Sareb News

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03/23/2018

Sareb secures all-time record sale of 19,000 properties in 2017

Sareb secured a record number of property sales in 2017, selling 18,925 units, an average of 52 per day. This is a 34% y-o-y increase. Two thirds of the sales were carried out in the Autonomous Regions of Andalusia, Catalonia, Valencia and Madrid.

In 2017, Sareb reduced its losses by 15%, closing the year with of €565 million. This figure is primarily due to the large amount of debt related to the company's financial costs. Without these financial costs, which amount to €541 million, the company would have achieved a profit of €7 million.

We would highlight that after it was founded, Sareb issued debt to the value of €50,781 million in order to acquire the portfolio transferred to it from the nine banks that had been bailed out by the Spanish government. More than 25% of this debt has now been repaid.

The company achieved revenue of €3,833 million, 2% less than the previous year. This reduction is heavily linked to the size of its portfolio, which is becoming increasingly smaller thanks to previous disposals. The management of the financial assets in its portfolio, primarily real estate developer loans, generated €2,622 million, accounting for 69% of annual revenue. The remaining revenue came from the sale of properties, primarily housing, land and commercial properties, as well as the rental portfolio.

Sareb registered improved margins in relation to the management of its financial asset portfolio (+11%) and its property portfolio (+35%). This positive performance led to a 16% increase in the gross margin, which stood at €767 million.

The company paid operating costs of €683 million, relating to the management and sale of the assets, as well as maintenance costs, taxes, service charges, etc. After paying these costs, Sareb achieved an operating profit of €7 million.

Sareb's Executive Chairman, Jaime Echegoyen noted, "*despite revenues being slightly down on last year, we have managed to increase our margins, sell more properties, and improve our year-end result".*

New income streams

During the year, the company also increased its real estate development activity, one of its future strategic value-add drivers. Overall, 5,209 new homes have been proposed, of which 1,458 have been finished and the remaining 3,751 are either in the construction or planning stages.

Another innovative way of speeding up divestments was the launch of a loan platform, via which €35 million in transactions has been carried out. In 2018, a further six loan portfolio sales are forecast, equating to an overall par value of €3,000 million.

Finally, during 2017 Sareb began to create Témpore Properties, a Socimi that specialises in rental housing in and around major Spanish cities, which will list on the Alternative Stock Exchange (MAB), at the beginning of April. Témpore, which will be launched with a portfolio of 1,553 rental homes, has ensured its future growth, thanks to a 3-year agreement, in which it can opt to purchase new residential assets from Sareb.

5-year overview

In its first five years, Sareb has disposed of close to 27% of its portfolio, equating to €13,602 million. Developer loan sales have proven particularly successful, and now only make up 68% of the portfolio, after previously accounting for 80%. The number of debtors, primarily small real estate SMEs, has fallen by almost 3,000 over the period.

Over five years, total revenue from the management and disposal of loans and properties stands at €20,700 million. A large part of this sum is fed directly back into the national GDP, via investments in new developments, payment of local taxes, property maintenance and repairs, and primarily pushing forwards with the early repayment of the debt guaranteed by the Spanish Government, which the company issued to acquire the assets from the banks during the financial crisis.

During the past five years, Sareb has repaid 25.4% of the debt (€12,906 million), repaying €3,050 million in 2017 alone.

Social housing

Over the course of 2017, Sareb continued to temporarily assign housing to Autonomous Regions and City Councils, with the aim of allocating these properties to groups at risk of social exclusion, or in emergency situations.

The company has currently reached agreements with 11 Autonomous Regions and 6 big city councils, with a total of 2,360 homes currently committed.

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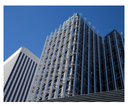
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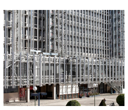
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