Haya Real Estate, S.A.U.
and Subsidiary Company (Haya Group)

Interim Condensed Consolidated Financial Statements
for the six-month period ended 30 June 2019
prepared under International Financial Reporting
Standards (IFRS) as adopted by the European Union
(IFRS-EU)

HAYA REAL ESTATE, S.A.U.
AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

(Thousands of Euros)

ASSETS	Notes	30/06/2019(*)	31/12/2018
NON-CURRENT ASSETS:			
Intangible assets	4	309,982	355,419
Property, plant and equipment	2.2	12,804	2,841
Non-current financial assets		91,602	88,675
Deferred tax assets	10	21,883	14,261
Goodwill	5	6,332	6,079
Total non-current assets		**442,603**	**467,275**
CURRENT ASSETS:			
Current financial assets-		158,078	142,663
Trade and other receivables	6	114,052	120,986
Current financial assets	14	666	656
Cash and cash equivalents		43,360	21,021
Other current assets		589	262
Total current assets		**158,667**	**142,925**
TOTAL ASSETS		**601,270**	**610,200**
EQUITY:			
Share capital	7	9,683	9,683
Share premium	7	45,831	45,831
Reserves of the Parent	7	11,964	13,684
Reserves of the subsidiary		5,373	4,101
Other shareholder contributions	7	3,900	3,900
Profit (loss) for the period attributable to the Parent		(22,413)	(445)
Equity attributable to the Parent		**54,338**	**76,754**
Total equity		**54,338**	**76,754**
NON-CURRENT LIABILITIES:			
Debts with credit institutions, bonds and other securities	8	467,226	466,086
Other non-current financial liabilities	2.2	4,381	-
Long-term provisions		557	288
Deferred tax liabilities	10	3	-
Total non-current liabilities		**472,167**	**466,374**
CURRENT LIABILITIES:			
Debts with credit institutions, bonds and other securities	8	3,131	3,127
Other financial liabilities		6,748	4,989
Other current liabilities	9.2	17,477	14,557
Trade payables	9.1	38,782	36,500
Related party payable		8,627	7,899
Total current liabilities		**74,765**	**67,072**
TOTAL EQUITY AND LIABILITIES		**601,270**	**610,200**

(*)Unaudited financial statements.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of financial position as at 30 June 2019.

HAYA REAL ESTATE, S.A.U.
AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

(Thousands of Euros)

		(Debit)/Credit	
	Notes	**30/06/2019 (*)**	**30/06/2018 (*)**
Revenue	**12**	118,611	130,164
Other operating expenses	**13.2**	(50,785)	(41,598)
Personnel expenses	**13.1**	(35,024)	(25,774)
Amortisation, impairment and gains or losses on disposals of non-current assets		(51,478)	(50,210)
Profit (loss) from operations		**(18,676)**	**12,582**
Finance income		2,566	2,566
Finance expense		(13,795)	(14,170)
Net Finance income (expense)		**(11,229)**	**(11,604)**
Profit (loss) before tax		**(29,905)**	**978**
Income tax benefit (expense)	**10.2**	7,492	1,063
Profit (loss) for the period		**(22,413)**	**2,041**
Attributable to the sole shareholder of the Parent		(22,413)	2,041

(*)Unaudited financial statements.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of profit or loss for the six-month period ended 30 June 2019.

HAYA REAL ESTATE, S.A.U.
AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 June 2019

A) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

Consolidated Statement of Profit or Loss for the six-month period ended 30 June 2019 agrees with the Consolidated Statement of Comprehensive Income for the six-month period ended 30 June 2019.

B) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousands of Euros)

	Share Capital	Share Premium	Reserves of the Parent	Reserves of Subsidiary Company	Other shareholder contributions	Profit (loss) for the period	Interim Dividend	Total Equity
Balance at 31 December 2017	**9,683**	**45,831**	**2,118**	**2,201**	**3,900**	**32,570**	**(14,063)**	**82,240**
Transfers to retained earnings	-	-	6,832	11,675	-	(32,570)	14,063	-
Profit (loss) for the six- month period ended 30 June 2018						2,041	-	2,041
Balance at 30 June 2018 (*)	**9,683**	**45,831**	**8,950**	**13,876**	**3,900**	**2,041**	-	**84,281**
Balance at 31 December 2018	**9,683**	**45,831**	**13,684**	**4,101**	**3,900**	**(445)**	-	**76,754**
Transfers to retained earnings	-	-	(1,717)	1,272	-	445	-	-
Income and expenses recognised for the three- month period ended 30 June 2019	-	-	-	-	-	(22,413)	-	(22,413)
Other changes (See note 2.2)	-	-	(3)	-	-		-	(3)
Balance at 30 June 2019 (*)	**9,683**	**45,831**	**11,964**	**5,373**	**3,900**	**(22,413)**	**-**	**54,338**

(*) Unaudited financial statements.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of changes in total equity for the six-month period ended 30 June 2019.

**HAYA REAL ESTATE, S.A.U.
AND SUBSIDIARY COMPANY**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019**
(Thousands of Euros)

	Notes	30/06/2019(*)	30/06/2018 (*)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		(29,905)	978
Adjustments for:			
Amortisation, impairment and gains or losses on disposals of non-current assets (+)		51,478	50,210
Finance income (-)		(2,566)	(2,566)
Finance costs (+)		13,795	14,170
Provisions (+)		242	386
Adjusted profit		**33,044**	**63,178**
Income tax paid		**-**	**-**
Increase/(Decrease) in current assets and liabilities			
(Increase)/Decrease in current assets		6,643	(14,348)
Increase/(Decrease) in current liabilities		5,211	(2,620)
Total net cash flows from operating activities (1)		**44,897**	**46,210**
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Payments due to investments:			
Property, plant and equipment		(5,097)	(468)
Acquisition of contract intangible assets		-	(40,854)
Other intangible assets (computer software)		(4,546)	(6,492)
Other financial assets		(380)	(5)
Total net cash flows from investing activities (2)		**(10,023)**	**(47,819)**
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds and payments relating to equity instruments:			
Dividends paid		-	-
Proceeds and payments relating to financial liability instruments:			
Proceeds from issue of borrowing from -		-	
Credit institutions		-	-
Other entities		-	-
Interest paid (-)		(12,536)	(12,552)
Total net cash flows from financing activities (3)		**(12,536)**	**(12,552)**
4. Net increase/(decrease) in cash and cash equivalents (1+2+3)		**22,339**	**(14,161)**
Cash and cash equivalents at beginning of period		**21,021**	**42,010**
Cash and cash equivalents at end of period		**43,360**	**27,849**

(*) Unaudited financial statements

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of cash flows for the six-month period ended 30 June 2019.

1. Group activities

Haya Real Estate, S.A.U. ("the Parent") was incorporated for an indefinite term on 28 May 2013. Its registered office is at Calle Medina de Pomar 27, Madrid (Spain).

In accordance with its bylaws, the corporate purpose of Haya Real Estate, S.A.U. is:

- The provision of financial and investment consultancy services to financial institutions and companies in general;

- The preparation of business reports, whether for its own use or for third party use, compiled from any public or private body.

- Collection of payments owed to them on behalf of third parties, represented by any public or private payment documents or otherwise;

- Development, lease and sale of software and provision of all manner of IT services, particularly those related to financial services; and

- Provision of all manner of services related to the administration, management and marketing of real estate.

Excluded from the Parent's corporate purpose are any activities that are reserved by law for certain types of companies and any that require authorisation or permits that the Parent does not have.

Haya Real Estate, S.A.U. is the sole shareholder of the subsidiary Haya Titulización, Sociedad Gestora de Fondos de Titulización, S.A.U., which both together form the Haya Group (hereinafter, the Group).

The activity performed by the Parent in the first six months of 2019 consisted mainly of managing real estate owned assets (“REOs”) and real estate developer loans (“REDs”). The activity engaged in by the subsidiary Haya Titulización, Sociedad Gestora de Fondos de Titulización, S.A.U. (Haya Titulización) consisted of the incorporation, management and legal representation of asset securitisation funds, mortgage securitisation funds and bank assets funds.

The Parent is a sole-shareholder company, wholly owned by Promontoria Holding 62, B.V. The consolidated financial statements for 2018, formally formulated on 26 March 2018 by the Parent's Board of Directors were approved by the Sole Shareholder on 22 April 2019.

2. Basis of presentation of the interim condensed consolidated financial statements for the six-month period ended 30 June 2019

2.1 Basis of presentation

The interim condensed consolidated financial statement of the Group for the first six months of 2019 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 June 2019 and the explanatory notes thereto were prepared by Group management pursuant to IAS 34 on Interim Financial Reporting. These interim condensed consolidated financial statements were formulated by the Parent’s directors on 28 August 2019.

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 three-month period, and does not duplicate information previously reported in the consolidated financial statements for 2018. 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 2018.

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 six months of 2019 and in 2018. Also, the consolidation bases applied in the first six months of 2019 are consistent with those applied in the 2018 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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated annual accounts for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019.

The following standards, amendments and interpretations are effective from 1 January 2019:

Standards, amendments and interpretations	**Description**	**Obligatory application in the years beginning on or after**:
IFRS 16, Leases	This standard is applicable for the financial years beginning from 1 January 2019 under IFRS-IASB. It permits advance application for entities that apply IFRS 15, "Revenue from contracts with customers". This standard sets out a unique recognition model for leases by the lessees, having to recognise the assets and liabilities associated with all the lease contracts, except those that have an expiration equal to or less than 12 months or if the value of the related asset is not significant. The lessors will continue classifying the leases according to their operational or financial nature, with the changes introduced by this standard for the lessors with respect to this applicable standard, the IAS 17, not being significant.	1 January 2019
Amendments to IFRS 9, Prepayment features with negative compensation	This amendment allows instruments with symmetric prepayment options to be measured at amortised cost for an amount lower than the outstanding principal and interest on the aforementioned principal.	1 January 2019
IFRIC 23, Uncertainty over Income Tax Treatments	This interpretation clarifies how to apply the accounting policies and measurement bases under IAS 12 when there is uncertainty whether a certain tax treatment used by an entity is accepted by the taxation authorities.	1 January 2019
Amendments to IAS 28, Long-term interests in associates and joint ventures	Clarifying that IFRS 9 must be applied to long-term interest in an associate the joint venture if the equity method is not applied.	1 January 2019 (1)
Improvements to IFRS 2015--2017 Cycle	Amendments to certain standards.	1 January 2019 (1)
Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement	Clarifying how to calculate the service cost for the current period and the net interest for the rest of an annual period when there is an amendment, curtailment or settlement of a defined benefit plan.	1 January 2019 (1)

(1) Pending adoption by the European Union

In accordance with the above, the Group has applied for the first-time starting January 1, 2019 the new standard IFRS 16 Leases. IFRS 16 allows two approaches for transition: retrospective application with full restatement in accordance with IAS 8 or retrospective application with the cumulative effect recognised as an adjustment to opening balances. The Group has decided to apply the second approach by recognising the cumulative effect as an adjustment to retained earnings as at 1 January 2019 (EUR 3 thousand). At 30 June 2019, the Group has recognised a right-of use asset of EUR 5,974 thousand under the heading "property, plant and equipment" and a lease liability of EUR 6,037 thousand under the headings "Other non-current financial liabilities" and "Other current financial liabilities" in the accompanying consolidated statement of financial position.

The application of the remaining Standards, Amendments or Interpretations have had no effect on the Group's financial position or results of operations.

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 directors 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 2018.

In preparing the Group's consolidated financial information for the six-month period ended 30 June 2019, estimates were occasionally made by Group management, later ratified by the directors, 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 2018:

- The cost of business combinations.

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

- The measurement of intangible assets and goodwill to determine possible impairment losses.

- The value of certain financial instruments.

- The evaluation 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 six months of 2019, there were no significant changes in the estimates made at 2018 year-end.

2.4 Comparative information

The information relating to the six-month period ended 30 June 2018 or the year ended 31 December 2018 contained in these interim condensed consolidated financial statements is presented solely for comparison purposes with the information relating to the six-month period ended 30 June 2019.

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 respect in these explanatory notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2019.

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 six months of 2019.

3. Changes in the Group's structure

On 24 April 2019, the Parent Company signed a business purchase agreement with Divarian Propiedad, S.A. («Divarian») for the integration of Divarian's servicing business in the Parent Company, including employees and other resources (mainly IT). The total price established in the agreement amounted to 1 Euro. The transaction was effective on 31 May 2019. The Group Management, for the aforementioned business purchase agreement and according to IFRS 3, has made a best estimate of the allocation of the price paid to the fair value of the assets acquired and the liabilities assumed (PPA). Based on the analysis of the fair value of the assets and liabilities acquired, the Group recognised software related intangible assets of EUR 182 thousand, liabilities of EUR 435 thousand and a Goodwill of EUR 253 thousand. In addition, on 31 May 2019, the Parent Company entered into a Service Level Agreement (SLA) with "Divarian Propiedad, S.A." and "Divarian Desarrollos Inmobiliarios, S.L." for the management of their REOs for a period of eight years. The Service Level Agreement did not require any upfront payment from the Parent Company.

As at 30 June 2019 and 31 December 2018 the only controlled company of the Haya Group as at 30 June 2019 is Haya Titulización, Sociedad Gestora de Fondos de Titulización, S.A.U.

4. Intangible assets

The detail of "Intangible assets" in the consolidated statement of financial position as at 30 June 2019 and 31 December 2018 is as follows:

	Thousands of Euros	
	30/06/2019 (*)	31/12/2018
Cost:		
Patents, licences, trademarks and similar items	37	37
Computer software	42,281	37,861
Other contract intangible assets-		
Management business - Bankia group	125,932	125,932
Management business - Cajamar group	224,692	224,692
SAREB contract	229,034	229,034
Management business - Liberbank group	84,800	84,800
Total cost	**706,776**	**702,356**
Accumulated amortisation:		
Patents, licences, trademarks and similar items	(16)	(14)
Computer software	(24,162)	(19,567)
Other contract intangible assets-		
Management business - Bankia group	(30,927)	(25,545)
Management business - Cajamar group	(112,260)	(101,037)
SAREB contract	(206,437)	(183,837)
Management business - Liberbank group	(22,992)	(16,937)
Total accumulated amortisation	**(396,794)**	**(346,937)**
Net book Value:		
Patents, licences, trademarks and similar items	21	23
Computer software	18,119	18,294
Other contract intangible assets-		
Management business - Bankia group	95,005	100,387
Management business - Cajamar group	112,432	123,655
SAREB contract	22,597	45,197
Management business - Liberbank group	61,808	67,863
Total Net book value	**309,982**	**355,419**

(*) Unaudited financial information.

Computer software

The additions in the first six months of 2019 under "Computer software" amounted to EUR 4,420 thousand and related mainly to investments made by the Parent in various computer applications in order to manage and complete the onboarding of the REOs and REDs of its clients. As at 30 June 2019 there are capitalised cost of investments on computer software still under development, therefore not in use, for the amount of EUR 4,809 thousand (EUR 3,253 thousand as at 31 December 2018).

Other intangible assets

"Other Intangible assets" includes the costs derived from upfront payments made in connection with asset management contracts entered into by the Group with the financial institutions Bankia, Cajamar, SAREB and Liberbank in prior years. In the first six months of 2019, there were no changes other than the amortisation of the aforementioned costs, in accordance with the various useful lives assigned to the various contracts.

As mentioned above, the contract assets are amortised on a straight-line basis in accordance with the useful life estimated by the Group Management. At 30 June 2019, according to the business plan prepared based on the experience acquired since activities commenced and estimates of how the business will evolve, the Group Management considers that the net book value of the assets acquired is recoverable. Also, the Group Management has not identified any additional liabilities associated with the businesses/contracts acquired in accordance with expected cash flows and the expected term of the contracts.

5. Goodwill

The breakdown of the Group's goodwill at 31 December 2018 and 30 June 2019, is as follows:

	Thousands of euros	
	30/06/2019 (*)	31/12/2018
Haya Titulización	4,265	4,265
Haya Property Management cash-generating unit	1,814	1,814
Divarian cash-generating unit	253	-
Total	**6,332**	**6,079**

(*) Unaudited financial information.

In order to measure goodwill, each year the 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.

On the basis of the analysis of the price paid for the fair value of the business purchase agreement signed with Divarian for the integration of Divarian's servicing business in the Parent Company in the present period (see Note 1), the Group recognised a Goodwill of EUR 253 thousand.

At 30 June 2019, the Group had not detected any significant indication of impairment of goodwill or 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. Trade and Other receivables

The detail of "Trade and Other Receivables" in the accompanying consolidated statement of financial situation as at 30 June 2019 and 31 December 2018 is as follows:

	Thousands of Euros	
	30/06/2019 (*)	31/12/2018
Trade receivables	104,916	116,731
Related party receivables	7,560	4,442
Trade provisions	(272)	(272)
Staff	79	43
Sundry debtors	40	41
Other tax receivables	1,729	1
	114,052	**120,986**

(*) Unaudited financial information.

As at 30 June 2019, virtually all of the accounts receivable presented in "Trade receivables" under the heading "Trade and other receivables" in the accompanying consolidated statement of financial position are with five clients, Bankia, BBVA, Cajamar, Liberbank and SAREB (four clients as at 31 December 2018 Bankia, Cajamar,Liberbank and SAREB) and correspond to invoices issued and provisions for invoices pending to be issued, according to the frequency agreed in the service agreements with those clients, not existing any defaulting party additional to those provisioned for by the Group on 30 June 2019, nor 31 December 2018, respectively.

Of the accounts receivable presented under "Trade receivables" in the accompanying consolidated statement of financial position at 30 June 2019, an amount of EUR 91,699 thousand (EUR 105,054 thousand at 31 December 2018) has been pledged to secure the financing received by the Group (see Note 8).

In the opinion of the Group Management, the carrying amount of trade and other receivables as at 30 June 2019 and 31 December 2018 does not differ significantly from their fair value.

7. Equity

Share capital

There were no changes in the Parent's share capital in the first six months of 2019. At 30 June 2019, 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 shares of the Parent are pledged in full as collateral for the financing obtained on 27 November 2017 (see Note 8). This pledge extends to all new shares of the Parent and any element replacing those shares in the event of a merger, spin off, dissolution, liquidation, capital increase or decrease, conversion, change or transformation of the shares, or any similar event involving the Parent or its shares. Further, this pledge shall extend to all amounts deriving from refunds, interest, dividends or distributions deriving from the shares or corresponding to them.

7.2 Share premium

In accordance with current regulations the Parent recognised the share premium linked to the capital increases occurred since its incorporation. The nominal unit value of the share premium is EUR 4.7 per share at 30 June 2019 and 31 December 2018.

7.3 Reserves of the Parent

On 15 November 2018, the Parent's Sole Shareholder approved the distribution of a dividend in kind through the offset of the interests accrued (capitalized and not capitalized) of the Loan Agreement subscribed on 27 November 2017 between the Parent Company, as Lender, and its Sole Shareholder, as Borrower, with a charge against "Unrestricted reserves" of the Parent for amount of EUR 5,037 thousand.

7.4 Other shareholder contributions

The amount of EUR 3,900 thousand recognised under "Other shareholder contributions" on the accompanying consolidated statement of financial position as at 30 June 2019 and 31 December 2018 corresponds to the incentive plan expense recognized in 2017 (see 2018 consolidated financial statements) on the Sole Shareholder sponsored long-term incentive plan. Payment of this remuneration is the sole obligation of the Sole Shareholder of the Parent. On 16 February 2018, the company related to the Sole Shareholder of the Parent paid an amount of EUR 3,222 thousand and the remaining amount recognised at year-end 2017 was paid in November 2018. Not existing new circumstances nor new available information since 2017, no further accruals have been recorded under this plan as at 30 June 2019 and 31 December 2018.

In case new distributions would be made to the Sole Shareholder, through dividends, shares sale or other operations with the Parent's equity instruments, the people granted with the plan would receive their respective percentage of such distributions, not being possible assessing at the date of these interim condensed consolidated financial statements if such distributions will occur, neither their amount, if so.

8. Non-current and current debts

The detail of the non-current and current debts to banks at 30 June 2019 and 31 December 2018 is as follows:

30 June 2019 (*)

	Thousands of Euros			
	Nominal	Short term	Long term	Total
Senior secured notes	475,000	-	467,226	467,226
Super senior revolving credit facility	14,400	-	-	-
Accrued interest (notes)		3,114		3,114
Accrued interest (Credit facility)	-	15	-	15
Other	-	2	-	2
Total debts	**489,400**	**3,131**	**467,226**	**470,357**

(*) Unaudited financial information.

31 December 2018

	Thousands of euros			
	Nominal	Current	Non-current	Total
Senior secured notes	475,000	-	466,086	466,086
Super senior revolving credit facility	14,400	-	-	-
Accrued interest (notes)	-	3,114	-	3,114
Accrued interest (Credit facility)	-	8	-	8
Other	-	5	-	5
Total debts	**489,400**	**3,127**	**466,086**	**469,213**

Senior secured notes

The Group carried out a notes issue in the Euro MTF market in Luxemburg on 15 November 2017, through its subsidiary Haya Finance 2017, S.A.U. This comprised a EUR 250 million tranche with a fixed annual coupon of 5.25%, to be settled half-yearly, and a EUR 225 million tranche with a floating coupon of three-month Euribor (subject to a floor of 0%) plus a spread of 5.125% per annum, reset quarterly. The bonds mature in November 2022 and all or part of them can be redeemed at the Group's discretion in accordance with, and at the prices set forth in the terms of the notes. Moody's and Standard & Poor's have rated the notes B3 and B-, respectively.

After the notes issue, the Group, on 27 November 2017, early amortized a syndicated loan, obtained in 2015, for a maximum amount of EUR 345,000 thousand and whose remaining amount at the date of the early amortization was EUR 236,410 thousand.

The funds obtained after the notes issue and the cash at bank at the same date were also used to: pay down existing financial debt with the sole shareholder; finance the acquisition of the Liberbank Group's management business; extend a EUR 88 million loan to the sole shareholder; pay dividends to the sole shareholder; maintain a minimum cash at bank; and pay the expenses associated to the transaction.

The debt deriving from the bond issue is accounted for at amortised cost, considering the costs incurred in the arrangement of the financing. The amortised cost and interest costs recognised on the consolidated statement of profit or loss in the first six months of 2019 were EUR 1,140 thousand and EUR 12,360 thousand, respectively (EUR 1,116 thousand and EUR 12,397 thousand, respectively in the first six months of 2018).

To obtain this funding, the Group arranged the following guarantees which will remain in force until the maturity of the funding, in order to secure the fulfilment of the terms and conditions by the Group:

- Pledge on the shares representing the share capital of the Parent (Note 7).
- Pledge over equity instruments (shares or participations) representative of the share capital of the subsidiary, Haya Titulización, Sociedad Gestora de Fondos de Titulización.
- First ranking pledge over the credit rights deriving from certain servicing agreements with its clients (see Note 6).
- Pledge of credit rights held by the Parent owed by the Sole Shareholder (see Note 14).

- Pledge of bank accounts: first ranking pledge on the credit rights deriving from bank accounts in the Parent´s name
- Pledge over the credit rights deriving from certain insurance policies.

In addition to these of pledges, the subsidiary Haya Titulización acts as joint and several guarantors in the funding agreements.

The bond indenture also established certain limits that are generally applied in this kind of financing and affect the availability of new credit facilities, of the assets and of the equity items of the Group.

Super Senior Revolving Credit Facility

On 27 November 2017, the Parent, with its subsidiaries acting as guarantors, arranged a credit facility with certain financial institutions for a maximum amount of EUR 15,000 thousand to finance its working capital. This funding is guaranteed by the same pledges as those extended for the bonds, with determined priorities, and accrues interest at market rates. At 30 June 2019 and 31 December 2018, the Group had made no draw downs on this facility, which expires in May 2022.

The funding is conditional on a specified consolidated debt ratio being achieved each quarter. At 30 June 2019 and at 31 December 2018, the Group achieved the aforementioned debt ratio.

As at 30 June 2019 and 31 December 2018 the Group provided a guarantee of EUR 600 thousand for the new lease of Madrid's office through the Revolving Credit Facility, reducing the nominal amount up to EUR 14,400 thousand.

9. Accounts payable and other current liabilities

9.1. Trade payables

The balance of "Trade Payables" in the accompanying consolidated statement of financial position as at 30 June 2019 and 31 December 2018 includes the accounts payable arising from the Group's ordinary commercial transactions. The Group Management considers that the carrying amount of the trade payables does not differ significantly from their fair value.

9.2 Other current liabilities

The detail of the balance of "Other Current Liabilities" in the accompanying consolidated statement of financial position as at 30 June 2019 and 31 December 2018 is as follows:

	Thousands of Euros	
	30/06/2019 (*)	31/12/2018
Personnel, remuneration payable	6,863	8,354
Current tax liabilities	-	-
Amounts payable to Public Administrations	10,198	5,770
Current accruals	416	433
Total	**17,477**	**14,557**

(*) Unaudited financial information.

10. Tax matters

10.1 Tax audit

At 30 June 2019 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 are pending examination. In relation to the aforementioned proceedings, the Parent deposited EUR 2,373 thousand in 2017, which included interests for EUR 97 thousand.

10.2 Calculation of corporate income tax

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

	Thousands of Euros	
	30/06/2019 (*)	30/06/2018 (*)
Accounting profit (loss) before tax	(29,905)	978
Permanent differences	92	113
Consolidation adjustments	(30)	(92)
Total	**(29,843)**	**999**
Effective tax rate	25%	25%
Tax loss (income)	7,461	(250)
Tax Deductions	31	1,313
Total income tax benefit (expense) recognised in the consolidated statement of profit or loss	**7,492**	**1,063**

(*) Unaudited financial information.

The Group Management has estimated the expense or income for the corporate income tax accrued in the first six months of 2019 and 2018 based on the effective tax rate observed in the prior years' corporate income tax settled by the Group, which is similar to the applicable tax rate of 25%.

Deferred tax assets as of June 30, 2019 have increased with respect to year-end due to the capitalization of tax loss carryforwards.

11. Operating segments

The Group provides global and interrelated asset management services to its clients in the real estate sector. As a result of the services rendered to its clients through service agreements ("SLA") that establish the terms and conditions of the services offered, the information prepared and analysed by the Parent's directors, who take all decisions relating to the distribution of resources and assess the Group's results, refers mainly to the transaction volumes associated with the assets under management. Therefore, internal financial information does not include information by segment, as defined in IFRS 8 Operating Segments.

12. Revenue

The detail of the balance of "Revenue" in the accompanying consolidated statements of profit or loss for the first six months of 2019 and 2018 is as follows:

	Thousands of Euros	
	30/06/2019(*)	30/06/2018(*)
Volume servicing fees	56,973	80,904
Management fees	47,220	40,420
Other	14,418	8,840
Total	**118,611**	**130,164**

(*) Unaudited financial information.

Substantially all of the revenue recognised by the Group in the first six months of 2019 corresponds to the revenue derived from the SLAs held with five clients, Bankia, BBVA, Cajamar, Liberbank and SAREB (four clients in the first six months of 2018, Bankia, Cajamar, Liberbank and SAREB).

13. Expenses

13.1 Personnel expenses

The average number of employees at the Group in the first six months of 2019 and 2018, by professional category and gender, was as follows:

	Number of Employees					
	30/06/2019 (*)			30/06/2018 (*)		
	Men	Women	Total	Men	Women	Total
Senior executives	15	4	19	15	4	19
Executives and university graduates	85	43	128	66	37	103
Clerical staff and line managers	349	460	809	270	330	600
Total	**449**	**507**	**956**	**351**	**371**	**722**

(*) Unaudited.

13.2 Other operating expenses

The detail of "Other Operating Expenses" in the accompanying consolidated statements of profit or loss for the first six months of 2019 and 2018 is as follows:

	Thousands of Euros	
	30/06/2019 (*)	30/06/2018 (*)
Outside services-	**50,163**	**40,759**
Professional services	44,450	34,633
Advertising and public relations	2,526	2,874
Other services	2,085	1,700
Leases and royalties	504	987
Insurance premiums	333	335
Supplies	145	155
Repair and maintenance	49	8
Banking and similar services	71	67
Losses, impairment and changes in provisions for trade receivables (reversals)	**242**	**386**
Other charges	**86**	**114**
Other current operating expenses	**294**	**339**
Total	**50,785**	**41,598**

(*) Unaudited financial information.

The balance of "Professional services" in the accompanying consolidated statements of profit or loss for the first six months of 2019 and 2018 included the following:

	Thousands of Euros	
	30/06/2019(*)	30/06/2018(*)
Professional services	**44,450**	**34,633**
Intermediation cost of real estate agents in the sale of REOs (channel costs)	14,722	15,361
Cost of agencies for the management of REOs	8,360	5,033
Subcontracting costs to Divarian under BBVA contract (see Note 14)	7,155	-
Litigation and external recovery agency costs for REDs	1,862	2,205
IT Operating expenses	3,027	3,273
Non-recurring costs	3,672	3,941
Other Professional services	5,652	4,820

(*) Unaudited financial information.

"Non recurring costs" presented in the table above for the first six months of 2019 and 2018 includes mainly cost associated with non-recurring transactions, including potential M&A and contract renewal costs (i.e. Sareb renewal or advisory work on the Divarian integration transaction), as well as services provided by advisors in the context of exploring the opportunity of executing an IPO in 2018.

"Other professional services" presented in the table above for the first six months of 2019 includes mainly business process outsourcing costs and advisory services with related parties (see Note 14), as well as other HR related consultancy services.

14. Related party transactions

The transactions with related parties in the first six months of 2019 and 2018, which were all performed on an arm's length basis, are as follows:

	Thousands of Euros					
	30/06/2019 (*)			30/06/2018 (*)		
	Sole Shareholder	Group Companies and Associates	Other Related Parties	Sole Shareholder	Group Companies and Associates	Other Related Parties
Revenue						
Rendered services	-	-	9,096	-	953	864
Finance income	2,565	-	-	2,564	-	-
Total revenue	**2,565**	**-**	**9,096**	**2,564**	**953**	**864**
Expenses						
Professional services	-	-	8,082	-	143	-
Board of Directors expenses	-	-	205	-	-	305
Total expenses	**-**	**-**	**8,287**	**-**	**143**	**305**

(*) Unaudited financial information.

The amount included under "Revenue – Rendered Services" in the first six months of 2019 relates substantially to the management of real estate assets and loans and to portfolio valuation services performed by the Group for Cerberus and affiliates. In the first six months of 2018 this amount related substantially to portfolio valuation services.

The amount included under "Revenue – Finance income" in the first six months of 2019 and 2018, with the Sole Shareholder, are related to the interests accrued by a loan granted by the Parent to its Sole Shareholder ("upstream loan") on 27 November 2017, for an amount of EUR 88,090 thousand, fully drawn down at 30 June 2019 and 31 December 2018 and with maturity in November 2022. Such accrued interests are at arm's length, and are settled on a semester basis or capitalized, at the sole discretion of the Sole Shareholder. On May 2018 the Sole Shareholder decided to capitalise interest for an amount of EUR 2,547 thousand. At 30 June 2019 accrued and unpaid interests on such loan amounted to EUR 666 thousand (EUR 647 thousand at 31 December 2018).

The amount recognised as "Professional services" with "Other related parties" for the first six months of 2019 corresponds mainly to the subcontracting cost to Divarian Propiedad, S.A. for the management of BBVA's REOs until the Business Purchase Agreement with Divarian entered into force on May 31, 2019 and the Parent Company could performed BBVA SLA by itself (EUR 7.155 thousand). The aforementioned subcontracting costs to Divarian are offset with the corresponding revenues invoiced to BBVA for the management of REOs. This amount also includes advisory services provided by Cerberus Operations & Advisory Company.

15. Remuneration of directors and senior executives

In the first six months of 2019, the functions corresponding to directors of the Parent were performed by five men and one woman (six men and one women in the first half of 2018). Also, the functions corresponding to senior management of the Parent were performed by fifteen men and four women (fourteen men and four women in the first six months of 2018), two of which (men) are executive directors of the Parent and hold the function of chairman and chief executive officer, respectively. The nature and amount of the remuneration received by directors of the Parent and senior management, not directors, is as follows:

30 June 2019 (*)

	Thousands of euros				
	Fixed remuneration	Variable remuneration(1)	Remuneration in kind	Total	Pending to be received
Directors	615	463	0	1,078	463
Senior Management	1,363	583	6	1,952	583
Total	**1,978**	**1,046**	**6**	**3,030**	**1,046**

(1) Relating to the best estimate of the variable remuneration earned in the first six months of 2019
(*) Unaudited financial information.

30 June 2018 (*)

	Thousands of euros				
	Fixed remuneration	Variable remuneration	Remuneration in kind	Total	Pending to be received
Directors	635	463	1	1,099	463
Senior Management	1,303	648	7	1,958	648
Total	**1,938**	**1,111**	**8**	**3,057**	**1,111**

1) Relating to the best estimate of the variable remuneration earned in the first six months of 2018
(*) Unaudited financial information

The amounts shown in the "Pending to be received" column in the above tables correspond to the amount pending to be received by directors and senior management personnel as at 30 June 2019 and 2018.

The commitments of the Parent in 2019 for pensions for senior management personnel amount to EUR 54 thousand in the first six months of 2019 (EUR 57 thousand in the first six months of 2018) and no commitments of this kind were made by the Parent with respect to its directors in the first six months of 2019 and 2018. In the first six months of 2019, obligations were also assumed for life insurance for senior management personnel for a total of EUR 6 thousand (EUR 7 thousand in the first six months of 2018). No commitments of this kind were assumed by the Parent with respect to its directors.

16. 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 if applicable. At 30 June 2019 and 2018, the basic earnings per share were as follows:

	30/06/2019 (*)	30/06/2018 (*)
Net profit for the period (thousands of euros)	(22,413)	2,041
Weighted average number of shares outstanding (Note 7)	9,683,010	9,683,010
Basic earnings per share (in euros)	**(2.31)**	**0.29**

(*) Unaudited financial information.

At 30 June 2019 and 2018, the diluted earnings per share coincided with the basic earnings per share.

17. Guarantees and surety

At 30 June 2019 and 31 December 2018 there were no guarantees or surety other than those mentioned in explanatory Notes 6, 7 and 8 to these interim condensed consolidated financial statements.

18. Events after the reporting period

Between 30 June 2019 and the date of preparation of these interim condensed consolidated financial statements, no relevant event occurred.

Declaration of responsibility

The directors hereby declare that, as far as they are aware, the interim condensed consolidated financial statements of **Haya Real Estate, S.A.U. and subsidiary (Haya Group)** presented for the six-month period ended 30 June 2019 were formulated on 28 August 2019 in accordance with the applicable accounting policies and present fairly the consolidated equity, consolidated financial position, consolidated results and consolidated cash flows of the Group at that date.

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