LIGHTHOUSE
INSTITUTO ESPAÑOL DE ANALISTAS

# Ktesios

**EQUITY - SPAIN**
Sector: Real Estate

Closing price: EUR 18.00 (15 May 2025)
Report date: 16 May 2025 (9:00h)

**Initiation of Coverage**
Independent Equity Research

**Ktesios (YKTS)** is a REIT wholly focused on rental housing. Affordable housing in provinces and non prime Metropolitan areas. Its gross asset value stands at EUR 61.7Mn, made up of properties acquired at discounts of around 55% to their market value, allowing YKTS to offer affordable rents and keep occupancy high.

**Manuel Iglesias Moreno (*)** – lighthouse@institutodeanalistas.com
**Alfredo Echevarría Otegui** – alfredo.echevarria@institutodeanalistas.com
+34 915 631 972

**Market Data**

| | | |
|---|---|---|
| Market Cap (Mn EUR and USD) | 34.6 | 38.8 |
| EV (Mn EUR and USD) (1) | 48.6 | 54.4 |
| Shares Outstanding (Mn) | 1.9 | |
| -12m (Max/Med/Mín EUR) | 18.00 / 16.43 / 15.00 | |
| Daily Avg volume (-12m Mn EUR) | n.m. | |
| Rotation(2) | 5.6 | |
| Factset / Bloomberg | YKTS-ES / YKTS SM | |
| Close fiscal year | 31-Dec | |

**Shareholders Structure (%)**

| | |
|---|---|
| RKS Real Estate(6) | 80.6 |
| RKS-AM(6) | 4.3 |
| Treasury Shares | 1.0 |
| Henry Gallego | 0.7 |
| Free float | 13.9 |

| Financials (Mn EUR) | 2024 | 2025e | 2026e | 2027e |
|---|---|---|---|---|
| Adj. nº shares (Mn) | 1.9 | 1.9 | 1.9 | 1.9 |
| Total Revenues | 3.2 | 3.8 | 4.6 | 5.1 |
| Rec. EBITDA | 0.7 | 1.2 | 1.6 | 1.9 |
| *% growth* | *n.a.* | *65.8* | *31.0* | *16.6* |
| *% Rec. EBITDA/Rev.* | *23.3* | *32.2* | *35.2* | *36.7* |
| *% Inc. EBITDA sector(3)* | *12.2* | *11.8* | *5.6* | *5.6* |
| Net Profit | 0.2 | 0.2 | 0.6 | 0.7 |
| EPS (EUR) | 0.11 | 0.12 | 0.31 | 0.37 |
| *% growth* | *121.1* | *3.3* | *160.8* | *22.3* |
| Ord. EPS (EUR) | -0.63 | 0.08 | 0.25 | 0.32 |
| *% growth* | *9.2* | *112.4* | *222.4* | *26.4* |
| Rec. Free Cash Flow(4) | -1.6 | -9.0 | -2.6 | -2.5 |
| *Pay-out (%)* | *0.0* | *90.0* | *90.0* | *90.0* |
| DPS (EUR) | 0.00 | 0.11 | 0.28 | 0.34 |
| Net financial debt | 14.2 | 23.3 | 26.0 | 28.9 |
| ND/Rec. EBITDA (x) | 19.0 | 18.9 | 16.1 | 15.3 |
| *ROE (%)* | *1.0* | *1.0* | *2.7* | *3.2* |
| *ROCE (%)(4)* | *1.3* | *2.6* | *3.1* | *3.4* |

| Ratios & Multiples (x)(5) | | | | |
|---|---|---|---|---|
| P/E | n.a. | n.a. | 58.9 | 48.2 |
| Ord. P/E | n.a. | n.a. | 71.4 | 56.5 |
| P/BV | 1.6 | 1.6 | 1.5 | 1.5 |
| *Dividend Yield (%)* | *0.0* | *0.6* | *1.5* | *1.9* |
| EV/Sales | 15.21 | 12.67 | 10.58 | 9.46 |
| EV/Rec. EBITDA | n.a. | 39.4 | 30.1 | 25.8 |
| EV/EBIT | n.a. | 46.7 | 33.9 | 28.8 |
| *FCF Yield (%)(4)* | *n.a.* | *n.a.* | *n.a.* | *n.a.* |

(1) Please refer to Appendix 3.
(2) Rotation is the % of the capitalisation traded - 12m.
(3) Sector: Stoxx Europe 600 Real State.
(4) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.
(5) Multiples and ratios calculated over prices at the date of this report.
(6) Henry Gallego is the owner of these companies.

## The SOCIMI that best capitalizes on the affordable rental niche

**A UNIQUE PLAY IN THE SPANISH REIT SPACE.** KTESIOS (YKTS) is specialised in rental homes in non-prime markets and less populated/sought after provinces. It has a GAV of EUR 61.7Mn and is focused on affordable rentals (c. EUR 450/month).

**WITH AN ORGANIC GROWTH STRATEGY…** Since its creation in 2019, YKTS has acquired c.400 homes via strategic acquisitions from banks and funds for whom they are non-core assets. It acquires these assets at significant discounts (c.55% of GAV). This organic growth strategy explains our healthy growth expectations for both revenue (CAGR 2024-2027e: c.17%) and profitability (EBITDA CAGR 2024-2027e: >30%).

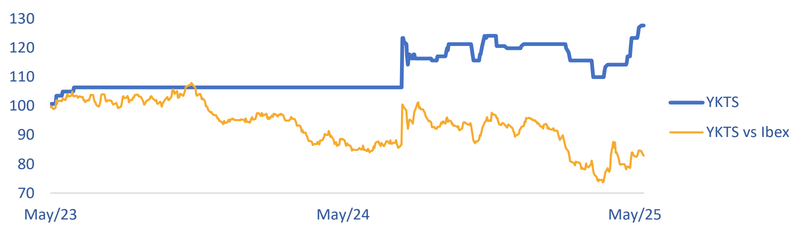
**…ROUNDED OUT BY M&A ACTIVITY.** In 2023, YKTS completed its first acquisition, buying another REIT, QPQ, for EUR 12Mn. This transaction increased the size of its portfolio and positioned the company as a potential buy-and-build candidate (in affordable housing) within the Spanish REIT market, which is highly fragmented (c.140 listed companies).

**YKTS POSTED POSITIVE RECURRING EBITDA FOR THE FIRST TIME IN 2024…** marking a milestone turning point for profitability (EUR 0.7Mn vs breakeven in 2023). Business momentum looks set to remain conducive to double-digit growth and ongoing margin expansion.

**…WITH SOLID FOUNDATIONS FOR ACHIEVING POSITIVE NET PROFIT IN 2025E.** The recent refinancing with Deutsche Bank (EUR 9.5Mn of 15Y debt) has significantly lowered borrowing costs. Paving the way for positive net profit already in 2025e. We are estimating a dividend yield of c. 2% in 2027e.

**HIGH AND PROFITABLE GROWTH COUPLED WITH LOW RISK BY TAPPING THE AFFORDABLE HOUSING NICHE.** An equity story based on three drivers: (i) low financial and regulatory risk; (ii) unique assets in an untapped segment ripe with opportunities for organic and M&A-led growth; and (iii) healthy business momentum, which is translating into strong growth (revenue and EBITDA). And one more thing: scarcity value. A business model (affordable housing REIT) not found elsewhere in the stock market. A company clearly outperforming its peers (c.+23% -12m).

**Relative performance (Base 100)**




| Stock performance (%) | -1m | -3m | -12m | YTD | -3Y | -5Y |
|---|---|---|---|---|---|---|
| Absolute | 11.8 | 10.4 | 20.0 | 5.3 | n.a. | n.a. |
| vs Ibex 35 | 3.4 | 2.7 | -2.1 | -12.4 | n.a. | n.a. |
| vs Ibex Small Cap Index | 0.9 | 0.4 | 6.8 | -13.7 | n.a. | n.a. |
| vs Eurostoxx 50 | 2.7 | 12.1 | 13.1 | -4.8 | n.a. | n.a. |
| vs Sector benchmark(3) | 8.4 | 11.3 | 23.4 | 1.7 | n.a. | n.a. |

(*) Report issued by IEAF Servicios de Análisis, S.L.U. in collaboration with Universidad Politécnica de Madrid (UPM). This report has been directed and supervised by Lighthouse (See).
(**) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

# Ktesios (YKTS) is a BME Growth company

BME Growth is the segment of BME MTF Equity aimed at small and medium sized companies, directed and managed by the Spanish stock market and is subject to the CNMV supervision. BME MTF Equity is not a Regulated Market but instead falls within the classification of a Multilateral Trading Facility (MTF) as defined under the Markets in Financial Instruments Directive (MiFID). In July 2020, BME Growth obtained the status of SME Growth Market, a new category of EU regulations, which in Spain is called Mercado de Pymes en Expansión.

BME Growth is the Spanish equity market for companies of reduced capitalization which aim to grow, with a special set of regulations, designed specifically for them, and with costs and process tailored to their particular features. Operations in BME Growth (former MAB) started in July 2009. There are currently c.140 companies listed on it. Companies listed on the MAB can choose to present their financial statements under IFRS or the General Accounting Plan (PGC) and Royal Decree 1159/2010 (NOFCAC).

# Glosario

### Portfolio Value

| | | |
|---|---|---|
| GAV | Gross Asset Value | Gross asset value of the portfolio. |
| NAV | Net Asset Value | Gross asset value of the portfolio less net debt. |
| NNNAV | Triple Net Asset Value | Value of portfolio in the case of liquidation. |

### Cash Flow

| | | |
|---|---|---|
| FFO | Funds From Operation | Cash Flow generated by company`s operations. |
| AFFO | Adjusted Funds From Operations | Cash Flow generated by company`s operations adjusted by CAPEX. |

### Income

| | | |
|---|---|---|
| GRI | Gross Rental Income | Company's gross income from real estate rental activity |
| NRI | Net Rental Income | Company's Gross Rental Income (GRI) less tenant pass-through expenses. |
| NOI | Net Operating Income | Company's Net Rental Income (NRI) less expenses incurred by the company. |

### Ratios

| | | |
|---|---|---|
| GRI Yield | GRI/GAV | Portfolio gross return. |
| NRI Yield | NRI/GAV | Portfolio net return. |



IEAF Servicios de Análisis – Calle Núñez de Balboa, 108 1ª Planta oficina izquierda, 28006 Madrid, España – Tel. +34 91 563 19 72 – institutodeanalistas.com

# High growth (c.+17.1%/yr) and margin expansion combined with low risk by playing the affordable housing niche.

YKTS is a BME Growth-listed REIT focused strategically on the affordable housing segment within the residential sector.

Ktesios (YKTS) is a REIT (mkt. cap.: EUR 34.6Mn) whose business model is based on the acquisition and lease of housing in non-prime markets (Toledo, Ciudad Real, etc.). The type of assets it acquires allows YKTS to buy them at a significant discount (c.55% of GAV).

YKTS listed on BME Growth in 2023 (having formerly traded on Euronext Lisbon) and benefits from the REIT tax regime, paying tax at 0%. RKS dominates its capital structure (controlling c.85%) and the free float is small (14%).

Its portfolio is diversified across several provinces, mainly Madrid (30%) and Toledo (27%).

At year-end 2024, the company's gross asset value (GAV) amounted to EUR 60Mn (vs EUR 42.3Mn in 2023), after acquiring another REIT, QPQ. Its portfolio comprises c.520 homes, concentrated in Madrid (30% of GAV), Toledo (27%) and Ciudad Real (8%).

Its net asset value (NAV) at year-end 2024 stood at EUR 46Mn and its loan-to-value (LTV) ratio was 24.4%, which is still conservative (vs an average of 29.8% for the BME-listed REITs). At the time of writing, its market cap implied a discount to NAV of 27%.

### A) Housing market marked by sharp imbalance between supply and demand. Which explains the structural run-up in home sale and rental prices.

Spain faces a chronic shortage of housing

**Chronically limited supply with little sign of improvement…** Housing supply in Spain remains highly limited and constrained. Between 2016 and 2023, the stock of housing increased by a mere 2.9% (CAGR: +0.41%), significantly below the growth of 16.8% observed between 2001 and 2008. The number of unsubsidised housing starts has been steady at around 100,000 units per annum, which is just 0.35% of the total stock.

Nor are there meaningful alternative sources of supply. Empty units (3.8Mn in 2021 according to the INE) were mainly located in towns where demand is lower (<10,000 inhabitants), whereas the big cities, where pressure is higher, are home to just 10.5% of these units. Moreover, the public housing plans, such as the Affordable Rent Scheme with plans for 184,000 houses (of which 50,000 from the bad bank), will have a limited impact due to the execution time needed and their location in low-demand markets. Against this backdrop, supply looks set to remain insufficient in the medium term.

Demand (including foreign buyers and young people keen to move out) continues to push prices higher

**…compared to structurally solid demand and growing pressure on prices.** Demand for housing in Spain has been structurally strong. New households numbered 950,000 between 2021 and 2024, which is around 240,000 per annum, compared to new housing starts in the order of 100,000. In addition, the average household size continues to shrink (2.5 people vs 2.86 in 2001), implying growth in demand even in the absence of population growth. On top of this, demand is being bolstered by net immigration, foreign demand (15% of housing transactions in 2024) and population growth in specific markets like Madrid (+6.1% since 2016).

There is also strong pent-up demand among young people who would like to move out of home: over 55% of young people between the ages of 25 and 29 continue to live with their parents (c. 1.4Mn people), implying a huge source of demand in the short, medium and long term. This pool of youths implies considerable structural demand and makes it hard to imagine a house price correction.

The Spanish economy is outperforming its peers

**Favourable macroeconomics in recent years:** Despite the relatively recent cycle of rate tightening, the Spanish economy has proven remarkably solid. In 2024, Spanish GDP grew by 3.2% and is expected to register additional growth of 2.3% in 2025, according to the European Commission, figures that put Spain among the top-performing European economies. Although unemployment remains high compared to other developed economies, at 10.6%, it is one of the lowest rates in Spain in the last decade. Moreover, the current cycle of rate cuts could facilitate financing for new acquisitions for players like YKTS, albeit also possibly translating into additional pressure on property prices.

### B) YKTS: a unique business model in the Spanish REIT space.

YKTS is a young REIS, created in 2019, with a different business model, as it does not buy property in the major city centres like Madrid or Barcelona. Its business plan is based on the following pillars:

Assets acquired at a significant discount to GAV (c.55%)

**Purchase of assets at a sharp discount to market value.** YKTS' business model is focused on the acquisition of housing in non-prime areas at a significant discount to market value (c.55% of GAV). This approach allows it to offer affordable rents (EUR 450/month) and keep occupancy high (95%), generating a gross yield over acquisition prices of 9.5%. This distinguishes it from the rest of the housing sector, where yields are tighter.

Properties in non-prime areas far from so-called "stressed markets"

**Exposure to non-stressed markets, potentially shielding it from protective regulations.** The location of the company's assets in provinces such as Toledo, Ciudad Real and Castellón limits regulatory risk as well as positioning the company to capitalise on the possible displacement of demand from large cities to more affordable and connected areas.

Portfolio focused on affordable rent for families

**Property management approach (less opportunistic).** Unlike other REITs that rotate their assets frequently and prioritise short-term dividends, YKTS is focused on the management of its core asset portfolio. Its goal is to build a stable and long-lasting portfolio to keep yields high in the long term. YKTS does not rule out certain asset sales if compelling gains are on the table but this is a less likely route given the lower liquidity of the assets it manages and its strategic interest in preserving complete residential blocks.

The business models focused on property management tend to entail significantly lower business risk than those based (entirely or partially) on value generation via portfolio asset turnover.

Moreover, its positioning in the affordable rent segment allows it to address a structural component of demand that is untended by the larger players. YKTS' business activity directly contributes to increasing the supply of housing for lower-income households, particularly in areas where regulatory pressure and institutional supply are low. This gives YKTS' business model genuine social value.

### C) An aggressive growth strategy on two fronts: organic (growth in the housing portfolio) and M&A (asset rotation) growth: CAGR revenue 24-27e +17.1%.

Organic growth strategy via the acquisition of bundles of housing units

**Organic growth based on portfolio expansion via asset acquisitions.** YKTS has built up its portfolio through opportunistic purchases of multiple housing units in towns with favourable microeconomic dynamics. Since its creation in 2019, the company has acquired 700+ assets (c. 400 homes) in this way, at an average price of EUR 42k per house with a market value of EUR 100k. This strategy allowed it to increase its GAV fourfold between 2020 and 2023, a CAGR of 57%, financed mainly by issuing equity.

We think this strategy will remain an important growth lever for YKTS. We are forecasting the addition of another c.150 units in 2025e and the ongoing acquisition of around 80 units/year from 2026. A low LTV ratio and large pipeline underpin this dynamic.

First acquisition of another REIT: QPQ in 2023

**A unique lever: the acquisition of QPQ.** The acquisition of another REIT, QPQ, in 2023 implied a change of scale and approach. QPQ contributed 144 homes, mostly located in metropolitan Madrid (c. 80% of the GAV integrated), with an average unit value of EUR 119k. This transaction, completed at a discount of c.15% to NAV, marked the company's first M&A transaction and positions it as a potential buy-and-build player in a fragmented market. In a segment (affordable housing) where competition is low[1].

Some of the QPQ portfolio acquired is being sold off

**Rotation of non-core QPQ assets.** Following the integration of QPQ, YKTS has embarked on the disposal of the least profitable QPQ assets, having already completed the sale of 20+ units. This rotation will realign the portfolio around YKTS' core business (assets in non-prime areas). The priority is to hold on to the assets expected to deliver higher yields and get rid of those where it cannot add value.

[1] On 7 May 2025, YKTS announced its intention to acquire Mistral SOCIMI for EUR 0.98/sh (EUR 11.3Mn) plus an earnout tied to the sale of an asset in Alicante. So extending its incipient M&A strategy.

### D) Inflexion point in the company's profitability: recurring EBITDA 2024 of EUR 0.7Mn vs breakeven in 2023.

First year of positive recurring EBITDA in the company's history

**Earnings momentum with positive recurring EBITDA for the first time in 2024.** YKTS attained an important milestone in 2024: positive recurring EBITDA (EUR 0.7Mn), compared to losses in previous years (reaching breakeven in 2023). The improvement in profitability was boosted by the integration of the higher-margin QPQ assets, as well as improved profitability across the core portfolio.

We are forecasting growth in recurring CAGR EBITDA 24-27e of 31%

**Positive outlook for recurring EBITDA 2025e-2027e.** As revenue grows, the company anticipates gradual dilution of its fixed costs and the elimination of certain inefficiencies derived from the QPQ transaction (essentially costs that are duplicated in both companies' structures). Therefore, we think the company is at a clear turning point profitability-wise. We are forecasting recurring EBITDA of EUR 1.2Mn in 2025e, EUR 1.4Mn in 2026e and EUR 1.7Mn in 2027e (CAGR 24-27e: +31%).

These forecasts imply an improvement in the recurring EBITDA margin from 31.7% in 2025e to 35.2% in 2027e. A significant change considering that 2024 was the first year that YKTS recorded positive recurring EBITDA.

Borrowing costs at YKTS were high (finance costs = 53% of GRI in 2024)

**Finance costs dragged on net profit until 2024…** In 2024, interest costs amounted to EUR 1.7Mn, equivalent to 53% of GRI that year. This clearly excessive financial burden was the chief obstacle to reporting a positive net profit. The origin of this imbalance was the alternative financing arranged in 2023 to fund the acquisition of QPQ: high cost and unfavourable maturity and structure terms and conditions.

A financing agreement struck in 1Q25 has radically transformed its financial situation

**… an issue resolved in 2025.** This situation changed considerably in 1Q25 when the company signed a EUR 9.5Mn mortgage agreement with Deutsche Bank. This new 15-year loan carries interest at Euribor +2%. The proceeds were used to take out the previous bridge loan and stabilise the long-term debt structure. The expected reduction in borrowing costs will have a direct impact on net profit and cash generation, reinforcing the sustainability of the model going forward. As a result, we are forecasting growth in net profit from EUR 0.2Mn in 2025e, to EUR 0.6Mn in 2026e and EUR 0.7Mn in 2027e, CAGR 24-27e of 48.8%.

### E) A REIT controlled by the RKS group.

YKTS is controlled by the RKS group, which owns the manager and the fund (largest shareholder)

**Highly concentrated shareholder structure.** YKTS' shareholder structure is dominated by RKS, which holds a c.85% interest through the investment fund RKS Real Estate (81%) and the manager RKS-AM (4%). The free float stand at around 14%, significantly limiting trading liquidity. The shareholder has full control over the company's strategic and operating decisions.

**A long-term management agreement with stringent terms.** The contract in place with RKS-AM for the management of YKTS has an initial duration of 10 years, which can be extended for additional 5-year periods. The fees derived under the agreements represent a considerable percentage of YKTS' revenue (23% in 2024). This structure weighs on the company's profitability and any change of contract would require consent from the manager, which in turn is the majority shareholder.

### F) In short, a REIT that is well positioned to capitalise on tail winds in the affordable housing segment in Spain.

Forecasts are optimistic now that the company has broken even

Five years on from its incorporation, YKTS achieved positive recurring EBITDA for the first time in 2024, a milestone that endorses its business model. The integration of QPQ and debt refinancing have laid the foundations for embarking on a trajectory of increasingly profitable growth. We are forecasting growth (CAGR) in revenue of c.+17%, accompanied by EBITDA margin expansion: 34.1% in 2025; 37.4% in 2026, and 38.8% in 2027.

In the current housing shortage, YKTS offers exposure to a niche - affordable housing - that is underserved by other market players.

An equity story articulated around four highlights: low risk, unique assets, momentum and stock market scarcity value

YKTS' equity story pivots around four highlights:

1) Low-risk business model.

   - Low financial risk thanks to the refinancing.

   - Low business risk as the affordable housing segment translates into higher occupancy levels and greater power to increase rents.

   - Lower regulatory risk, as housing - especially affordable housing - offers some protection against potential regulatory tightening for REITs.

2) An underexploited segment (affordable housing) in which YKTS can realistically aspire to relevant positioning. With two implications: 1) access to assets at sharp discounts, boosting profitability; and 2) scope for M&A-led growth (in line with the QPQ acquisition already closed).

3) Momentum. Underpinned by the outlook for profitability in 2025 and the recent debt refinancing work, which will reduce the weight of interest expense. YKTS has a clear opportunity, starting this year, and without the need for the M&A "crutch", to achieve a leap in scale via organic growth (revenue and margin expansion).

4) Unique equity play. This is a relevant consideration.

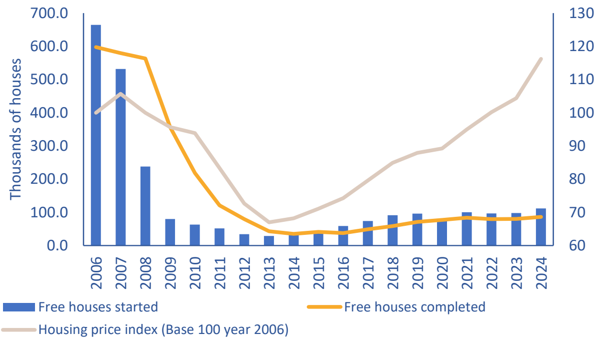
   - Unique for its scarcity value: there are no other options for investing in affordable housing among listed REITs in Spain.

   - Unique for the ESG angle, as the social aspect of YKTS' business model is real and tangible and therefore presumably of interest to sustainability investors.

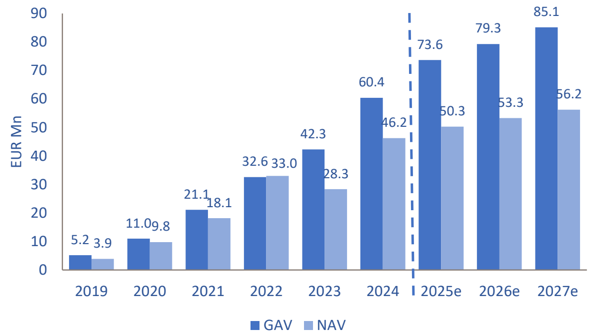
Despite its concentrated shareholder structure and the stock's limited liquidity, the fact that it is trading at a considerable discount to NAV, of 27%, and the scope for profitability gains, which should materialise already in 2025, make this company an interesting opportunity in the residential REIT space in Spain. We see real scarcity value here which warrants attention and analysis, at the very least.

## The company in 8 charts

***A strained housing market that does not increase supply despite rising prices.***

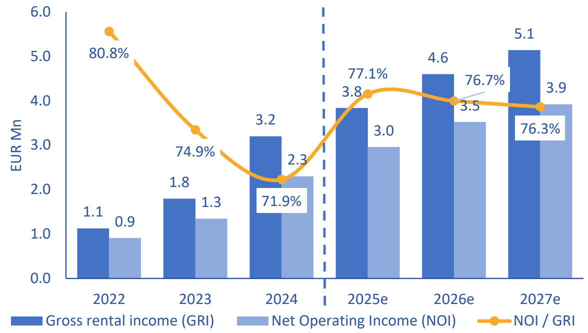



***A REIT experiencing strong growth...***

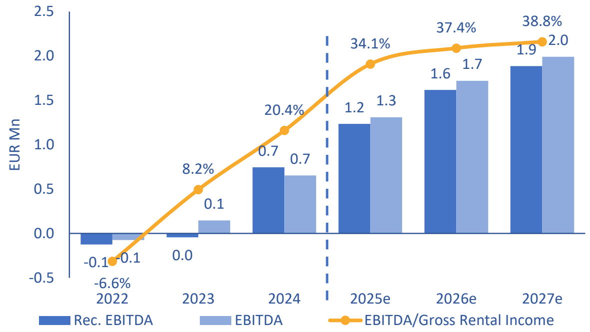



***...with a portfolio diversified geographically***

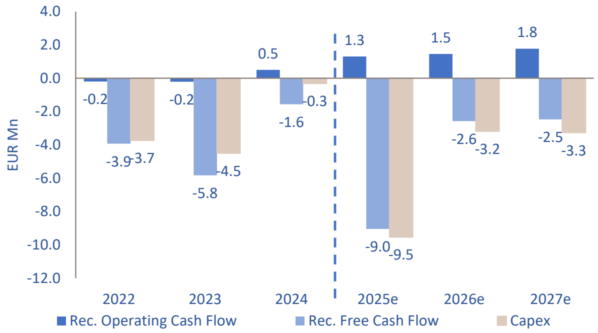

***With revenue growth (+17.1% CAGR 24-27e) and margin stabilization***



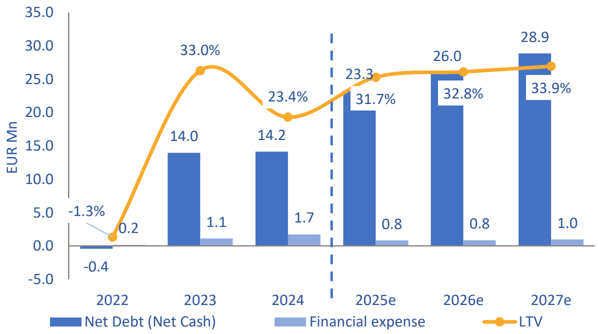

***The scalability of the model allows recurring EBITDA to triple between 2024 and 2027e, with increasing EBITDA margins.***



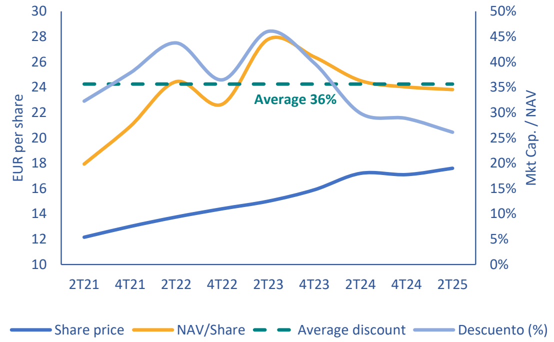

***A capital-intensive growth model that will require significant external financing***




***A solid financial position (LTV ≤ 25% 2024), supported by asset acquisitions at a significant discount.***




***YKTS is trading at a discount of nearly 25% to net asset value (NAV)***



# A residential REIT with a focus on affordable rentals

Ktesios (YKTS) is a Spanish REIT focused on investing in completed residential assets located in non-prime markets all over Spain. Its strategy is based on acquiring these assets at a significant discount to their market value (>50%), allowing it to offer affordable rentals and maintain high occupancy levels, while ensuring an attractive gross yield (measured as rental income over acquisition cost).

Incorporated in 2019, YKTS' shares began to trade on Euronext Lisbon in 2021. In 2023, the company delisted from Euronext and began to trade on BME Growth. The company avails itself of Spain's tax regime for real estate investment trusts, SOCIMIs for their acronym in Spanish, so benefitting from a tax rate of 0% (compared to the general corporate tax rate in Spain of 25%). It is part of a group of roughly 140 listed Spanish REITs and its free float stands at c.13.9%.

YKTS has no employees: all of its management, including management of its portfolio and of YKTS itself, its administration and its fund-raising, etc. is outsourced to RKS-AM, an alternative asset manager specialised in the end-to-end management of real estate assets in non-prime locations for financial institutions.

***Chart 1. GAV portfolio YKTS***

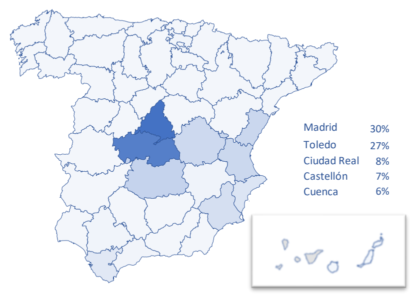
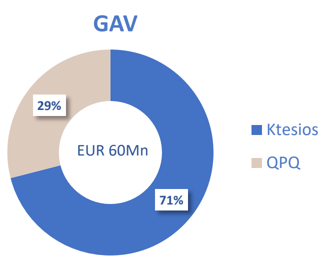
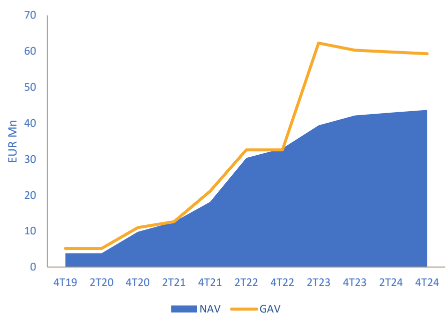



***Chart 2. GAV; legacy YKTS and QPQ***




***Graph 3. Trend GAV and NAV***




## A growing portfolio located all over Spain

YKTS' gross asset value (GAV) at the time of writing amounts to EUR 61.7Mn. YKTS has funded its asset growth primarily via equity, keeping leverage at conservative levels. In 2023, it acquired Quid Pro Quo (QPQ), a transaction that added assets valued at EUR 17 Mn.

QPQ was a REIT also specialised in the lease of assets in non-prime locations, but in metropolitan areas, mainly in Madrid. As a result, its assets marked a departure from those traditionally acquired by YKTS, which have tended to be located in provinces where demand is lower, such as Toledo or Cuenca.

These assets were consolidated on YKTS' balance at their market value for the first time in June 2024. Note that YKTS' legacy portfolio is recognised at cost less depreciation and impairment.

YKTS' property portfolio is spread across 14 Spanish provinces, marked by noteworthy presences in Madrid (30% of GAV), followed by Toledo (27%) and Ciudad Real (7.9%). Between 2020 and 2024, the portfolio increased at a CAGR of 52.2%, financed mainly via: (i) equity issues, with RKS Real Estate as the prime investor, holding 80% of the company's shares; and (ii) mortgages.

The company's net asset value (GAV less net debt) stands at EUR 41Mn, according to the last audited statements, implying a CAGR 2020-24 of 45.2%.

The equity issues (total 2019-2024: EUR 24.6Mn) have been key to financing the growth in YKTS' NAV and one of the drivers of its growth -5y.

***Table 1. Summary equity issues***

| Concept/ No. of shares | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Capital increase in cash | 176,000 | 310,000 | 338,001 | 341,441 | | |
| Capital increase through debt-to-equity conversion | 44,000 | | | 247,944 | 339,734 | 127,846 |
| Total | 220,000 | 310,000 | 338,001 | 589,385 | 339,734 | 127,846 |
| % over shares before capital increase | | 140.9% | 63.8% | 67.9% | 23.3% | 7.1% |
| % over shares after capital increase | | 58.5% | 38.9% | 40.4% | 18.9% | 6.6% |

## Unique portfolio and strategy within the Spanish REIT space

YKTS' business model is different from that of most of Spain's REITs insofar as its growth strategy is based on the purchase of assets in non-prime areas, i.e., secondary cities, albeit with favourable micro economies, located close to industrial areas and larger cities and with good road access. These assets are typically acquired from the portfolios of banks and investment funds for whom these properties are non-core assets.

YKTS' legacy portfolio (excluding the assets derived from the QPQ acquisition, which are different in nature) embodies the strategy the company plans to pursue going forward. The province commanding the largest share is Toledo (37.9% of total GAV), followed by Ciudad Real (11.1%) and Castellón (9.9%). In total, these legacy assets are distributed across 10 Spanish provinces and 28 municipalities. Framed by this strategy, YKTS has built a portfolio of around

700 assets (roughly 400 are housing units and the rest are parking and storage units). The houses acquired are valued at EUR 100k on average but were purchased at EUR 42k on average (excluding transaction costs and CAPEX), implying a discount to GAV of 60% (higher than expected thanks to their non-prime locations). Furthermore, on May 12, 2025, YKTS announced the acquisition of 43 assets in Toledo during Q1 2025.

By acquiring properties at a significant discount to market value, YKTS is able to offer affordable rents, helping keep its occupancy rate high (95%). The average income from the properties acquired as a result of the company's organic growth strategy is EUR 450/month.

This strategy provides additional advantages. For example, they are removed from the markets classified as "stressed", making it unlikely that they will come under regulatory scrutiny. The current sharp growth in house prices could prompt families to start to search for homes further away, lifting demand in some of these markets.

As for QPQ, its acquisition in 2023 added 144 homes to the portfolio, mostly located in Madrid (82% of GAV), specifically in greater metropolitan areas like Alcorcón, Leganés and Torrejón de Ardoz, and non-prime neighbourhoods such as Vicálvaro and Vallecas. The average GAV of these housing units is higher, at EUR 119k (vs EUR 100k for YKTS excl. QPQ). YKTS plans to hold on to the assets that provide it with a higher yield, while rotating out of the less profitable units to align the overall portfolio with what we have dubbed the legacy organic growth strategy assets. Since the QPQ acquisition, 20+ assets have already been sold.

***Table 2. Main KPIs***

| Key KPIs | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| GAV (EUR Mn) | 21.1 | 32.6 | 42.3 | 60.4 |
| Surface (m2) | 23876 | 34284 | 42938 | 51365 |
| Valuation (EUR/m2) | 883.7 | 950.9 | 985.1 | 1152.5 |
| Purchase price (EUR Mn) | 9.8 | 15.3 | 19.8 | 29.6 |
| Assets (#) | 376 | 519 | 704 | 844 |

## QPQ acquisition, the start of M&A-led growth

YKTS acquired QPQ, a Spanish REIT, for EUR 13Mn in 2023, marking its first M&A transaction. The transaction was priced at a discount to QPQ's NAV of approximately 15%. With this strategic acquisition, YKTS is looking to raise the company's profile and position itself as consolidator in this segment, while paving the way for future acquisitions. The Spanish REIT market is especially fragmented, with around 140 players, compared to around 50 in the UK, and a market cap that is roughly one-third of the British equivalent (USD 24Bn in Spain vs. USD 65.9Bn in the UK).

YKTS used a range of sources to finance the QPQ acquisition, combining bank debt, alternative financing and equity. In all, the transaction required EUR 12Mn of financing, distributed among the different instruments. The main source of financing was a EUR 7Mn loan from Glencar Investments, originally due in June 2025. In 1Q25, YKTS arranged a EUR 9.5Mn mortgage with Deutsche Bank, secured by 244 properties. It is a 15-year loan and bears interest at Euribor + 2%. The proceeds were used to fully repay the alternative financing arranged with Glencar and leaves the door open to new acquisitions[2].

## REIT: growth and an attractive gross yield

Since the company's creation, gross rental income (GRI) has increased sharply on the back of new asset acquisitions and the QPQ acquisition, amounting to EUR 3.2Mn in 2024 (CAGR 2020-24: 86%). YKTS delivered an adjusted GRI/GAV ratio of 5.3% in 2024 (vs 4.4% in 2023).

***Graph 4. Trend GRI and NRI***

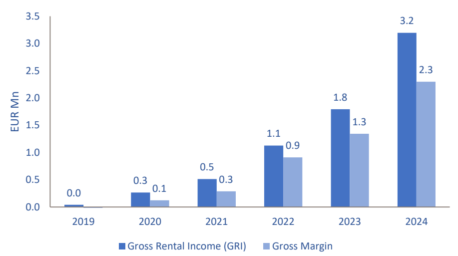



***Table 3. Gross yield***

| Gross yield | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| GRI (EUR Mn) | 1.0 | 1.4 | 1.8 | 3.2 |
| GRI/GAV | 4.6% | 4.4% | 4.2% | 5.3% |
| GRI/Purchase Price | 10.0% | 9.4% | 9.5% | 9.5% |

[2] On 7 May 2025, YKTS announced its intention to acquire Mistral SOCIMI for EUR 0.98/sh (EUR 11.3Mn) plus an earnout tied to the sale of an asset in Alicante. So extending its incipient M&A strategy.

While it is telling to measure profitability relative to the portfolio's market value, YKTS' strategy is based on acquiring assets at a considerable discount to market value. This means that gross rental income over acquisition cost is significant higher, at 9.5% (considering the entire portfolio).

## Positive net operating income but interest expense is undermining the bottom line

The gross rental income (GRI) earned by YKTS is reduced by all operating expenses (maintenance, repairs, property tax, homeowners association fees, among others) to arrive at net operating income (NOI). In 2024, YKTS reported NOI of EUR 2.3Mn, up sharply from EUR 1.3Mn in 2023, implying a NOI/GAV ratio of 3.8% (vs. 3.2% in 2023).

Meanwhile, the NOI margin (over revenue) amounted to 71.9% in 2024 (vs 74.9% in 2023). Subtracting other operating expenses from NOI leaves us with recurring EBITDA.

The main item of other operating expenses is the management fee paid to RKS-AM, which in 2024 came to EUR 756k (vs EUR 580k in 2023). This fee covers two concepts: management of YKTS' assets by RKS-AM and management of the company itself. Asset management relates to the everyday activities involving the properties (rentals, maintenance, insurance, collections, etc.), whereas company management refers to the REIT's strategic, financial and corporate planning.

RKS-AM collects the following fees for managing the company's assets:

- 8% of the annual rents received by YKTS.
- A fee associated with asset refurbishing, which varies as a function of CAPEX and population size.
- For new leases, one month's rent + 5% of the first year's rent.
- 5% of the sale price in the event any assets are disposed of.

In addition, for its corporate management services, RKS-AM receives:

- A fixed fee of 0.16% of GAV.
- 2% of the purchase price for originating dealflow.
- A variable fee of 10% of any surplus in the shareholder IRR over 6.5%.
- 3% of any new funds raised.

Other than RKS-AM's fees, other operating expenses include communication and travel expenses and banking services. RKS-AM's management fees came to EUR 0.75Mn in 2024 (33% of NOI) and EUR 0.58Mn in 2023 (44%). Recurring EBITDA amounted to EUR 0.7Mn in 2024, compared to a loss of EUR 43k at the EBITDA level in 2023. 2024 was a milestone as it was the first year of positive recurring EBITDA, thanks to the QPQ acquisition and higher margins on the legacy YKTS portfolio.

*Graph 5. Trend Recurring EBITDA*

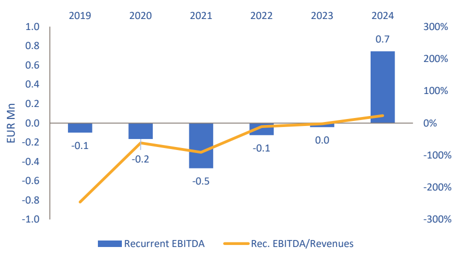
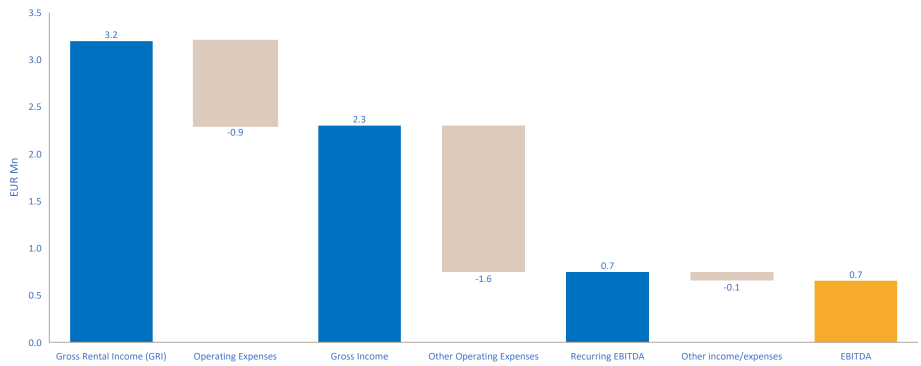



*Table 4. Trend Income and margins*

| Trend income (EUR Mn) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| **GRI** | **0.0** | **0.3** | **0.5** | **1.1** | **1.8** | **3.2** |
| Growth GRI | | 564% | 92% | 119% | 59% | 78% |
| **NOI** | **0.0** | **0.1** | **0.3** | **0.9** | **1.3** | **2.3** |
| NOI margin | -42% | 46% | 56% | 81% | 75% | 72% |
| **EBITDA recurrente** | **-0.1** | **-0.2** | **-0.5** | **-0.1** | **0.0** | **0.7** |
| Recurring EBITDA margin | -246% | -62% | -91% | -11% | -2% | 23% |
| **EBITDA** | **-0.1** | **-0.1** | **-0.4** | **-0.1** | **0.1** | **0.7** |
| EBITDA margin | -192% | -52% | -84% | -7% | 8% | 20% |

To arrive at reported EBITDA, we adjust recurring EBITDA for non-recurring items such as gains or losses on asset disposals.

***Chart 6. From Revenues until EBITDA 2024***




Below EBITDA, the most significant line item is finance costs, which historically accounted for c.20% of GRI. Following the acquisition of QPQ, interest expense spiked to EUR 1.7Mn in 2024, which is approximately 53% of the GRI generated by YKTS' assets. This was the biggest challenge facing YKTS; however, thanks to the new financing agreement struck with Deutsche Bank in 2025, this risk has dissipated.

## FCF generation continues to be eroded by interest payments and scant net profitability

Funds from operations (FFO) has yet to turn positive. FFO was negative by EUR 1.1Mn in 2024 and by a slightly lower 1.0Mn in 2023.

Expressed per share, a key indicator in light of the equity funding strategy, the trend is one of gradual improvement: EUR -0.6/sh in 2024 vs EUR -0.7/sh in 2023. The main factors weighing on cash generation are:

- Interest payments, EUR 1.7Mn in 2024, a situation due to revert in 2025.
- Recurring EBITDA of EUR 0.7Mn in 2024, positive for the first time but still insufficient to offset finance costs.

Meanwhile, FCF is etching out a gradual improvement, ending 2024 at a negative EUR 1.6Mn (vs EUR -5.8Mn in 2023). Recurring FCF per share is also improving: EUR -0.9/sh in 2024 vs -EUR 3.9/sh in 2023.

## YKTS has managed to keep its leverage at conservative levels

After its incorporation in 2019, YKTS kept its leverage at low levels as it built up its portfolio and profitability. Until 2023, the ratio of net debt to the market value of its assets (loan-to-value, or LTV) was under 15% (vs 40% across the sector in Europe). Most of the company's financing has come from equity raises, backed by RKS Real Estate.

***Table 5. Leverage Level***

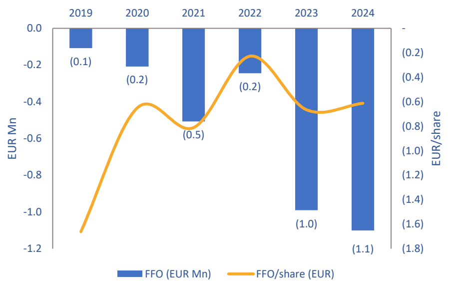
| | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Net Debt (EUR Mn) | 3.0 | -0.4 | 14.0 | 14.2 |
| GAV (EUR Mn) | 21.1 | 32.6 | 61.0 | 60.4 |
| Loan to Value | 14.0% | -1.3% | 22.9% | 23.4% |

Note: considering the acquisition of QPQ in 2023.

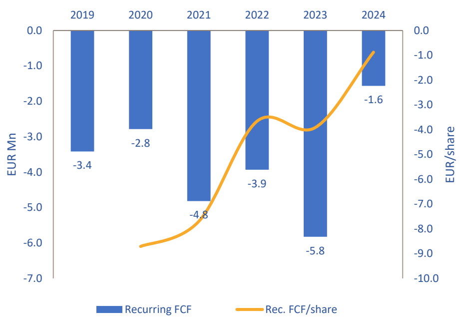
In 2023, YKTS introduced a strategic change to its financial structure with the acquisition of QPQ, which it financed using a combination of bank loans, alternative financing and share issues totalling EUR 12Mn. This transaction unveils a strategy of gradually leveraging up, the goal being to lift the LTV ratio to close to 50%.

Framed by this new financing strategy, in 1Q24, the company reached an agreement with Deutsche Bank, which has loaned it EUR 9.5Mn to repay debt carrying higher rates and finance future growth transactions, both organic and M&A. This agreement comes with a covenant limiting the LTV to 50%.

***Graph 7. Trend FFO and FFO/share***

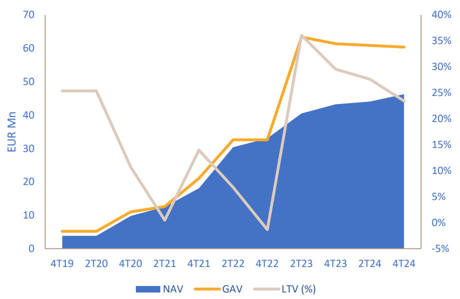



***Graph 8. Trend Recurring FCF***

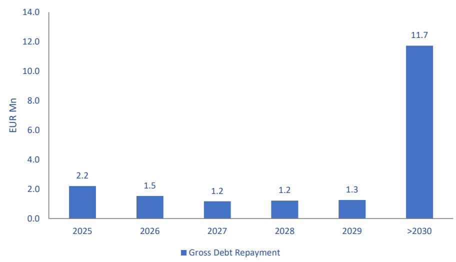



Note: The 2019 figure is not considered representative due to the small number of shares outstanding, significantly distorting the comparison.

***Graph 9. Trend GAV, NAV y LTV***



*Graph 10. Gross Debt Maturity Schedule*




Note: Adjusted for the loan obtained from Deutsche Bank in 2025

Net debt (including the 2025 loan from Deutsche Bank) currently stands at around EUR 18Mn, up from EUR 14Mn in 2023. The new capital structure implies a LTV ratio of c.30% (above the average in recent years of 15%).

## Dividends weren't an option until now

As a REIT, YKTS is obliged to pay dividends once it has met its company law requirements, as set down in Law 11/2009. That piece of legislation requires the distribution of:

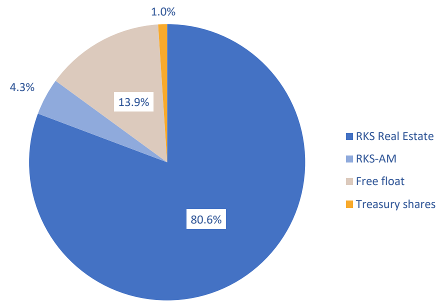
(i) 100% of the profits derived from dividends or shares of the earnings of other REITs or entities in similar regimes.

(ii) At least 50% of the gains obtained on the sale of properties or shares, so long as the minimum holding period has been met.

(iii) At least 80% of all other profits.

YKTS posted a positive profit for the first time in 2024 and has resolved to pay out EUR 196,000 in 2025 (dividend yield: 90%).

*Chart 11. Shareholder Structure*




## Shareholder structure dominated by RKS Real Estate

Despite the numerous equity issues carried out in recent years, most of the new shares have been bought up by the RKS group, the RKS Real Estate fund and the manager, RKS-AM, putting up approximately EUR 19.2Mn between them. Currently, 80.6% of the company's shares are held by RKS Real Estate, an investment fund specialised in alternative assets. The next biggest shareholder, RKS-AM, the entity tasked with management of YKTS, also holds a significant interest of 4.3%. For more information about the shareholder structure, refer to the Corporate Governance section.

## In sum, a unique business model in the Spanish REIT space. A company in search of scale to monetise that model.

In short, YKTS is a REIT with an attractive business model and scope for high profitability, a goal it is well on its way to achieving, although it still faces significant challenges as it stabilises and attempts to deliver recurring profitability. Its business model is based on the following pillars:

- **Acquisitions at significant discounts to market value.** A portfolio of assets acquired at a sharp discount to GAV, with high occupancy and an attractive gross yield.

- **Portfolio in non-prime markets with excellent geographic diversification (in Spain).** YKTS' assets are spread across 14 provinces. Although Madrid currently commands the biggest share (30% of GAV), it is set to slip back as some of the QPQ assets are sold. The assets are located in non-prime areas, towns and secondary cities, where YKTS' know-how translates into high occupancy rates. The company is relatively sheltered from rent regulations, which are focused more on markets where rents are tight or "stressed".

- **RKS-AM as manager.** Management has been outsourced to RKS-AM, which has proven its ability to manage non-prime assets that are dispersed all around Spain, generating competitive margins.

- **Incipient M&A strategy.** The Spanish REIT segment is extremely fragmented. With the acquisition of QPQ, YKTS has opened the door to possible future acquisitions to consolidate the sector of the market in it specialises and is well positioned.

- **Pioneer and benchmark in affordable rentals.** YKTS invests in a different class of assets and presents a unique business model in its sector. Its business is scalable and its pipeline, extensive.

In sum, YKTS offers a unique and high-potential play on the Spanish real estate sector by avoiding prime areas (which tend to offer lower yields on account of their high prices) and limited risk, thanks to its assets' locations (despite not being prime), which guarantee high occupancy levels.

In 2024, the company took a key step towards consolidating its business segment with the acquisition of QPQ and eked out a robust improvement in the profitability of its legacy portfolio, achieving positive recurring EBITDA for the first time. In the near term, YKTS plans to focus strategically on maximising occupancy and rents and boosting operating efficiency to consolidate its growth trajectory. In addition, the new capital structure with Deutsche Bank as lender has reduced its borrowing cost and provided it with the flexibility to fund future strategic deals. Thanks to these advances, the company is in a good position to continue to scale up its business model and explore new investment opportunities in the affordable housing segment. Clearly, everything pivots around its ability to build scale, which is virtually the sole path to realising the growth and profitability potential implicit in its business model.

In executing the challenge of sizing up, the strong support of its main shareholder (which has invested > EUR 19Mn already) answers the question regarding the sole restriction on its model: access to growth capital.

# A housing market marked by a chronic supply shortage

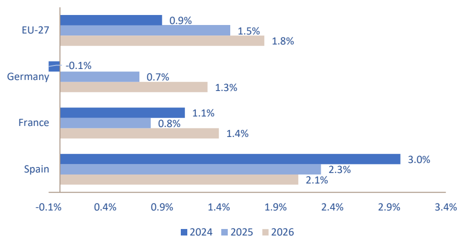
In this section, we analyse the current supply and demand dynamics shaping the Spanish property market, the recent legislative developments affecting the sector and the key role played by the listed REITs.

### Sector resilience in a benign macroeconomic environment

The macroeconomic situation and outlook have changed considerably. At the end of 2022, the economy was weak, marked by high inflation and high interest rates, painting a clearly adverse picture for the Spanish real estate sector. However, it would prove remarkably resilient. In that climate, apparently unfavourable, house prices increased considerably in 2022 and 2023 (+12.9% -2y), as did house rents (+18% -2y).

In 2024, with inflation apparently under control at under 3% and interest rates gradually coming down, property prices continued to record sharp growth. According to the real estate portal Idealista, rents increased by 10.3% in the 12 months to March 2025, with house prices rising 11.2%.

***Graph 12. Real GDP growth***



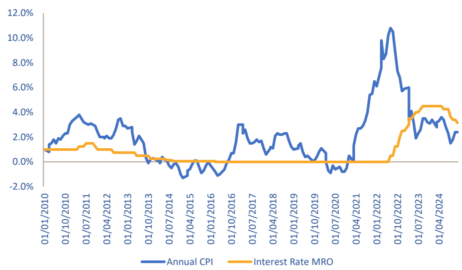

Source: IMF

The national statistics office (INE) data show that the Spanish economy has been staging a solid recovery since the pandemic. In real terms, GDP grew by 6.7% in 2021, 6.2% in 2022, 2.7% in 2023 and 3.2% in 2024.

The IMF is forecasting growth of 2.5% in 2025, positioning Spain as one of the European Union's most dynamic economies, in sharp contrast with the outlook for other major economies in the region, including France, whose economy is expected to grow by 0.6%, and Germany, which is not expected to grow at all.

Although the unemployment rate in Spain remains high compared to European standards (5.7% for the euro area), standing at 11.36%, and it has worsened compared to previous quarters. Nevertheless, it represents a significant improvement from a historical national perspective. In 2019, just before the pandemic, the unemployment rate reached 14%.

***Graph 13. Inflation in Spain & Interest Rates***



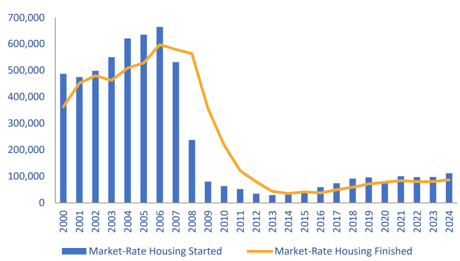

Source: INE and ECB.

Meanwhile, although inflation, one of the biggest economic challenges facing the global economy in recent years, has eased substantially, it is not all good news. In February 2025, Spanish CPI stood at 3%, above the ECB's long-term target of 2%, very significantly below the peak of 10.8% recorded in July 2022 but up from the 1.5% observed in September 2024.

### Limited housing supply with little signs of an improvement

The supply of housing is key to understanding the trend in prices, whether looking backwards or forwards. In Spain, growth in the stock of housing has stalled considerably. According to the Ministry of Transportation and Sustainable Mobility, between 2016 and 2023, the stock of housing increased from 26.1Mn units to just 26.9Mn, growth of only 2.9% in six years. By comparison, during the real estate bubble (2001-2008), that increase was 16.8%.

***Graph 14. Market-Rate Housing Started and Completed***




Source: MITMA.

By province, the highest housing stock growth rates between 2016 and 2023 are observed in Lugo (+6.3%), Malaga (+5.9%) and Asturias (+5.8%). Nationwide, the CAGR was 0.4%.

The number of housing starts in Spain (unsubsidised) also reflects this slump. Since 2018, annual starts have been stuck at around 100k, which is equivalent to a scant 0.35% of the total stock of housing in Spain. This situation has continued despite the sharp growth in prices.

Neither are new-build permits showing signs of recovery. Since 2019, the number of permits for residential buildings has been stuck at around 30k units and no significant increase is expected in the short term.

According to CBRE, investment in flex living solutions, including student and senior living residences, has sustained considerable growth since 2018, going from approximately EUR 1Bn to nearly EUR 4.5Bn in 2022. Since then, however, the increase in interest rates and uncertainty as to their trajectory has led to a significant slowdown in investment.

## Absence of alternative sources of supply

Other potential sources of housing in Spain include the refurbishment and use of empty units. However, the upside here seems slim. According to the INE, in 2021, there were 3.8Mn vacant houses in Spain, 45% of which were located in towns with fewer than 10k inhabitants, areas that are home to just ~20% of the population. The large cities (>250k inhabitants), on the other hand, account for just 10.5% of total empty units. In metropolitan Madrid, the percentage of empty houses is around 3%. In other words, the houses that are empty are not located in the areas where housing demand is stronger.

Expectations for public sector housing development plans are not overly optimistic either. The so-called Affordable Rental Housing Plan aims to increase the stock of social rental housing by >185k units. Of the total, 50k will be drawn from Spain's bad bank, Sareb, implying homes that it has not been possible to sell since that entity's creation in 2012. These properties are similarly located in low-demand housing markets. Moreover, many of these affordable housing plans are not designed to increase supply but rather to facilitate access to housing via financial aid to specific groups such as youths, which could ultimately push prices higher rather than increasing supply.

## Sustained and stable demand for housing

One of the chief sources of demand for housing in Spain is the creation of new households. Between 2021 and 2024, a total of 954k new households were created in Spain, which translates into an annual average of 240k. Although this growth has been slowing sharply (111k households in 2024 vs 282k in 2021), the pace of growth remains much higher than the growth in the stock of housing, of around 100k units per annum.

Population growth has been moderate. Between 2016 and 1Q25, the Spanish population increased by 5.7%, largely due to immigration. However, some regions, like Madrid, have experienced higher growth, in this case of 11%, over the same timeframe.

The number of people per household has continued to gradually decrease. That average currently stands at 2.5 people, down from 2.9 in 2001. This downtrend is contributing to the growth in demand for housing even though the size of the population is relatively stable.

Tourism is also playing an important role in demand for housing. In 2024, Spain recorded a record number of tourists: 93.8Mn compared to 75Mn in 2016. According to the INE, 1.5% of houses in Spain are earmarked to holiday rentals, with this figure topping 4% in certain tourism hotspots such as the Balearic and Canary Islands.

The purchase of homes by foreigners also remains a considerable source of demand: 15% of total housing transaction volumes in Spain in 3Q24 according to the School of Registrars, a figure very close to the all-time peak of 15.9% recorded in 3Q22.

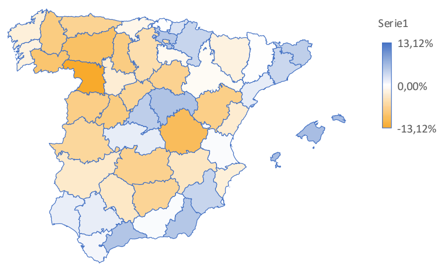
Aside from looking at the trends in the Spanish population and household creation, to study demand we also need to look at pent-up demand that has not been able to access housing but is putting pressure on prices. For example, there is huge pressure via the young people who are still living with their parents (in Spain, 55% of young people aged between 25 and 29 still live at home): 1.4Mn people who could need housing. If prices were to fall, many of these young people would want to move out of home, renewing pressure on prices. Only a major increase in supply would resolve the issue.

All these figures are translating into high transaction volumes every year: an estimated 681k transactions in 2024, according to the Ministry (vs 639k in 2023), which is nearly twice the volume recorded in 2014 (~350k).

## Stressed markets and controversial measures: analysis of the Right to Housing Act.

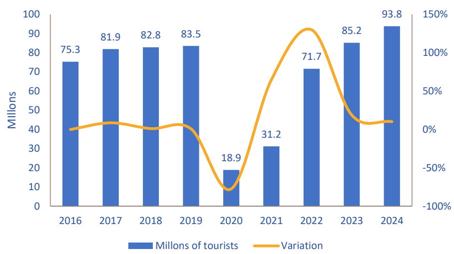
Spain presents a structural shortage of housing. This problem led to the passage of the Right to Housing Act in 2023, whose aim is to facilitate access to decent and affordable housing, particularly for more vulnerable groups, and to regulate the market in stressed areas.

***Graph 15. Population Change by Province, 2010–2021***



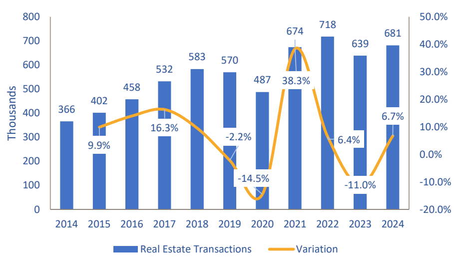

Source: INE.

***Graph 16. Millions of tourists in Spain***




Source: INE.

***Graph 17. Number of Real Estate Transactions***




Source: CBRE research.

A fundamental concept of that legislation is the notion of a "stressed" area. A stressed residential market is defined in this legislation as one that meets one of two criteria:

(i) High financial burden: the average cost of rent or mortgage servicing, plus utilities, accounts for more than 30% of average household income in that same area.

(ii) Disproportionate price growth: the price of purchasing or renting a home has experienced cumulative growth of at least 3% more than the consumer price index (CPI) over the last five years.

Although some municipalities have already expressed their interest in being declared stressed markets, the ultimate decision lies with the regional governments. In these areas, new leases are subject to limits established by means of a benchmark price reference system. So far, only Catalonia has declared stressed markets.

In addition, the new legislation decoupled rent increases from CPI, introducing a ceiling of 3% for 2024 and, from 2025, increases based on a benchmark index created by the INE which yields a percentage that is below CPI. As of March 2025, this index stood at 1.98%.

The law introduced additional measures such as automatic lease renewal for vulnerable tenants and an increase in property tax for unoccupied housing units in a bid to boost occupancy.

Although the legislation refers frequently to the goal of increasing supply and helping stabilise prices, specific implementation falls to the local and regional authorities. As a result, many of the measures have not been implemented.

In particular, the law refers repeatedly to the importance of the stock of public housing. In Spain that stock amounts to 290k units, which is 1.6% of total households and significantly below the European average of 9.3%. It is conceivable that the state will try and increase the stock of public housing in the coming years as a way to increase supply.

### Legislation with unproven ability to improve matters

Although Law 12/2023, on the right to housing, acknowledges that the fundamental issue lies with a serious shortage of supply, particularly in the markets defined as "stressed", it does not establish clear measures for stimulating it. In fact, the measures taken, such as rent increases below inflation, payment of brokerage fees by the landlord (property management fees and lease arrangement fees) and the rollover of leases for people classifying as financially vulnerable or living in stressed markets, discourage landlords from leasing out additional units.

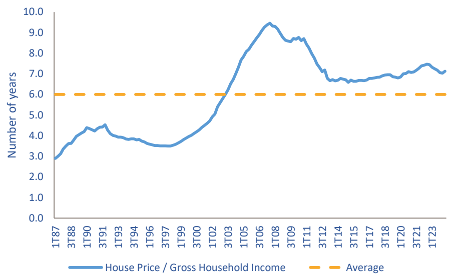
Although many of these measures are temporary, the idea being to leave them in place until they bring about an increase in supply, they are not accompanied by specific plans for substantially lifting supply. While they allude to the possibility of increasing the stock of public housing, as noted, the related plans also fall short of the mark. For example, in January 2025, the central government announced the transfer of over 3,300 units and nearly 2 million square metres of land. In addition, during the first half of this year, the Public Housing Company will take over the 30,000+ housing units currently managed by SAREB, 13,000 of which immediately. These plans are far from delivering the hundreds of thousands of houses needed in Spain and their location, quality, etc. are also not clear.

The philosophy behind these policies points clearly to greater state intervention in the housing market, creating a degree of legal uncertainty, as it is not clear what measures may be taken in the future.

Despite this, the impact of the law appears limited and we think the housing shortage will remain an issue. If measures such as these continue to be implemented with a view to controlling prices, landlords will probably try to make up for the reduced yields by putting up prices in unregulated areas, reducing future investments or increasing requirements for tenants, further aggravating the scarcity issue.

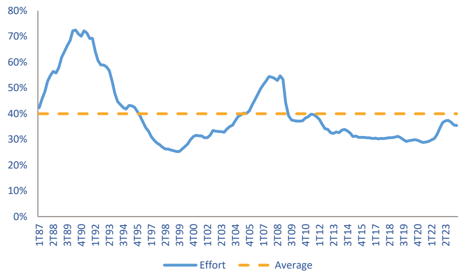
These regulations run the risk of discouraging investment and the construction of new housing due to growing regulatory uncertainty, making the residential market less attractive to private investors. For YKTS, however, these measures could even have a positive effect given its strategic focus on affordable assets in unstressed markets which could benefit indirectly from higher demand derived from regulatory pressure in the large cities.

***Graph 18. Number of Years Required to Purchase a Home***



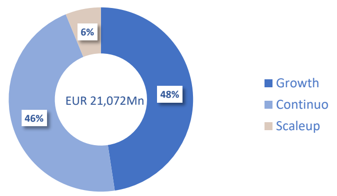

Source: Banco de España.

***Graph 19. Average Effort (% of Spanish Household Income) to Purchase a Home***




Source: Banco de España.

***Graph 20. Market Capitalization of SOCIMIs by Market in Spain***




Source: Factset, BME.

## Housing affordability

According to the Bank of Spain, the affordability ratio, measured as average house prices divided by median household gross income, is at a high level by historical standards. In 2023, this indicator reached a little over 7 years, somewhat below the approximately 7.6 years recorded in 2021. These metrics were only higher during the real estate bubble, when they reached 9 years. To put this into perspective, up until 2005, this metric had never surpassed 6 years.

However, the mortgage debt servicing ratio, which measures the instalments a household has to pay during the first year after acquiring a home, lies in line or even just below the long-run average, at around 40%. This metric has, however, increased considerably since 2012, when it stood at close to 30%.

As for housing cost burden for renters, this metric also ranges between 30% and 40%, depending on the region. This burden is highest in the city centres of Andalusia, the Balearic Islands and Madrid.

As for the percentage of people living in rented homes with a cost overburden, the percentage in Spain, at 40%, is 20 points above the EU-27 average.

Lastly, the financial health of the household and NPISH sector has improved considerably, with their debt-to-GDP ratio falling from 56.5% in 2019 to 45.4% in 2024.

## Limited supply set to continue to exert upward pressure on prices

The main conclusions from the current situation are: (i) there is a chronic housing supply shortage; (ii) growth in demand, although not too high, continues to significantly outpace the growth in supply; (iii) there is significant pent-up demand in the pool of youths who would like to move out of home; (iv) the supply situation is not expected to improve dramatically in the near or medium term; and (v) neither housing legislation nor policies are currently generating an effective solution.

As a result, the baseline scenario is that housing prices will continue to sustain considerable growth in the coming years.

## REITs, a fragmented market in Spain

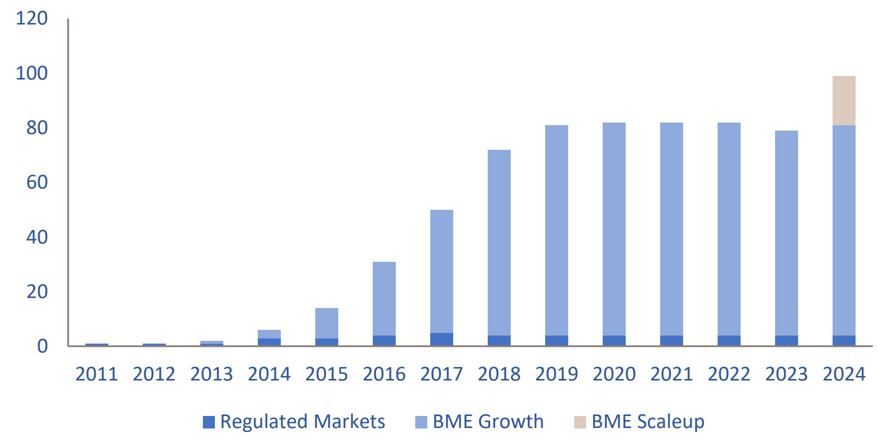
In Spain, the concept of the real estate investment trust (REIT), or SOCIMI for its acronym in Spain, emerged in 2009 under Law 11/2009, nearly 50 years after its creation in the US in the 1960s. However, it was not until passage of Law 12/2012 that the Spanish SOCIMI adopted a regime similar to that of the international REIT.

According to a sector report by JLL published at the end of 2021, the largest REIT market, measured by market cap, was the US market, at USD 1.2Tn, bigger than all the other REIT markets combined. In Europe, the UK had the biggest market, at USD 65.9Bn, with Spain ranking seventh worldwide, at USD 24Bn.

Penetration of REITs in Spain is relatively high considering the short time since it was legally created, accounting for 1.7% of GDP, compared to 2.1% in the UK and 2.7% in Canada.

However, Spain differs considerably from other REIT markets in terms of the size of its vehicles. In the US, the average market cap of its REITS is USD 6Bn, which is similar to that of other OECD countries such as Japan, Australia and the UK. In contrast, in Spain, the average size is just USD 220Mn. There are currently just two REITs with a market cap of more than USD 2.5Bn: Merlin Properties and Colonial. The market is highly fragmented and very illiquid, with relatively small free floats and very low trading volumes. At the end of 2024, there were just over 140 SOCIMIs in Spain.

***Graph 21. Number of REITs per market***




Source: Grant Thorton

YKTS is positioned in a relatively untapped segment of the residential market: affordable rental housing in secondary or non-prime markets. This unique approach, characterised by the acquisition of assets at significant discounts in mid-size and peripheral cities, contrasts with that of other REITs which tend to concentrate their portfolios in more central or prime cities.

Within the current Spanish real estate space, there are other comparable plays to YKTS with different strategic approaches, such as Advero Properties or VBare Iberian Properties, the latter acquired towards the end of 2024.

There are also other players in the affordable rental housing market backed by institutional investors, such as Tectum and Hábitat Social, a cooperative, which are developing hundreds of affordable units in partnership with the public sector. These initiatives demonstrate growing interest in the sector, although YKTS boasts an advantageous position in secondary locations where competition the large funds is less intense. Other residential REITs listed on BME Growth include Almagro Capital (senior living for rent, a different model) and Home Capital (youth coliving), which operate in different segments to YKTS.

### In sum, the real estate market is destined to continue to be shaped largely by the dearth of supply. Creating a climate ripe for structurally high prices.

The macroeconomic situation in Spain is favourable as it is one of the fastest-growing economies in the EU. Having surmounted the crisis derived from the pandemic, GDP has etched out sustained growth, of an estimated 3% in 2024, ahead of key economies such as France and Germany. Although unemployment remains high by comparison with the European average, it has registered remarkable improvement. Inflation is back at controlled levels.

In the real estate market, there is a chronic supply of housing for which there are no signs of improvement in the short or medium term. New housing construction has been stagnant since 2018 and the public plans in place appear insufficient to the task of filling the structural gap between supply and demand.

Meanwhile, demand remains solid, driven by the formation of new households, population growth in some regions, pent-up demand from young people keen to move out of home and demand from foreign buyers. This mismatch has driven sustained growth in house prices and rents alike.

Spanish households' financial health has improved, with their debt dropping from 56.5% of GDP in 2012 to 45.4% in 2024. However, the affordability ratio has deteriorated: it now takes more than 7 years' gross income on average to buy a house. There is a huge gap between Spanish adults who already own a home and enjoy a more stable financial situation and its young people who have not been able afford to move out of their parents' home.

Legislative developments appear to be focused more on controlling the consequences of the supply dynamics (high prices) than on tackling the underlying structural problems. Moreover, the potential legal uncertainty derived from these reforms, coupled with price controls, could discourage economic agents from increasing the supply of housing in Spain.

Lastly, the Spanish REIT sector has experienced considerable growth, albeit marked by characteristics that set it apart from other international markets. Despite being a relatively new market, the penetration of REITs (market cap over GDP) is a noteworthy 1.7% and the sector's market capitalisation is sizeable. However, the sector is very fragmented. The average size of a Spanish REIT is small compared to other markets such as the US and many of these companies are structured as family-owned investment vehicles with limited free floats. However, there is a small coterie of REITs more open to institutional investment which present higher liquidity and market caps.

This part of the market continues to consolidate its role as a key player in the Spanish real estate space, despite presenting significant challenges in terms of liquidity and shareholder diversification. Another challenge lies with defining a profitable business model adapted for the current state of play in the Spanish real estate sector. We think YKTS has managed to do this, opting for the affordable housing niche within the residential sector.

# Affordable housing (non-prime): double-digit growth (GRI: CAGR 24-27e: +17.1%) coupled with low risk.

YKTS is a small-cap REIT with a property management approach and strategic focus on affordable and sustainable rental housing. Its key advantage is its ability to acquire assets at a significant discount to GAV, in a segment where competition is less intense. YKTS' strategy makes it a unique REIT. Its broad geographic footprint and focus on non-prime assets protect YKTS against the potential regulatory risks facing the sector.

Between 2021 and 2024, YKTS' gross asset value (GAV) has gone from EUR 21.1Mn to EUR 60Mn, accompanied by a jump in income (GRI 2024: 6.2x 2021) and positive recurring EBITDA for the first time last year (EUR 0.7Mn in 2024 vs EUR 0Mn in 2023).

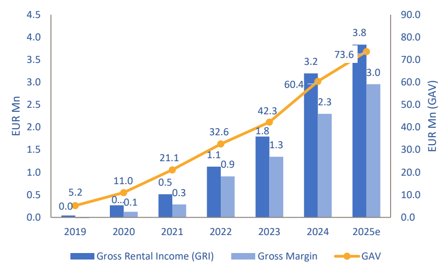
YKTS' growth story has consisted of buying multiple housing units financed via a mix of equity and mortgages. That strategy changed in 2023 when YKTS made its first and, so far, only acquisition: QPQ, another REIT. The goal was to open the door to new acquisitions in the future, positioning it to consolidate the fragmented REIT sector. On 7 May 2025, YKTS announced its intention to acquire Mistral SOCIMI for EUR 0.98/sh (EUR 11.3Mn) plus an earnout tied to the sale of an asset in Alicante. So extending its incipient M&A strategy.

Following the integration of the QPQ portfolio and the important financing agreement reached with Deutsche Bank, the following questions arise: How much more can the company grow by buying new assets? Will YKTS be able to lift its margins and offer enough of a return? What will the dividend payout look like in the coming years?

## A business model that is "isolated" from the macro context and presents strong growth prospects.

YKTS' business is based on leasing housing in non-prime areas with favourable microeconomics at affordable rents (EUR 450/month) to families living close to industrial areas. These leases generate recurring rents removed from the supply and demand dynamics characteristic of more volatile markets. With GAV expected to increase in the coming years of the back of new asset acquisitions and rents set to increase in line with contractual terms, we are estimating organic revenue growth in the high double digits (GRI: CAGR 2025e-2027e: +17.1%). The key variables underpinning our estimates:

***Graph 22. Trend Gri, NOI and GAV***




- **High occupancy.** YKTS has proven its ability to acquire assets that, despite being located in secondary markets, are in strong demand, so that occupancy currently - and consistently stands at a very high 95%. The current macroeconomic situation, coupled with the expectation that future regulatory developments will not particularly affect this type of leases, leads us to believe that YKTS will be able to defend this level of occupancy.

- **Rent growth in line with CPI.** Historically in the REIT sector, rental increases have tended to coincide with occupancy rates of close to 100%. This is because high occupancy levels are indicative of strong demand, paving the way for rent increases. In addition, YKTS has 'grandfathered' rents which boost revenue when they get restated to market rents. As a result, our baseline scenario calls for annual growth of 10% (2024-2027). In line with the inflation rate as of April 2025 according to Idealista: 10% for the last 12 months.

- **Additional quasi-inorganic growth:** From the outset, YKTS has proven its ability to locate attractive assets for addition to its portfolio. We think it will continue to buy up bundles of housing units - we are estimating c.150 units in 2025, underpinned by a deposit agreement over 134 homes executed at the end of April 2025. Beyond, we are expecting new additions to stabilise at an annual average of 80 units, in line with the past.

As a result, we are projecting organic growth in gross rental income (GRI) of 17.1% (CAGR 24-27e). That translates into a GRI yield of 5.2% in 2025e, rising to 6% in 2027e.

- **Asset rotation:** YKTS takes a property management approach to its portfolio. However, it is currently in the process of disposing of some of the assets inherited from QPQ. In addition, if after holding certain assets for three years it sees scope for attractive capital gains, the company will consider their sale. Framed by this approach, we are forecasting the sale of approximately 20 homes per year, mainly from the portfolio acquired from QPQ. With scope to top up profits.

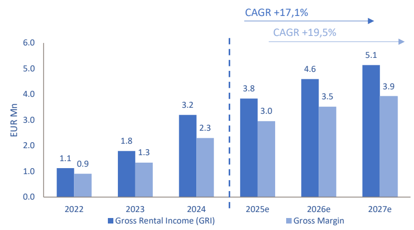
Overall, we are forecasting total revenue (GRI)[3] of EUR 3.8Mn in 2025e, EUR 4.6Mn in 2026e and EUR 5.1Mn in 2027e. Visibility around these estimates is high thanks to the assets' strategic locations and the company's affordable rents (EUR 450/month for YKTS and EUR 600/month for the units acquired from QPQ). Low rent translates into higher affordability ratios relative to tenants' earnings, providing protection against macroeconomic developments.

### Gross margins are stabilising albeit accompanying topline growth (Gross profit CAGR 24-27e: +19.5%).

Cost of sales includes costs passed through to tenants and costs borne by YKTS as landlord that it assumes during ordinary property operation (maintenance, property tax, home owner association fees).

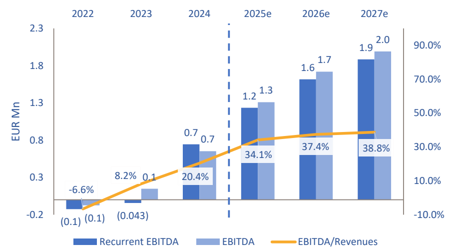
The assets derived from the QPQ acquisition present higher gross margins (+85% 2023) compared to YKTS' legacy portfolio (+75% 2023). That is why we are estimating an uptick in the gross margin in 2025e to 77.1%, followed by a gradual reduction as the QPQ assets are sold, before settling at 76.3% in 2027e.

*Graph 23. Trend GRI and Gross Margin (2022-2027e)*



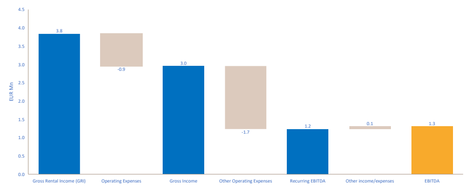

Economies of scale do not impact the gross margin, but rather kick in around other operating expenses. The company's fixed costs relate mainly to the fees charged by RKS-AM for management of YKTS' assets and of the company itself, as well as costs related to the stock market listing, appraisals, director remuneration, etc. Some of these expenses are duplicated at YKTS and QPQ and should be diluted as the companies are integrated and as revenue increases.

*Graph 24. Trend Recurrent EBITDA and EBITDA (2022-2027e)*




For all these reasons, we are forecasting an improvement in the recurring EBITDA margin, from +32.2% in 2025e to +36.7% in 2027e. This translates into recurring EBITDA of EUR 1.2Mn in 2025e, EUR 1.6Mn in 2026e and EUR 1.9Mn in 2027e.

*Graph 25. From GRI to EBITDA 2025e*



Below the recurring EBITDA line, we are estimating a small volume of capital gains (c.EUR 0.1Mn/yr) from disposals over the coming years. The company will continue to dispose of part of the QPQ portfolio, which is carried at fair value, and certain legacy YKTS assets in the portfolio for over three years. As a result, our estimates point to EBITDA of EUR 1.3Mn in 2025e, EUR 1.7Mn in 2026e and EUR 2.0Mn in 2027e, implying EBITDA margin expansion from 34.1% in 2025e to 38.8% in 2027e.

### A refinancing agreement propitious to net profit growth.

2024 was the first year YKTS managed to eke out a positive net profit, mainly thanks to the revaluation of the QPQ assets; however, we think this situation will improve further in the coming years. The main line items between EBITDA and net profit are:

- **Depreciation.** We are forecasting D&A charges relatively stable in 2025e-2027e (c.EUR 0.275Mn/yr).

- **Finance costs.** One of the main impediments to higher earnings at YKTS in the past. Thanks to the refinancing deal reached with Deutsche Bank in 1Q25, we think the situation will improve considerably. We are forecasting interest expense of c.EUR 0.82Mn in 2025e, still somewhat affected by the Glencar financing in place for some of 2025. And we are looking for interest payments of EUR 0.85Mn in 2026e and EUR 0.97Mn in 2027e. This increase reflects higher forecast borrowings as a result of the

[3] On May 12, 2025, the company presented metrics for Q1 2025, not audited financial statements, showing a GRI level of EUR 700K for the first three months of the year.

company's growth and slightly higher borrowing costs as the company repays old mortgages arranged at very favourable rates.

- **Tax rate:** YKTS is taxed under the special tax regime for REITS (tax rate: 0%). We are assuming zero tax payments in 2025e-2027e.

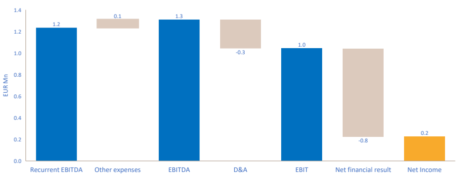
Framed by these assumptions, we are assuming that EBITDA to net profit conversion will jump from 17% in 2025e to 36% in 2027e, implying net profit of EUR 0.22Mn in 2025e, rising to EUR 0.7Mn in 2027e, and a CAGR 24-27e of +48.8%.

### *Table 6. From Recurrent EBITDA to Net Income*

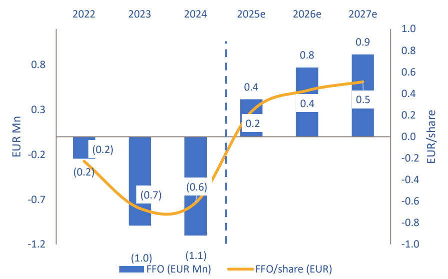
| (EUR Mn) | 2023 | 2024 | 2025e | 2026e | 2027e |
|---|---|---|---|---|---|
| **Recurrent EBITDA** | **0.0** | **0.7** | **1.2** | **1.6** | **1.9** |
| Growth Recurrent EBITDA (%) | 65.8% | n.a. | 65.8% | 31.0% | 16.6% |
| Rec. EBITDA/Revenues (%) | n.a. | 23.3% | 32.2% | 35.2% | 36.7% |
| Restructuring and disposal expenses | 0.2 | -0.1 | 0.1 | 0.1 | 0.1 |
| **EBITDA** | **0.1** | **0.7** | **1.3** | **1.7** | **2.0** |
| EBITDA / Revenues (%) | 38.8% | 38.8% | 38.8% | 38.8% | 38.8% |
| D&A | -0.2 | -0.2 | -0.3 | -0.3 | -0.3 |
| **EBIT** | **0.0** | **0.4** | **1.0** | **1.4** | **1.7** |
| Growth EBIT (%) | 97.1% | n.a. | 136.0% | 37.7% | 17.6% |
| EBIT / Revenues (%) | n.a. | 13.8% | 27.2% | 31.2% | 32.9% |
| Net financial result | -1.1 | -1.7 | -0.8 | -0.8 | -1.0 |
| **Net Profit** | **-1.0** | **0.2** | **0.2** | **0.6** | **0.7** |
| Growth Net Profit (%) | -200.8% | 121.3% | 3.3% | 160.8% | 22.3% |
| **Ordinary Net Profit** | **-1.3** | **-1.2** | **0.2** | **0.5** | **0.6** |
| Growth Ordinary Net Profit (%) | -227.5% | 8.3% | 112.4% | 222.4% | 26.4% |

Note: Ordinary net profit excludes non-recurring items, changes in property valuations and extraordinary items.

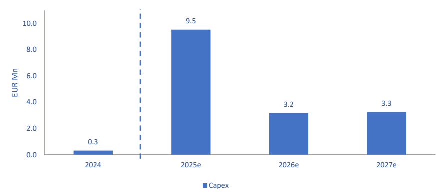
### *Graph 26. From EBITDA to Net Income 2025e*




### *Graph 27 Trend FFO (2023-2027e)*

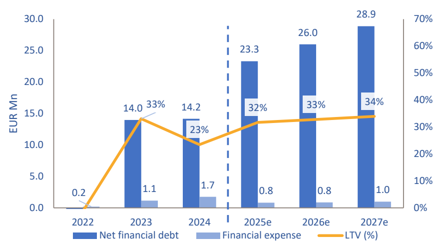



### *Graph 28. CAPEX expenditures (2024-2027e)*




Note: Net real estate investments

### *Graph 29. KPIs financial position (24-27e)*




## Growing ability to generate cash.

Until 2024, YKTS was unable to generate positive funds from operations (FFO: net profit + depreciation +/- non-recurring items). Due to the losses reported. In 2025e, we think the company will post positive FFO for the first time of EUR 0.4Mn, rising to EUR 0.8Mn in 2026e and EUR 0.9Mn in 2027e.

Growth CAPEX, i.e., investments in assets that fit with YKTS' strategy, will be the main conditioning factor affecting cash flows in the coming years. We are forecasting net CAPEX (real estate investments less property disposals) of EUR 9.5Mn in 2025e, EUR 3.2Mn in 2026e and EUR 3.3Mn in 2027e. CAPEX is higher in 2025e as YKTS is expected to acquire 150 homes this year, 134 of which are already under contract. CAPEX should come down in the following years when we are estimating 80 new home acquisitions per year, units aligned with YKTS' traditional strategy.

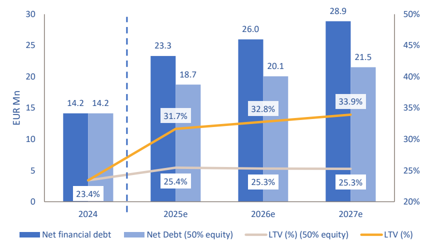
For 2025e, we are forecasting free cash flow (FCF) for EUR -9Mn, narrowing to EUR -2.5Mn in 2026e and EUR -2.4Mn in 2027e. We are not expecting positive FCF before 2027, when CAPEX should begin to taper.

## Reinforced and still-conservative financial strategy

Cash generation by YKTS, coupled with the obligation to pay out c.90% of its net profit, means it will be unable to finance its ambitious growth plans internally. YKTS had traditionally taken a conservative approach to leverage (LTV: 15%), but that changed with the QPQ acquisition, which pushed net debt to EUR 14.4Mn in 2024 (LTV: 23.4%), based on the metrics reported by the company in Q1 2025, the LTV stands at 30.8%. We expect all of the company's debt to be financed via additional debt, which is projected to gradually increase from EUR 23.3Mn (net debt) in 2025e to EUR 28.9Mn in 2027e.

That would put its LTV at around 34% in 2027e, a significant increase from current levels but still reasonable and more or less in line with customary levels at other REITs (sector average: 29.8%).

***Graph 30. Leverage comparison with Equity Issuances (24-27e)***




Although YKTS has been able to raise capital by issuing new shares (raising EUR 2Mn most recently at the end of 2024), we are not forecasting additional equity issues due to the inability to accurately estimate their timing, amount or cost.

Nevertheless, given that YKTS has been consistently capable of raising equity, here we illustrate, by way of example, what would happen if 50% of the projected asset acquisitions were financed via equity. In this case, net debt would increase to EUR 21.5Mn in 2027e (vs EUR 28.9Mn in our baseline scenario) and leverage would hold steady at 25% (LTV). Leverage would remain steady by virtue of the fact of acquiring the assets at a discount to market value.

### Dividends: a long-term goal

Having recorded a net profit for the first time in 2024, the company expects to pay out EUR 196k in dividends from last year's profits, EUR 0.1 per share, implying a dividend yield of under 1%. We are forecasting dividend payments of EUR 0.2Mn in 2026e and EUR 0.5Mn in 2027e, lifting the yield to just under 2%.

### In short, we are looking at a REIT capable of delivering topline growth of c.17% and ongoing margin expansion. Capitalising on the (untapped) affordable rent niche.

YKTS is at a turning point. It reached breakeven at the EBITDA level for the first time in 2024, a year in which it also reduced the "toll" of the heavy interest burden derived from the financing assumed to acquire QPQ. Obviously, YKTS is tackling 2025 from a position of greater strength. With a proven business model in terms of growth and profitability.

Looking to 2025-2027, three highlights:

- **Double-digit growth in rental income.** The combination of rent increases and the addition of new homes to the portfolio underpin CAGR 25e-27e in GRI of 17.1%.
- **Sustained margin expansion.** Fixed cost dilution following the integration of QPQ will push the recurring EBITDA margin from 32.2% (2025e) to 36.7% (2027e).
- **Reinforced capital structure with low financial risk.** The refinancing with Deutsche Bank reduces finance costs to EUR 0.8Mn and leaves the LTV at around 30.8%.
- **Additional value drivers.** Gains from selective QPQ asset sales and future acquisitions at discounts to GAV imply additional upside without overly straining capital.

In brief, YKTS is entering a phase of profitable growth with still-comfortable leverage and is on a clear path to dividend payments. The binomial of affordable housing + acquisitions at sharp discounts gives it a defensive profile, albeit with attractive upside in the Spanish REIT space.

## Valuation inputs

### *Inputs for the DCF Valuation Approach*

| | 2025e | 2026e | 2027e | Terminal Value [1] |
|---|---|---|---|---|
| **Free Cash Flow "To the Firm"** | **(8.2)** | **(1.7)** | **(1.5)** | **n.a.** |

| | | | Best Case | Worst Case |
|---|---|---|---|---|
| **Market Cap** | **34.6** | At the date of this report | | |
| **Net financial debt** | **14.2** | Debt net of Cash (12m Results 2024) | | |
| Cost of Debt | 4.0% | Net debt cost | 3.8% | 4.3% |
| Tax rate (T) | 0.0% | T (Normalised tax rate) | = | = |
| **Net debt cost** | **4.0%** | **Kd = Cost of Net Debt * (1-T)** | **3.8%** | **4.3%** |
| Risk free rate (rf) | 3.3% | Rf (10y Spanish bond yield) | = | = |
| Equity risk premium | 6.0% | R (own estimate) | 5.5% | 6.5% |
| Beta (B) | 1.0 | B (own estimate) | 0.9 | 1.1 |
| **Cost of Equity** | **9.3%** | **Ke = Rf + (R * B)** | **8.2%** | **10.4%** |
| Equity / (Equity + Net Debt) | 71.0% | E (Market Cap as equity value) | = | = |
| Net Debt / (Equity + Net Debt) | 29.0% | D | = | = |
| **WACC** | **7.7%** | **WACC = Kd * D + Ke * E** | **6.9%** | **8.6%** |
| **G "Fair"** | **2.0%** | | **2.0%** | **1.5%** |

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

### *Inputs for the Multiples Valuation Approach*

| Company | Ticker Factset | Mkt. Cap | P/E 25e | EPS 25e-27e | EV/EBITDA 25e | EBITDA 25e-27e | EV/Sales 25e | Revenues 25e-27e | EBITDA/Sales 25e | FCF Yield 25e | FCF 25e-27e |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Merlin Properties | MRL-ES | 6,014.9 | 19.5 | 6.7% | 23.0 | 11.5% | 17.1 | 11.6% | 74.3% | n.a. | 76.6% |
| Colonial | COL-ES | 3,679.4 | 17.7 | 6.3% | 26.9 | 7.2% | n.a. | 6.6% | 81.8% | 4.2% | 20.4% |
| Continuous Market | | | 18.6 | 6.5% | 25.0 | 9.3% | 17.1 | 9.1% | 78.1% | 4.2% | 48.5% |
| Vonovia | VNA-DE | 23,476.0 | 14.4 | 10.8% | 25.4 | 6.2% | 19.3 | 9.3% | 76.0% | 7.6% | 9.4% |
| SEGRO | SGRO-GB | 10,703.5 | 18.3 | 5.7% | 22.2 | 6.6% | 18.7 | 6.2% | 84.1% | 1.0% | 70.7% |
| Land Securities | LAND-GB | 5,337.0 | 11.6 | 1.8% | 16.2 | 5.7% | 12.5 | 6.3% | 77.0% | 9.2% | -24.7% |
| Icade | ICAD-FR | 1,669.5 | 6.6 | -5.7% | 17.0 | 2.8% | 14.0 | -1.1% | 82.4% | 23.0% | -49.8% |
| Europe | | | 12.7 | 3.1% | 20.2 | 5.3% | 16.1 | 5.2% | 79.9% | 10.2% | 1.4% |
| YKTS | YKTS-ES | 34.6 | n.a. | 78.6% | 39.4 | 23.3% | 12.7 | 15.7% | 34.1% | n.a. | 48.7% |

### *Free Cash Flow sensitivity analysis (2026e)*

#### A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

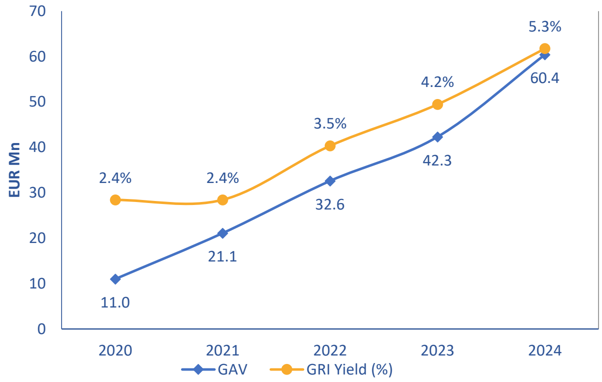
| Scenario | EBITDA/Sales 26e | EBITDA 26e | EV/EBITDA 26e |
|---|---|---|---|
| Max | 38.7% | 1.8 | 27.3x |
| Central | 35.2% | 1.6 | 30.1x |
| Min | 31.7% | 1.5 | 33.4x |

#### B) Rec. FCF sensitivity to changes in EBITDA and CAPEX/sales

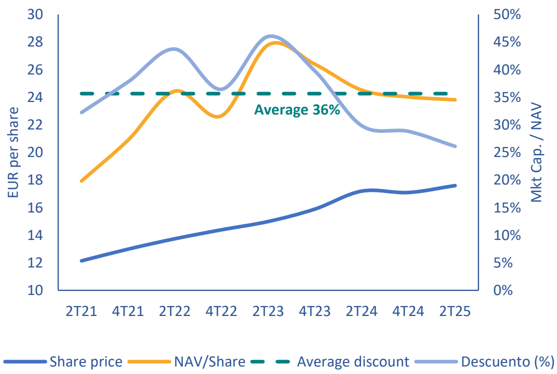
| Rec. FCF EUR Mn | CAPEX/Sales 26e | | |
|---|---|---|---|
| EBITDA 26e | 62.3% | 69.2% | 76.1% |
| 1.8 | (2.1) | (2.4) | (2.7) |
| 1.6 | (2.3) | (2.6) | (2.9) |
| 1.5 | (2.4) | (2.7) | (3.0) |

## Valuation inputs (Sectorial)

### *GAV and GRI/NAV evolution (2020-2024)*




### *Capitalization discount vs NAV evolution (2021-2025)*




### *KPIs SOCIMIs mercado continuo y Europa*

| Continuous Market | Ticker | Asset Type | Market Cap (EUR Mn) | Free Float | GAV (EUR Mn) | NAV (EUR Mn) | Discount/ Premium | Revenue (EUR Mn) | Yield (GRI/GAV) | DPS (EUR) | Div. Yield | LTV |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Merlin Properties | MRL-ES | Mixed | 6,014.9 | 66.6% | 10,597.0 | 6,547.0 | -8.1% | 503.0 | 4.75% | 0.40 | 3.7% | 32.70% |
| Colonial | COL-ES | Offices | 3,679.4 | 30.0% | 11,336.0 | 6,472.0 | -43.1% | 510.6 | 4.50% | | n.a. | 38.70% |
| Vonovia | VNA-DE | Residential | 23,476.0 | 100.0% | 39,933.0 | 12,818.5 | 83.1% | 5,127.0 | 12.84% | 0.90 | 3.2% | 45.10% |
| SEGRO | SGRO-GB | Industrial | 10,703.5 | 95.1% | 39,933.0 | 12,818.5 | -16.5% | 797.4 | 2.00% | 0.35 | 5.2% | 32.10% |
| Land Securities | LAND-GB | Commercial | 5,337.0 | 97.4% | 25,149.0 | 7,972.1 | -33.1% | 954.8 | 3.80% | 0.46 | 7.6% | 31.70% |
| ICADE | ICAD-FR | Mixed | 1,669.5 | 59.8% | 18,743.0 | 11,377.0 | -85.3% | 1,572.0 | 8.39% | 3.31 | 15.1% | 39.30% |
| Ktesios | YKTS-ES | Residential | 34.6 | 13.9% | 61.7 | 47.2 | 35.00% | 3.2 | 5.18% | 0.00 | 0.0% | 30.80% |

### *Performance vs indices*

| | -1m | -3m | -12m | YTD | -3y | -5y |
|---|---|---|---|---|---|---|
| Absolute | 11.8% | 10.4% | 20.0% | 5.3% | n.a. | n.a. |
| **vs Market** | | | | | | |
| vs IBEX 35 | 3.4% | 2.7% | -2.1% | -12.4% | n.a. | n.a. |
| vs Euro STOXX 50 | 2.7% | 12.1% | 13.1% | -4.8% | n.a. | n.a. |
| **vs Small Cap References** | | | | | | |
| vs IBEX SMALL | 0.9% | 0.4% | 6.8% | -13.7% | n.a. | n.a. |
| vs Universo Micro Cap España de Lighthouse [1] | 8.0% | 5.5% | 14.6% | -4.7% | n.a. | n.a. |
| vs MSCI Europe Micro Cap | 3.9% | 7.9% | 21.6% | 1.0% | n.a. | n.a. |
| **vs Sector** | | | | | | |
| vs S&P Spain REIT | 1.6% | 9.6% | 23.3% | -2.1% | n.a. | n.a. |
| vs S&P Europe REIT | 6.6% | 7.9% | 29.0% | -1.8% | n.a. | n.a. |

### *Desglose GRI/NRI/NOI*

| Operating Expenses Breakdown (EUR Mn) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e |
|---|---|---|---|---|---|---|---|---|
| **Gross rental income (GRI)** | 0.3 | 0.5 | 1.1 | 1.8 | 3.2 | 3.8 | 4.6 | 5.1 |
| *GRI Growth* | | *92.0%* | *119.2%* | *59.1%* | *78.2%* | *20.0%* | *19.8%* | *11.8%* |
| Tenant-responsible expenses | 0.0 | -0.1 | -0.1 | -0.2 | -0.4 | -0.5 | -0.5 | -0.6 |
| **Net Rental Income** | 0.3 | 0.4 | 1.0 | 1.6 | 2.8 | 3.4 | 4.1 | 4.5 |
| *NRI Growth* | | *75.9%* | *129.7%* | *60.7%* | *72.6%* | *19.9%* | *19.8%* | *11.8%* |
| *NRI/GRI* | *94.0%* | *86.1%* | *90.2%* | *91.1%* | *88.2%* | *88.2%* | *88.2%* | *88.2%* |
| Non-Chargeable expenses | -0.1 | -0.2 | -0.2 | -0.5 | -0.9 | -0.9 | -1.1 | -1.2 |
| **Net Operating Income** | 0.1 | 0.3 | 0.9 | 1.3 | 2.3 | 3.0 | 3.5 | 3.9 |
| NOI/GRI | | *132.2%* | *217.2%* | *47.5%* | *71.1%* | *28.5%* | *19.1%* | *11.3%* |
| | | | | | | | | |
| **GAV** | 11.0 | 21.1 | 32.6 | 42.3 | 60.4 | 73.6 | 79.3 | 85.1 |
| *GRI Yield (%)* | *2.4%* | *2.4%* | *3.5%* | *4.2%* | *5.3%* | *5.2%* | *5.8%* | *6.04%* |
| *NRI Yield (%)* | *2.3%* | *2.1%* | *3.1%* | *3.9%* | *4.7%* | *4.6%* | *5.1%* | *5.32%* |

## What could go wrong?

We consider risks to be those that could have a significant negative impact on our projections, mainly for operating profit and free cash flow:

1. **Regulatory risk.** YKTS is facing uncertainty due to potential changes in legislation in the rental market and Spanish REIT regime. The 2023 Housing Law in Spain capped annual rent increases (at 2% in 2023 and 3% in 2024), while for 2025 a rental index that does not exceed inflation was passed. This constrains organic rental income growth, which will always below headline inflation.

   There are also risks of changes in the Spanish REIT regulation (e.g., changes in taxation or dividend distribution requirements) and the treatment of occupancy. Potential changes in regulation introducing greater Government intervention could lead to additional rent caps or mandatory lease extensions, undermining YKTS's ability to push up rents and extending the during of tenant default-related costs.

2. **Macroeconomic risk.** Macroeconomic variables (e.g., inflation, interest rates, property cycle) directly impact YKTS' operations. High inflation means high maintenance, procurement and services costs, squeezing margins if rents cannot be raised at the same pace (due to legal or market restrictions). Also, a great deal of YKTS's borrowings is at floating rates. Moreover, a return to high interest rates—not considered in the baseline scenario of this report—would depress real estate investment and push up required yields, thereby lowering asset valuations (related to Risk #6). As for the cycle, an economic slowdown or, worse yet, a recession would cause unemployment to rise and reduce demand for rental properties, hurting occupancy, default and, as a result, revenue.

3. **Credit and default risk.** Given YKTS's focus on affordable rentals, part of its tenant base could be more susceptible to economic shocks, heightening the risk of rent default. To mitigate this, the company has implemented certain measures (e.g., default insurance), which partially offsets this risk. Also, since the rents are affordable, tenants spend a smaller share of their salary on rent compared to more expensive areas. This also reduces the risk of non-payment. To further reduce default risk, YKTS is currently extending its default insurance coverage, from 12 to 36 months.

4. **Liquidity and financing risk.** YKTS's business plan is dependent on raising external finance (bank borrowings and equity issues) to reach its target of 2,000 housing units by 2028 (vs 525 at year-end 2024). There is a risk of lending conditions becoming stricter or investor appetite diminishing, which would make access to funds more difficult.

   Tighter credit conditions in the property sector could limit the company's ability to refinance loans at maturity or increase the cost of new borrowings. In an adverse scenario, the company could be forced to sell off assets to raise cash, potentially at discounted prices vis-à-vis their market value. That being said, YKTS' leverage (measured as LTV) is still low, with an LTV ratio of 30%; its leverage is limited to 50% by a covenant in a loan taken out from Deutsche Bank.

   The scant liquidity of YKTS' shares (see Risk #7), coupled with the considerable discount to NAV at which it is trading, means it would be difficult to carry out future equity issues under attractive conditions. An issue of shares at low prices could imply considerable dilution for existing shareholders, not to mention fall short of the desired amount if there was a lack of investor appetite. Historically, RKS Real Estate has been the main shareholder subscribing to these issues. This poses uncertainty about YKTS's ability to attract new investors if, in future issues, that Spanish REIT decided not to take part or to reduce its contribution.

5. **Operational and management risk.** YKTS outsources management of its assets to RKS-AM as both investment and property manager. Given this reliance on an external management company, YKTS' operating efficiency and the success of its business plan depend on RKS-AM's abilities. However, this risk is tempered by RKS-AM's proven track record managing for YKTS. The fact that RKS-AM is a core YKTS shareholder suggest greater alignment of interests.

6. **Asset valuation risk.** YKTS' value depends on the valuation of its property portfolio (GAV). This valuation is subject to fluctuations due to increases in required yields, decreases in real estate prices in its locations, or adjustments for operating performance.

   A key risk is a decline in the GAV of its assets in future due either to a general residential market correction (e.g., if interest rates rise and economic agents pay less for real estate, putting downward pressure on prices) or to specific issues (e.g., assets in areas with a declining population or lower-than-expected demand). YKTS could also face difficulties selling its assets at prices close to their appraised values since it acquires properties in secondary areas, which are inherently less liquid than prime areas.

7. **Concentration and corporate governance risk.** YKTS' shareholder base is heavily concentrated, with one controlling investor, RKS Real Estate. Nevertheless, this REIT has more than 200 unitholders. Free float is low, which translates into thin liquidity for the shares. Scant stock market liquidity—YKTS is listed on BME Growth under the fixing system and therefore has a mandatory liquidity provider—poses a barrier to attracting new shareholders. This is an important risk for a business model that relies on growth by acquiring assets.

8. **Competition risk.** The affordable rental housing niche is gaining interest in Spain, attracting new entrants that could put pressure on sector yields. YKTS operates in peripheral areas with moderate rents, historically of little interest to institutional investors, partly due to their complex management and geographically dispersed location.

   However, with the emergence of Build-to-Rent and the search for assets offering stable flows, other players (e.g., REITs, specialised funds and even public administrations) have intensified competition for this type of property.

   The entry of more competitors could come via: (i) increased demand, due to properties for sale (residential buildings in secondary locations), driving up acquisition prices and compressing initial yields, and (ii) competition for tenants in certain local markets, forcing YKTS to offer more favourable terms or keep rents low in order to sustain high occupancy levels.

# A revamped board of directors run by the chairman

Founded in 2019, YKTS is a Spanish REIT (*SOCIMI*) with a social mission, specialising in affordable residential leasing in non-prime areas of Spain. The company's management is outsourced to RKS-AM. YKTS is listed on BME Growth since May 2023, having formerly traded on Euronext Lisbon.

1. **A small, recently revamped board of directors...** At the July 2024 shareholders' meeting, a resolution was passed giving the green light to the merger and acquisition of Quid Pro Quo Alquiler Seguro SOCIMI. Approval was also given to restructure the board, from five members (including two independents) to three (with one independent) as part of a cost-cutting effort.

   Recently, on 28 April, proprietary director Ignacio Fernández tendered his resignation and was replaced by Xana Muñiz Vázquez. Therefore, the board comprises a proprietary director (Henry Gallego also has executive duties as CEO) and two independent directors.

   According to the board regulations, the maximum term of office for directors is six years. However, there is no limit to the number of times a director may be re-elected. Board members boast vast experience in the real estate and financial sectors.

2. **...and controlled by the chairman.** The board is essentially controlled by Henry Gallego (CEO), who holds c.85% of the company's shares (including an indirect interest through the investment fund Lux RKS Real Estate).

***Table 7. Board of directors***

| Name | Type | Position | Appointment | % Capital |
|---|---|---|---|---|
| Henry Gallego | Propietary* | President/CEO | 2020 | 85.6%** |
| Gonzalo Roca | Independent | Board Member | 2020 | 0.0% |
| Xana Muñiz | Independent | Board Member | 2025 | 0.0% |
| | | | % total | 85.6% |

(*) Henry Gallego represents RKS Real Estate and RKS-AM.
(**) Includes the indirect interest through RKS-AM; Henry Gallego also has effective control of the voting rights of RKS Real Estate (80.6% of the shares).

***Table 8. Shareholder structure***

| Nombre | Capital |
|---|---|
| RKS Real Estate | 80.6% |
| RKS-AM | 4.3% |
| Free float | 13.9% |
| Autocartera | 1.0% |
| Henry Gallego | 0.7% |

***Table 9. Key Corporate Governance Indicators***

| KPI | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| % of Independent Directors | 25.0% | 40.0% | 40.0% | 33.3% | 66.7% |
| % of Proprietary Directors | 50.0% | 60.0% | 60.0% | 66.7% | 33.3% |
| % of Executive Directors | 25.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| % of Women on the Board of Directors | 0.0% | 20.0% | 20.0% | 0.0% | 33.3% |
| Board Remuneration/GRI | 7.8% | 4.1% | 5.5% | 3.1% | n.a. |

3. **Director remuneration.** Remuneration paid to members of the board in 2024 amounted to EUR 99.23k (vs EUR 97.23k in 2023). In 2024, the decision was taken whereby the fixed component of director remuneration should represent 0.20% of NAV (vs 0.30% of NAV in 2023) and the variable component an additional 10% of profits distributed to shareholders.

4. **Relationship with RKS-AM.** YKTS has no employees performing typical REIT management duties. The company's entire management is outsourced to RKS-AM, an alternative asset manager specialised in real estate investment and asset management (i.e., end-to-end management of real estate assets, company management, legal and back office services).

   RKS-AM receives the following fees:

   1) Servicer Services fees; i.e., for operational management of the properties. These amount to 8.0% of the rents charged. The key item included under these fees is asset refurbishing. The amount charged varies as a function of refurbishment CAPEX .

   2) Management Services fees; i.e., end-to-end and strategic asset management service. There is a fixed fee of 0.16% of GAV, a fee for originating dealflow, a variable fee for any surplus in the shareholder IRR and a fee for raising capital.

***Table 10. Fees RKS against GRI***

| Fees RKS | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Fees RKS/GRI | 105.6% | 63.7% | 72.2% | 36.2% | 32.6% | 23.7% |

Note: in 2023 and 2024, RKS Asset Management waived the 50% fixed management fee.

In 2022, the two former management agreements (Servicer Services and Management Services) were combined in a single 10-year end-to-end management agreement, with automatic renewal for an additional five years.

The amount accrued for management services in 2024 was EUR 0.76Mn (vs EUR 0.58Mn in 2023).

5. **Shareholder structure.** There are two companies related to YKTS:

(1) RKS Real Estate, a Luxembourg-based alternative investment fund specialised in real estate. It is YKTS's largest shareholder, with 80.6% of the shares. RKS Real Estate is managed by Henry Gallego, who is also CEO of YKTS.

(2) RKS-AM, a real estate asset manager wholly owned by Henry Gallego, who is also the sole director. RKS-AM has a 4.3% interest in YKTS.

Therefore, RKS is YKTS's largest shareholder, with an 84.9% interest. It has demonstrated a strong commitment to YKTS, financing the bulk of the company's equity issues. Accordingly, free float stands at 13.9%.

6. **Related party balances and transactions.** The main related party transaction in 2024 was a EUR 756k private services transaction with RKS-AM. There is also EUR 99k of director remuneration.

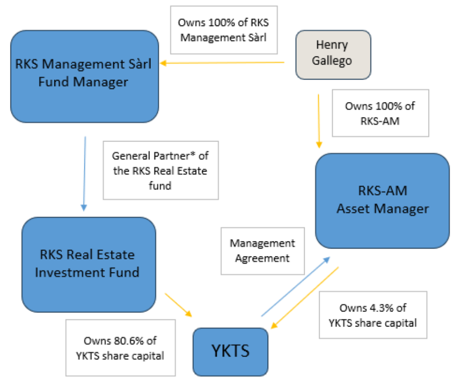
Related party balances included EUR 42k with RKS-AM and EUR 70k with Henry Gallego.

7. **Social mission and sustainability.** YKTS acquires assets at a sharp discount. This way, it can offer profitable, below-market rents, which helps keep occupancy high and facilitates access to housing by working class families.

On the ESG front, YKTS has a sustainability committee composed of the CEO and the asset manager's management team.

8. **No past dividends.** By paying tax under the Spanish REIT regime, YKTS is required to distribute 80% of its net profit. The company had yet to make a profit until 2024. In 2023, it reported a EUR 1Mn loss, which it appropriated to prior years' losses. However, the situation changed tack in 2024 and YKTS delivered a net profit of EUR 218k, buoyed by an extraordinary gain. It earmarked EUR21.8k to the legal reserve and approved the distribution of EUR 196k in dividends to shareholders. We expect the company to distribute dividends regularly starting in 2025 (c. 1% dividend yield in 2025).

***Graph 31. RKS Structure***




(*) Note: This implies control over the voting rights of the fund.

9. **Conflicts of interest.** Mr. Henry Gallego Grajales (Chairman and CEO of YKTS) is the sole shareholder and sole director of (i) RKS Asset Management, S.L.U. (RKS-AM), the comprehensive manager of YKTS and real estate advisor to RKS Real Estate, and (ii) RKS Management Sàrl, which acts as General Partner of RKS Real Estate, the entity that holds 80.6% of YKTS's shares. The General Partner is the entity that actively manages the investment vehicle (RKS Real Estate). RKS Real Estate, as the main shareholder, has delegated its voting rights to Mr. Henry Gallego, which gives rise to a potential conflict of interest, as Mr. Gallego exercises control over both YKTS and the company contracted to manage it (RKS-AM).

Finally, if the service agreement between YKTS and RKS-AM were to be terminated early due to a breach by YKTS, RKS-AM would be entitled to compensation for damages, which could negatively impact the Group's financial position and results.

Were the services agreement between the company and RKS-AM to be terminated early due to breach by the company, RKS-AM would be entitled to compensation for damages. And this could have an adverse impact on the company's financial position and performance.

# Appendix 1. Financial Projections

| Balance Sheet (EUR Mn) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e |
|---|---|---|---|---|---|---|---|---|
| Intangible assets | - | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed assets | 5.9 | 9.7 | 15.1 | 19.4 | 34.9 | 44.2 | 47.0 | 50.0 |
| Other Non Current Assets | 0.0 | - | - | 13.6 | - | - | - | - |
| Financial Investments | 0.0 | 1.4 | 0.0 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 |
| Goodwill & Other Intangilbles | - | - | - | - | - | - | - | - |
| Current assets | 0.2 | 0.8 | 0.9 | 1.1 | 1.3 | 1.2 | 1.4 | 1.5 |
| **Total assets** | **6.1** | **11.9** | **16.0** | **34.2** | **36.3** | **45.5** | **48.6** | **51.7** |
| Equity | 4.8 | 8.7 | 16.2 | 19.9 | 22.0 | 22.0 | 22.4 | 22.6 |
| Minority Interests | - | - | - | - | - | - | - | - |
| Provisions & Other L/T Liabilities | - | - | - | - | - | - | - | - |
| Other Non Current Liabilities | - | - | - | - | - | - | - | - |
| Net financial debt | 1.2 | 3.0 | (0.4) | 14.0 | 14.2 | 23.3 | 26.0 | 28.9 |
| Current Liabilities | 0.1 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.3 |
| **Equity & Total Liabilities** | **6.1** | **11.9** | **16.0** | **34.2** | **36.3** | **45.5** | **48.6** | **51.7** |

| | | | | | | | | | CAGR | |
|---|---|---|---|---|---|---|---|---|---|---|
| **P&L (EUR Mn)** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025e** | **2026e** | **2027e** | **20-24** | **24-27e** |
| **Gross rental income (GRI)[1]** | **0.3** | **0.5** | **1.1** | **1.8** | **3.2** | **3.8** | **4.6** | **5.1** | ***85.9%*** | ***17.1%*** |
| *Total Revenues growth* | *564.5%* | *92.0%* | *119.2%* | *59.1%* | *78.2%* | *20.0%* | *19.8%* | *11.8%* | | |
| Operating expenses | (0.1) | (0.2) | (0.2) | (0.5) | (0.9) | (0.9) | (1.1) | (1.2) | | |
| **Net Operating Income (NOI)** | **0.1** | **0.3** | **0.9** | **1.3** | **2.3** | **3.0** | **3.5** | **3.9** | ***n.a.*** | ***19.5%*** |
| *Net Operating Income / Income* | *46.2%* | *55.8%* | *80.8%* | *74.9%* | *71.9%* | *77.1%* | *76.7%* | *76.3%* | | |
| Personnel Expenses | - | - | - | - | - | - | - | - | | |
| Other Operating Expenses | (0.3) | (0.8) | (1.0) | (1.4) | (1.6) | (1.7) | (1.9) | (2.0) | | |
| **Recurrent EBITDA** | **(0.2)** | **(0.5)** | **(0.1)** | **(0.0)** | **0.7** | **1.2** | **1.6** | **1.9** | ***59.7%*** | ***36.3%*** |
| *Recurrent EBITDA growth* | *-66.8%* | *-182.9%* | *73.3%* | *65.8%* | *n.a.* | *65.8%* | *31.0%* | *16.6%* | | |
| *Rec. EBITDA/Revenues* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *23.3%* | *32.2%* | *35.2%* | *36.7%* | | |
| *Other non recurrent Income and expenses* | *0.0* | *0.0* | *0.1* | *0.2* | *(0.1)* | - | - | - | | |
| Gain/loss on Disposals | - | - | - | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | | |
| **EBITDA** | **(0.1)** | **(0.4)** | **(0.1)** | **0.1** | **0.7** | **1.3** | **1.7** | **2.0** | ***60.6%*** | ***45.0%*** |
| Depreciation & Provisions | (0.0) | (0.0) | (0.1) | (0.2) | (0.2) | (0.3) | (0.3) | (0.3) | | |
| Capitalized Expense | - | - | - | - | - | - | - | - | | |
| Variación de valor de los inmuebles | - | - | - | - | - | - | - | - | | |
| **EBIT** | **(0.2)** | **(0.5)** | **(0.2)** | **(0.0)** | **0.4** | **1.0** | **1.4** | **1.7** | ***46.2%*** | ***56.4%*** |
| *EBIT growth* | *-105.5%* | *-179.6%* | *62.2%* | *97.1%* | *n.a.* | *136.0%* | *37.7%* | *17.6%* | | |
| *EBIT/Revenues* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *13.8%* | *27.2%* | *31.2%* | *32.9%* | | |
| Impact of Goodwill & Others | - | - | - | - | - | - | - | - | | |
| Net Financial Result | (0.1) | (0.1) | (0.2) | (1.1) | (1.7) | (0.8) | (0.8) | (1.0) | | |
| Income by the Equity Method | - | - | - | - | - | - | - | - | | |
| **Ordinary Profit** | **(0.2)** | **(0.6)** | **(0.4)** | **(1.1)** | **(1.3)** | **0.2** | **0.6** | **0.7** | ***-52.7%*** | ***36.7%*** |
| *Ordinary Profit Growth* | *-108.7%* | *-132.4%* | *36.7%* | *-220.5%* | *-15.3%* | *117.3%* | *160.8%* | *22.3%* | | |
| Extraordinary Results | (0.3) | 0.5 | 0.0 | 0.1 | 1.5 | - | - | - | | |
| **Profit Before Tax** | **(0.6)** | **(0.1)** | **(0.3)** | **(1.0)** | **0.2** | **0.2** | **0.6** | **0.7** | ***24.2%*** | ***48.8%*** |
| Tax Expense | - | - | - | - | - | - | - | - | | |
| *Effective Tax Rate* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | | |
| Minority Interests | - | - | - | - | - | - | - | - | | |
| Discontinued Activities | - | - | - | - | - | - | - | - | | |
| **Net Profit** | **(0.6)** | **(0.1)** | **(0.3)** | **(1.0)** | **0.2** | **0.2** | **0.6** | **0.7** | ***24.2%*** | ***48.8%*** |
| *Net Profit growth* | *-396.2%* | *87.9%* | *-394.9%* | *-200.8%* | *121.3%* | *3.3%* | *160.8%* | *22.3%* | | |
| **Ordinary Net Profit** | **(0.3)** | **(0.6)** | **(0.4)** | **(1.3)** | **(1.2)** | **0.2** | **0.5** | **0.6** | ***-46.3%*** | ***35.8%*** |
| *Ordinary Net Profit growth* | *-93.6%* | *-124.2%* | *32.0%* | *-227.5%* | *8.3%* | *112.4%* | *222.4%* | *26.4%* | | |

| | | | | | | | | | CAGR | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Flow (EUR Mn)** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025e** | **2026e** | **2027e** | **20-24** | **24-27e** |
| **Recurrent EBITDA** | | | | | | **1.2** | **1.6** | **1.9** | ***59.7%*** | ***36.3%*** |
| Rentals (IFRS 16 impact) | | | | | | - | - | - | | |
| Working Capital Increase | | | | | | 0.1 | (0.2) | (0.1) | | |
| **Recurrent Operating Cash Flow** | | | | | | **1.3** | **1.5** | **1.8** | ***52.5%*** | ***52.7%*** |
| CAPEX | | | | | | (9.5) | (3.2) | (3.3) | | |
| Net Financial Result affecting the Cash Flow | | | | | | (0.8) | (0.8) | (1.0) | | |
| Tax Expense | | | | | | - | - | - | | |
| **Recurrent Free Cash Flow** | | | | | | **(9.0)** | **(2.6)** | **(2.5)** | ***13.4%*** | ***-16.3%*** |
| Gain/loss on Disposals | | | | | | 0.1 | 0.1 | 0.1 | | |
| - Acquisitions / + Divestures of assets | | | | | | - | - | - | | |
| Extraordinary Inc./Exp. Affecting Cash Flow | | | | | | - | - | - | | |
| **Free Cash Flow** | | | | | | **(9.0)** | **(2.5)** | **(2.4)** | ***13.5%*** | ***-14.9%*** |
| Capital Increase | | | | | | - | - | - | | |
| Dividends | | | | | | (0.2) | (0.2) | (0.5) | | |
| **Net Debt Variation** | | | | | | **9.2** | **2.7** | **2.9** | | |

(1) See breakdown by rent type (GRI, NRI, NOI, and GRI/NRI Yield) in Valuation inputs (Sectorial)

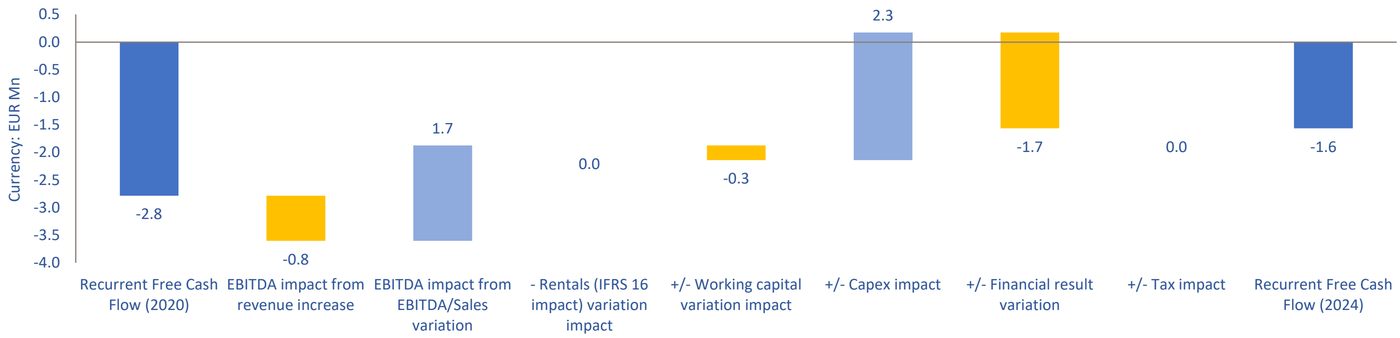
# Appendix 2. Free Cash Flow

| A) Cash Flow Analysis (EUR Mn) | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e | CAGR 21-24 | CAGR 24-27e |
|---|---|---|---|---|---|---|---|---|---|
| **Recurrent EBITDA** | **(0.5)** | **(0.1)** | **(0.0)** | **0.7** | **1.2** | **1.6** | **1.9** | *53.1%* | *36.3%* |
| *Recurrent EBITDA growth* | *-182.9%* | *73.3%* | *65.8%* | *n.a.* | *65.8%* | *31.0%* | *16.6%* | | |
| *Rec. EBITDA/Revenues* | *n.a.* | *n.a.* | *n.a.* | *23.3%* | *32.2%* | *35.2%* | *36.7%* | | |
| - Rentals (IFRS 16 impact) | - | - | - | - | - | - | - | | |
| +/- Working Capital increase | (0.5) | (0.1) | (0.2) | (0.2) | 0.1 | (0.2) | (0.1) | | |
| **= Recurrent Operating Cash Flow** | **(1.0)** | **(0.2)** | **(0.2)** | **0.5** | **1.3** | **1.5** | **1.8** | *35.9%* | *52.7%* |
| *Rec. Operating Cash Flow growth* | *-570.6%* | *80.4%* | *-6.9%* | *342.2%* | *162.1%* | *11.8%* | *21.5%* | | |
| *Rec. Operating Cash Flow / Sales* | *n.a.* | *n.a.* | *n.a.* | *15.6%* | *34.0%* | *31.7%* | *34.5%* | | |
| - CAPEX | (3.8) | (3.7) | (4.5) | (0.3) | (9.5) | (3.2) | (3.3) | | |
| - Net Financial Result affecting Cash Flow | (0.0) | (0.0) | (1.1) | (1.7) | (0.8) | (0.8) | (1.0) | | |
| - Taxes | - | - | - | - | - | - | - | | |
| **= Recurrent Free Cash Flow** | **(4.8)** | **(3.9)** | **(5.8)** | **(1.6)** | **(9.0)** | **(2.6)** | **(2.5)** | *31.3%* | *-16.3%* |
| *Rec. Free Cash Flow growth* | *-72.9%* | *18.4%* | *-48.2%* | *73.1%* | *-477.9%* | *71.6%* | *4.2%* | | |
| *Rec. Free Cash Flow / Revenues* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | | |
| +/- Other Income | - | - | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | | |
| - Acquisitions / + Divestments | - | - | (13.7) | - | - | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | - | - | - | - | - | - | - | | |
| **= Free Cash Flow** | **(4.8)** | **(3.9)** | **(19.5)** | **(1.6)** | **(9.0)** | **(2.5)** | **(2.4)** | *31.4%* | *-14.9%* |
| *Free Cash Flow growth* | *-72.9%* | *18.4%* | *-397.0%* | *92.0%* | *-476.4%* | *72.5%* | *4.5%* | | |
| | | | | | | | | | |
| *Recurrent Free Cash Flow - Yield (s/Mkt Cap)* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | | |
| *Free Cash Flow Yield (s/Mkt Cap)* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | | |

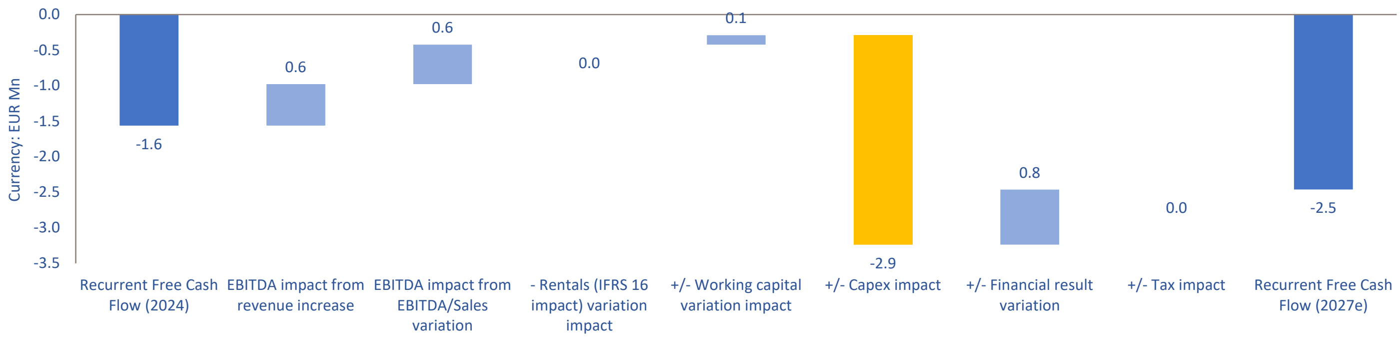
| B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn) | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e |
|---|---|---|---|---|---|---|---|
| **Recurrent FCF(FY - 1)** | **(2.8)** | **(4.8)** | **(3.9)** | **(5.8)** | **(1.6)** | **(9.0)** | **(2.6)** |
| EBITDA impact from revenue increase | (0.2) | (0.6) | (0.1) | (0.0) | 0.1 | 0.2 | 0.2 |
| EBITDA impact from EBITDA/Sales variation | (0.2) | 0.9 | 0.2 | 0.8 | 0.3 | 0.1 | 0.1 |
| **= Recurrent EBITDA variation** | **(0.3)** | **0.3** | **0.1** | **0.8** | **0.5** | **0.4** | **0.3** |
| - Rentals (IFRS 16 impact) variation impact | - | - | - | - | - | - | - |
| +/- Working capital variation impact | (0.5) | 0.4 | (0.1) | (0.1) | 0.3 | (0.2) | 0.0 |
| **= Recurrent Operating Cash Flow variation** | **(0.8)** | **0.8** | **(0.0)** | **0.7** | **0.8** | **0.2** | **0.3** |
| +/- CAPEX impact | (1.2) | 0.1 | (0.8) | 4.2 | (9.2) | 6.3 | (0.1) |
| +/- Financial result variation | (0.0) | (0.0) | (1.1) | (0.6) | 0.9 | (0.0) | (0.1) |
| +/- Tax impact | - | - | - | - | - | - | - |
| **= Recurrent Free Cash Flow variation** | **(2.0)** | **0.9** | **(1.9)** | **4.3** | **(7.5)** | **6.5** | **0.1** |
| | | | | | | | |
| **Recurrent Free Cash Flow** | **(4.8)** | **(3.9)** | **(5.8)** | **(1.6)** | **(9.0)** | **(2.6)** | **(2.5)** |

| C) "FCF to the Firm" (pre debt service) (EUR Mn) | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e | CAGR 21-24 | CAGR 24-27e |
|---|---|---|---|---|---|---|---|---|---|
| **EBIT** | **(0.5)** | **(0.2)** | **(0.0)** | **0.4** | **1.0** | **1.4** | **1.7** | *42.9%* | *56.4%* |
| ** Theoretical Tax rate* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | | |
| = Taxes (pre- Net Financial Result) | - | - | - | - | - | - | - | | |
| | | | | | | | | | |
| **Recurrent EBITDA** | **(0.5)** | **(0.1)** | **(0.0)** | **0.7** | **1.2** | **1.6** | **1.9** | *53.1%* | *36.3%* |
| - Rentals (IFRS 16 impact) | - | - | - | - | - | - | - | | |
| +/- Working Capital increase | (0.5) | (0.1) | (0.2) | (0.2) | 0.1 | (0.2) | (0.1) | | |
| **= Recurrent Operating Cash Flow** | **(1.0)** | **(0.2)** | **(0.2)** | **0.5** | **1.3** | **1.5** | **1.8** | *35.9%* | *52.7%* |
| - CAPEX | (3.8) | (3.7) | (4.5) | (0.3) | (9.5) | (3.2) | (3.3) | | |
| - Taxes (pre- Financial Result) | - | - | - | - | - | - | - | | |
| **= Recurrent Free Cash Flow (To the Firm)** | **(4.8)** | **(3.9)** | **(4.7)** | **0.2** | **(8.2)** | **(1.7)** | **(1.5)** | *26.8%* | *n.a.* |
| *Rec. Free Cash Flow (To the Firm) growth* | *-73.1%* | *18.5%* | *-20.0%* | *103.9%* | *n.a.* | *79.0%* | *13.3%* | | |
| Rec. Free Cash Flow (To the Firm) / Revenues | n.a. | n.a. | n.a. | 5.7% | n.a. | n.a. | n.a. | | |
| - Acquisitions / + Divestments | - | - | (13.7) | - | - | - | - | | |
| +/- Extraordinary Inc./Exp. affecting Cash Flow | - | - | - | - | - | - | - | | |
| **= Free Cash Flow "To the Firm"** | **(4.8)** | **(3.9)** | **(18.4)** | **0.2** | **(8.2)** | **(1.7)** | **(1.5)** | *26.8%* | *n.a.* |
| *Free Cash Flow (To the Firm) growth* | *-73.1%* | *18.5%* | *-370.3%* | *101.0%* | *n.a.* | *79.0%* | *13.3%* | | |
| | | | | | | | | | |
| *Rec. Free Cash Flow To the Firm Yield (o/EV)* | *n.a.* | *n.a.* | *n.a.* | *0.4%* | *n.a.* | *n.a.* | *n.a.* | | |
| *Free Cash Flow "To the Firm" - Yield (o/EV)* | *n.a.* | *n.a.* | *n.a.* | *0.4%* | *n.a.* | *n.a.* | *n.a.* | | |
| | | | | | | | | | |
| **Funds from operations** | **(0.5)** | **(0.2)** | **(0.9)** | **0.4** | **0.4** | **0.8** | **0.9** | | |
| *Mkt Cap/Funds from operations* | *n.a.* | *n.a.* | *n.a.* | *78.2x* | *82.8x* | *45.0x* | *37.8x* | | |
| **Adjusted funds from operations** | **(4.3)** | **(4.0)** | **(5.4)** | **0.1** | **(9.1)** | **(2.4)** | **(2.3)** | | |
| *Mkt Cap/Adjusted funds from operations* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | *n.a.* | | |

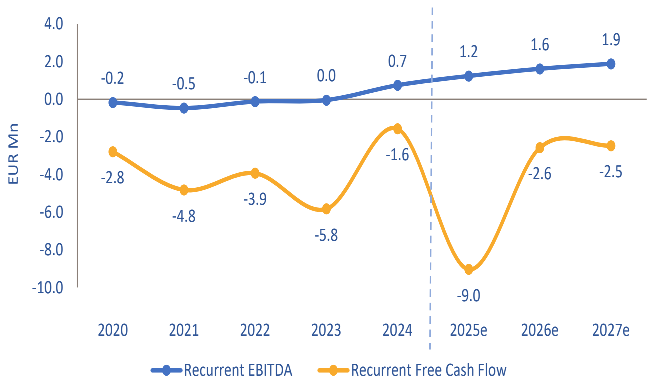
***Recurrent Free Cash Flow accumulated variation analysis (2020 - 2024)***



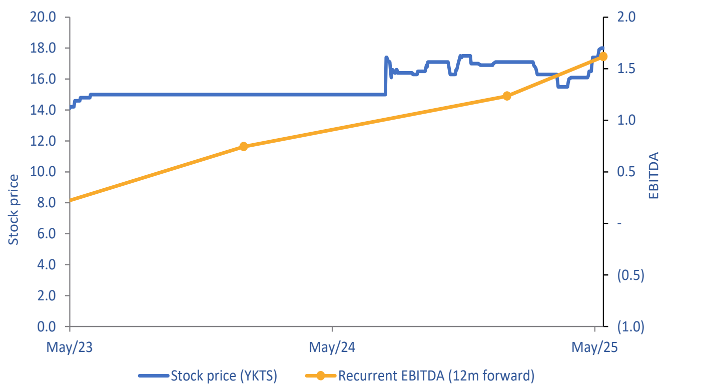

***Recurrent Free Cash Flow accumulated variation analysis (2024 - 2027e)***




***Recurrent EBITDA vs Recurrent Free Cash Flow***




***Stock performance vs EBITDA 12m forward***




# Appendix 3. EV breakdown at the date of this report

| | EUR Mn | Source |
|---|---|---|
| Market Cap | 34.6 | |
| + Minority Interests | - | 12m Results 2024 |
| + Provisions & Other L/T Liabilities | - | 12m Results 2024 |
| + Net financial debt | 14.2 | 12m Results 2024 |
| - Financial Investments | 0.2 | 12m Results 2024 |
| +/- Others | | |
| **Enterprise Value (EV)** | **48.6** | |

# Appendix 4. Main peers 2025e

| | EUR Mn | Continuous Market: Merlin Properties | Continuous Market: Colonial | Average | Europe: Vonovia | Europe: SEGRO | Europe: Land Securities | Europe: Icade | Average | YKTS |
|---|---|---|---|---|---|---|---|---|---|---|
| Market data | Ticker (Factset) | MRL-ES | COL-ES | | VNA-DE | SGRO-GB | LAND-GB | ICAD-FR | | YKTS-ES |
| | Country | Spain | Spain | | Germany | UK | UK | France | | Spain |
| | Market cap | 6,014.9 | 3,679.4 | | 23,476.0 | 10,703.5 | 5,337.0 | 1,669.5 | | 34.6 |
| | Enterprise value (EV) | 9,378.0 | 9,100.6 | | 68,298.8 | 15,817.3 | 9,711.9 | 5,201.9 | | 48.6 |
| Basic financial information | Total Revenues | 548.3 | 413.0 | | 3,536.2 | 847.9 | 776.8 | 370.5 | | 3.8 |
| | Total Revenues growth | *9.0%* | *-19.1%* | *-2.2%* | *-31.0%* | *5.8%* | *5.4%* | *-76.4%* | *-24.1%* | *20.0%* |
| | 2y CAGR (2025e - 2027e) | *11.6%* | *6.6%* | *9.1%* | *9.3%* | *6.2%* | *6.3%* | *-1.1%* | *5.2%* | *15.7%* |
| | EBITDA | 407.4 | 337.9 | | 2,687.3 | 712.9 | 598.1 | 305.3 | | 1.3 |
| | EBITDA growth | *8.8%* | *1.8%* | *8.9%* | *28.0%* | *28.3%* | *6.6%* | *28.0%* | *22.7%* | *100.6%* |
| | 2y CAGR (2025e - 2027e) | *11.5%* | *7.2%* | *9.3%* | *6.2%* | *6.6%* | *5.7%* | *2.8%* | *5.3%* | *23.3%* |
| | EBITDA/Revenues | *74.3%* | *81.8%* | *73.6%* | *76.0%* | *84.1%* | *77.0%* | *82.4%* | *79.9%* | *34.1%* |
| | EBIT | 418.9 | 335.2 | | 2,686.9 | 743.2 | 605.2 | 294.2 | | 1.0 |
| | EBIT growth | *13.1%* | *3.3%* | *12.2%* | *35.8%* | *36.7%* | *7.1%* | *39.0%* | *29.7%* | *136.0%* |
| | 2y CAGR (2025e - 2027e) | *12.0%* | *14.8%* | *13.4%* | *10.9%* | *6.7%* | *13.1%* | *11.6%* | *10.6%* | *27.3%* |
| | EBIT/Revenues | *76.4%* | *81.2%* | *69.5%* | *76.0%* | *87.7%* | *77.9%* | *79.4%* | *80.2%* | *27.2%* |
| | Net Profit | 320.0 | 213.1 | | 1,856.5 | 590.4 | 725.5 | 257.3 | | 0.2 |
| | Net Profit growth | *12.8%* | *-30.7%* | *-9.8%* | *301.2%* | *-16.3%* | *24.4%* | *193.4%* | *125.7%* | *3.3%* |
| | 2y CAGR (2025e - 2027e) | *7.4%* | *6.4%* | *6.9%* | *20.0%* | *7.2%* | *8.4%* | *-3.9%* | *7.9%* | *78.6%* |
| | CAPEX/Sales % | *156.5%* | *30.6%* | *77.1%* | *27.6%* | *102.2%* | *41.2%* | *29.4%* | *50.1%* | *248.3%* |
| | Free Cash Flow | (122.6) | 152.8 | | 1,791.3 | 102.0 | 490.2 | 384.5 | | (9.0) |
| | Net financial debt | 4,298.5 | 4,569.6 | | 39,227.6 | 6,104.2 | 4,822.7 | 3,237.8 | | 23.3 |
| | ND/EBITDA (x) | 10.6 | 13.5 | 10.7 | 14.6 | 8.6 | 8.1 | 10.6 | 10.5 | 18.9 |
| | Pay-out | *67.7%* | *82.9%* | *95.0%* | *54.9%* | *83.5%* | *50.4%* | *78.0%* | *66.7%* | *90.0%* |
| Multiples and Ratios | P/E (x) | 19.5 | 17.7 | 24.8 | 14.4 | 18.3 | 11.6 | 6.6 | 12.7 | n.a. |
| | P/BV (x) | 0.8 | 0.6 | 0.7 | 0.8 | 0.7 | 0.6 | 0.4 | 0.6 | 1.6 |
| | EV/Revenues (x) | 17.1 | n.a. | 17.5 | 19.3 | 18.7 | 12.5 | 14.0 | 16.1 | 12.7 |
| | EV/EBITDA (x) | 23.0 | 26.9 | 25.8 | 25.4 | 22.2 | 16.2 | 17.0 | 20.2 | 39.4 |
| | EV/EBIT (x) | 22.4 | 27.1 | 28.2 | 25.4 | 21.3 | 16.0 | 17.7 | 20.1 | 46.7 |
| | ROE | *3.9* | *3.6* | *3.8* | *5.9* | *3.8* | *5.4* | *5.9* | *5.2* | *1.0* |
| | FCF Yield (%) | *n.a.* | *4.2* | *2.3* | *7.6* | *1.0* | *9.2* | *23.0* | *10.2* | *n.a.* |
| | DPS | *0.43* | *0.31* | *0.43* | *1.24* | *0.37* | *0.49* | *2.65* | *1.19* | *0.11* |
| | Dvd Yield | *4.0%* | *5.2%* | *4.3%* | *4.4%* | *4.7%* | *6.9%* | *12.1%* | *7.0%* | *0.6%* |

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).
Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

# LIGHTHOUSE

Calle Núñez de Balboa, 108 1ª Planta
28006 Madrid
T: +34 91 563 19 72
***institutodeanalistas.com/lighthouse***

## Head of research

Alfredo Echevarría Otegui
alfredo.echevarria@institutodeanalistas.com

## Analysts who contributed to this report:

Pablo Victoria Rivera, CESGA
Equity research
pablo.victoria@institutodeanalistas.com

Daniel Gandoy López
Equity research
lighthouse@institutodeanalistas.com

Miguel Medina Sivilotti
Equity research
lighthouse@institutodeanalistas.com

Jesús López Gómez, CESGA
ESG Analyst & Data analytics
jesus.lopez@institutodeanalistas.com

Manuel Iglesias Moreno (*)
Equity research
lighthouse@institutodeanalistas.com


(*) This report has been prepared by Lighthouse in collaboration with UPM (Universidad Politécnica de Madrid). The analyst Manuel Iglesias Moreno, contributor of this report, is a student of the Master in Industrial Engineering of the UPM.

*All Lighthouse research documents are available simultaneously on the Lighthouse website (institutodeanalistas.com/lighthouse) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv.*

# IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

## LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

1º) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.

2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.

3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros, a professional, not for profit association.

## DISCLAIMER

The Instituto Español de Analistas Financieros hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

### Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).

2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.

3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.

4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.

5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.

6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.

7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.

8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.

9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.

10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.

11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.

12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@institutodeanalistas.com or consult the contents of this Code at https://institutodeanalistas.com.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

### A report issued by IEAF servicios de análisis S.L.U.

 This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or

### Notes and Reports History

| Date of report | Recommendation | Price (EUR) | Target price (EUR) | Period of validity | Reason for report | Analyst |
|---|---|---|---|---|---|---|
| 16-May-2025 | n.a. | 18.00 | n.a. | n.a. | Initiation of Coverage | Alfredo Echevarría Otegui |