



9M 2017 Earnings Presentation

22 December 2017

Disclaimer



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Haya Real Estate uses adjusted revenues, Adjusted EBITDA, Adjusted Recurring EBITDA and Free Cash Flow as internal measures of performance to benchmark and compare performance, both between its own operations and as against other companies. These measures are used, together with measures of performance under IFRS, to compare the relative performance of operations in planning, budgeting and reviewing the performance of its business. Haya Real Estate believes that EBITDA-based and other measures are useful and commonly used measures of financial performance in addition to net profit, operating profit and other profitability measures under IFRS because they facilitate operating performance comparison from period to period and company to company. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortization methods, historic cost and age of assets, financing and capital structures and taxation positions or regimes, Haya Real Estate believes that EBITDA-based and other measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, Haya Real Estate believes that EBITDA-based and other measures are regularly used by the investment community as a means of comparison of companies in the industry.

Today's Presenters



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CEO & Director of the Board

- Country Head, Arthur D. Little
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Agenda



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1. Key Highlights

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Key Highlights



Financial Highlights

- **Adjusted Recurring EBITDA** of **€89.8MM**, with strong **EBITDA margins** above **54%**
- **Free cash flow** generation of **47.3MM**
- **Total transaction volumes** of **€2.5B**, with **improved fee mix** vs 9M 2016
- **Total adjusted revenues** of **€165.8MM**
- **Very strong REO** transaction **volumes of €790MM**
- **Weaker RED** transaction **volumes of €909MM**
- **Slower REO Conversion** **volumes of €754MM**
- **€475MM inaugural high yield bond** issue closed in November

Business Highlights

- **Jaipur contract** (BBVA NPL portfolio acquired by Cerberus) awarded in July (**€560MM AuM**)
- **Liberbank REO servicing contract** awarded in August (**€2.6B AuM**)
- **Contract** for the servicing of **BBVA's future REO flow** secured in December (**AuM TBD**)
- **Potential agreement with the JVCo** created between **Cerberus and BBVA** to manage the transferred REO business (**AuM ~€12B**). Cerberus/BBVA transaction expected to be closed by mid 2018
- **Preliminary REO servicing agreement** with **Waterfall Asset Management** signed in December (**> €50MM AuM**)
- **Preliminary servicing agreement** with **Cerberus** for the **SME loans portfolio** acquired by Cerberus from Caixa (**> €200MM AuM**)



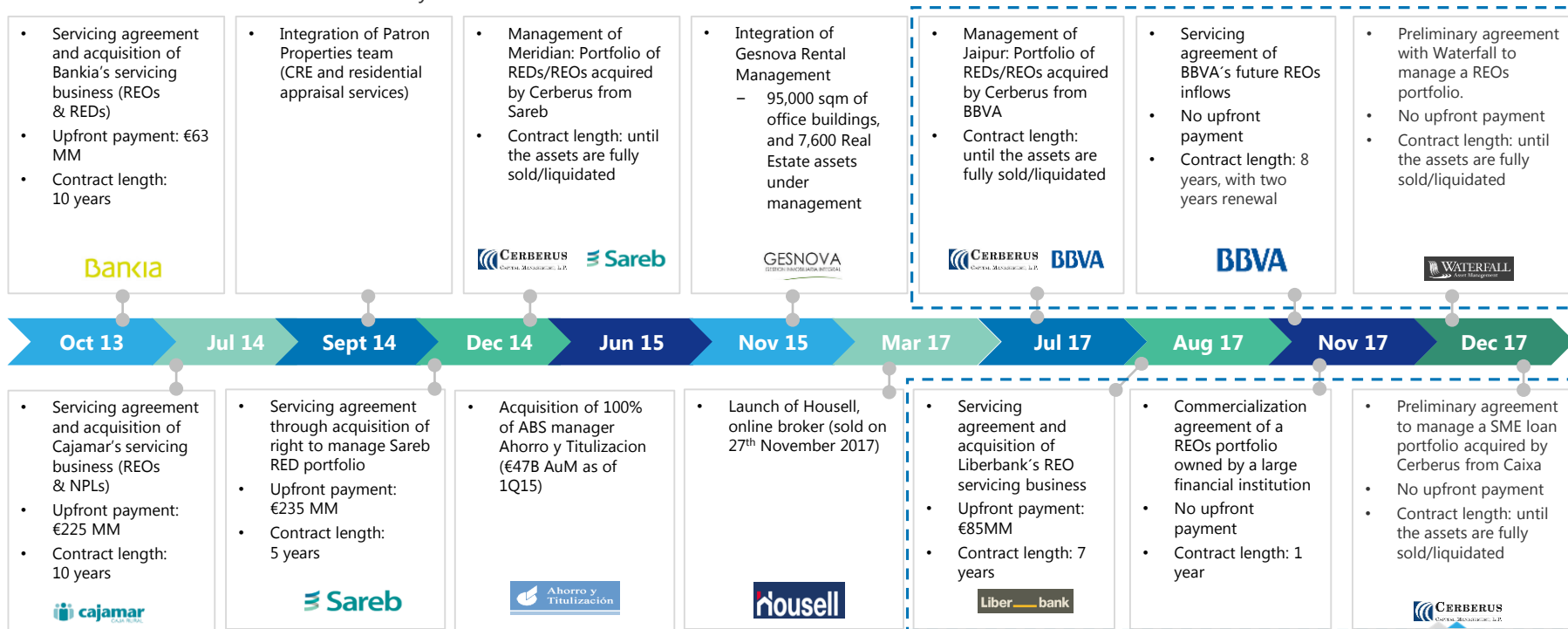
2. Business Review

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Proven ability to win new contracts



- ◀ HRE has positioned itself as one of the leading and largest bank-independent third party servicer of REDs and REOs in the Spanish servicing sector.
- ◀ In the last five months Haya Real Estate has been awarded six new contracts.

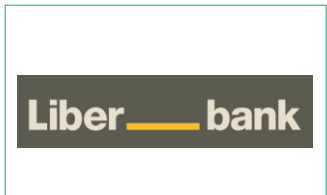


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Liberbank contract



◀ Liberbank represents the fourth core contract for HRE obtaining an additional €2.6B of assets under management



- Listed Spanish bank
- Formed in 2011 by combination of several regional banks
- Specialized in consumer loans

Key figures

- Market capitalization: €1,273MM ⁽¹⁾
- Total Assets: €37.8B ⁽²⁾
- NPLs: €2.3B ⁽²⁾
- CET1: 12.2% ⁽³⁾



- Haya **acquired Mihabitans** (through PH62) **in August 2017**
- Signed an **agreement** to service **Liberbank's REO servicing business**
- **7 years contract starting in August 2017**
- Acquisition price: **€85MM**
- **AuMs: €2.6B of REO assets (at "initial reference value")**
- **Over 38,000 assets, 15,000 residential units**
- **The portfolio is open**, with guaranteed future inflows from Liberbank's foreclosed assets



Volumes	Revenues	EBITDA
€71.4MM	€5.4MM	€3.7MM

(1) Figure as of 20 December 2017 (2) Figures reported by Liberbank as of 30 September 2017 (3) Pro-forma rights issue and sale of €602MM RE assets portfolio and includes unrealised capital gains of the AFS sovereign portfolio (4) Figures from 08 August 2017 to 30 September 2017

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BBVA/Cerberus transaction



◀ BBVA/Cerberus transaction represents a key milestone for the future of HRE



- 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

Key figures

- Market capitalization: €48.5B⁽¹⁾
- Total Assets: €324.5B⁽²⁾
- NPLs: €13.3B⁽²⁾
- CET1: 11.2% ⁽²⁾ ⁽³⁾

Transaction

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

Haya Real Estate implications

- **Haya Real Estate** agreed to sign a servicing agreement with **BBVA** for **BBVA's future flow of real estate assets**
- **No upfront payment required**
- **8 years contract** with a potential extension of **two additional years**
- The contract **will 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**
- The transaction represents a key milestone for the future of HRE

(1) Market capitalization as of 20 December 2017, (2) Figures reported by BBVA as of 30 September 2017 (3) Fully loaded ratio

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Other business performance

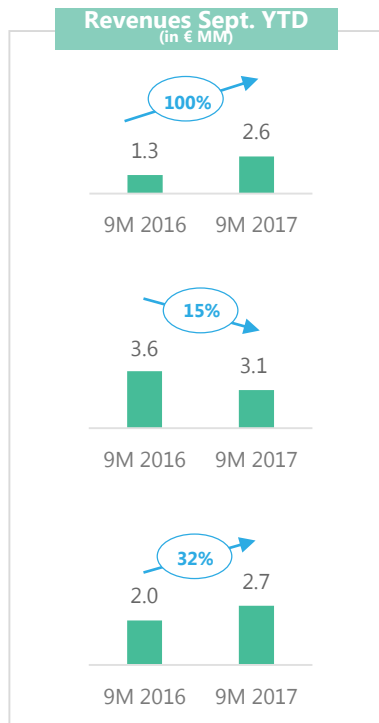


- ◀ 22% revenues growth in “Other Businesses” driven by doubling revenues in Advisory and solid growth in Rental Management business

Advisory

Securitization

Rental Management



- **Underwriting of 25 portfolios** for Cerberus and third party investors
- **Valuations** of over **25,000 REO assets** and **collaterals** under management
- **Secured servicing contracts** from institutional investors of **>€850MM portfolios**

- Manage **65 securitization issuances** with an outstanding balance of **€38B**. No new securitizations through September
- Working with **17 assignors**
- Continuing to collect **strong revenues above €3MM**
- Developing **three new business initiatives**

- **Increase of 19%** in total AuM units (**12,043 units**).
- **Liberbank** contract adds **>3,400 units** to the existing units managed
- Set up a **new screenings platform** to analyze the **credit risk of the tenants**; the platform allows to identify the default risk



3. Financial Review

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9M 2017 Financial Highlights



Key Financial Metrics

- **Adjusted Recurring EBITDA** of €89.8MM, with strong **EBITDA margins** above **54%**
- **Free cash flow** generation of €47.3MM, temporarily **impacted by working capital**. **Expected to be improved** before year-end
- **Total transaction volumes** of €2.5B, with **improved fee mix** vs 9M 2016

Revenues

- **Total adjusted revenues** of €165.8MM, **declining 4%** vs. 9M 2016 due to **natural evolution of management fee** and slightly **lower volume fees**
- **Higher volume fee, however, as a % of volume** (**4.25%** in 2017 **vs 3.83%** in 2016) softened the impact in volume drop. Volume fee decreased 3% compared with 9M of 2016 (vs. 13% volume drop).
- **Management fees declined by €4MM due to Sareb's closed portfolio nature**. Decline **will be partially offset** with the inclusion of **new contracts** in our perimeter going forward (Liberbank, BBVA and smaller institutional portfolios)

Transaction Volumes

- **Very strong REO transaction volumes, increasing by 33%** vs 9M 2016 (+€195MM) **driven by existing contracts** (mostly Cajamar and Sareb) and the **newly awarded Liberbank** contract
- **Weaker RED transaction volumes, decreasing by 25%** vs 9M 2016 (-€302MM), **impacted** mainly **by one large portfolio sale** >€100MM in 2016 **by Cajamar** and **slower recoveries in Sareb**. **Strong Q4 expected both in Sareb and Cajamar**
- **REO Conversion volumes also decreased by 25%** (-€258MM) impacted by **slow down in the timing of recognition** of foreclosures **from client procedural changes** and the **impact of the judgment of the European Court of Justice** on mortgage foreclosures. **In addition, a few large DILs closed in 9M 2016** with no corresponding impact in 2017

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September 2017 Key Metrics



Figures in € Millions

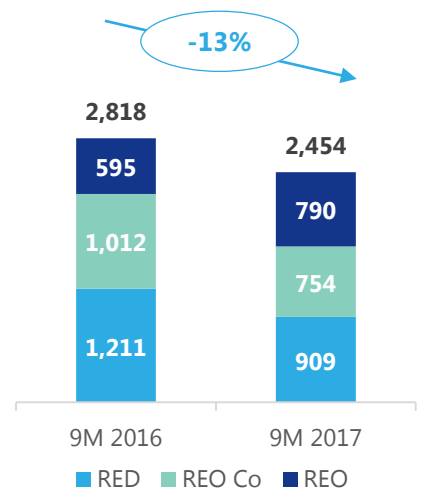
	9M 2017	9M 2016	(%)	
P&L	Total transaction volumes	2,453.7	2,817.9	-13%
	Adjusted revenues	165.8	173.1	-4%
	<i>Volume fee</i>	94.8	97.8	-3%
	<i>Management fee</i>	57.6	61.6	-6%
	<i>Other revenues</i>	13.4	13.7	-2%
	Operating expenses	-78.2	-76.9	2%
	<i>Personnel Cost</i>	-34.6	-36.1	-4%
	<i>Other operating expenses</i>	-43.6	-40.8	7%
	Adjusted EBITDA	87.7	96.2	-9%
	Non recurring expenses	2.1	4.0	-48%
Adjusted Recurring EBITDA	89.8	100.2	-10%	
EBITDA margin	54%	58%	-6%	
Other Key Metrics	Assets under management	39,884.0	40,732.5	-2%
	Average volume servicing fee	4.25%	3.83%	11%
	Free Cash Flow	47.3	97.4	-51%
	Net debt position	182,1	186,6	-2%
	Leverage ratio	1.31x	1.32x	-1%

3 Transaction volumes

- ◀ Increase in **REO volumes** mainly due to an **improvement** in the performance of **Sareb and Cajamar** and the **contribution from Liberbank**
- ◀ Decrease in RED volumes due mainly to **one large portfolio sale >€100MM in 2016 by Cajamar** and **slower recoveries in Sareb. Strong Q4 expected both in Sareb and Cajamar**
- ◀ **REO conversion** impacted by **slow down in the timing of recognition** of foreclosures **from client procedural changes** and the **impact of the judgment of the European Court of Justice on mortgage foreclosures**. In addition, a few large DILs closed in 9M 2016 with no corresponding impact in 2017

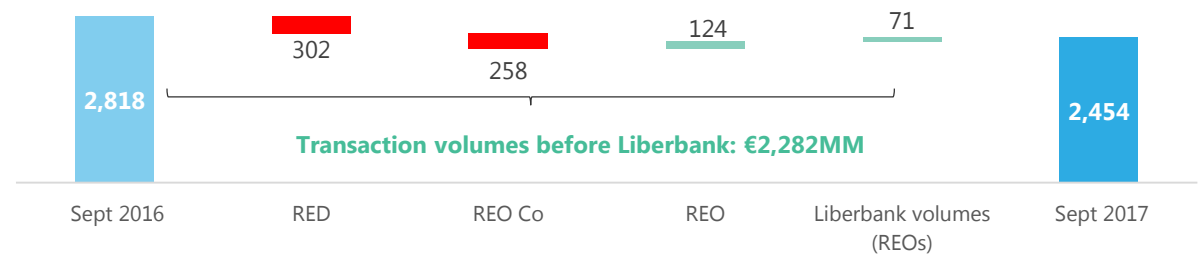
Transaction volumes

Figures in € Millions

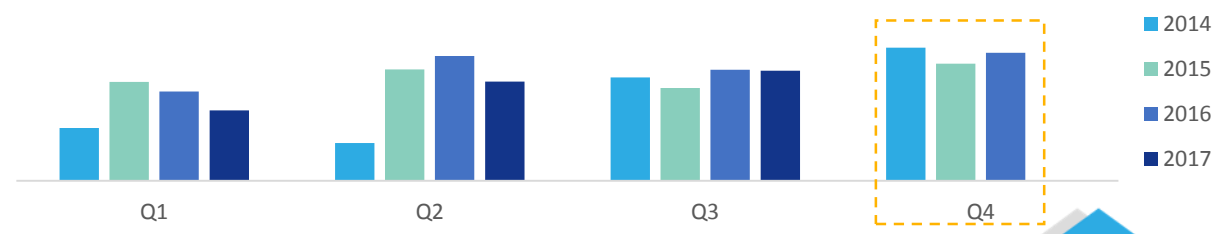


Transaction volume bridge

Figures in € Millions



Evolution by quarter



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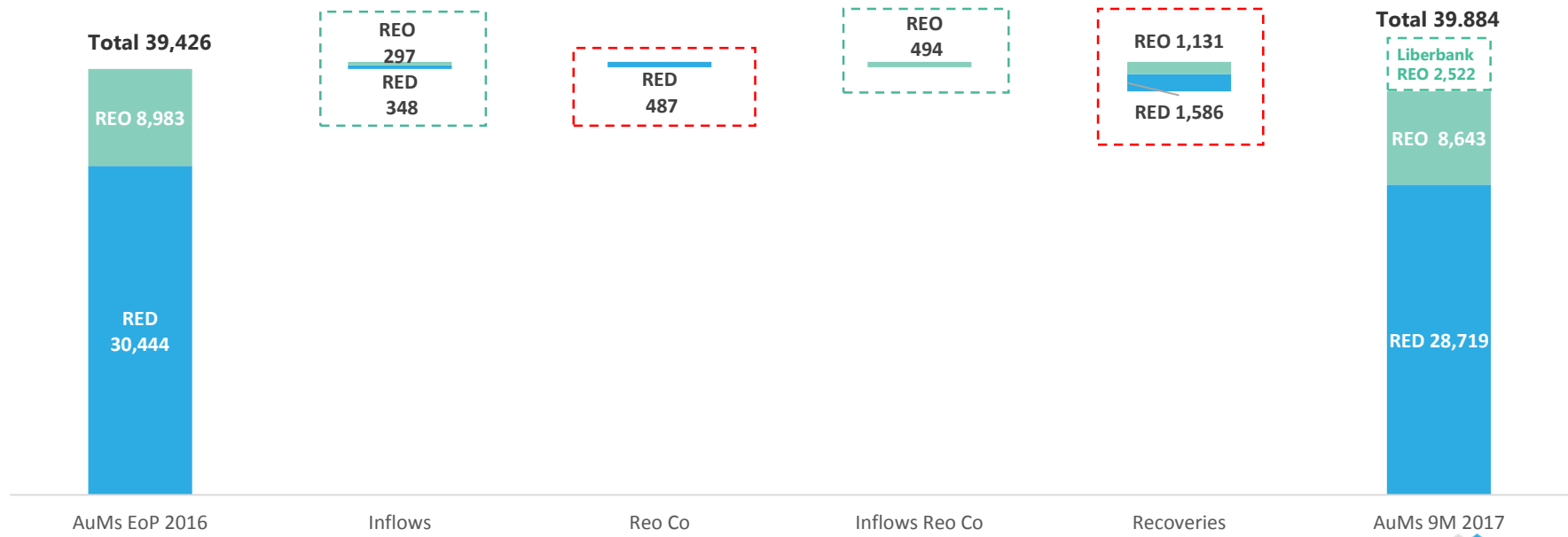
Assets Under Management



◀ AuMs increase by €457MM since Dec'16 due to the inclusion of the new contract with Liberbank, which partially offsets a €2B net decrease in AuMs from the natural evolution of existing contracts.

Asset under Management evolution

Figures in € Millions



▭ Increase ▭ Decrease

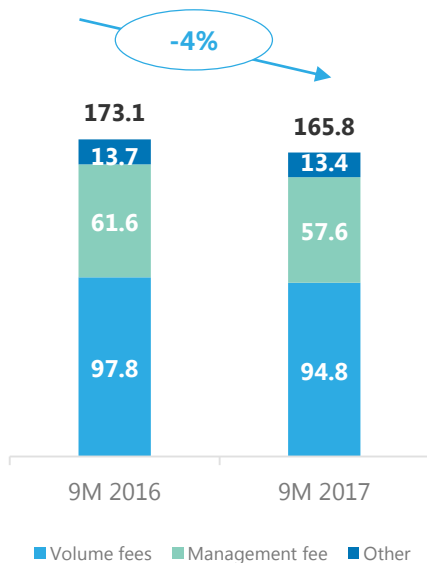
3 Adjusted Revenues



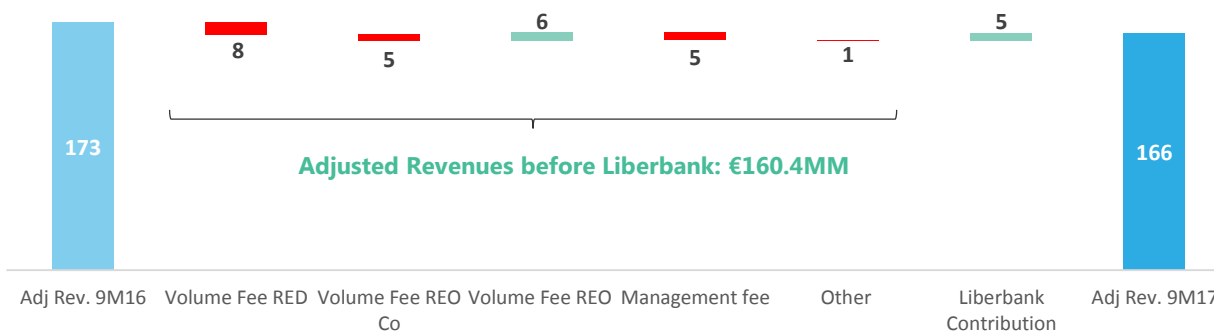
- Decline in revenues of €7MM of which €4MM are explained by natural decreasing management fee evolution
- Volume fees decrease by €3MM. However, volume fees as a % of volumes increases from 3.83% to 4.25% achieved in 2017 driven by better sales mix (lower portfolio sales and lower weight of REO conversion)
- Other revenues in line with previous year helped by solid performance in Advisory and Rental Management

Adjusted Revenues¹

Figures in € Millions



Adjusted Revenues Bridge



Breakdown by type and product



(1) Adjusted revenues is the sum of GAAP net turnover and the amount of the Sareb guarantee refunded during the period (€27.7MM)

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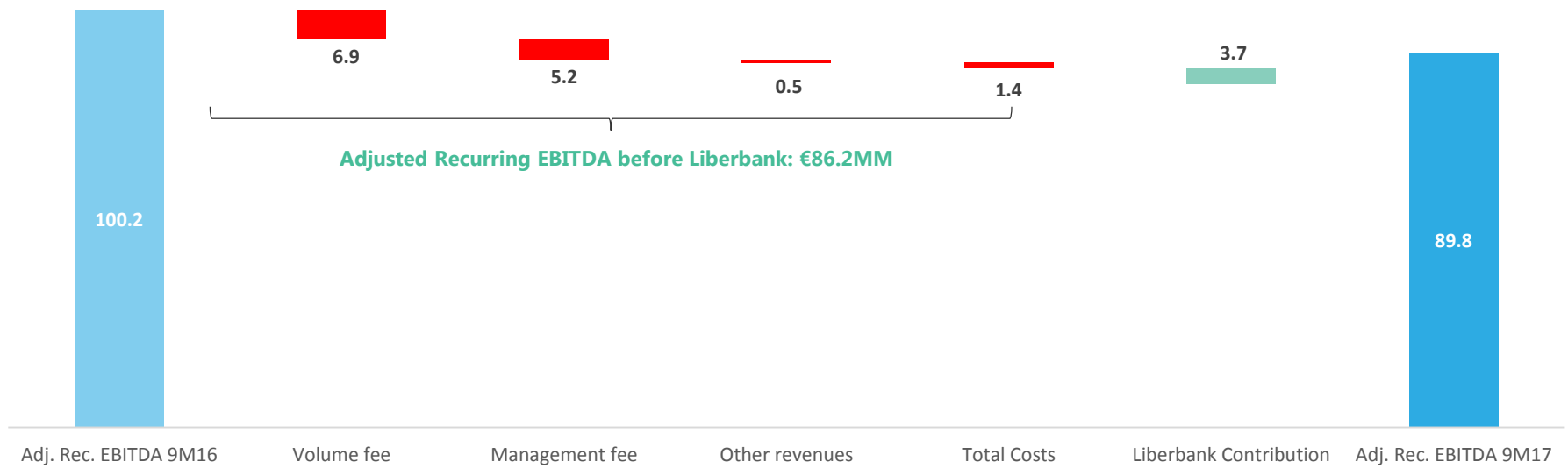
Adjusted Recurring EBITDA bridge



Adjusted Recurring EBITDA decreases in the 9 month period by €10MM explained by €13MM less of revenues (pre-Liberbank), partially offset by the Liberbank contribution of €3.7MM

Adjusted Recurring Ebitda

Figures in € Millions



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Free Cash Flow Generation



◀ The decrease in free cash flow is mainly due to €10MM less in Adjusted Recurring EBITDA, -€2.5MM in capex and a strong temporary working capital investment (-€37.2MM)

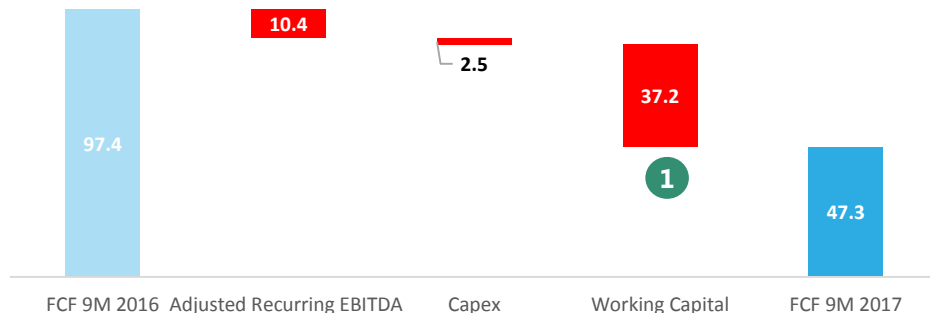
Free Cash Flow¹
Comparison

Figures in € Millions

	9M 2017	9M 2016
Adjusted Recurring EBITDA	89.8	100.2
Capital expenditures paid	-7.63 ³	-5.1 ²
Change in working capital	-34.9	2.3
Free Cash Flow	47.3	97.4

Free Cash Flow Bridge

Figures in € Millions



1 Working capital change mainly due to:

- H1 Sareb management fee collected in the month of September in 2016 vs in October in 2017 (~€10MM impact)
- Weaker volume performance and slower collection process in Sareb in 9M 2017, impacting by ~€16MM. Partially expected to be recovered in Q4 2017.
- Temporary impact from Liberbank contract of -€3.8MM due to start up phase of the contract
- Temporary VAT impact of -€4.7MM

(1) Free Cash Flow is defined as Adjusted Recurring EBITDA less capital expenditures and change in working capital. (2) Excludes €1.9MM of Bankia contingent payment (4) Excludes €102MM from Liberbank acquisition and VAT facility.

3 Net debt position



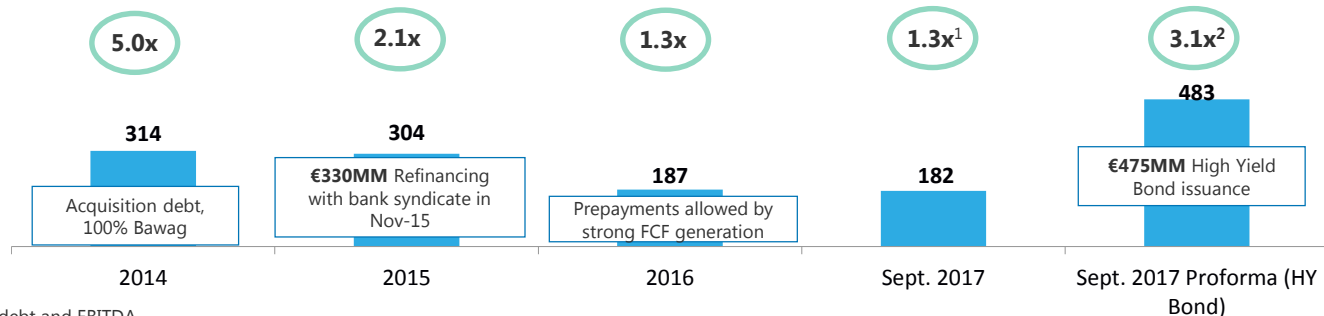
◀ In November Haya Real Estate executed successfully its inaugural high yield bond of €475MM

Inaugural High Yield Bond

- **High yield bond of €475M** was placed on November 15 in two tranches:
 - Fixed rate tranche of **€250M 5NC2** with a coupon **5.25%**
 - Floating rate tranche of **€225M 5NC1** with a coupon **E3m + 5.125%**
- The proceeds of the bond have been used to:
 - **Repay the current syndicated facility – €239.5MM**
 - **Acquisition of Liberbank contract - €85MM**
 - **Distribution to shareholders - €188.1 MM**
 - **Pay for transaction costs - €11.2MM**
 - **Maintain cash on Balance Sheet of €10MM (+ €15MM super senior RCF, undrawn)**

Net debt evolution

Figures in € Millions



(1) Excludes Liberbank's debt and EBITDA

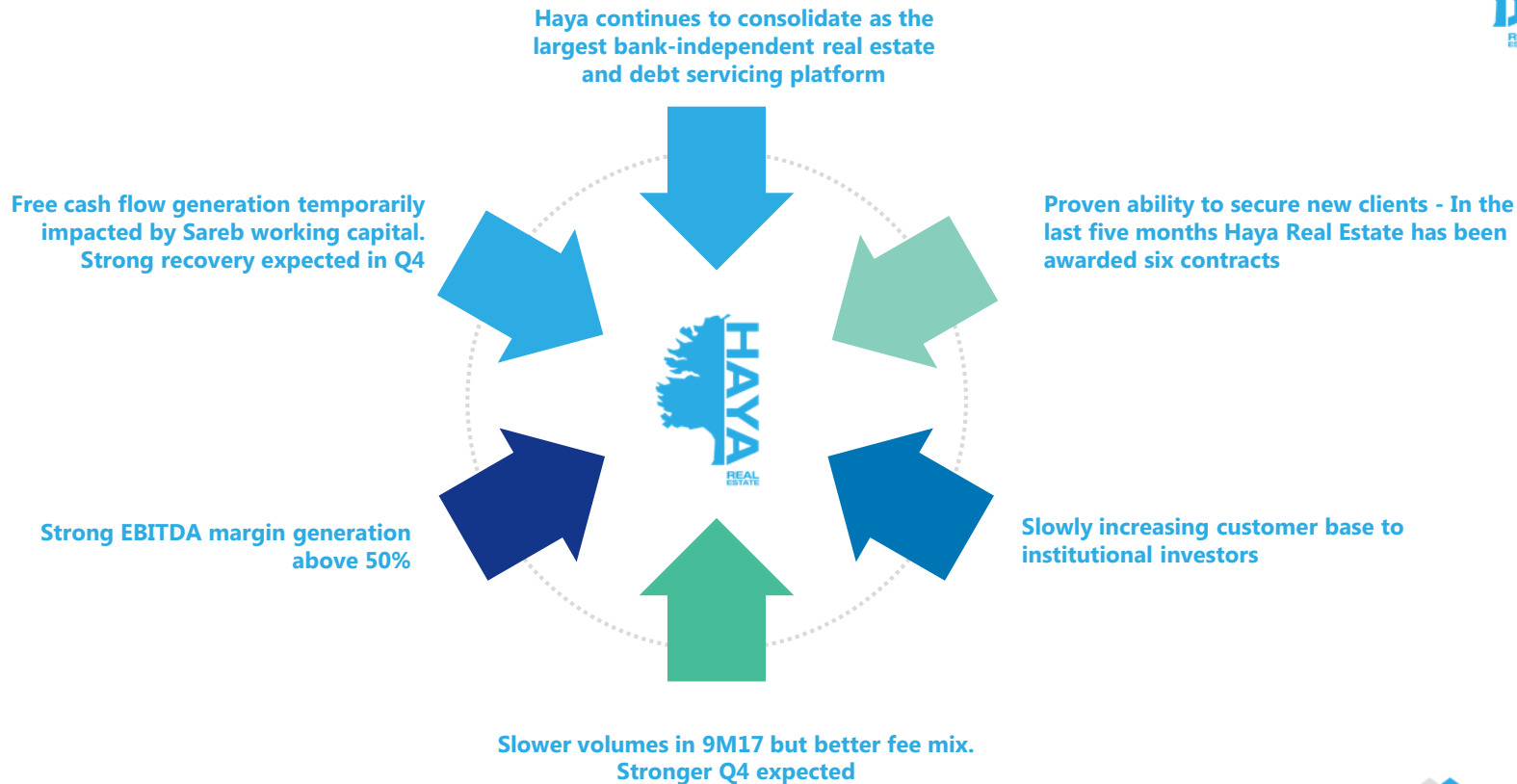
(2) Proforma of HY issuance (€475MM debt and €10MM cash). Includes Liberbank VAT facility debt (€17.8MM) + LTM Proforma Adjusted Recurring EBITDA of €15.8MM from Liberbank (see Bond Offering Memorandum)



4. Conclusions

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Conclusions





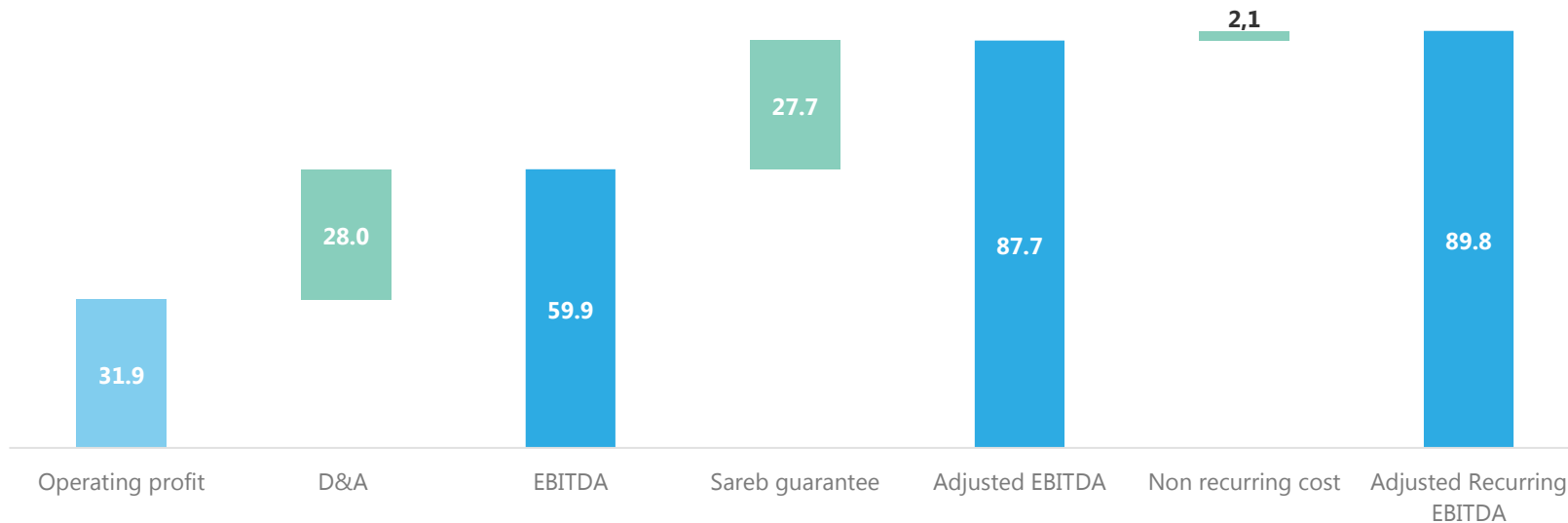
5. Annex

5 Adjusted Recurring EBITDA



Ebitda September 2017 YTD

Figures in € Millions





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