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

Interim Condensed Consolidated Financial Statements
for the nine-month period ended 30 September 2018
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 SEPTEMBER 2018

(Thousands of Euros)

ASSETS	Notes	30/09/2018(*)	31/12/2017
NON-CURRENT ASSETS:			
Intangible assets	**4**	384,513	344,878
Property, plant and equipment		2,019	1,815
Non-current financial assets	**14**	91,040	88,468
Deferred tax assets		12,349	10,297
Goodwill	**5**	6,079	6,079
Total non-current assets		**496,000**	**451,537**
CURRENT ASSETS:			
Current financial assets-		155,066	174,033
Trade and other receivables	**6**	106,236	131,527
Current financial assets	**14**	1,994	496
Cash and cash equivalents		46,836	42,010
Other current assets		282	326
Total current assets		**155,348**	**174,359**
TOTAL ASSETS		**651,348**	**625,896**
EQUITY:			
Share capital	**7.1**	9,683	9,683
Share premium	**7.2**	45,831	45,831
Reserves of the Parent	**7.3**	18,721	2,118
Reserves of the subsidiary		4,101	2,201
Other shareholder contributions	**7.4**	3,900	3,900
Profit (loss) for the period attributable to the Parent		(3,009)	32,570
Interim dividend		-	(14,063)
Equity attributable to the Parent		**79,227**	**82,240**
Total equity		**79,227**	**82,240**
NON-CURRENT LIABILITIES:			
Debts with credit institutions, bonds and other securities	**8**	465,691	464,011
Long-term provisions		289	35
Deferred income		-	201
Deferred tax liabilities		116	-
Total non-current liabilities		**466,096**	**464,247**
CURRENT LIABILITIES:			
Debts with credit institutions, bonds and other securities	**8**	6,416	21,065
Other financial liabilities	**9.3**	49,807	6,908
Other current liabilities	**9.2**	14,406	23,204
Trade payables	**9.1**	35,396	28,232
Total current liabilities		**106,025**	**79,409**
TOTAL EQUITY AND LIABILITIES		**651,348**	**625,896**

(*)Unaudited financial statements.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of financial position as at 30 September 2018.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

(Thousands of Euros)

	Notes	(Debit)/Credit 30/09/2018 (*)	(Debit)/Credit 30/09/2017 (*) (**)
Revenue	**12**	186,425	165,834
Other operating expenses	**13.2**	(60,058)	(43,557)
Personnel expenses	**13.1**	(39,697)	(34,612)
Depreciation and amortisation charge	**4**	(72,230)	(55,770)
Impairment and gains or losses on disposals of non-current assets	**4**	(3,311)	(12)
Profit (loss) from operations		**11,129**	**31,883**
Finance income		3,896	15
Finance expense		(20,965)	(11,118)
Net Finance income (expense)		**(17,069)**	**(11,103)**
Profit (loss) before tax		**(5,940)**	**20,780**
Income tax benefit (expense)	**10.2**	2,931	(5,148)
Profit (loss) for the period of continuing operations		**(3,009)**	**15,632**
Loss for the period of discontinued operations		-	(1,200)
Profit (loss) for the period		**(3,009)**	**14,432**
Attributable to the sole shareholder of the Parent		(3,009)	14,432

(*)Unaudited financial statements.

(**) Restated figures.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of profit or loss for the nine-month period ended 30 September 2018.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

A) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

Consolidated Statement of Profit or Loss for the nine-month period ended 30 September 2018 agrees with the Consolidated Statement of Comprehensive Income for the nine-month period ended 30 September 2018.

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 2016	**9,683**	**51,826**	**15,201**	**215**	**-**	**31,334**	**-**	**108,259**
Transfers to retained earnings	-	-	29,348	1,986	-	(31,334)	-	-
Profit (loss) for the nine- month period ended 30 September 2017	-	-	-	-	-	14,432	-	14,432
Dividends paid (Note 7)	-	-	(21,489)	-	-	-	-	(21,489)
Balance at 30 September 2017 (*)	**9,683**	**51,826**	**23,060**	**2,201**	**-**	**14,432**	**-**	**101,202**
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 nine- month period ended 30 September 2018						(3,009)		(3,009)
Other changes in equity			9,771	(9,775)				(4)
Balance at 30 September 2018 (*)	**9,683**	**45,831**	**18,721**	**4,101**	**3,900**	**(3,009)**	**-**	**79,227**

(*) Unaudited financial statements.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of changes in total equity for the nine-month period ended 30 September 2018.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 September 2018
(Thousands of Euros)

	Notes	30/09/2018 (*)	30/09/2017 (*)(**)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		(5,940)	20,780
Adjustments for:			
Depreciation and amortisation charge (+)		72,230	55,770
Finance income (-)		(3,896)	(15)
Finance costs (+)		20,965	11,118
Provisions, Impairment and losses on disposals (+)		3,659	241
Adjusted profit before Tax		**87,018**	**87,894**
Income tax paid		**(4,184)**	**(5,354)**
Increase/(Decrease) in current assets and liabilities			
(Increase)/Decrease in current assets		7,432	(34,188)
Increase/(Decrease) in current liabilities		2,919	(689)
Total net cash flows from operating activities (1)		**93,185**	**47,663**
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Payments due to investments:			
Property, plant and equipment		(811)	(267)
Acquisition of contract intangible assets	**4**	(60,854	(102,685)
Other intangible assets (computer software)		(10,476)	(7,322)
Other financial assets		(179)	(2,294)
Proceeds from disposals:			
Other financial assets and interest received		-	42
Total net cash flows from investing activities (2)		**(72,320)**	**(112,526)**
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds and payments relating to equity instruments:			
Dividends paid	**7**	-	(21,489)
Proceeds and payments relating to financial liability instruments:			
Proceeds from issue of borrowing from -			
Group companies		-	84,800
Credit institutions			17,808
Repayment of borrowings from Credit Institutions		-	(10,578)
Interest paid from debts with Credit institutions, bonds and others		(16,039)	(4,041)
Interest paid from debts with Group companies and associates		-	(3,823)
Total net cash flows from financing activities (3)		**(16,039)**	**62,677**
4. Net increase/(decrease) in cash and cash equivalents (1+2+3)		**4,826**	**(2,186)**
Cash and cash equivalents at beginning of period		**42,010**	**55,581**
Incorporation in scope of consolidation (Note 1)		**-**	**332**
Cash and cash equivalents at end of period		**46,836**	**53,727**

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)**

(*) Unaudited financial statements.
(**) Restated figures.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of cash flows for the nine-month period ended 30 September 2018.

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

Explanatory Notes to the Interim Condensed
Consolidated Financial Statements
for the nine-month period ended 30 September 2018

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 Vía de los Poblados, 3 Edificio 9, 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 nine months of 2018 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.

On 25 April 2018, the Sole Shareholder agreed to modify the Parent's bylaws so that it becomes a public limited company, changing its company name to Haya Real Estate, S.A. (Sole Shareholder Company). The transformation was effective on 7 May 2018.

The Parent is a sole-shareholder company, wholly owned by Promontoria Holding 62, B.V. The consolidated financial statements for 2017, formally prepared on 28 March 2018 by the Parent's Board of Directors were approved by the Sole Shareholder on 20 April 2018.

2. Basis of presentation of the interim condensed consolidated financial statements for the nine-month period ended 30 September 2018

2.1 Basis of presentation

The interim condensed consolidated financial statement of the Group for the first nine months of 2018 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 2018 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 12 November 2018.

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 2017. 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 2017.

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 2018 and in 2017. Also, the consolidation bases applied in the first nine months of 2018 are consistent with those applied in the 2017 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 2017, except for the adoption of new standards effective as of 1 January 2018.

The following amendments and interpretations have also been endorsed by the European Union on 2018 and are effective from 1 January 2018:

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

- Amendments to IAS 40: Transfers of Investment Property

- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The application of these amendments and interpretations has not had a significant impact on the interim condensed consolidated financial statements.

The Group applies, for the first time new standards: IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments that require restatement of previously reported financial statements. Application of these new standards did not have a significant impact on the Group. Upfront payments made to clients to obtain exclusivity under long-term servicing contracts continue to be recognized as intangible assets and amortized over the contract term as they are necessary costs of obtaining the contracts.

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 2017.

In preparing the Group's consolidated financial information for the nine-month period ended 30 September 2018, 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 2017:

- 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 impairment of contract related intangible assets

- 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 nine months of 2018, there were no significant changes in the estimates made at 2017 year-end, with the exception of the write down of a portion of the contract related intangible asset recognized in the Bankia acquisition, due to a renewal of such contract under different terms (see Note 4).

2.4 Comparative information

The information relating to the nine-month period ended 30 September 2017 or the year ended 31 December 2017 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 2018. The accounting policies applied in preparing such comparative information for the nine-month period ended 30 September 2017 is the same as those applied in the first nine months of 2018 and at December 31, 2017.

At the end of 2017, and in order to provide more reliable and relevant information of the transaction related to the payment made to SAREB in 2014 to obtain the asset management service, the Parent's directors changed the accounting policy applied to this payment, treating it in the full year accounts of 2017 as an intangible asset consisting of the costs of acquiring the asset management service agreement, in consistency with the accounting treatment given to other similar agreements and transactions entered into by the Group. Such accounting policy change was implemented upon confirmation with the Spanish securities and markets authority.

In accordance to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, such change in the accounting policy to better express the fair view and consistency in the Group's operations, involved the restatement of the information for all prior periods presented. The impacts of the accounting policy change for the information relating to the nine-month period ended 30 September 2017, are as follows:

Consolidated statement of profit or loss

	Thousands of Euros		
	Nine month period ended 30/09/2017 (*)	Accounting policy change	Nine month period ended 30/09/2017 Restated(*)
Revenues	138,095	27,739	165,834
Depreciation and amortisation charge	(28,031)	(27,739)	(55,770)
Net effect on consolidated statement of profit or loss (**)		-	

(*) Unaudited financial statements
(**) Given the null impact of the accounting policy change on the consolidated statement of profit or loss, such change had no impact either on the earnings per share calculation

Consolidated statement of cash flows

	Thousands of Euros		
	Nine month period ended 30/09/2017(*)	Accounting policy change	Nine month period ended 30/09/2017 restated(*)
1. Cash flows from operating activities			
Adjustments for:			
Depreciation and amortisation charge	28,031	27,739	55,770
Total net cash flows from operating activities	**19,924**	**27,739**	**47,663**
2. Cash flows from investing activities			
Proceeds from disposal:			
Other financial assets and interest received	27,781	(27,739)	42
Total net cash flows from investing activities	**(84,787)**	**(27,739)**	**(112,526)**
4. Net increase/(decrease) in cash and cash equivalents	**(2,186)**	**-**	**(2,186)**

(*) Unaudited financial statements

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 nine-month period ended 30 September 2018.

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 2018.

3. Changes in the Group's structure

On 28 February 2017, a new company was incorporated, Gestión Integral de Marketing Inmobiliario Online, S.L.U, which was wholly owned by the Parent, and which engaged mainly in the online intermediation of private real estate asset sales. As at 30 September 2017 the intention of the Parent and its Sole Shareholder was to sell the Parent's ownership in the capital of this company to its Sole Shareholder before the end of 2017. Therefore, the loss related to this company for EUR 1,200 thousand, was presented as "Loss for the period from discontinued operations" of the accompanying consolidated statement of profit or loss for the first nine months of 2017. On 27 November 2017, the Parent sold its entire interest in the share capital of the company to its Sole Shareholder.

On 8 August 2017, the Parent obtained effective control over Mihabitans Cartera, S.A.U. (Mihabitans), the subsidiary of Liberbank, S.A. engaged in the management of the real estate assets of Liberbank, S.A. and other related entities (the Liberbank group), as a result of which the workforce of the acquired company was transferred to the Group. As part of the same transaction, Mihabitans signed an agreement with the Liberbank group to acquire its real estate asset management business for a period of seven years. This acquisition, valued at EUR 84,800 thousand, was funded in full through a loan extended by the Sole Shareholder, Promontoria Holding 62, B.V. and a loan arranged with Liberbank, S.A. for the amount of EUR 17,808 thousand, corresponding to the VAT accrued on the transaction (see Note 8). Additionally, the agreement signed with the Liberbank group establishes the financial and operating terms of the management services provided for these assets, which include certain performance obligations (see Note 12). Both transactions were arranged as part of a sole business combination comprising the acquisition of the Liberbank group's real estate management business. In 2017, the subsidiary Mihabitans engaged in no activities other than the rendering of the aforementioned management services.

On 27 November 2017, the Parent acquired 100% of the share capital of Haya Finance 2017, S.A.U. (Haya Finance) from its Sole Shareholder for the sum of EUR 60 thousand. The main business of this subsidiary was the acquisition and granting of funding to third parties, and especially to Group companies.

On 20 June 2018, the shareholders of the Companies involved in the merger approved the absorption of Haya Finance 2017 S.A.U. and Mihabitans Cartera S.A.U. by Haya Real Estate S.A.U. (acquiring company). In this sense, the criteria followed by the Parent, for accounting purposes and for the recording of the assets and liabilities provided in the merger, has been to value them in the amount that corresponded to them in the respective financial statements of 2017 of the absorbed companies, which does not differ from the amount that would correspond to them in the consolidated financial statements of Haya Real Estate, S.A.U. of the financial year 2017. The amount of the main figures at 31 December 2017 of the absorbed companies is the following:

	Thousands of Euros	
	Haya Finance 2017 S.A.U.	**Mihabitans Cartera S.A.U.**
Total Assets	478	125,462
Net equity	(389)	10,418
Revenues	1	25,423
Profit (loss) from operations	(1)	13,914
Profit (loss) for the period	(449)	10,225

This operation does not have any impact on the consolidated equity of the Haya Group.

On 31 January 2018, the Parent set up the company Haya Real Estate Servicing, S.A.U. with a similar corporate purpose to the Parent. On 13 March 2018, the Parent sold all the shares it held of this new company to its Sole Shareholder, for an amount of EUR 60 thousand, which is equivalent to the share capital of the new company. Since its incorporation to the date of the aforementioned sale, the new company had not carried out any activity so that the impact of its incorporation in these interim condensed consolidated financial statements is null.

As consequence of the aforementioned variations in scope of consolidation, the only controlled company of the Haya Group as at 30 September 2018 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 September 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	30/09/2018 (*)	31/12/2017
Cost:		
Patents, licences, trademarks and similar items	37	37
Computer software	36,013	29,128
Other intangible assets-		
2013 Bankia contract (novated in 2018)	119,858	18,245
2014 Cajamar group contract	224,692	224,692
2014 SAREB contract	229,034	229,034
2017 Liberbank contract	84,800	84,800
Total cost	**694,434**	**585,936**
Accumulated amortisation:		
Patents, licences, trademarks and similar items	(15)	(11)
Computer software	(17,381)	(11,301)
Other intangible assets-		
2013 Bankia contract (novated in 2018)	(10,656)	(7,703)
2014 Cajamar group contract	(95,422)	(78,576)
2014 SAREB contract	(172,539)	(138,643)
2017 Liberbank contract	(13,908)	(4,824)
Total accumulated amortisation	**(309,921)**	**(241,058)**
Net book value	**384,513**	**344,878**

(*) Unaudited financial information.

Computer software

The additions in the first nine months of 2018 under “Computer software” amounted to EUR 6,885 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 September 2018 and 31 December 2017 all the computer software capitalised in the consolidated statement of financial position is in use.

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.

On 27 April 2018, the Parent Company has entered into a novation of the purchase contract for the Bankia group’s asset management business and of the Service Level Agreement (SLA), both signed on 3 September 2013 with Bankia group. Such novation modifies the terms of the aforementioned contracts, adding to the current REOs under management, a new perimeter of REOs coming from the merger between Bankia and Banco Mare Nostrum (BMN), and settling that the servicing term is indefinite, with a period of exclusivity of 10 years, starting on 1 May 2018. Likewise, such novation resolves the provision by the Parent of any service under the initial SLA dated 3 September 2013, in relation with Bankia’s REDs, managed by the Parent under the initial SLA. The total price agreed to be paid for the new 10 years contract amounted to EUR 107,687 thousand. An amount of EUR 40,854 thousand was paid on closing, EUR 20,000 thousand was paid in July, and the remainder amount will be paid at the end of October of 2018. Following the Purchase Price Allocation process, the Group recognized an intangible asset for 107,687 thousand corresponding to the value of the asset management exclusivity acquired. This figure was registered according to the best estimate of the current value of the projected revenue from the management services provided, in accordance with the baseline scenarios of the investors’ business plans and with a minimum expected term of ten years for the management of the assets owned by Bankia. The application of this criterion did not significantly differ from the application of the cash flow updating criterion based on the Group’s business plan. As a result of the resolution in the novated contract of the management of Bankia’s REDs business, the Group has recorded a loss corresponding to the remaining net book value of the intangible assets related to this business, in accordance with its original allocation, which amounts to EUR 3,311 thousand.

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 September 2018, 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 2017, in which there were no changes in the first nine months of 2018, 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 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 2018, 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 September 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	30/09/2018 (*)	31/12/2017
Trade receivables	103,439	113,056
Related party receivables	1,530	889
Trade provisions	(271)	(182)
Staff	50	65
Sundry debtors	41	57
Other tax receivables	1,447	17,642
	106,236	**131,527**

(*) Unaudited financial information.

As at 30 September 2018, 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 four clients, SAREB, Bankia, Cajamar and Liberbank 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 September 2018, nor 31 December 2017, respectively.

Of the accounts receivable presented under "Trade receivables" in the heading "Trade and other receivables" in the accompanying consolidated statement of financial position at 30 September 2018, an amount of EUR 100,809 thousand (EUR 112,236 thousand at 31 December 2017) has been pledged to secure the financing received by the Group (see Note 8).

The balance held under "Trade and other receivables – Other tax receivables" on the consolidated statement of financial position as at 31 December 2017 corresponded mainly to the value added tax associated with the acquisition of the Liberbank contract. On 13 February 2018, the VAT refund was issued by the Spanish tax authorities.

In the opinion of the Group Management, the carrying amount of trade and other receivables as at 30 September 2018 and 31 December 2017 does not differ significantly from their fair value.

7. Equity

7.1 Share capital

There were no changes in the Parent's share capital in the first nine months of 2018. At 30 September 2018, 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 September 2018 and 31 December 2017.

7.3 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 statement of financial position, which was fully settled on the same date of approval.

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 September 2018 and 31 December 2017 corresponds to the incentive plan expense recognized in 2017 (see 2017 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. Not existing new circumstances nor new available information since the date of preparation of the consolidated financial statements for 2017, the Group Management's estimate of the amount accrued at 30 September 2018 coincides with the amount registered at year-end 2017. On 16 February 2018, the aforementioned 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 is expected to be paid before the end of 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 and Group companies at 30 September 2018 and 31 December 2017 is as follows:

30 September 2018 (*)

	Thousands of Euros			
	Nominal	Short term	Long term	Total
Senior secured notes	475,000	-	465,691	465,691
Super senior revolving credit facility	15,000	-	-	-
Accrued interest (notes)	-	6,395	-	6,395
Accrued interest (Credit facility)	-	21	-	21
Total debts	**490,000**	**6,416**	**465,691**	**472,107**

(*) Unaudited financial information.

31 December 2017

	Thousands of Euros			
	Nominal	Short term	Long term	Total
Senior secured notes	475,000	-	464,011	464,011
Super senior revolving credit facility	15,000	-	-	-
Liberbank business - VAT loan	17,808	17,808	-	17,808
Accrued interest (notes)	-	3,151	-	3,151
Accrued interest (VAT loan)	-	105	-	105
Other	-	1	-	1
Total debts	**507,808**	**21,065**	**464,011**	**485,076**

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 financial expense for the interest associated with the aforementioned financing amounted to EUR 6,018 thousand in the first nine months of 2017 and were registered in the caption "Finance expenses" of the accompanying consolidated statement of profit or loss of the first nine months of 2017. In addition, the syndicated loan was recognised at amortised cost, taking into account the costs incurred in arranging such financing. The amortised cost recognised in the consolidated statement of profit or loss for the first nine months of 2017, according to the effective interest rate, amounted to EUR 2,237 thousand.

In addition, the notes issue led to the amortization and cancellation, on 27 November 2017, of the loans and related interests to be paid by the Parent to its Sole Shareholder, for amount of EUR 59,373 and 6,938 thousand, respectively. The finance expenses related to this financing were EUR 2,608 thousand in the first nine months of 2017 and were registered in the caption "Finance expenses" of the accompanying consolidated statement of profit or loss (see Note 14).

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 nine months of 2018 were EUR 1,681 thousand and EUR 18,550 thousand, respectively.

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 7.1).
- 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.

Liberbank business - VAT loan

On 8 August 2017, in relation with the acquisition of the Liberbank group's asset management business, the subsidiary Mihabitans entered into a financing agreement with Liberbank for an amount of EUR 17,808 thousand to cover its value added tax (VAT) obligations corresponding to this acquisition. This funding was guaranteed in full by the Sole Shareholder of the Parent and through a pledge on the corresponding bank account of Mihabitans. The loan had a term of 18 months, and was repayable once the VAT return was received from the Spanish tax authorities and accrues interest on a quarterly basis at a rate of 4%.

On 13 February 2018, the VAT return was issued by the Spanish tax authorities to the Group and on 21 February 2018, the latter repaid the amount drawn down on the loan, which was cancelled in full along with the associated pledges.

Bankia business - VAT loan

On 27 April 2018, in relation with the novation of the purchase contract for the Bankia group’s asset management business, Haya Real Estate, S.A.U. entered into a financing agreement with Bankia for an amount of EUR 22,614 thousand to cover its value added tax (VAT) obligations corresponding to this novation. This funding is guaranteed in full by the Sole Shareholder of the Parent and through a pledge on the corresponding bank account of Bankia. The loan has a term of 12 months, is repayable once the VAT return is received from the Spanish tax authorities and accrues interest on a quarterly basis at a rate of 4.4% for the first 6 months and thereafter 4.4% + EURIBOR.

On 11 July 2018, the VAT return was issued by the Spanish tax authorities to the Parent Company and on the same date, the latter repaid the amount drawn down on the loan, which was cancelled in full along with the associated pledges.

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 September 2018 and 31 December 2017, 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 September 2018 and at 31 December 2017, the Group achieved the aforementioned debt ratio.

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 September 2018 and 31 December 2017 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 September 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	30/09/2018(*)	31/12/2017
Personnel, remuneration payable	5,870	6,970
Current tax liabilities	130	5,311
Amounts payable to Public Administrations	8,054	10,479
Current accruals	352	444
Total	**14,406**	**23,204**

(*) Unaudited financial information.

9.3 Other financial liabilities

As at 30 September 2018 the balance of this heading mainly relates to the price pending to be paid by the Parent Company for the novation contract signed with Bankia on April 2018 (see Note 4). The amount pending to be paid as at 30 September 2018 amounts to EUR 46,833 thousand and is due at the end of October 2018. The Group Management considers that the carrying amount of "other financial liabilities" does not differ significantly from their fair value.

10. Tax matters

10.1 Tax audit

At 30 September 2018 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 January 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	
	30/09/2018(*)	30/09/2017(*)
Accounting profit (loss) before tax	(5,940)	20,780
Permanent differences	81	67
Total	**(5,859)**	**20,847**
Effective tax rate	25%	25%
Tax charge	1,465	(5,212)
Tax credits	-	24
Adjustments to income tax	131	35
Tax Deductions	1,301	-
Others	34	5
Total income tax benefit (expense) recognised in the consolidated statement of profit or loss	**2,931**	**(5,148)**

(*) Unaudited financial information.

The Group Management has estimated the expense or income for the corporate income tax accrued in the first nine months of 2018 and 2017 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%.

"Tax Deductions" presented in the table above by EUR 1,301 thousand includes EUR 1,273 thousand in relation to deductions for Technological Innovation resulting from the development of a new technological tool for the comprehensive management of the real estate services of property valuation services and credit recovery processes corresponding to 2016. This amount has been accredited and applied by the Parent Company for the corporate income tax in 2017 (EUR 1,025 thousand) and for the corporate income tax in the first nine months of 2018 (EUR 248 thousand) after receiving the informative report issued by the competent authorities.

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 nine months of 2018 and 2017 is as follows:

	Thousands of Euros	
	30/09/2018(*)	30/09/2017(*) (**)
Volume servicing fees	111,841	95,648
Management fees	60,020	58,009
Other	14,564	12,177
Total	**186,425**	**165,834**

(*) Unaudited financial information.
(**) Restated figures.

Substantially all of the revenue recognised by the Group in the first nine months of 2018 and 2017 corresponds to the revenue derived from the SLAs held with four clients, Bankia, SAREB, Cajamar and Liberbank.

13. Expenses

13.1 Personnel expenses

The average number of employees at the Group in the first nine months of 2018 and 2017, by professional category and gender, which does not differ significantly from the headcount at 30 September 2018 and 2017, was as follows:

	Number of Employees					
	30/09/2018 (*)			30/09/2017 (*)		
	Men	Women	Total	Men	Women	Total
Senior Management	15	4	19	12	3	15
Directors and qualified staff	69	38	107	71	40	111
Clerical staff and department heads	283	351	634	270	331	601
Total	**367**	**393**	**760**	**353**	**374**	**727**

(*) Unaudited.

13.2 Other operating expenses

The detail of "Other Operating Expenses" in the accompanying consolidated statements of profit or loss for the first nine months of 2018 and 2017 is as follows:

	Thousands of Euros	
	30/09/2018(*)	30/09/2017(*)
Professional services	50,348	35,360
Marketing and Contact Centers	4,115	3,051
Travel and other general expenses	2,510	2,218
Leases and royalties	1,398	1,520
Insurance premiums	398	421
Supplies	210	161
Repair and maintenance	16	32
Banking and similar services	121	77
Losses, impairment and changes in provisions for trade receivables (reversals)	141	177
Other charges	348	247
Other current operating expenses	453	293
Total	**60,058**	**43,557**

(*) Unaudited financial information.

The balance of "Professional services" in the accompanying consolidated statements of profit or loss for the first nine months of 2018 and 2017 included the following:

	Thousands of Euros	
	30/09/2018(*)	30/09/2017(*)
Professional services	**50,348**	**35,360**
Intermediation cost of real estate agents in the sale of REOs (channel costs)	22,229	17,064
Cost of agencies for the management of REOs	8,122	2,967
Litigation and external recovery agency costs for REDs	3,326	2,839
IT Operating expenses	4,478	6,120
Non-recurring costs	4,803	1,310
Other Professional services	7,390	5,060

(*) Unaudited financial information.

"Non recurring costs" presented in the table above for the first nine months of 2018 includes services provided by advisors in the context of exploring the opportunity of executing an IPO and in relation to potential investments by the Group in other companies and/or businesses within its area of activity.

14. Related party transactions

The transactions with related parties in the first nine months of 2018 and 2017, which were all performed on an arm's length basis, are as follows:

	Thousands of Euros					
	30/09/2018 (*)			30/09/2017 (*)		
	Sole Shareholder	Group Companies and Associates	Other Related Parties	Sole Shareholder	Group Companies and Associates	Other Related Parties
Revenue						
Rendered services	-	3,155	-	-	2,240	174
Finance income	3,894	-	-	-	-	-
Total revenue	**3,894**	**3,155**	**-**	**-**	**2,240**	**174**
Expenses						
Professional services	-	329	-		462	-
Finance expenses (Note 10)	-	-	-	2,608	-	-
Board of Directors expenses	-	-	338	-	-	278
Total expenses	**-**	**329**	**338**	**2,608**	**462**	**278**

(*) Unaudited financial information.

The amount included under "Revenue – Rendered Services" in the first nine months of 2018 and 2017 relates substantially to portfolio valuation services performed by the Group for the Cerberus Group.

The amount included under "Revenue – Finance income" in the first nine months of 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 September 2018 and 31 December 2017 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 2,378 thousand. At 30 September 2018 accrued and unpaid interests amounted to EUR 1,994 thousand (EUR 478 thousand at 31 December 2017).

15. Remuneration of directors and senior executives

In the first nine months of 2018, the functions corresponding to directors of the Parent were performed by six men and one woman (seven men in the first nine months of 2017). Also, the functions corresponding to senior management of the Parent were performed by seventeen men and five women (fifteen men and three women in the first nine months of 2017), 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 September 2018 (*)

	Thousands of euros				
	Fixed remuneration	Variable remuneration(1)	Remuneration in kind	Total	Pending to be received
Directors	953	694	1	1,648	694
Senior Management	1,983	971	10	2,964	971
Total	**2,936**	**1,665**	**11**	**4,612**	**1,665**

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

30 September 2017 (*)

	Thousands of euros				
	Fixed remuneration	Variable remuneration(1)	Compensation	Remuneration in kind	Total
Directors	953	694	-	1	1,648
Senior Management	1,843	908	10	10	2,771
Total	**2,796**	**1,602**	**10**	**11**	**4,419**

(1) Relating to the best estimate of the variable remuneration earned in the first nine months of 2017
(*) 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 September 2018.

The commitments of the Parent in 2018 for pensions for senior management personnel amount to EUR 77 thousand in the first nine months of 2018 (EUR 70 thousand in the first nine months of 2017) and no commitments of this kind were made by the Parent with respect to its directors in the first nine months of 2018 and 2017. In the first nine months of 2018, obligations were also assumed for life insurance for senior management personnel for a total of EUR 10 thousand (EUR 9 thousand in the first nine months of 2017), no commitments of this kind were assumed by the Parent with respect to its directors.

In the first nine months of 2018, a total of EUR 27 thousand was paid for the civil liability insurance premium of the Parent's directors (EUR 19 thousand in the first nine months of 2017).

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 September 2018 and 2017, the basic earnings per share were as follows:

	30/09/2018 (*)	30/09/2017 (*)
Net profit (loss) for the period (thousands of euros)	(3,009)	14,432
Weighted average number of shares outstanding (Note 7)	9,683,010	9,683,010
Basic earnings per share (in euros)	**(0.31)**	**1.49**

(*) Unaudited financial information.

At 30 September 2018 and 2017, the diluted earnings per share coincided with the basic earnings per share.

17. Guarantees and surety

At 30 September 2018 and 31 December 2017 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

On 10 October 2018, the Parent Company entered into a Service Level Agreement (SLA) with Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") , S.A. and other related entities ("BBVA group") for the exclusivity of the management of real estate owned assets owned by BBVA group included within the scope of the abovementioned management at the date of the agreement, for a period of eight years and a potential renewal up to 2 additional years. The Service Level Agreement did not require any upfront payment from the Parent Company.

On October 31, 2018, the Parent Company paid the remaining amount outstanding on the novation of the purchase contract for the Bankia group's asset management business signed on 27 April 2018.

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 nine-month period ended 30 September 2018 were formulated on 12 November 2018 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.

Juan Hoyos Martínez de Irujo
Spanish national identity card number:
50.280.177-S

Carlos Abad Rico
Spanish national identity card number:
50.799.133-E

Francisco Luzón López
Spanish national identity card number:
00.246.793-A

José María Aznar Botella
Spanish national identity card number:
3.251.786-T

Charlotte Insinger
Passport number: NP36D38L2
Residence card number: Y-5814845-E

Cees Maas
Passport number: NSH2B6FK0
Residence card number: Y-3170330-R

Manuel González Cid
Spanish national identity card number:
51.361.870-H