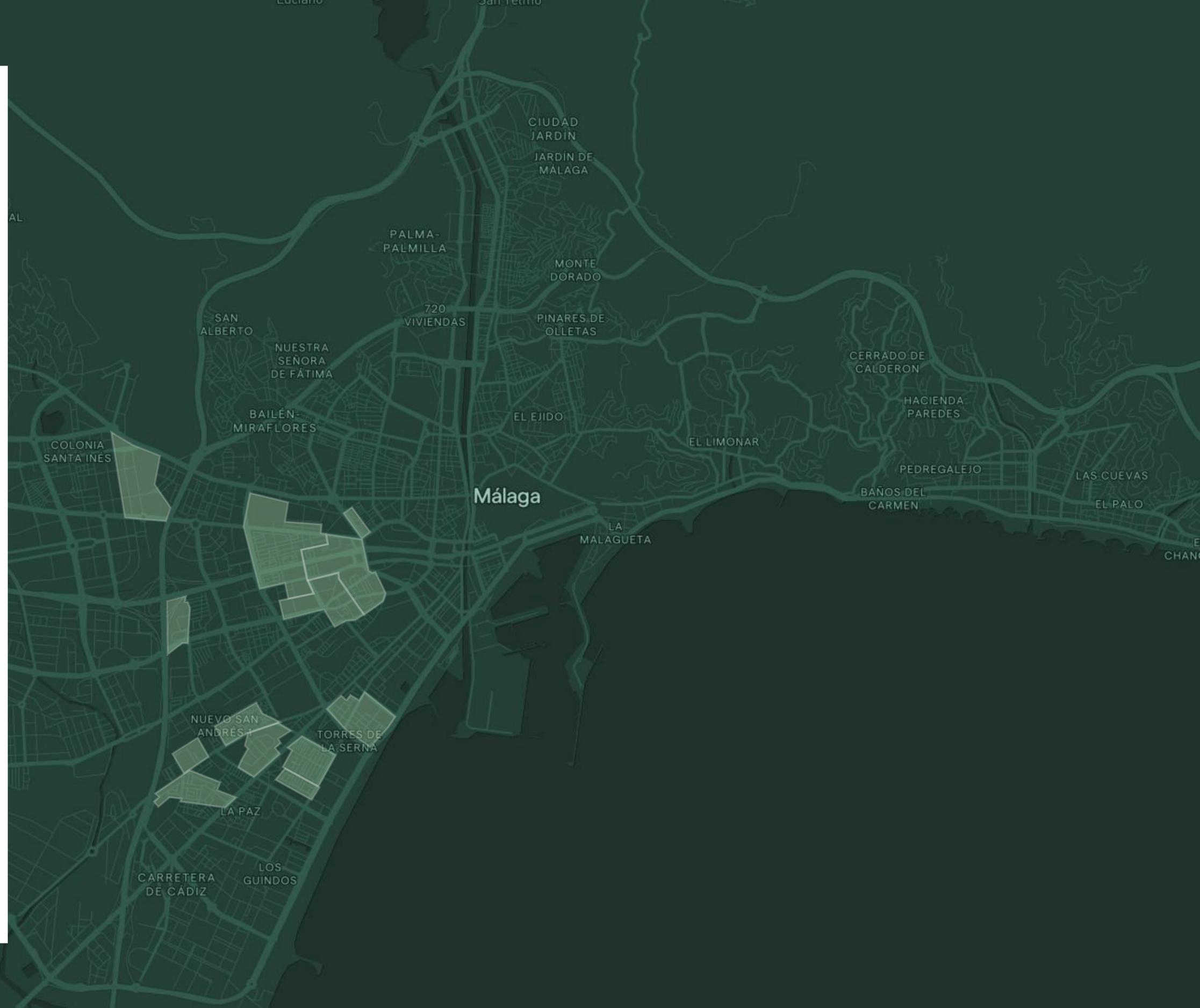
Main target areas MÁLAGA

Teatinos

- Teatinos

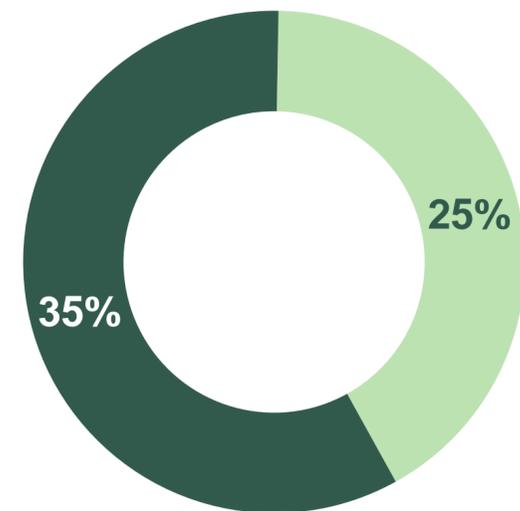
Cruz de Humilladero

- Carranque
- Haza Cuevas
- Cruz del humilladero
- Los Tilos
- Santa Cristina

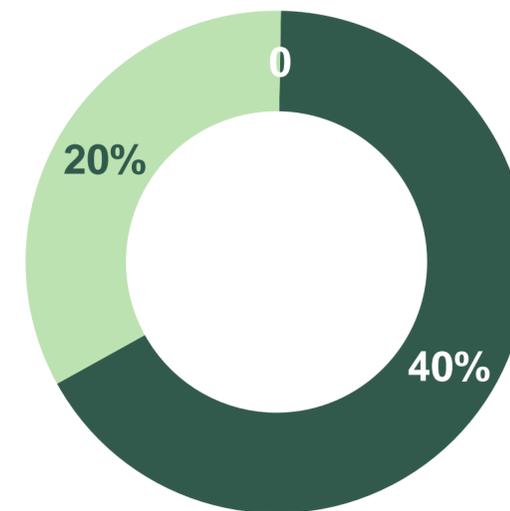


Pipeline at a glance...

Current pipeline ≈ 60 M €
by total estimated investment



- Preliminary analysis (1)
- Advanced analysis & under negotiation (2)



- Value Add (4)
- Core & Core+ (3)
- Others (5)

- Current **pipeline mainly focused in Madrid.**
- c. **35 M EUR in advanced analysis or under negotiations** and c. **25 M EUR in preliminary analysis phase.**
- **Pipeline YoC⁽⁶⁾ in the range of 6% to 10%.**
- Pipeline of **10 – 15 transactions** and **400 – 500 apartments.**
- Average acquisition **cost of 1.800 EUR/m2**
- **Great skills to develop new opportunities**

Note: (1) Information regarding the property received but such information is either incomplete or has not yet been fully analyzed; (2) Enough information has been received, analyzed and considered adequate to perform an advanced analysis of the property, or negotiations are already ongoing with the potential seller; (3) Core: stabilized assets; Core+: assets in which minor refurbishments or changes in tenancy are expected; (4) Value Add: assets where ongoing/planned repositioning/full refurbishment programs and/or significant capex investment are expected; (5) Other: potential properties to be built in an urbanized plot of land or properties where more than 50% of the existing building is demolished or removed and must be redeveloped;; (6) YoC: "Yield on Cost"

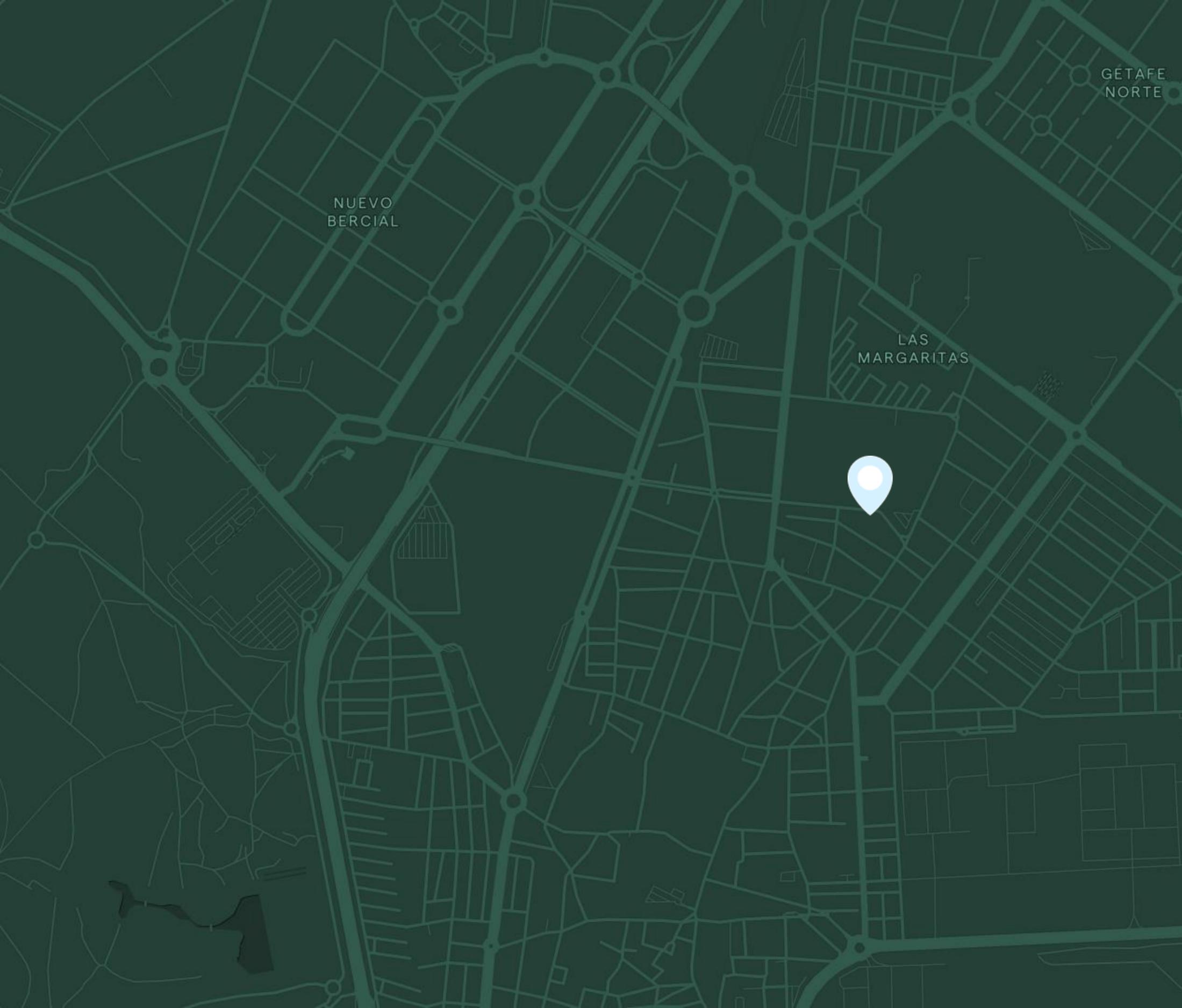
Some potential transactions / operations (PIPELINE)

Project	Location	# Units	Acquisition Price (EUR)	m2 valuation acquisition (€/m2)	m2 valuation incl. Capex + expenses (€/m2)	Acquisition Yield	Revisionary Yield @ Market Price (100% occupancy rate)
A	Málaga	16	672.000	700	919	2,9%	9,7%
B	Madrid	18	2.2500.000	1.400	1.590	4,0%	7,6%
C	Madrid	26	3.460.000	1.752	2.211	0,0%	7,0%
D	Madrid	18	2.500.000	1.213	1.530	0,0%	7,4%
E	Madrid	18	2.750.000	2.245	2.850	0,0%	6,8%
F	Málaga	50	4.000.000	1.333	2.241	0,0%	7,1%
G	Getafe	26	2.500.000	1.613	2.120	4,2%	7,1%
H	Getafe	1	750.000	519	589	9,5%	8,4%
I	Getafe	15	1.050.000	1.225	1.755	4,3%	8,4%
J	Getafe	22	2.652.250	1.612	1.612	0,0%	8,2%
K	Madrid	49	7.500.000	2.273	2.914	0,0%	6,7%

Note: the availability of these operations at the time of execution is not guaranteed, nor does it have to be available in the terms and conditions known to the date of this publication

Yield = Unleveraged gross yield @ 100% occupancy

Current portfolio



Asset location

Madrid Getafe (Universidad Carlos III)

 Full building

Co-living project – Carlos III



Carlos III – Calle Daoiz, 46 y Sanchez Morate, 27 (Getafe-Madrid)



Carlos III – Calle Daoiz 38, 40, 42 (Getafe-Madrid)

Co-living project – Carlos III



Carlos III project – Calle Daoiz, 46 y Sanchez Morate, 27 (Getafe-Madrid) after full refurbishment

Co-living project – Carlos III



Carlos III project – Interior pilot house de Calle Daoiz, 46



Carlos III project – Interior pilot house de Calle Daoiz, 46

Co-living project – Carlos III



Carlos III – Interior Calle Daoiz, 40 Segundo Izquierda



Carlos III – Interior Calle Daoiz, 40 Segundo Izquierda

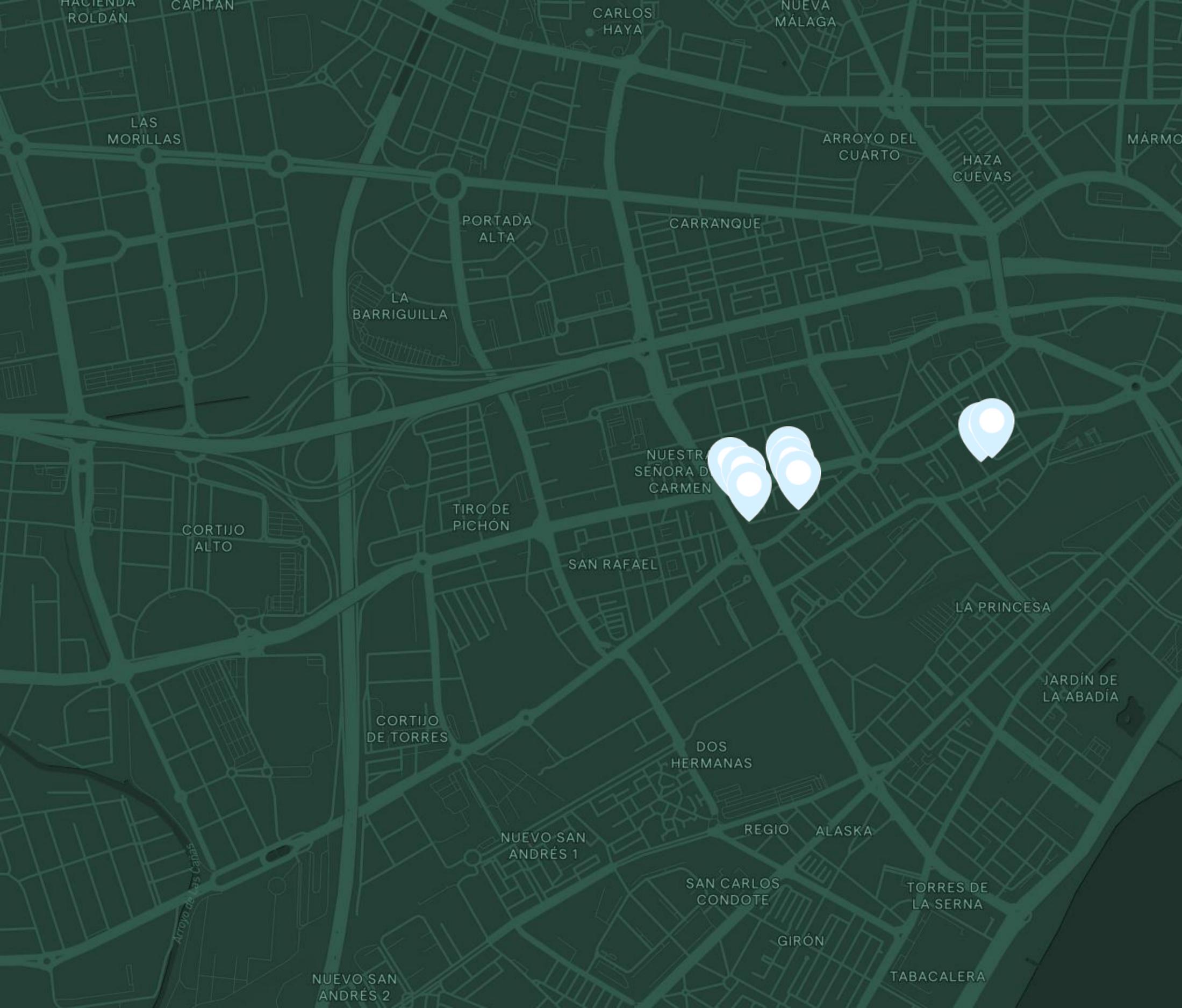
Co-living project – Carlos III



Carlos III – Calle Daoiz, 42 Segundo Izquierda



Carlos III – Calle Daoiz, 42 Segundo Izquierda



Asset location

Málaga

C. Humilladero



Full building

Long term rental projects



Nadine project – Calle Carceleras 3 - 5 – 7 (Málaga)



Nadine project – Calle Carceleras 3 (Málaga)

Long term rental projects



Nadine project – Calle Carceleras 7 (Málaga)



Nadine project – Calle Caña 7 (Málaga)

Long term rental projects



Nadine project – Calle Leandro Martinez 37 & Caña 7 (Málaga)

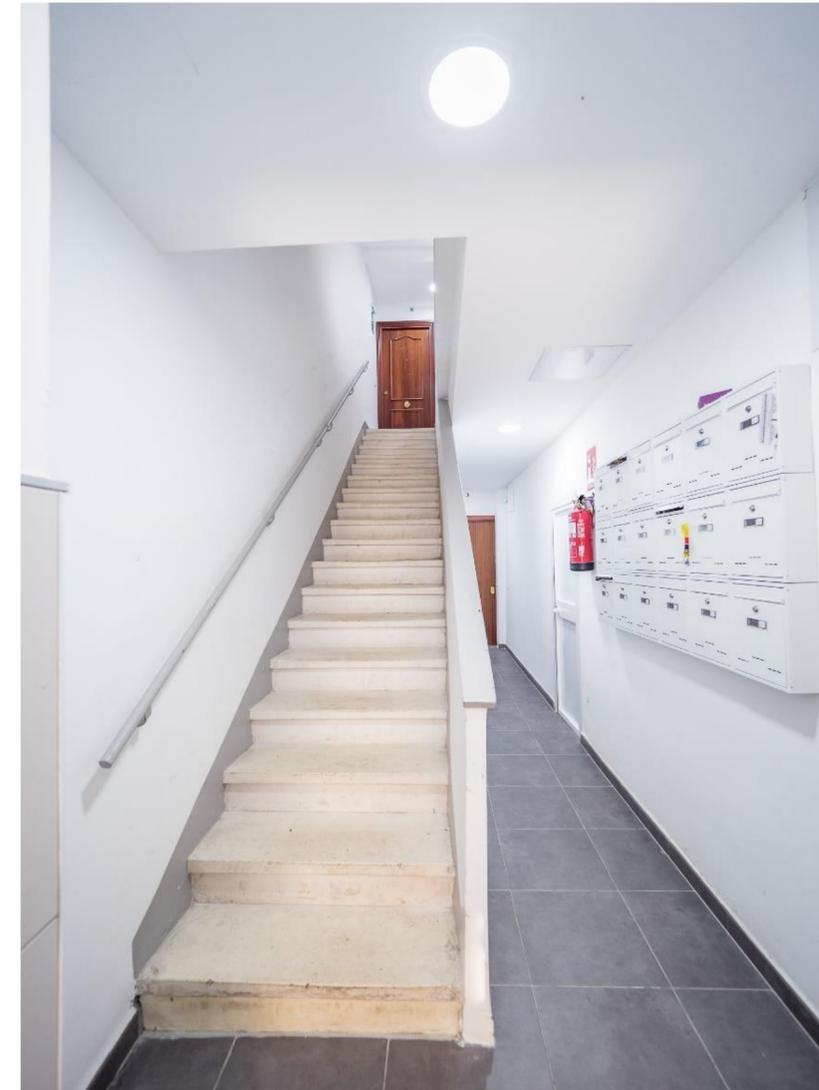


Nadine project – Calle Leandro Martinez 37 (Málaga)

Long term rental projects



Cherry project – Pasaje Dolores Cerezo 2-4 (Málaga)

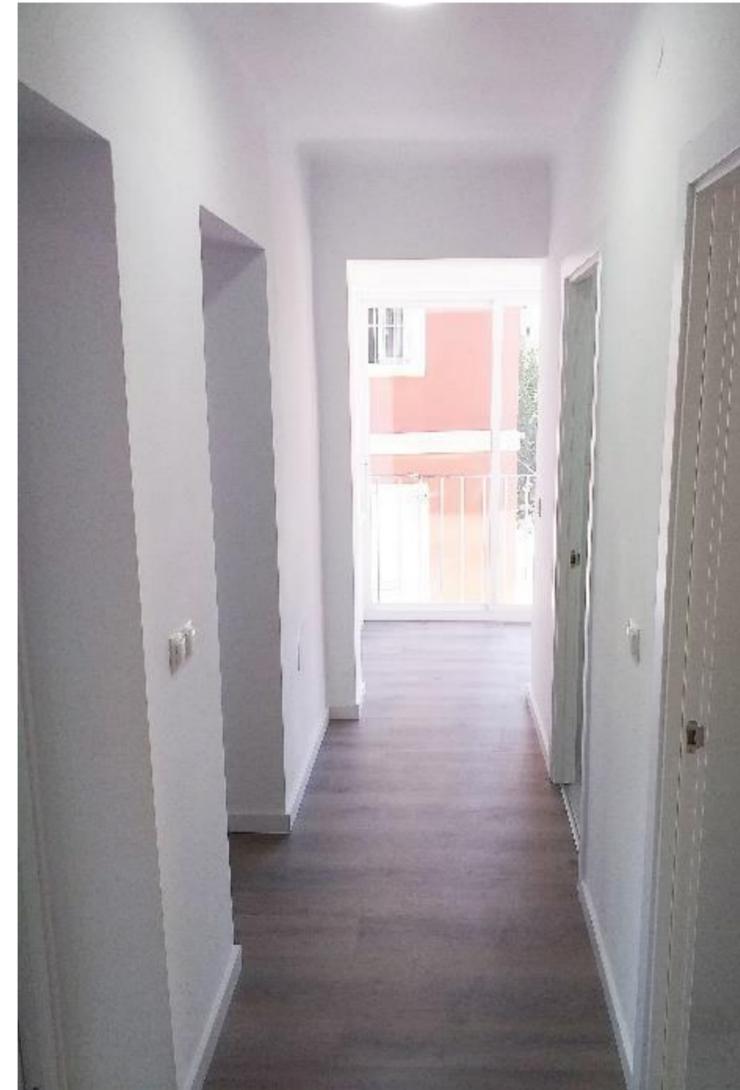


Cherry project – Pasaje Dolores Cerezo 2-4 (Málaga)

Long term rental projects



Nadine project – Carceleras 3



Nadine project – Leandro Mtnez. 37

Long term rental projects



Callejo project – Callejo 2

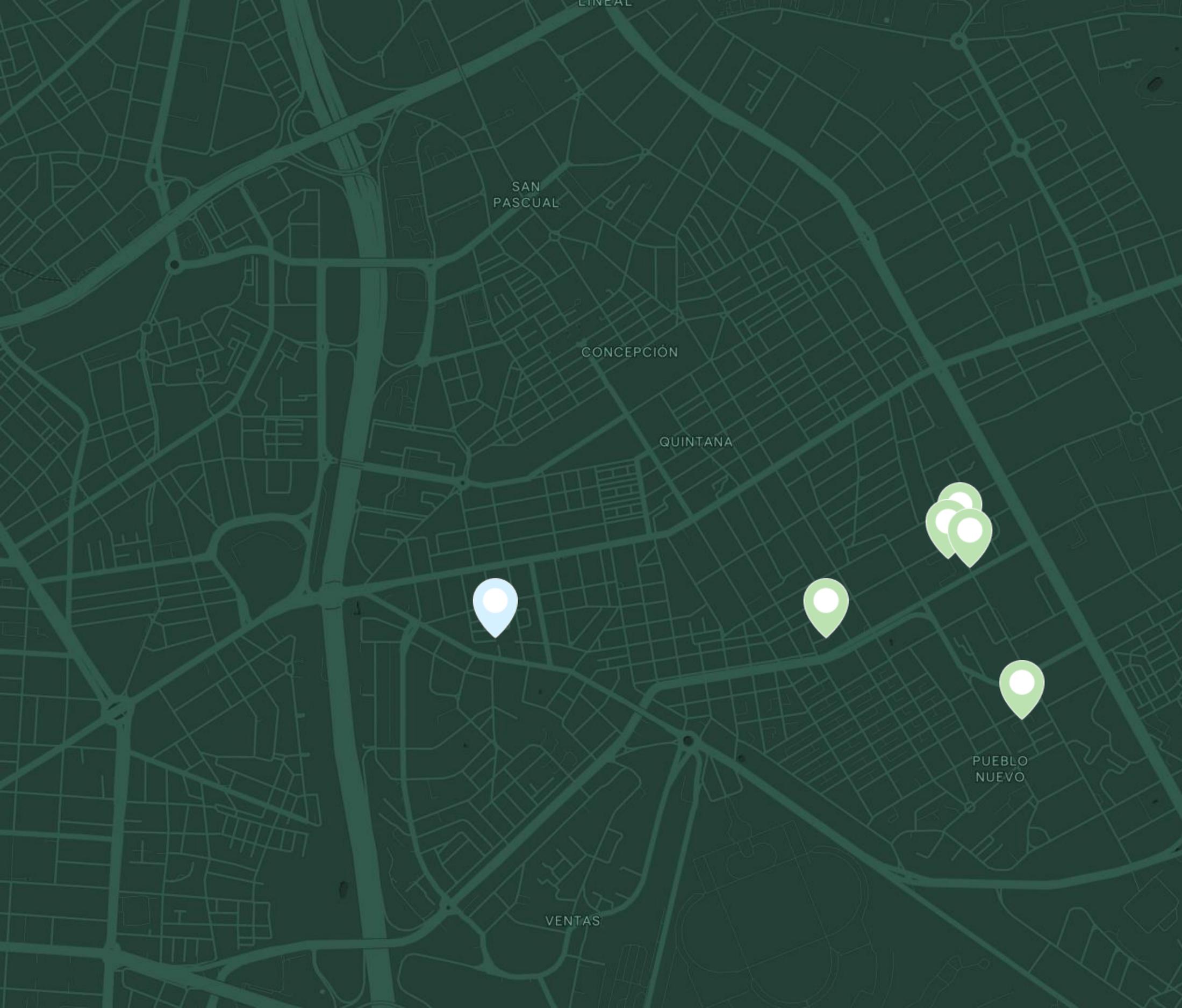


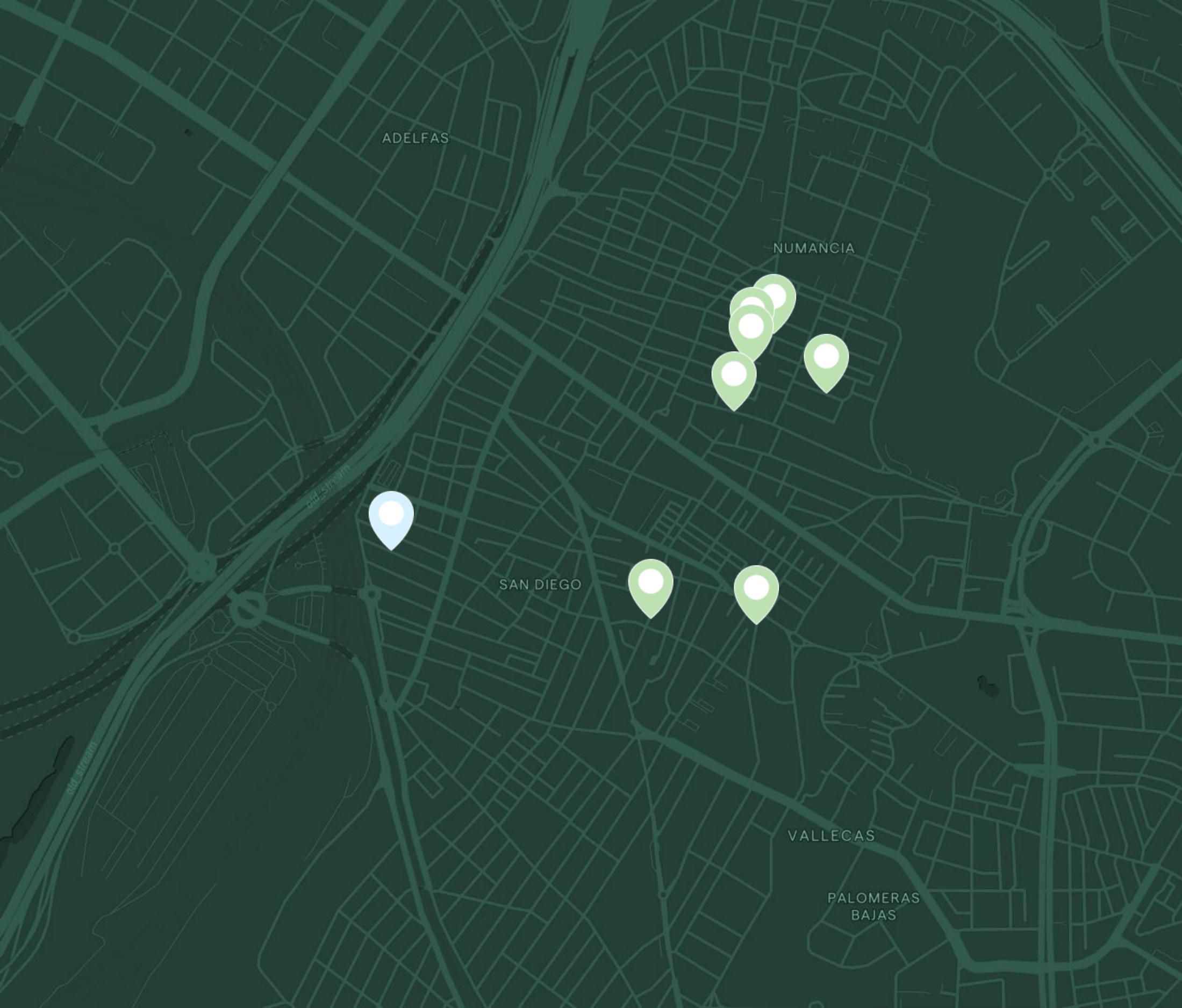
Nadine project – Caña 7

Asset location

Madrid Ciudad Lineal

-  Full building
-  Single apartmets (dispersed)





Asset location

Madrid Puente Vallecas



Full building



Single apartmets (dispersed)

Long term rental projects



Aportación project – Calle Yecla 7

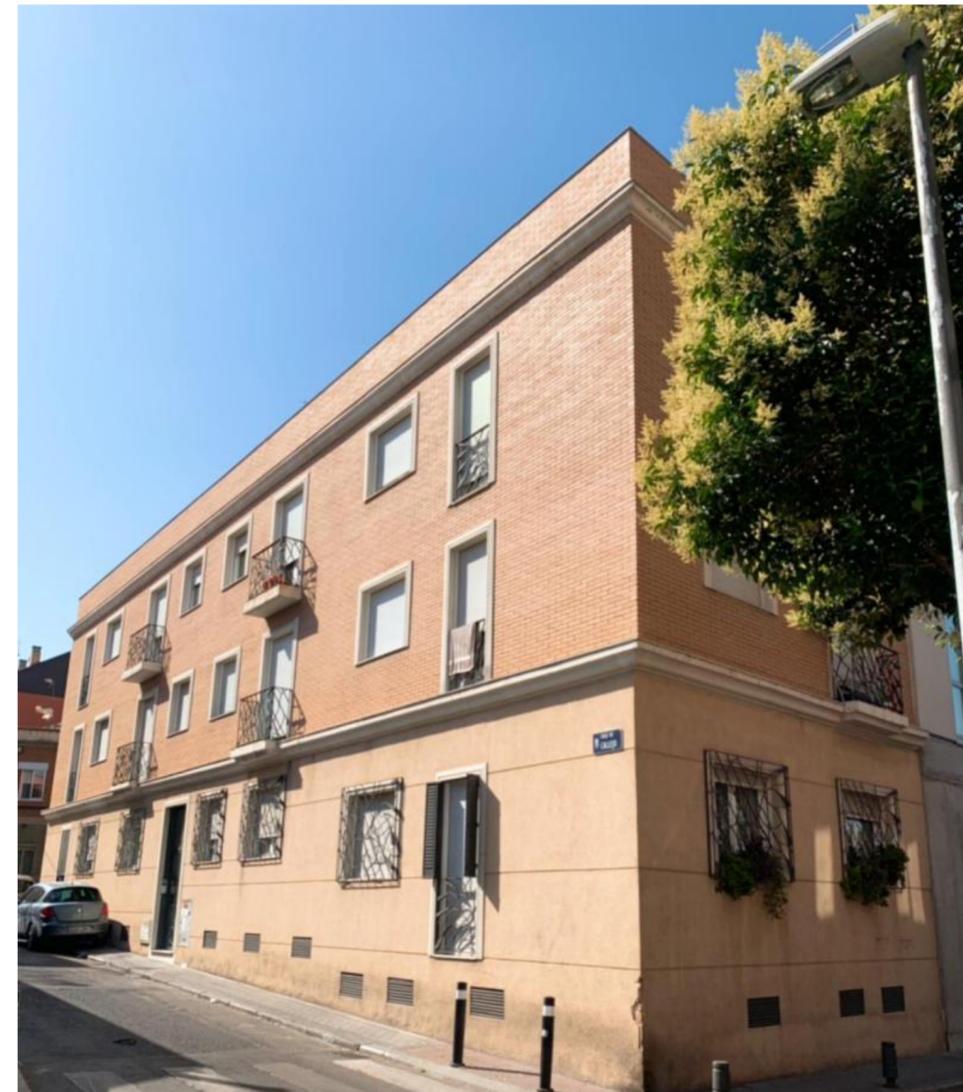


Aportación project – Lopez Grass 29

Long term rental projects



Callejo project – Calle Callejo 2 (Madrid)

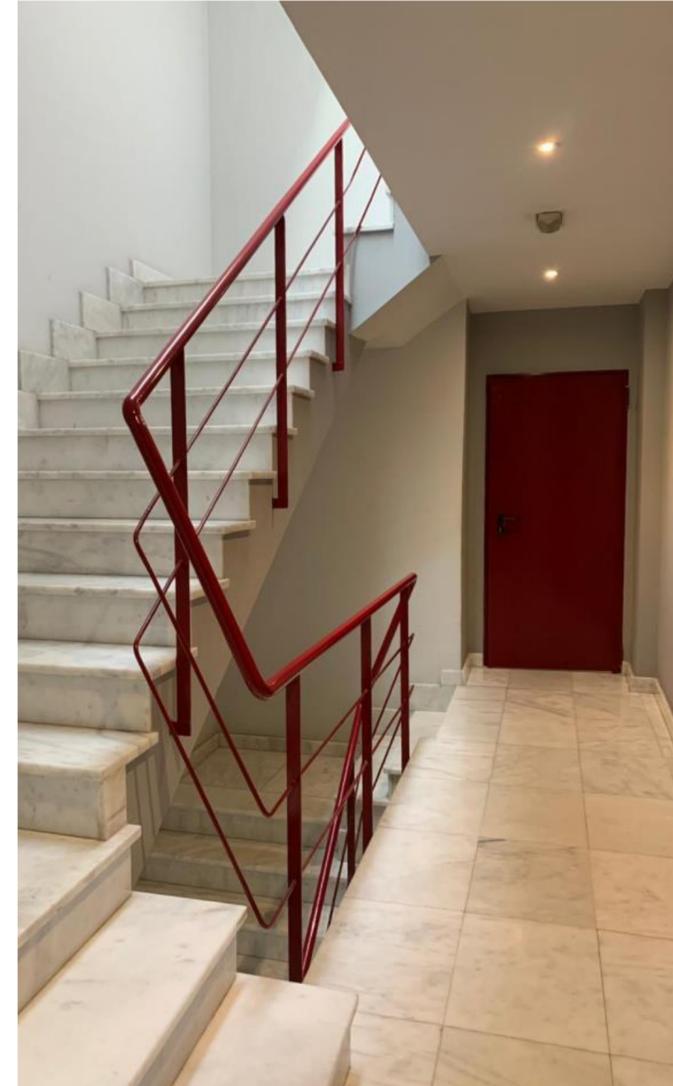


Callejo project – Calle Callejo 2 (Madrid)

Long term rental projects



Callejo project – Calle Callejo 2 (Madrid)



Callejo project – Calle Callejo 2 (Madrid)

Capital increase 4Q20

Subscription Price

23,5 EUR / share vs. \approx 29,0 EUR / share NAV as of 31.07.2020 (-18% discount)

Investment return target

1,6x – 2,0x invested capital – including in this amount a 5% yearly net dividend after asset repositioning

Tax efficiency
> 5% stake

Current capital increase -> 700k EUR

Shareholders agreement

There´s any agreement currently and the company is managed according to capital markets Spanish law.

Management Company

GavariAM (Gavari Assets Management S.L.)

Management Fees

Asset Management fees: 0,85% on GAV
Carry: 25% performance fee / 8% hurdle rate (TIR)

Exit Plan

Full portfolio selling to Private fund, Insurance Company, Socimi (Reit), etc. at \approx 6,5% - 5,5% gross exit yield target

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The financial projections included in this report are founded, as well, in the economic and market conditions prevailing to date, which could experiment variations, which would lead to a revision of some of the hypothesis assumed in it.

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