

Testa's Board of Directors has approved the results of the first half of 2018

Testa´s FFO1 up 60% in the first half of 2018

- **Funds from Operations (FFO1) amounted to € 19.58 million in the first half**
- **The company has increased the number of apartments in the portfolio, as well as the occupancy rate and rental income**
- **Testa Residencial has recently agreed to acquire a group of 549 apartments for rent in the province of Madrid for € 66.8 million**

Madrid, September 6, 2018. – Testa's Board of Directors has approved the results of the first half of 2018. The largest residential rental REIT in Spain achieved a remarkable increase of *FFO1* (Funds from Operations, a measure of the operating cash flow generated by a REIT or recurring profit) which rose to € 19.58 million, 60% more than in the previous period.

Likewise, the gross rental income reached € 36.98 million, 69% more compared to the same semester of the previous year. This increase is due to the improvement in the occupancy rate (which rose from 89.5% to 91.8%); the growth in the number of apartments in the portfolio (currently 10,615 apartments, more than 30% growth in the last twelve months) and the improvement in annualized Gross Rental Income (GRI) of 17.5%. On a like-for-like basis, revenue growth increased 9%.

Adjusted rental EBITDA was € 24.38 million, 68% more than in the same period of the previous year, and the adjusted rental EBITDA margin was at 65.9%. The net profit of the semester amounted to € 8.94 million, a figure that does not adequately reflect the good performance of the business, since it has been affected by some non-recurring items.

According to the Savills valuation report, as of June 2018, Testa's portfolio has a Gross Asset value (GAV) of € 2,637.3 million, 4.3% more than in December 2017 on a like-for-like basis.

On the other hand, it should be noted that, based on the latest asset valuation, the adjusted NAV amounts to 14.98 euros per share, 8% more compared to 13.86 euros per share at the end of 2017. Testa´s shares began trading on the MAB on July 26, 2018 with an initial capitalization of € 1,838 million.

Wolfgang Beck, CEO of Testa Residencial, has expressed his satisfaction with the company's financial performance since it confirms "the success of the operating strategy established, that consists of improving margins and profitability, always seeking an adequate balance between increasing the occupancy rate and rent increases, while controlling operating costs".

Meanwhile, Testa Residencial continues its activity based on the acquisition and management of residential assets located in metropolitan areas with strong growth potential. Thus, in August 2018, it has agreed to purchase a portfolio of 549 apartments for rent in the province of Madrid for € 66.8 million. The buildings are located in important municipalities located in the south, mainly in Pinto and Parla; they are rented at 95 percent. An important part of the agreement (334 apartments) has already become effective this August and the rest is pending of several administrative procedures.



About Testa Residencial

Testa Residencial is the largest residential rental REIT in Spain which objective is to efficiently and professionally manage a selection of residential properties that provide the best service to its tenants and a recurring remuneration to its shareholders. Currently, it has a portfolio of more than 10,600 homes with a prominent presence in the main Spanish metropolitan areas (mainly in Madrid). Its main shareholders are: Santander 36.9%, BBVA 25.2%, Acciona 20.0% and Merlin Properties 17.0%. Testa shares are listed on the MAB since July 2018 with an initial market capitalization of € 1,838 million.

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