



2017 Earnings Presentation

7th March 2018

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Today's Presenters



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Agenda



- 01** **Key Highlights**
- 02** **Business Review**
- 03** **Financial Review**
- 04** **Conclusions**
- 05** **Annex**



1. Key Highlights

1






2017 – A new beginning

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- ✓ In 2017, we have been awarded seven new contracts, confirming our leadership position in the Spanish real estate servicing market
 - ✓ In 2017, we have managed approximately €40BN of assets under management. The Liberbank contract has increased by €3BN the total AuM
 - ✓ In 2017, we have hit record transaction volumes of €4,245MM (+8% vs 2016) achieving €146.4MM of Adjusted EBITDA (+10% vs 2016)
 - ✓ In 2017, we have completed the successful onboarding of the Liberbank contract
 - ✓ In 2017, we have finalized our core IT platform deployment
 - ✓ In 2017, we have successfully proven our access to the capital markets



2. Business Review

2 New RED servicing business

	Description	Highlights
<p>1</p> <p> CERBERUS CAPITAL MANAGEMENT, L.P.</p> <p>Acquired from</p> <p></p>	<ul style="list-style-type: none">• Management of Jaipur portfolio of REDs/REOs acquired by Cerberus from BBVA in July 2017• AuMs: €560MM• 722 loans and 6,363 collateral assets• Contract length: until the assets are fully sold/liquidated	<ul style="list-style-type: none">✓ RED portfolio purchased by Cerberus✓ Beginning of the relationship with BBVA✓ Haya executed the underwriting of the portfolio, carried out the valuation and strategy for each loan✓ Created an asset management department in HRE for these type of portfolios
<p>2</p> <p> GESCOBRO COLLECTION SERVICES</p> <p> CERBERUS CAPITAL MANAGEMENT, L.P.</p> <p>Acquired from</p> <p></p>	<ul style="list-style-type: none">• Manage a SME loan portfolio acquired by Cerberus and Gescobro in December 2017• AuMs: €252MM• 1,103 loans• Contract length: until the assets are fully sold/liquidated	<ul style="list-style-type: none">✓ The portfolio was purchased by two clients: Cerberus and Gescobro✓ Haya executed the underwriting and carried out the valuation of the portfolio✓ Our capabilities allow us to service both clients at the same time✓ SME loans, a new product, allow us to extend our services and capabilities to other clients

2 New REO servicing business



	Description	Highlights
<p>1</p> <p>Liberbank</p>	<ul style="list-style-type: none"> Liberbank's REO servicing business AuMs: €3.2BN of REO assets with a level of guaranteed future inflows. Over 38,000 assets, 15,000 residential units Contract length: 7 years Additionally, we were awarded a separate contract for the management of a €60MM AuM portfolio of residential mortgage loans (1 year contract) 	<ul style="list-style-type: none"> ✓ Fourth core contract, adding €3.2BN of AuM to our perimeter ✓ Consolidates Haya as the single servicer in the market with four SLAs ✓ Our capabilities have allowed us to expand ancillary services such as the portfolio of residential mortgage loans
<p>2</p> <p>BBVA</p>	<ul style="list-style-type: none"> Servicing agreement of BBVA's future REOs¹ inflows Contract length: 8 years, with two years renewal AuMs: any new REO inflow of BBVA in Spain 	<ul style="list-style-type: none"> ✓ Fifth core contract, allowing us to build a lasting relationship with BBVA ✓ Have begun the preparation works for onboarding ✓ Potential Cerberus-BBVA JVCo contract to be determined
<p>3</p> <p>Portfolio acquired from</p> <p>cajamar</p>	<ul style="list-style-type: none"> Agreement to manage a REOs portfolio AuMs: €62MM² 390 assets Contract length: until the assets are fully sold or liquidated 	<ul style="list-style-type: none"> ✓ First institutional investor for asset management in our customer base, continuing to service a portfolio sold by our client ✓ Key target market for Haya, as market dynamics will drive more institutional investor portfolio acquisitions
<p>4</p> <p>Financial institution</p>	<ul style="list-style-type: none"> Commercialization agreement of a small REOs portfolio AuMs: €8MM 90 assets Contract length: 1 year 	<ul style="list-style-type: none"> ✓ New large financial institution client ✓ Small contract gives us the opportunity to demonstrate how we can add value

(1) Subject to consummation of Cerberus/BBVA JV Co transaction (2) Appraisal value.

2

Implications of the BBVA/Cerberus transaction



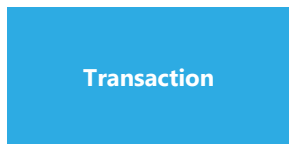
◀ BBVA/Cerberus transaction extends HRE’s success in securing new contracts



- Listed Spanish bank, founded in 1857
- BBVA is a global financial group with a diversified business providing financial services
- BBVA has a presence in more than 30 countries

BBVA’s key figures

- Market capitalization: €45.3BN⁽¹⁾
- Total Assets: €329.1BN⁽²⁾
- NPLs: €11.9BN⁽²⁾
- CET1: 11.1%⁽³⁾



- **BBVA** has reached an agreement with a subsidiary of **Cerberus Capital Management, L.P.**
- **Both companies are expected to create a joint venture** to which **BBVA’s real estate business** in Spain will be transferred



- **Haya Real Estate** agreed to sign a servicing agreement with **BBVA** for BBVA’s **future flow of real estate assets**
- **8 years contract** with a potential extension of **two additional years**
- The contract **is expected to start once the transaction is closed** (expected to take place by the second half of 2018)
- As of today, there is **no servicing agreement yet** between Haya Real Estate and the Joint Venture **although several alternatives are being analyzed to leverage both the JV and Haya Real Estate capabilities with** regards to the servicing of the JV assets
- The transaction extends HRE’s success in securing new contracts

(1) Market capitalization as of 1 March 2018, (2) Figure reported by BBVA as of December 31, 2017 calculated as the sum of figures for banking activity in Spain plus non-core real estate division (3) Fully loaded ratio, figure reported by BBVA as of December 31, 2017

◀ While we continue to develop new value-added services to offer our extensive knowledge in the Spanish servicing market to our clients



Advisory to financial institutions and institutional investors

- Continue to expand our integral **management of REOs / REDs** portfolios acquired by **institutional investors**
- In 2017, Advisory revenues increased by **46%** from **€2.0MM in 2016 to €2.9MM**



Property Management

- Property development, covering the entire property cycle
- **13,780 units under management**
- Rentals revenues have increased by **46%** from €2.7MM to **€4.0MM**



Land Development Advisory

- **Opportunities** identification
- **Due diligence process**
- Maintenance (renovation, control)
- Active Management



Retail Mortgage Write Off

- **Negotiating and assisting individual residential mortgage debtors** on their settlement of NPLs, thus delivering a faster divestment solution to our clients



Cross selling

- **Mortgages prescription**
- Third party products prescription: insurance policy, security alarms etc...



Technical Center

- Manage all **technical aspects** of asset maintenance **on behalf of our clients**



Securitization

- In December, we issued a new securitization fund: HT Abanca RMBS II, FT
- Continuing to collect **stable strong revenues** ~**€5MM** in 2017



3. Financial Review

3

2017 Key Financial Highlights



Assets Under Management

€40,159 MM
↑ +2% YoY

Transaction Volumes

€4,245 MM
↑ +8% YoY

RED Volumes

€1,498 MM
↓ -15% YoY

REO Co. Volumes

€1,090 MM
↓ -18% YoY

REO Volumes

€1,657 MM
↑ +94% YoY

Adjusted Revenues

€257 MM
↑ +10% YoY

Avg. Volume serv. fee 3.80%
Avg. Mangmt. fee 0.20%

Adjusted EBITDA

€146 MM
↑ +10% YoY

EBITDA margin 57.1%

Free Cash Flow

€100 MM
↓ -26% YoY

Cash conversión 68%

Net Debt

€443 MM

Leverage ratio 3.0x

3

Assets Under Management



◀ AuMs increased by €677MM compared to December 2016 mainly due to the inclusion of the Liberbank, Jaipur and other contracts awarded during 2017, offset by the natural evolution of the Sareb portfolio (closed perimeter)

Asset under Management evolution (GBV)



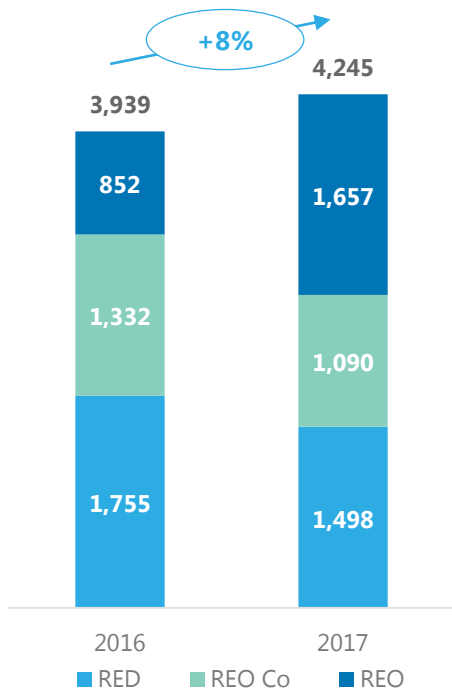
3 Transaction volumes



Record transaction volumes of €4,245MM increased by 8% compared to 2016

Transaction volumes comparison

(€ MM)



REO



- REO volumes increased by 94% due to overall strong performance in all contracts, and to the inclusion of the **Liberbank** contract, which contributed with **€602MM**, impacted by a significant portfolio sale

REO Co.



- REO conversion decreased by 18% impacted by **slow down in Cajamar** caused by the impact of the **judgment of the European Court of Justice on mortgage foreclosures** as well as by a change in the **timing of recognition of foreclosures**
- The clients were more **open to DILs in 2016** than they have been in 2017

RED



- RED volumes decreased by 15% impacted by:
 - Lower recoveries in **Sareb**, caused by strong focus on **margin achievement**
 - Lower recoveries in **Bankia**, due to a **diminishing actionable perimeter**
 - Cajamar and Sareb had large RED transaction closed in 2016** with no corresponding impact in 2017

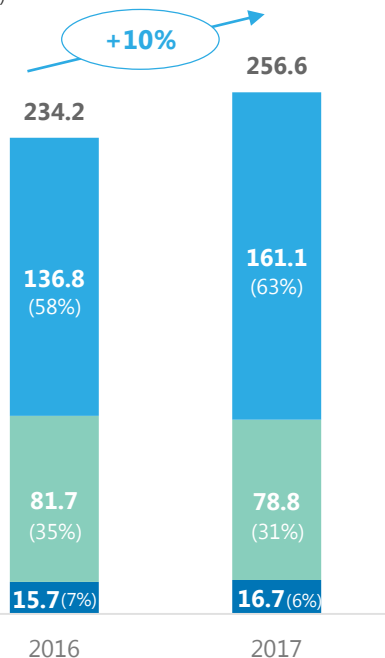
3 Adjusted Revenues



Adjusted revenues increased by 10% vs 2016 mainly due to the strong REOs performance during the year, impacted by the contribution from the Liberbank contract since August 2017

Adjusted Revenues¹ Comparison

(€MM)

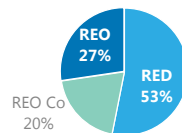


Volume fee

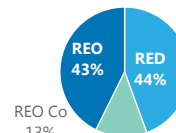


- Volume fees increased by **18% mainly due to the strong performance in REOs in Cajamar, Sareb and the Liberbank contribution**
- Overall improvement in the fee mix, increasing volume fees as a % of volumes** from 3.47% to 3.80% due to a lower contribution from portfolio sales in 2017
- Ambitious litigation plan by Sareb, coupled with negotiated improved billing terms

Breakdown by product



2016: €136.8MM



2017: €161.1MM

Management fee



- The closed nature of the Sareb portfolio has decreased the management fee by 4%**, which was partially offset by Liberbank management fee contribution

Other Revenues



- Strong performance in other **business with an increase of 6% versus 2016** helped by solid performance in Advisory and Rental Management

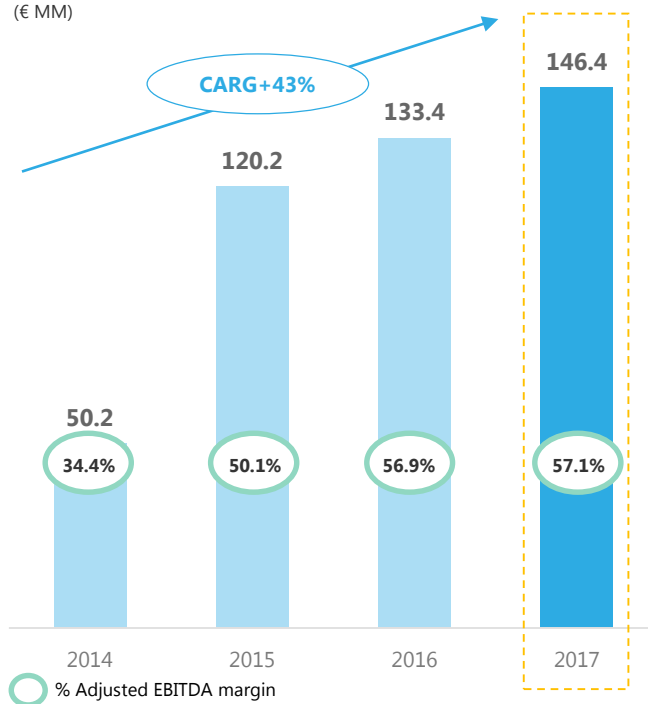
Volume fee Management fee Other revenues

(1) Adjusted revenues is the sum of GAAP net turnover and the amount of the Sareb guarantee refunded during the period (€39.5MM)

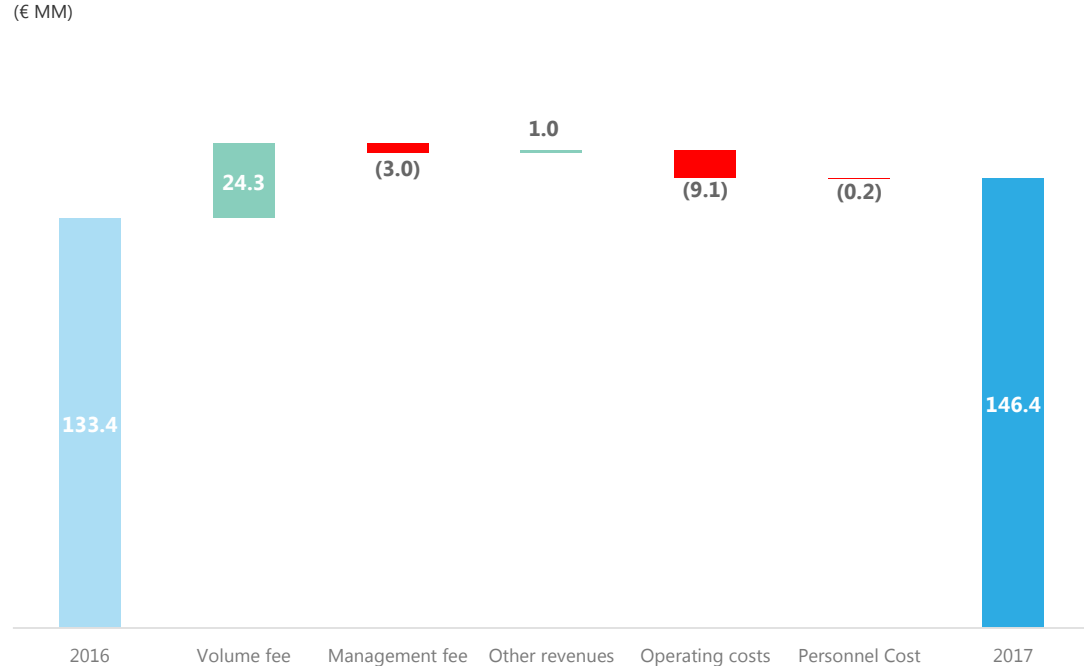
3 Adjusted EBITDA bridge

Adjusted EBITDA increases by 10% vs 2016 explained by a strong performance in REOs overall, and the contribution from Liberbank contribution since August 2017

Adjusted EBITDA¹ Evolution



Adjusted EBITDA¹ Bridge



(1) Adjusted EBITDA is the sum of GAAP operating profit plus D&A and the amount of the Sareb guarantee refunded during the period (€39.5MM), adding back the non cash personnel expense related to the shareholder sponsored incentive plan (€3.90M)

3

Free Cash Flow Generation



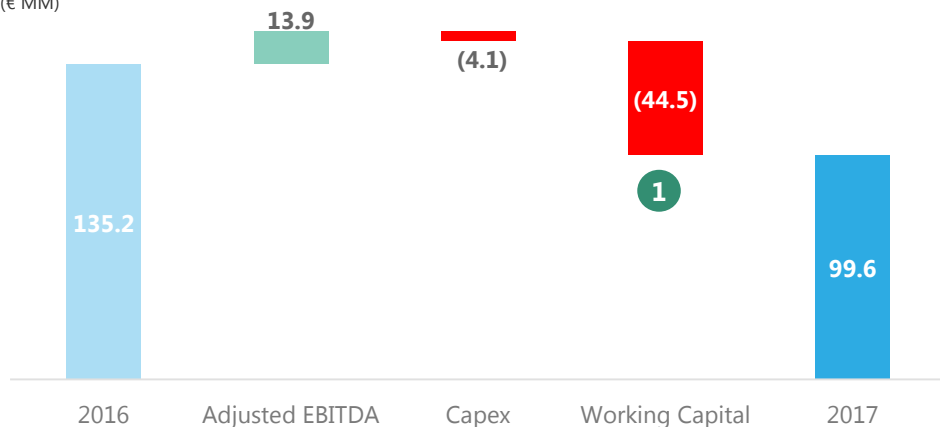
▶ The decrease in free cash flow is mainly due to -€4.1MM in capex (2016 cost paid) and a strong temporary working capital investment (-€45MM), mainly due to the strong fourth quarter seasonality, most of which is expected to be collected in the first quarter 2018

Free Cash Flow¹
Comparison

(€ MM)	2016	2017
Adjusted EBITDA	133.4	146.4
Capital expenditures paid ²	-5.3	-9.4
Change in working capital	7.1	-37.4³
Free Cash Flow	135.2	99.6

Free Cash Flow Bridge

(€ MM)



1

Working capital change mainly due to:

- Liberbank fourth quarter revenues which will be collected in the first quarter of 2018 (~€23MM impact)
- Weaker volume performance and slower collection process in Sareb in 2017 (~€13MM impact)
- Change in timing of collection of REO Conversion in Cajamar and strong fourth quarter seasonality (~€8MM impact)

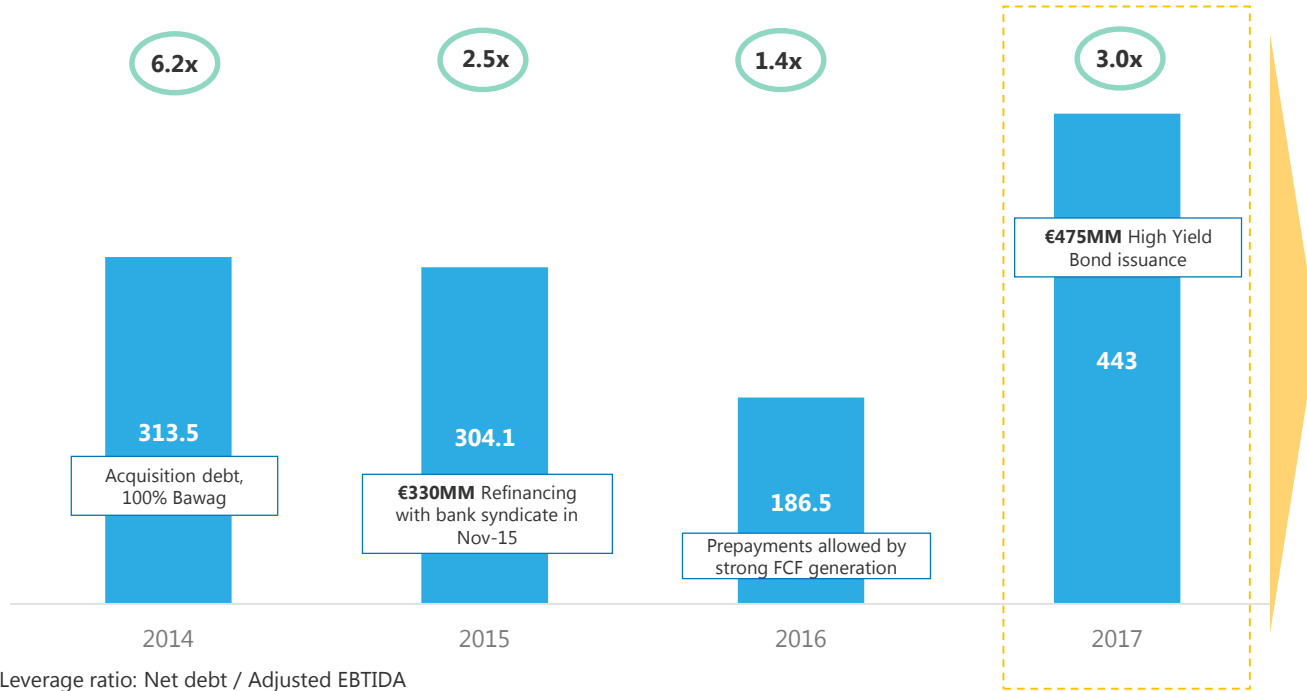
(1) Free Cash Flow is defined as Adjusted EBITDA less capital expenditures and change in working capital. (2) Excludes €1.9MM (2016) and €10.6MM (2017) of Bankia deferred acquisition payment and €84.8MM from the acquisition of the Liberbank business (3) Excludes €3.5MM paid to Bankia under the Banking Partner Agreement

3 Net debt position

- Delivering capacity due to the strong cash flow generation
- €475MM High Yield Bond issued in November 2017

Net debt evolution

(€ MM)



Proving our access to the capital markets:



○ Leverage ratio: Net debt / Adjusted EBTIDA



4. Conclusions

4

2018 Key Strategic Priorities



2018

Deliver excellent customer service and expand into new servicing business with our existing clients

Continue to expand our business taking advantage of new opportunities in the market, always supported by a solid capital structure

1

**Sareb
Renewal**

Operational excellence with Sareb to **maximize the contract renewal in 2019**

2

Cajamar

Consolidate the quantum leap achieved in 2017 and **assist client** towards an **even better 2018**

3

**Bankia /
BMN**

Position **Haya as the potential single servicer** for the new merged entity

4

**Liberbank
Integration**

Successful and full integration of the Liberbank REO business

5

BBVA

Execution under the **BBVA's REO future flows servicing contract**, and position **Haya as the servicer of future Cerberus/JV Co assets**

6

Institutional Investors and New Servicing Business

Continue to develop the **servicing for institutional investors** and ability to **capture new contracts** in the attractive Spanish market

7

Capital Markets

Have initiated exploratory activities with respect to a **potential initial public offering**



5. Annex

(€ MM)

	2016	2017	(%)	
P&L	Total transaction volumes	3,938.9	4,245.0	7.8%
	Adjusted revenues¹	234.2	256.6	9.5%
	<i>Volume fee</i>	136.8	161.1	17.8%
	<i>Management fee</i>	81.7	78.8	-3.6%
	<i>Other revenues</i>	15.7	16.7	6.3%
	Operating expenses	100.8	110.1	9.2%
	<i>Personnel Cost²</i>	46.8	47.0	0.4%
	<i>Other operating expenses</i>	54.0	63.1	16.9%
	Adjusted EBITDA³	133.4	146.4	9.8%
	Adjusted EBITDA margin	56.9%	57.1%	0.2%
Adjusted EBIT²	59.2	65.9	11.3%	
Adjusted EBIT margin	25%	26%	1.6%	
Other Key Metrics	Assets under management	39,482	40,159	1.7%
	Average volume servicing fee	3.47%	3.80%	9.3%
	Average management servicing fee	0.20%	0.20%	-0.3%
	Free cash flow	135.2	99.6	-26.3%
	Net debt position	186.5	443.1	137.6%
	Leverage ratio	1.4x	3.0x	116.4%

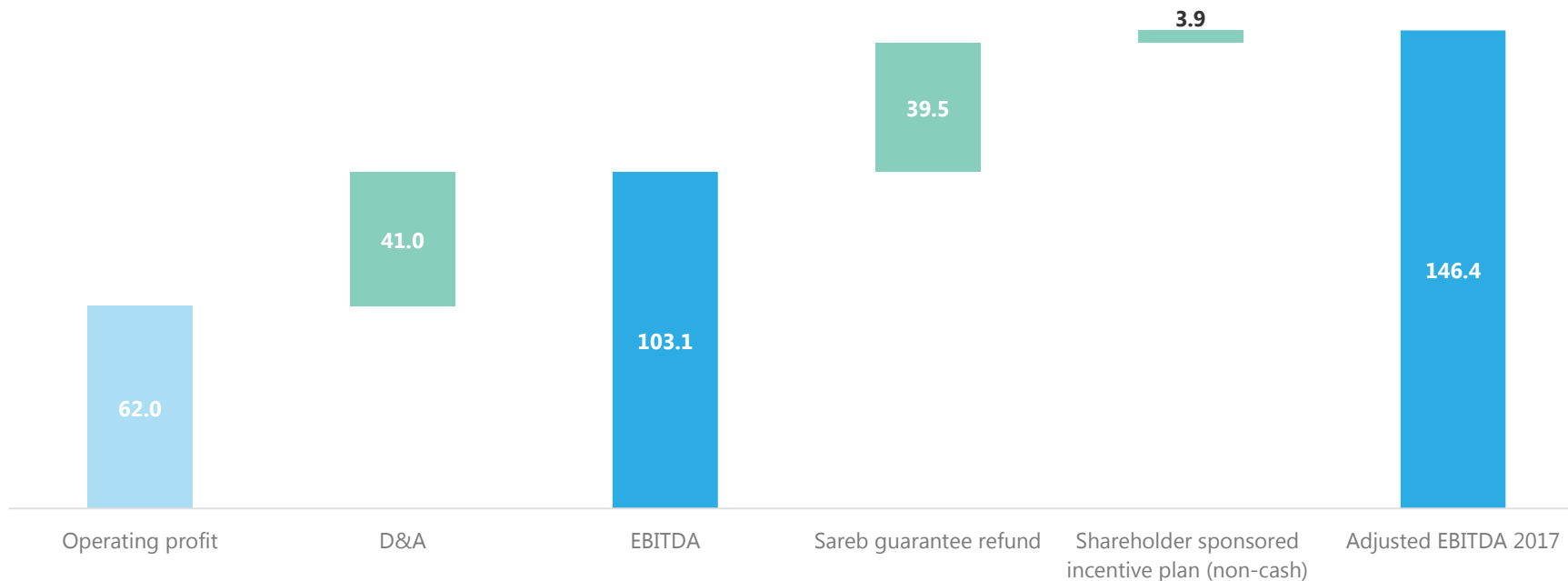
(1) Adjusted revenues is the sum of GAAP net turnover and the amount of the Sareb guarantee refunded during the period (€39.5MM). (2) Personnel expense adjusted by the non cash personnel expense related to the shareholder sponsored incentive plan (€3.90MM). (3) Adjusted EBITDA is the sum of GAAP operating profit plus D&A and the amount of the Sareb guarantee refunded during the period (€39.5MM), adding back the non cash personnel expense related to the shareholder sponsored incentive plan (€3.90MM)

5 Adjusted EBITDA



Adjusted EBITDA 2017 Bridge

(€ MM)





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