Haya Real Estate, S.L.U.
and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
for the nine-month period ended 30 September 2017

HAYA REAL ESTATE, S.L.U.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2017
(Thousands of Euros)

ASSETS	Notes	30/09/2017(*)	31/12/2016
NON-CURRENT ASSETS:			
Intangible assets	4	276,211	213,590
Property, plant and equipment		1,570	1,605
Non-current financial assets	6 & 7	46,338	76,450
Deferred tax assets	12.3	10,115	9,336
Goodwill	5	6,079	6,079
Total non-current assets		**340,313**	**307,060**
CURRENT ASSETS:			
Current financial assets-		217,892	166,411
Cash and cash equivalents		53,727	55,581
Trade and other receivables	8	120,279	69,303
Current financial assets	6 & 7	43,886	41,527
Other current assets		280	261
Non-current assets held for sale and discontinued operations	3	1,444	-
Total current assets		**219,616**	**166,672**
TOTAL ASSETS		**559,929**	**473,732**
EQUITY:			
Share capital	9.1	9,683	9,683
Share premium	9.2	51,826	51,826
Reserves of the Parent	9.3	23,060	15,201
Reserves of the subsidiaries		2,201	215
Profit for the period attributable to the Parent		14,432	31,334
Equity attributable to the Parent		**101,202**	**108,259**
Total equity		**101,202**	**108,259**
NON-CURRENT LIABILITIES:			
Bank borrowings	10	176,496	201,954
Non-current payables to Group companies and associates	10	59,373	59,373
Long-term provisions		36	35
Total non-current liabilities		**235,905**	**261,362**
CURRENT LIABILITIES:			
Bank borrowings	10	77,157	40,247
Current payables to Group companies and associates	10	87,871	3,781
Other financial liabilities		16,900	16,503
Other current liabilities	11	12,761	18,171
Short-term provisions		557	500
Trade payables	11	27,271	24,909
Liabilities related to non-current assets held for sale and discontinued operations	3	305	-
Total current liabilities		**222,822**	**104,111**
TOTAL EQUITY AND LIABILITIES		**559,929**	**473,732**

(*) Not audited financial statements.

The accompanying Notes 1 to 20 are an integral part of the consolidated balance sheet as at 30 September 2017.

HAYA REAL ESTATE, S.L.U.
AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

(Thousands of Euros)

	Notes	(Debit)/Credit 30/09/2017	(Debit)/Credit 30/09/2016
CONTINUING OPERATIONS:			
Revenue	**14**	138,095	144,119
Other operating expenses	**15.2**	(43,557)	(40,804)
Staff costs	**15.1**	(34,612)	(36,119)
Depreciation and amortisation charge		(28,031)	(24,896)
Impairment and gains or losses on disposals of non-current assets		(12)	(23)
Profit from operations		**31,883**	**42,277**
Finance income		15	57
Finance costs		(11,118)	(13,410)
Profit before tax		**20,780**	**28,924**
Income tax	**12.2**	(5,148)	(7,050)
Profit for the period of continuing operations		**15,632**	**21,874**
Loss for the period of discontinued operations	**3**	(1,200)	-
Profit for the period		**14,432**	**21,874**
Attributable to the sole shareholder of the Parent	**18**	14,432	21,874

The accompanying Notes 1 to 20 are an integral part of the consolidated statement of profit or loss for the nine-month period ended 30 September 2017.

HAYA REAL ESTATE, S.L.U.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER

A) UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Thousands of Euros)

	Notes	30/09/2017	30/09/2016
PROFIT PER CONSOLIDATED STATEMENT OF PROFIT OR LOSS (I)		**14,432**	**21,874**
Income and expense recognised directly in equity		-	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)		**-**	**-**
Transfers to the consolidated statement of profit or loss		-	-
TOTAL TRANSFERS TO CONSOLIDATED PROFIT OR LOSS (III)		**-**	**-**
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		**14,432**	**21,874**

(*) Not audited financial statements.

The accompanying Notes 1 to 20 are an integral part of the consolidated statement of recognised income and expense for the nine-month period ended 30 September 2017.

B) CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(Thousands of Euros)

	Share Capital	Share Premium	Reserves of the Parent	Reserves of Subsidiaries	Profit for the period	Total Equity
Balance at 31 December 2015	**9,683**	**51,826**	**767**	**(1,170)**	**15,819**	**76,925**
Transfers to retained earnings	-	-	14,346	1,473	(15,819)	-
Income and expenses recognised in 2016	-	-	-	-	21,874	21,874
Changes in the scope of consolidation	-	-	88	(88)	-	-
Balance at 30 September 2016 (*)	**9,683**	**51,826**	**15,201**	**215**	**21,874**	**98,799**
Balance at 31 December 2016	**9,683**	**51,826**	**15,201**	**215**	**31,334**	**108,259**
Transfers to retained earnings	-	-	29,348	1,986	(31,334)	-
Income and expenses recognised in 2017	-	-	-	-	14,432	14,432
Dividends paid (Note 9)	-	-	(21,489)	-	-	(21,489)
Balance at 30 September 2017 (*)	**9,683**	**51,826**	**23,060**	**2,201**	**14,432**	**101,202**

(*) Unaudited financial statements.

The accompanying Notes 1 to 20 are an integral part of the consolidated statement of changes in total equity for the nine-month period ended 30 September 2017.

HAYA REAL ESTATE, S.L.U.
AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER
(Thousands of Euros)

	Notes	30/09/2017 (*)	30/09/2016 (*)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		20,780	28,924
Adjustments for:			
Depreciation and amortisation charge (+)		28,031	24,896
Provisions (net) (+/-)		229	(289)
Finance income (-)		(15)	(57)
Finance costs (+)		11,118	13,410
Impairment and losses on disposals (+)		12	32
Adjusted profit		**60,155**	**66,916**
Income tax paid		**(5,354)**	**(881)**
Increase/(Decrease) in current assets and liabilities			
Increase/(Decrease) in current assets		(34,188)	2,293
Increase/(Decrease) in current liabilities		(689)	33
Total net cash flows from operating activities (1)		**19,924**	**68,361**
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Payments due to investment:			
Property, plant and equipment		(267)	(299)
Other intangible assets		(110,007)	(6,709)
Other financial assets		(2,294)	(4)
Proceeds from disposal:			
Other financial assets and interest received		27,781	36,524
Total net cash flows from investing activities (2)		**(84,787)**	**29,512**
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds and payments relating to equity instruments:			
Dividends paid		(21,489)	-
Proceeds and payments relating to financial liability instruments:			
Proceeds from issue of borrowings from-			
Group companies		84,800	-
Credit institutions		17,808	-
Repayment of borrowings from-			
Credit institutions		(10,578)	(52,000)
Interest paid (-)		(7,864)	(6,078)
Total net cash flows from financing activities (3)		**62,677**	**(58,078)**
4. Net increase/(decrease) in cash and cash equivalents (1+2+3)		**(2,186)**	**39,795**
Cash and cash equivalents at beginning of period		**55,581**	**18,512**
Incorporation in scope of consolidation (Note 1)		332	**-**
Cash and cash equivalents at end of period		**53,727**	**58,307**

Cash flows from operating activities		(1,316)	-
Cash flows from investing activities		(878)	-
Cash flows from financing activities		-	-
Net cash flows from discontinued operations		**(2,194)**	-

The accompanying Notes 1 to 20 are an integral part of the consolidated statement of cash flows for the nine-month period ended 30 September 2017.

Haya Real Estate, S.L.U.
and Subsidiaries (Haya Group)

Explanatory Notes to the Unaudited Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2017

1. Group activities

Haya Real Estate, S.L.U. ("the Parent") was incorporated for an indefinite period of time on 28 May 2013. Its registered office is at Calle Vía de los Poblados, 3 Edificio 9, Madrid (Spain).

Pursuant to the provisions of its bylaws, the company object of Haya Real Estate, S.L.U. is as follows:

- The provision of financial advisory and investment services to financial institutions and businesses in general;
- The preparation of commercial reports, either for internal use or for third parties, compiled from any kind of public- or private-sector agency.
- Collection on behalf of third parties of amounts that they may be due, as evidenced by any public or private transfer or other documents;
- Development, lease and sale of software as well as the promotion of all types of computer services, particularly those specifically designed for financial services; and
- Promotion of all manner of services related to the administration, management and sale of properties.

Those activities legally reserved for certain types of company, and which require an authorisation or enabling instrument that the Parent does not hold, are excluded from the company object.

The activity performed by the Group in the first nine months of 2017 consisted mainly of managing real estate and loans of third parties.

On 8 August 2017, the Sole Shareholder of the Parent acquired 100% of the share capital of Mihabitans Cartera, S.A.U. ("Mihabitans") from Liberbank, S.A, for an amount of EUR 200 thousand. This legal acquisition by the sole shareholder is an interim situation since it is intention of both the Parent and the Sole Shareholder to transfer the legal ownership of the shares to the Parent, in the short term. Although the legal owner of the entity is the Sole Shareholder, the Group's management consider that the Parent actually controls this entity, given that it has the power over it, it is exposed to variable returns from its involvement with it and it has the ability to use its power over it to affect the amount of its returns. Such control is effective since the day of acquisition of the entity by the Sole Shareholder. Therefore, this component has been included in the scope of consolidation of the present interim condensed consolidated financial statements from 8 August 2017, although the impact of such incorporation is not significant with respect to the consolidated statement of profit or loss for the first nine months of 2017.

On 8 August 2017, Mihabitans entered into a Service Level Agreement (SLA) with Liberbank, S.A. and other related entities ("Liberbank group"). By that agreement, Mihabitans acquired, for an amount of EUR 84,800 thousand (see Note 4), the exclusivity of the management of the Liberbank group's real estate owned assets included within the agreed scope of the abovementioned management at the date of the agreement, for a period of seven years. Such activity is the main business activity of this entity.

To finance this transaction, Mihabitans received financial support from Promontoria Holding 62, B.V. for an amount of EUR 84,800 thousand (see Note 16) and entered into a loan agreement with Liberbank, S.A. for an amount of EUR 17,808 thousand corresponding to the VAT related to the acquisition (see Note 10).

The Parent is a sole-shareholder company, wholly owned by Promontoria Holding 62, B.V. The consolidated financial statements for 2016, formally prepared on 28 March 2017 by the Parent's Board of Directors were approved by the Sole Shareholder on 30 March 2017.

2. Basis of presentation of the interim condensed consolidated financial statements for the nine-month period ended 30 September 2017

2.1 Basis of presentation

The interim condensed consolidated financial statement of the Haya Group for the first nine months of 2017 were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all the mandatory accounting principles and rules and measurement bases with a material effect, as well as the Spanish Commercial Code, the mandatory rules approved by the Spanish Accounting and Audit Institute (ICAC) and all other applicable Spanish accounting legislation.

The interim condensed consolidated financial statements as at 30 September 2017 and the explanatory notes thereto were prepared by Group management pursuant to IAS 34 on Interim Financial Reporting.

These interim condensed consolidated financial statements are presented in thousands of euros.

As established in IAS 34, the interim financial information is intended only to provide an update on the content of the latest annual consolidated financial statements prepared by the Group, focusing on new activities, events and circumstances occurring during the nine-month period, and does not duplicate information previously reported in the consolidated financial statements for 2016. Therefore, these interim condensed consolidated financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Consequently, for a proper comprehension of the information included in these interim condensed consolidated financial statements, they should be read together with the Group's consolidated financial statements for 2016.

The Group's consolidated financial information is prepared pursuant to IFRSs. The financial statements of individual Group companies are prepared and presented pursuant to the provisions of the accounting legislation of each country.

Pursuant to IAS 8, the accounting policies and measurement bases used by the Group were consistently applied to all transactions, events and items, in the first nine months of 2017 and in 2016. Also, the consolidation bases applied in the first nine months of 2017 are consistent with those applied in the 2016 consolidated financial statements.

All accounting policies and measurement bases with a material effect on the consolidated financial statements were applied in their preparation.

2.2 Entry into force of new accounting standards

In the first nine months of 2017 the following standards and interpretations already adopted by the European Union came into force which, where applicable, were used by the Group in preparing these interim condensed consolidated financial statements:

2.2.1. ***New standards, amendments and interpretations mandatorily applicable in the year beginning 1 January 2017:***

Approved for use in the European Union		Obligatory Application in Annual Reporting Periods Beginning On or After:
Amendments to IAS 7, Disclosure Initiative (issued in January 2016)	Introduce additional disclosure requirements relating to financing activities.	1 January 2017

Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016)	Clarification of the principles established in relation to the recognition of deferred tax assets for unrealised losses.	1 January 2017
Improvements to IFRSs, 2014-2016 cycle: Clarification in relation to IFRS 12	Clarification in relation to the scope of IFRS 12 and its interaction with IFRS 5 enters into force in this period.	1 January 2017

The application of these new standards and interpretations did not have any impact on the Group.

2.2.2. *New standards, amendments and interpretations mandatorily applicable in years subsequent to the calendar year beginning 1 January 2017 (applicable from 2018 onwards):*

At the date of approval of these interim condensed consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is after the date of the interim condensed consolidated financial statements or because they had not yet been adopted by the European Union:

Approved for use in the European Union		Obligatory Application in Annual Reporting Periods Beginning On or After:
IFRS 15, Revenue from Contracts with Customers (issued in May 2014)	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).	1 January 2018
IFRS 9, Financial Instruments (last phase issued in July 2014)	Replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	1 January 2018
Not yet approved for use in the European Union		**Obligatory Application in Annual Reporting Periods Beginning On or After:**
Clarifications to IFRS 15 (issued in April 2016)	Focus on identifying performance obligations, principal versus agent considerations, licensing and determining whether a license is satisfied at a specific point in time or over time, as well as certain clarifications to the transition requirements.	1 January 2018
IFRS 16, Leases (issued in January 2016)	Supersedes IAS 17 and the related interpretations. The main development of the new standard is that it introduces a single lessee accounting model in which all leases (with certain limited exceptions) will be recognised in the balance sheet with an impact similar to that of the existing finance leases (depreciation of the right-of-use asset and a finance cost for the amortised cost of the liability will be recognised).	1 January 2019
IFRS 17, Insurance Contracts (issued in May 2017)	Supersedes IFRS 4. Establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The objective is to ensure that an entity provides relevant information that faithfully represents those contracts, which gives a basis for users to assess the effect that insurance contracts have on the financial statements.	1 January 2021
Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions (issued in June 2016)	These are limited amendments that clarify specific issues such as the effects of vesting conditions on cash-settled share-based payments, the classification of share-based payment transactions with a net settlement feature and certain issues relating to modifications of the type of share-based payment arrangement.	1 January 2018
Amendments to IFRS 4, Insurance Contracts (issued in September 2016)	Provide entities within the scope of IFRS 4 with the option of applying IFRS 9 (“overlay approach”) or the temporary exemption therefrom.	1 January 2018
Amendments to IAS 40, Reclassification of Investment Property (issued in December 2016)	The amendments clarify that transfers to, or from, investment property shall be made when, and only when, there is evidence of a change in use.	1 January 2018

Improvements to IFRSs, 2014-2016 cycle (issued in December 2016)	Minor amendments to a series of standards.	1 January 2018
IFRIC 22, Foreign Currency Transactions and Advance Consideration (issued in December 2016)	This interpretation establishes "the date of the transaction" for the purpose of determining the exchange rate to use in transactions with advance consideration in a foreign currency.	1 January 2018
IFRIC 23, Uncertainty Over Income Tax Treatments (issued in June 2017)	This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over the acceptability of a particular tax treatment used by the entity under tax law.	1 January 2019
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)	Clarification in relation to the gain or loss resulting from such transactions involving a business or assets.	No date has been set

The Group is currently assessing the differences that might arise from the entry into force of these standards and, therefore, the effects thereof on the consolidated financial statements, although they are not expected to be material.

2.3 Use of estimates

The consolidated results and the determination of consolidated equity are sensitive to the accounting principles and policies, measurement bases and estimates used by the Group's management in preparing the interim condensed consolidated financial statements. The main accounting principles and policies and measurement bases used are indicated in Notes 3 and 4 to the consolidated financial statements for 2016.

In preparing the Group's consolidated financial information for the nine-month period ended 30 September 2017, estimates were occasionally made by Group management to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates basically refer to the same matters as those detailed in the consolidated financial statements for 2016:

- The cost of business combinations.

- The useful life of the intangible assets and property, plant and equipment.

- The measurement of assets and goodwill to ascertain whether there are any impairment losses thereon.

- The value of certain financial instruments.

- The calculation of the write-down of trade receivables.

- The assessment of the recoverability of deferred tax assets.

- The calculation of provisions and contingencies.

Although these estimates were made on the basis of the best information available at the date of approval of these interim condensed consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming periods or years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future consolidated statements of profit or loss.

In the first nine months of 2017, there were no significant changes in the estimates made at 2016 year-end.

2.4 Comparative information

The information relating to the nine-month period ended 30 September 2016 or the year ended 31 December 2016 contained in these interim condensed consolidated financial statements is presented solely for comparison purposes with the information relating to the nine-month period ended 30 September 2017.

2.5 Seasonality of the Group's transactions

In view of the business activities in which the Group companies engage, their transactions are not substantially cyclical or seasonal in nature. Therefore, no specific disclosures are included in this connection in these explanatory notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2017.

2.6 Materiality

In determining the explanatory note disclosures to be made on the various line items in the interim condensed consolidated financial statements or on other matters, in accordance with IAS 34 the Group took into consideration materiality with respect to the interim condensed consolidated financial statements.

2.7 Correction of errors

There was no correction of errors in the interim condensed consolidated financial statements for the first nine months of 2017.

3. Changes in the Group's structure

On 8 August 2017, the entity Mihabitans has entered into the scope of consolidation, as described in Note 1.

On 28 February 2017, a new company was incorporated, Gestión Integral de Marketing Inmobiliario Online, S.L.U. (now “Housell Inmo Online Services, S.L.U.”), which is wholly owned by the Parent, and which engages mainly in intermediation in private real estate asset sales on the Internet. The intention of the Parent and its Sole Shareholder is to sell the Parent’s ownership in the capital of this company to its Sole Shareholder before the end of 2017. Therefore, the assets and the liabilities related to this company are presented as assets and liabilities “held for sale” in the accompanying consolidated balance sheet as at 30 September 2017, and the loss it registered in the period, for EUR 1,200 thousand, is presented as “Loss for the period of discontinued operations” of the accompanying consolidated statement of profit or loss for the first nine months of 2017.

In the first nine months of 2017 there were no other changes in the Group’s structure with respect to 2016.

4. Intangible assets

The detail of “Intangible Assets” in the consolidated balance sheets as at 30 September 2017 and 31 December 2016 is as follows:

	Thousands of Euros	
	30/09/2017(*)	31/12/2016
Cost:		
Patents, licences, trademarks and similar items	36	28
Computer software	25,779	20,428
Other intangible assets-		
2013 Bankia contract	18,245	18,245
2014 Cajamar group contract	224,692	224,692
2014 SAREB contract (Note 7)	30,107	30,107
2017 Liberbank contract	84,800	-
Total cost	**383,659**	**293,500**
Accumulated amortisation:		
Patents, licences, trademarks and similar items	(10)	(8)
Computer software	(9,130)	(6,175)
Other intangible assets-		
2013 Bankia contract	(7,252)	(5,878)
2014 Cajamar group contract	(72,954)	(56,108)
2014 SAREB contract (Note 7)	(16,330)	(11,741)
2017 Liberbank contract	(1,772)	-
Total accumulated amortisation	**(107,448)**	**(79,910)**
Carrying amount	**276,211**	**213,590**

(*) Not audited financial information

Computer software

The additions in the first nine months of 2017 under "Computer Software" amounted to EUR 6,080 thousand and related mainly to investments being made by the Parent in various computer applications in order to manage the real estate and loan assets of its clients, and to become technologically independent from its clients. At 30 September 2017, the capitalised cost of the investment in computer software still under development and, therefore, not yet in use, amounted to EUR 5,093 thousand (31 December 2016: EUR 6,638 thousand). It is expected to come into operation in the last quarter of 2017.

Other intangible assets

"Other Intangible Assets" includes the costs derived from asset management business acquisitions entered into by the Group with the financial institutions Bankia, SAREB and Cajamar in prior years and with Liberbank in the present period (see Note 1).

In relation to the "2013 Bankia contract", a variable contingent portion established in the contract, for a maximum amount of EUR 12,500 thousand was accrued in 2015. In the first nine months of 2016, the Group paid an amount of EUR 1,900 thousand and, as at 30 September 2017 and 31 December 2016, the remaining amount, up to EUR 10,600 thousand (EUR 12,826 thousand with VAT), which is to be paid in the last quarter of 2017, is recognised under "Current Liabilities - Other Financial Liabilities" in the accompanying consolidated balance sheets. The aforementioned contract establishes an additional contingent incentive, which is determined in accordance with the achievement of certain milestones in relation to net revenue obtained by the Parent above the base case scenario. This amount is calculated on the basis of net revenue for the period from 2015 to 2022. At 30 September 2017, the Group's management considered that the aforementioned contingent incentive will not give rise to liabilities other than those recognised in the accompanying consolidated balance sheet.

Also, on 16 March 2017, the Parent reached agreements with Bankia in relation to certain circumstances occurring prior to 31 December 2016. The aforementioned agreements led to the recognition of an account payable totalling EUR 3,500 thousand in the consolidated balance sheet as at 31 December 2016, which was maintained in the consolidated balance sheet as at 30 September 2017, since the related obligation matures in the last quarter of 2017.

In relation to the "2014 Cajamar group contract", it establishes certain performance indicators to be met by the Group. As a result of negotiations between the Group and the Cajamar group, the measurement period was set to start on 1 July 2017. At 30 September 2017, no penalty in relation to any indicator of non-compliance has been identified by the Group management.

On the basis of the analysis of the price paid for the fair value of the asset management exclusivity rights acquired in the transaction with Liberbank in the present period (see Note 1), the Group recognised a total of EUR 84,800 thousand as “Other intangible assets”, which is the best estimate of the present value of the net earnings produced by the business acquired, based on the average scenarios of the shareholder’s business plan and in accordance with the seven-year term established for the management of assets owned by Liberbank group. The application of this criterion does not significantly differ from the discount of cash flows criterion applied on the basis of the Group’s business plan. On the other hand, the management of the Group did not identify any additional liabilities associated with the purchased business in accordance with the forecast cash flow and the envisaged duration of the contracts.

As mentioned above, the assets acquired in the business combinations are amortised on a straight-line basis in accordance with the useful life estimated by the Group’s management. At 30 September 2017, according to the business plan prepared based on experience acquired since activities commenced and estimates of how the business will evolve, the Group’s management consider that the remaining carrying amount of the assets acquired in the various business combinations is recoverable. Also, the Group’s management have not identified any additional liabilities associated with the businesses acquired in accordance with expected cash flows and the expected term of the contracts.

5. Goodwill

The breakdown of the Group's goodwill at 30 September 2017, in which there were no changes in the first nine months of 2017, is as follows:

	Thousands of Euros
Haya Titulización	4,265
Cash-generating unit - Haya Property Management	1,814
Total	**6,079**

In order to measure goodwill, each year the Haya Group compares the carrying amount of the related company or cash-generating unit (CGU) with the value in use measured using the discounted cash flow method.

At 30 September 2017, the Group had not detected any significant indication of impairment of goodwill or the other assets subject to the impairment test, as indicated in IAS 36. There were no significant changes in the assumptions used in the impairment tests on the Group’s goodwill that could give rise to a significant risk that impairment losses may be recognised in the future.

6. Financial assets

The detail of "Non-Current Financial Assets" and "Current Financial Assets” in the accompanying consolidated balance sheets as at 30 September 2017 and 31 December 2016 is as follows:

	Thousands of Euros			
	Non-Current		Current	
	30/09/2017(*)	31/12/2016	30/09/2017(*)	31/12/2016
Financial assets - SAREB (Note 7)	45,995	76,074	43,868	41,527
Other financial assets	343	376	18	-
Total financial assets	**46,338**	**76,450**	**43,886**	**41,527**

(*) Not audited financial information.

7. Assets associated with the 2014 SAREB Contract

The assets in the accompanying consolidated balance sheets as at 30 September 2017 and 31 December 2016 associated with the contract with SAREB to provide asset management services are as follows:

	Thousands of Euros	
	30/09/2017(*)	31/12/2016
Other intangible assets (Note 4)-		
Cost	30,107	30,107
Amortisation	(16,330)	(11,741)
Total carrying amount	**13,777**	**18,366**
Financial assets (Note 6)-		
Non-current	45,995	76,074
Current	43,868	41,527
Total financial assets	**89,863**	**117,601**
Total SAREB Contract	**103,640**	**135,967**

(*) Not audited financial information.

Pursuant to the terms and conditions of the contract, 66% of the economic rights are considered to be fees for the services rendered, and 34% are considered to be a refund of the guarantee deposited by the Parent upon commencement of the contract. In this connection, the Group classified at short term the amount corresponding to 34% of the economic rights envisaged in its business plan for the twelve months following the reporting date of the consolidated financial statements. The decrease in the total amount of "Financial Assets" in the foregoing table, amounting to EUR 27,739 thousand, relates to the amount of the guarantee recovered in the first nine months of 2017 (first nine first of 2016: EUR 28,960 thousand).

At 30 September 2017, the Group's management consider that the cash flows which will foreseeably be generated from the operation of the asset management contract with SAREB will enable the investment made to be recovered.

In relation to the performance indicators established in the contract entered into with SAREB on 30 December 2014, the Parent, together with SAREB, defined and calibrated the aforementioned indicators in 2016 until the opening months of 2017, and the Parent has been in the measurement period since the beginning of 2017. In view of the performance level achieved in the first nine months of 2017, and the continued dialogue with Sareb on the results of such measurements, the Group's management consider that no liabilities should be recorded at 30 September 2017 until final measurements have been agreed.

8. Other current assets

Current financial assets

The detail of "Trade and Other Receivables" in the accompanying consolidated balance sheets as at 30 September 2017 and 31 December 2016 is as follows:

	Thousands of Euros	
	30/09/2017 (*)	31/12/2016
Trade receivables for sales and services	100,327	68,023
Trade receivables - related parties	2,224	1,091
Operating provisions and allowances	(192)	(18)
Employee receivables	59	-
Sundry accounts receivable	48	16
Current tax assets	-	188
Other tax receivables	17,813	3
	120,279	**69,303**

(*) Not audited financial information.

Substantially all of the accounts receivable presented under "Trade and Other Receivables - Trade Receivables for Sales and Services" in the accompanying consolidated balance sheets as at 30 September 2017 and 31 December 2016 were held with three clients (SAREB, Bankia and Cajamar) and relate to invoices issued and provisions for invoices not yet issued, based on the invoicing and payment schedules agreed upon in the contracts for services entered into with those clients, and no late payment risks were identified in addition to those provisioned by the Group at 30 September 2017 and 31 December 2016, respectively (see Note 15.2).

EUR 94,164 thousand of the balance of "Trade and Other Receivables - Trade Receivables for Sales and Services" in the consolidated balance sheet as at 30 September 2017 (31 December 2016: EUR 67,173 thousand) had been pledged to secure the financing received by the Group (see Note 10).

EUR 17,800 thousand of the balance of "Trade and Other Receivables – Other tax receivables" in the consolidated balance sheet as at 30 September 2017 (31 December 2016: no amount) has been pledged to secure the financing received by the Group in the present period (see Note 10).

9. Equity

9.1 Share capital

There were no changes in the Parent's share capital in the first nine months of 2017. At 30 September 2017, the share capital was represented by 9,683,010 fully subscribed and paid shares of EUR 1 par value each, all of the same class and held by the Parent's sole shareholder, Promontoria Holding 62, B.V.

The Parent's shares are pledged (as a security interest) to secure the financing obtained on 26 November 2015 (see Note 10). This security interest will extend to and include the dividends and any refunds of contributions relating to the shares.

9.2 Share premium

Pursuant to current legislation, the Parent recognised under "Share Premium" the share premium associated with the capital increases described in the foregoing section for an amount of EUR 9 per share.

At 30 September 2017 and at the end of 2016, the share premium had been pledged (as a security interest) to secure the financing indicated in the foregoing section. Until execution of the Financing Agreement, the share premium had been unrestricted.

9.3 Reserves of the Parent

On 30 March 2017, the sole shareholder approved the payment of a dividend of EUR 21,489 thousand with a charge to "Reserves of the Parent" in the accompanying consolidated balance sheet, which has been fully settled in the nine-month period ended 30 September 2017.

10. Non-current and current liabilities

The detail of the non-current and current payables to banks and Group companies at 30 September 2017 and 31 December 2016 is as follows:

30 September 2017 (*)

	Thousands of Euros			
	Limit	Current	Non-Current	Total
Loans from sole shareholder	59,373	-	59,373	59,373
Interest on loans from sole shareholder	-	2,879	-	2,879
Total payables to Group companies	**59,373**	**2,879**	**59,373**	**62,252**
Syndicated loan	236,140	74,204	158,688	232,892
Liberbank loan for VAT	17,808	-	17,808	17,808
Credit facilities	15,000	-	-	-
Interest on syndicated loan	-	2,848	-	2,848
Interests on Liberbank loan for VAT	-	105	-	105
Total bank borrowings	**268,948**	**77,157**	**176,496**	**253,653**
Total payables		**80,036**	**235,869**	**315,905**

(*) Not audited financial information.

31 December 2016

	Thousands of Euros			
	Limit	Current	Non-Current	Total
Loans from sole shareholder	59,373	-	59,373	59,373
Interest on loans from sole shareholder	-	3,781	-	3,781
Total payables to Group companies	**59,373**	**3,781**	**59,373**	**63,154**
Syndicated loan	246,710	39,271	201,954	241,225
Credit facilities	15,000	-	-	-
Interest on syndicated loan	-	976	-	976
Total bank borrowings	**261,710**	**40,247**	**201,954**	**242,201**
Total payables		**44,028**	**261,327**	**305,355**

Syndicated loan (Financing Agreement)

In 2015 the Parent refinanced its bank borrowings and, for this purpose, on 26 November 2015, it entered into a "Financing Agreement" which consists of a syndicated loan for a maximum amount of EUR 345,000 thousand, for which the agent bank is Bankia. The loan consists of a first tranche (Tranche A) for a maximum amount of EUR 330,000 thousand and a renewable second tranche (Tranche B) for a maximum amount of EUR 15,000 thousand. The term of the agreement ends on 30 November 2020.

The ordinary interest rate of the syndicated loan consists of Euribor plus the applicable spread. The applicable spread depends on the debt/equity ratio. The interest expenses relating to this financing facility amounted to EUR 6,018 thousand in the first nine months of 2017 (first nine months of 2016: EUR 9,062 thousand), and they were recognised under "Finance Costs" in the accompanying consolidated statement of profit or loss for the first nine months of 2017.

The syndicated loan is recognised at amortised cost, taking into account the costs incurred in arranging such financing, including the arrangement, advisory and notary fees. The syndicated loan is recognised at amortised cost, taking into account the costs incurred in arranging such financing, including the arrangement, advisory and notary fees. The amortised cost recognised in the consolidated statement of profit or loss for the first nine months of 2017 amounted to EUR 2,237 thousand (first nine months of 2016: EUR 2,714 thousand) and the amortised cost pending to be recognised in the consolidated statement of profit and loss amounts to EUR 3,248 thousand at 30 September 2017 (EUR 5,485 thousand at 31 December 2016).

The various repayment scenarios were taken into account for the classification of the amounts relating to the current and non-current borrowings: obligatory schedule-based repayment and cash sweep.

In addition, the Financing Agreement establishes the achievement of certain financial ratios on a half-yearly basis: Debt Service Coverage Ratio and Debt/Equity Ratio. These ratios had been achieved at 30 June 2017.

In compliance with the obligations arising from the refinancing, at 31 December 2016 the Parent had provided the following guarantees under the agreement:

- Pledging of bank accounts: first-ranking security interest on the credit rights arising from the amounts deposited in the bank accounts registered to the Parent.

- Pledging of credit rights: first-ranking security interest on the credit rights arising from (i) the servicing contracts with its clients; (ii) insurance policies; (iii) any financing or borrowings it may grant; and (iv) any financing or borrowings granted.

- Pledging of shares representing the Parent's share capital and of the Parent's share premium (see Note 9).

- Pledging of the equity instruments (common shares or other equity securities) representing the share capital of the guarantor investees Haya Titulización, Sociedad Gestora de Fondos de Titulización, S.A.U. and Gestión Integral de Marketing Inmobiliario Online, S.L.U., and a promise to pledge the equity instruments representing the share capital of any company which in the future adheres to the Financing Agreement as guarantor.

- Promise to pledge future servicing contracts or any financing in which the Parent may participate.

Also, as a guarantee to the new financing the sole shareholder provided the credit rights vis-à-vis the Parent.

At 30 September 2017, the Group's management considered that it had complied with all the terms and conditions established in the Financing Agreement.

The purpose of the EUR 15,000 thousand credit facility (Tranche B) is to finance the Group's general corporate needs and working capital. It matures on 30 November 2020 and bears interest at a fixed market rate. At 30 September 2017 and 31 December 2016, no amount had been drawn down against this credit facility.

Loans from sole shareholder

In the first nine months of 2017 no repayments of principal of the loans granted to the Group by the sole shareholder were made, although interest amounting to EUR 3,510 thousand was paid. These lines of financing generated interest amounting to EUR 2,608 thousand in the first nine months of 2017 (first nine months of 2016: EUR 2,573 thousand), which was recognised under "Finance Costs" in the accompanying consolidated statement of profit or loss for the first nine months of 2017 (see Note 16).

Loan from Liberbank

On 8 August 2017, Mihabitans entered into a loan granted by Liberbank to finance the VAT related to the acquisition described in notes 1 and 4, for an amount of EUR 17,808 thousand. The ordinary interest rate of the loan consists of a fixed rate of 4% and the loan matures on 2019. The account receivable from the tax authorities, amounting to

EUR 17,800 thousand at 30 September 2017, corresponding to the VAT paid for the transaction, has been pledged to guarantee such loan (see Note 8).

The Group's management consider that the carrying amount of the borrowings at 30 September 2017 and 31 December 2016 does not differ significantly from their fair value.

11. Accounts payable and other current liabilities

11.1. Trade payables

The balance of "Trade Payables" in the accompanying consolidated balance sheets as at 30 September 2017 and 31 December 2016 includes the accounts payable arising from the Group's ordinary commercial transactions. The Group's management consider that the carrying amount of the trade payables does not differ significantly from their fair value.

11.2 Other current liabilities

The detail of the balance of "Other Current Liabilities" in the accompanying consolidated balance sheets as at 30 September 2017 and 31 December 2016 is as follows:

	Thousands of Euros	
	30/09/2017(*)	31/12/2016
Remuneration payable	4,563	6,155
Current tax liabilities	5,457	2,541
Tax payables	2,097	8,418
Current accruals and deferred income	644	1,057
Total	**12,761**	**18,171**

(*) Not audited financial information.

12. Tax matters

12.1 Tax audit

At 30 September 2017 and at the date of authorisation for issue of these interim condensed consolidated financial statements, the appeals filed by the Parent before the Central Economic-Administrative Tribunal against the tax assessment and the enforcement proceedings ruling arising from the income tax inspections for 2013 and 2014 were pending examination. In relation to the aforementioned proceedings, the Parent deposited EUR 2,373 thousand in January 2017, which was recognised in the consolidated balance sheet as at 31 December 2016.

12.2 Income tax expense

The main line items affecting the quantification of the income tax expense are as follows:

	Thousands of Euros	
	30/09/2017(*)	30/09/2016(*)
Accounting profit before tax	20,780	28,924
Permanent differences	67	(135)
Total	**20,847**	**28,789**
Tax rate	25%	25%
Tax charge	5,212	7,197
Tax credits	(24)	(13)
Adjustments to income tax	(35)	(154)
Other	(5)	20
Total income tax expense recognised in the consolidated statement of profit or loss	**5,148**	**7,050**

(*) Not audited financial information.

12.3 Deferred tax assets

The detail of the deferred tax assets at 30 September 2017 and 31 December 2016 is as follows:

	Thousands of Euros	
	30/09/2017 (*)	31/12/2016
Non-deductible amortisation of non-current assets	531	614
Employee benefit insurance	166	166
Difference between depreciation and amortisation for accounting and tax purposes	6,894	6,032
Other temporary differences	125	125
Tax credit transitional provision (Art. 37 of Spanish Income Tax Law)	280	279
Adjustment - tax audit	2,120	2,120
Total	**10,115**	**9,336**

(*) Not audited financial information.

Based on their best estimate of the Parent’s future results, the Group’s management recognised the deferred taxes as they considered that it was probable that they would be recovered within the time limits established by the applicable legislation.

13. Business segments

The Group offers global and interrelated services of asset management to its clients in the real estate industry. As a result of being servicing its clients through Service Level Agreements where service pricing is set up, the information prepared and analysed by the Group’s decision makers is basically focused on the volumes of operations on managed assets. In that sense, the financial information internally prepared is not separated by any segments, such as they are defined in IFRS 8.

14. Revenue

The detail of the balance of "Revenue" in the accompanying consolidated statements of profit or loss for the first nine months of 2017 and 2016 is as follows:

	Thousands of Euros	
	30/09/2017(*)	30/09/2016(*)
Volume servicing fees	80,017	82,657
Management fees	44,979	47,890
Other income	13,099	13,572
Total	**138,095**	**144,119**

(*) Not audited financial information.

Revenue has been recognized based on the information available at the date of these interim condensed consolidated financial statements.

Substantially all of the revenue recognised by the Group in the first nine months of 2017 relates to the revenue arising from the management contracts held with four clients: Bankia, SAREB, Cajamar and Liberbank (three clients in the first nine months of 2016).

15. Expenses

15.1 Staff costs

The average number of employees at the Group in the first nine months of 2017 and 2016, by professional category and gender, which does not differ significantly from the headcount at 30 September 2017 and 2016, was as follows:

	Number of Employees					
	30/09/2017 (*)			30/09/2016 (*)		
	Men	Women	Total	Men	Women	Total
Senior executives	12	3	15	12	2	14
Executives and university graduates	71	40	111	61	33	94
Clerical staff and line managers	270	331	601	259	307	566
Total	**353**	**374**	**727**	**332**	**342**	**674**

(*) Not audited.

In the first nine months of 2017 and 2016, the senior executive staff included an average of two individuals who also acted as directors.

15.2 Other operating expenses

The detail of “Other Operating Expenses” in the accompanying consolidated statements of profit or loss for the first nine months of 2017 and 2016 is as follows:

	Thousands of Euros	
	30/09/2017 (*)	30/09/2016 (*)
Outside services-		
Independent professional services	34,459	33,521
Advertising and public relations	3,925	2,421
Other services	2,230	2,108
Rent and royalties	1,535	1,331
Insurance premiums	421	596
Utilities	161	180
Repair and upkeep expenses	32	63
Banking and similar services	77	18
Losses and write-down of trade receivables and changes in provisions for commercial transactions (reversals)	**177**	**112**
Taxes other than income tax	**247**	**464**
Other current operating expenses	**293**	**226**
Excessive provisions	**-**	**(236)**
Total	**43,557**	**40,804**

(*) Not audited financial information.

At 30 September 2017, "Independent Professional Services" in the foregoing table included non-recurring expenses amounting to EUR 835 thousand, in relation to potential investments by the Group in other companies and/or businesses within its area of activity (EUR 786 thousand mostly in relation to advisory services in the first nine months of 2016).

16. Related party transactions

The transactions with related parties in the first nine months of 2017 and 2016, which were all performed on an arm's length basis, are as follows:

	Thousands of Euros					
	30/09/2017 (*)			30/09/2016 (*)		
	Sole Shareholder	Group Companies and Associates	Other Related Parties	Sole Shareholder	Group Companies and Associates	Other Related Parties
Revenue-						
Services	-	2,240	174	-	1,455	135
Total revenue	**-**	**2,240**	**174**	**-**	**1,455**	**135**
Expenses-						
Independent professional Services	-	462	-	-	732	-
Finance costs and fees (Note 10)	2,608	-	-	2,573	-	-
Attendance fees - Board of Directors	-	-	278	-	-	278
Total expenses	**2,608**	**482**	**278**	**2,573**	**732**	**278**

(*) Not audited financial information.

The amount included under "Revenue - Services" in the first nine months of 2017 and 2016 relates substantially in full to portfolio valuation services performed by the Group for Cerberus.

At 30 September, as the result of the acquisition of the Liberbank group's asset management exclusivity rights described in Note 1, the Group holds an account payable to the Sole Shareholder for an amount of EUR 84,800 thousand, recognised under the caption "Current payables to Group companies and associates" of the accompanying consolidated balance sheet, which one it expects to repay before year end.

17. Remuneration of directors and senior executives

In the first nine months of 2017 the functions of the Parent's directors were discharged by seven men (seven men in the first nine months of 2016).

In the first nine months of 2017 the Parent's directors earned remuneration amounting to EUR 1,587 thousand (first nine months of 2016: EUR 1,587 thousand). In addition, remuneration in kind amounting to EUR 9 thousand was earned in the first nine months of 2017 (first nine months of 2016: EUR 8 thousand). The aforementioned remuneration earned in the first nine months of 2017 included EUR 1,308 thousand relating to two directors who also discharged functions as senior executives (first nine months of 2016: EUR 1,310 thousand) and EUR 278 thousand relating to the subsistence allowances of five non-executive directors (first nine months of 2016: EUR 278 thousand). Also, the Parent's directors did not earn any indemnity payments in the first nine months of 2017 and 2016.

In the first nine months of 2017 the senior executives earned remuneration totalling EUR 4,080 thousand (first nine months of 2016: EUR 4,558 thousand). This amount consists of EUR 2,458 thousand relating to fixed salaries, EUR 1,602 thousand relating to the best estimate of the variable remuneration earned in the first nine months of 2017 (first nine months of 2016: EUR 2,403 thousand and EUR 1,651 thousand, respectively), and EUR 10 thousand relating to indemnity payments (first nine months of 2016: 10 thousand). In addition, the remuneration in kind paid to the senior executives in the first nine months of 2017 amounted to EUR 10 thousand (first nine months of 2016: EUR 8 thousand). No compensation was paid to the senior executives in the first nine months of 2017 (first nine months of 2016: EUR 494 thousand). These amounts include the figures related to the Parent's directors that also act as senior executives.

The obligations undertaken by the Parent in the first nine months of 2017 in relation to pensions of its senior executives amounted to EUR 70 thousand (first nine months of 2016: EUR 65 thousand). No similar obligations to members of the Board of Directors were incurred in the first nine months of 2017 (first nine months of 2016: EUR 3 thousand). In the first nine months of 2017, life insurance obligations to senior executives were also incurred amounting to EUR 10 thousand (first nine months of 2016: EUR 17 thousand). There were no similar obligations to members of the Board of Directors (first nine months of 2016: EUR 1 thousand).

18. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to the Group by the weighted average number of ordinary shares outstanding during the period, excluding the average number of treasury shares held in the year. At 30 September 2017 and 2016, the basic earnings per share were as follows:

	30/09/2017 (*)	30/09/2016 (*)
Net profit for the period (thousands of euros)	14,432	21,874
Weighted average number of shares outstanding (Note 9)	9,683,010	9,683,010
Basic earnings per share (in euros)	**1.49**	**2.26**

(*) Not audited financial information.

At 30 September 2017 and 2016, the diluted earnings per share coincided with the basic earnings per share.

19. Guarantees

At 30 September 2017 and 31 December 2016 there were no guarantees other than those mentioned in explanatory Notes 8 and 9 to the interim condensed consolidated financial statements.

20. Events after the reporting period

On November 15, 2017, the Group issued Senior Secured Notes in an aggregate amount of €475 million. The Notes include a €250 million fixed rate tranche, with a coupon of 5.25% per annum and a €225 million floating rate tranche with a coupon of 3-month EURIBOR (subject to a 0% floor) plus 5.125%. The Notes are rated B3 and B- from Moody's and S&P respectively. In addition, the Group also replaced its existing revolving credit facility with a super senior revolving credit facility in the amount of €15 million. The proceeds of the Senior Secured Notes have been used to: (i) repay the outstanding amount of the syndicated facility by €239.5 million; (ii) repay the shareholder loan received for the acquisition of Mihabitans and the Liberbank contract by €85 million; (iii) make a distribution to the Parent of €188.1 million; (iv) pay €11.2 million of transaction costs and (v) €10 million to leave cash on balance sheet for general corporate needs.