

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

Interim Condensed Consolidated Financial Statements
for the three-month period ended 31 March 2018
prepared under International Financial Reporting
Standards (IFRS) as adopted by the European Union
(IFRS-EU)

**HAYA REAL ESTATE, S.A.U.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018
(Thousands of Euros)

ASSETS	Notes	31/03/2018(*)	31/12/2017
NON-CURRENT ASSETS:			
Intangible assets	4	324,084	344,878
Property, plant and equipment		1,872	1,815
Non-current financial assets	14	88,468	88,468
Deferred tax assets		12,002	10,297
Goodwill	5	6,079	6,079
Total non-current assets		432,505	451,537
CURRENT ASSETS:			
Current financial assets-		164,554	174,033
Trade and other receivables	6	105,944	131,527
Current financial assets	14	1,768	496
Cash and cash equivalents		56,842	42,010
Other current assets		230	326
Total current assets		164,784	174,359
TOTAL ASSETS		597,289	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	8,950	2,118
Reserves of the subsidiaries		13,876	2,201
Other shareholder contributions	7.4	3,900	3,900
Profit (loss) for the period attributable to the Parent		(4,380)	32,570
Interim dividend		-	(14,063)
Equity attributable to the Parent		77,860	82,240
Total equity		77,860	82,240
NON-CURRENT LIABILITIES:			
Debts with credit institutions, bonds and other securities	8	464,565	464,011
Long-term provisions		36	35
Deferred income		-	201
Deferred tax liabilities		231	-
Total non-current liabilities		464,832	464,247
CURRENT LIABILITIES:			
Debts with credit institutions, bonds and other securities	8	6,378	21,065
Other financial liabilities		3,371	6,908
Other current liabilities	9.2	13,750	23,204
Trade payables	9.1	31,098	28,232
Total current liabilities		54,597	79,409
TOTAL EQUITY AND LIABILITIES		597,289	625,896

(*)Unaudited financial statements.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of financial position as at 31 March 2018.

**HAYA REAL ESTATE, S.A.U.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018**

(Thousands of Euros)

	Notes	(Debit)/Credit	
		31/03/2018 (*)	31/03/2017 (*) (**)
Revenue	12	55,864	49,687
Other operating expenses	13.2	(20,572)	(14,280)
Personnel expenses	13.1	(12,962)	(12,365)
Depreciation and amortisation charge	4	(22,434)	(17,488)
Impairment and gains or losses on disposals of non-current assets		-	(13)
Profit (loss) from operations		(104)	5,541
Finance income		1,268	8
Finance expense		(7,018)	(3,755)
Profit (loss) before tax		(5,854)	1,794
Income tax benefit (expense)	10.2	1,474	(437)
Profit (loss) for the period		(4,380)	1,357
Attributable to the sole shareholder of the Parent		(4,380)	1,357

(*)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 three-month period ended 31 March 2018.

**HAYA REAL ESTATE, S.A.U.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018**

**A) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
THREE-MONTH PERIOD ENDED 31 MARCH 2018**

Consolidated Statement of Profit or Loss for the three-month period ended 31 March 2018 agrees with the Consolidated Statement of Comprehensive Income for the three-month period ended 31 March 2018.

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

	Share Capital	Share Premium	Reserves of the Parent	Reserves of Subsidiaries	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)	-	-
Income and expenses recognised for the three-month period ended 31 March 2017	-	-	-	-	-	1,357	-	1,357
Dividends paid (Note 7)	-	-	(21,489)	-	-	-	-	(21,489)
Balance at 31 March 2017 (*)	9,683	51,826	23,060	2,201	-	1,357	-	88,127
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	-
Income and expenses recognised for the three-month period ended 31 March 2018	-	-	-	-	-	(4,380)	-	(4,380)
Balance at 31 March 2018 (*)	9,683	45,831	8,950	13,876	3,900	(4,380)	-	77,860

(*) Unaudited financial statements.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of changes in total equity for the three-month period ended 31 March 2018.

**HAYA REAL ESTATE, S.A.U.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018**

(Thousands of Euros)

	Notes	31/03/2018 (*)	31/03/2017 (*)(**)
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		(5,854)	1,794
Adjustments for:			
Depreciation and amortisation charge (+)		22,434	17,488
Finance income (-)		(1,268)	(8)
Finance costs (+)		7,018	3,755
Provisions, Impairment and losses on disposals (+)		23	55
Adjusted profit before Tax		22,353	23,084
Income tax paid	10.1	-	(2,276)
Increase/(Decrease) in current assets and liabilities			
(Increase)/Decrease in current assets		8,715	(511)
Increase/(Decrease) in current liabilities		(7,989)	(3,848)
Total net cash flows from operating activities (1)		23,079	16,449
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Payments due to investments:			
Property, plant and equipment		(251)	(238)
Other intangible assets		(4,639)	(5,613)
Other financial assets		(5)	-
Proceeds from disposals:			
Other financial assets and interest received		-	40
Total net cash flows from investing activities (2)		(4,895)	(5,811)
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 -			
Credit institutions		-	-
Other entities		-	-
Interest paid from debts with Credit institutions, bonds and others		(3,352)	(139)
Interest paid from debts with Group companies and associates			(3,510)
Total net cash flows from financing activities (3)		(3,352)	(25,138)
4. Net increase/(decrease) in cash and cash equivalents (1+2+3)		14,832	(14,500)
Cash and cash equivalents at beginning of period		42,010	55,581
Cash and cash equivalents at end of period		56,842	41,081

(*) Unaudited financial statements.

(**) Restated figures.

The accompanying Notes 1 to 18 are an integral part of the consolidated statement of cash flows for the three-month period ended 31 March 2018.

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

Explanatory Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 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.

The activity performed by the Group in the first three 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.

Haya Real Estate, S.A.U. is the sole shareholder of the subsidiaries Haya Titulización, Sociedad Gestora de Fondos de Titulización, S.A.U., Haya Finance 2017, S.A.U. and Mihabitans Cartera, S.A.U. which all together form the Haya Group (hereinafter, the Group).

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). At the date of preparation of these interim condensed consolidated financial statements, the related deed of transformation has not been made public, and as so, the transformation will not be effective until its inscription in the Mercantile Registry, when it will produce retrospective effects from the date of entry of the deed in the Mercantile Registry.

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.

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 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 is the acquisition and granting of funding to third parties, and especially to Group companies.

2. Basis of presentation of the interim condensed consolidated financial statements for the three-month period ended 31 March 2018

2.1 Basis of presentation

The interim condensed consolidated financial statement of the Group for the first three 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 31 March 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 23 May 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 three-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 three months of 2018 and in 2017. Also, the consolidation bases applied in the first three 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

In the first three months of 2018 standards and interpretations already adopted by the European Union came into force and were used by the Group in preparing these interim condensed consolidated financial statements.

2.2.1. New standards, amendments and interpretations mandatorily applicable in the year beginning 1 January 2018:

In the three-month period ended 31 March 2018, new accounting standards have entered into, and which have therefore been taken into consideration in the elaboration of the interim condensed consolidated financial statements.

Such new standards and interpretations were applied in these interim condensed consolidated financial statements with no significant impact in the reported figures, in the presentation and in the disclosures of these interim condensed consolidated financial statements:

Standards, amendments and interpretations		Mandatory application in annual periods beginning on or after
Approved by the EU		
IFRS 15 <i>Revenue from Contracts with Customers</i>	IFRS 15 is the new, comprehensive standard for recognition of revenue from customers, and replaces the following current standards and interpretations: IAS 18 <i>Revenue</i> , IAS 11 <i>Construction contracts</i> , IFRIC 13 <i>Customer loyalty programmes</i> , IFRIC 15 <i>Agreements for the construction of real estate</i> , IFRIC 18 <i>Transfers of assets from customers</i> and SIC 31 <i>Revenue-Barter transactions involving advertising services</i> .	1 January 2018
Clarification of IFRS 15, <i>Revenue from Contracts with Customers</i>	Clarification of the identification of performance obligations, principal versus agent considerations, the granting of licences and their accrual at a point in time or over time, and clarifications on transition rules.	1 January 2018
IFRS 9, <i>Financial Instruments</i>	This standard replaces the current IAS 39 and applies for financial years starting as of 1 January 2018 under IFRS-IASB. It has three main sections: Classification and Valuation, Hedges and Impairment. The conceptual change is significant in all of them. Change in the classification and valuation method for financial assets, the main focus of which will be the business model. The focus of the hedge accounting model aims for closer alignment with economic risk management and demands fewer rules. Lastly, the impairment model changes from the current incurred losses to a forecast losses model.	1 January 2018
Amendment to IFRS 4, <i>Insurance Contracts</i>	This allows entities the option, within the scope of the IFRS 4, of applying IFRS 9 ("overlay approach") or a temporary exemption.	1 January 2018
Improvements to the IFRSs, 2014-2016 cycle	This concerns minor amendments to a series of standards.	1 January 2018
Amendment to IFRS 2, <i>Share-based Payment (classification and measurement of share-based payments)</i>	This concerns minor amendments that clear up specific questions about the aforementioned standard, such as the effect of accrual conditions for cash-settled share-based payments, the classification of share-based payment with net settlement features, and certain aspects of the modifications to the type of share-based payment (cash or shares).	1 January 2018
Amendment to IAS 40, <i>Real Estate Investments. Reclassification of investment property)</i>	This clarifies that the reclassification of an investment from or to a real estate investment is only allowed when there is evidence of a change of use.	1 January 2018
Not approved for use in the EU		
IFRIC 22, <i>Foreign Currency Transactions and Advance Consideration</i>	This sets out the "transaction date" for the purposes of determining the exchange rate applicable in transactions with advances in foreign currency.	1 January 2018

Application of the 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.

2.2.2. New standards, amendments and interpretations mandatorily applicable in years subsequent to the calendar year beginning 1 January 2018 (applicable from 2019 onwards):

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

Standards, amendments and interpretations		Mandatory application in annual periods beginning on or after
Approved by the EU		
IFRS 16, <i>Leases</i>	This standard will be 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, <i>Financial Instruments, (Prepayment Features with Negative Compensation)</i>	This permits measurement at amortised cost for some financial assets that can be prepaid for a smaller amount than the pending principal and interest on that principal.	1 January 2019
Amendment of IAS 19, <i>Modification, Reduction or Settlement of a Plan</i>	In accordance with the amendments proposed, when a defined benefit plan is changed (as a result of an amendment, curtailment or settlement), the Group will use the updated assumptions to determine the cost of the services and the net interest for the period after the change of plan.	1 January 2019
Not approved for use in the EU		
IFRIC 23, <i>Uncertainty over Income Tax Treatments</i>	This interpretation clarifies application of the recognition and measurement criteria set out in IAS 12, "Income taxes", when there is uncertainty regarding whether a tax authority will accept a given tax treatment applied by the entity.	1 January 2019
Amendments to IAS 28, <i>Investments in Associates and Joint Ventures (long-term interests in associates and joint ventures)</i>	This clarifies that IFRS 9 must be applied to long-term investments in associates or joint ventures if the equity method is not applied.	1 January 2019
Improvements to IFRSs, 2015-2017 cycle	This concerns minor amendments to a series of standards.	1 January 2019
IFRS 17, <i>Insurance contracts</i>	This will replace IFRS 4, setting out the recognition, measurement, disclosure and breakdown principles for insurance contracts.	1 January 2021
Amendment to IFRS 10, <i>Consolidated Financial Statements</i> and IAS 28, <i>Investments in Associates and Joint Ventures (sale or contribution of assets between an investor and their associate or joint venture)</i> .	Clarification regarding the results of these operations in the case of businesses or assets. When a business is involved, there will be a total profit or loss, as in losses of control. If assets are the object of the transaction, the profit or loss will be partial, and dependent on the percentage carried out with third parties).	Undefined date

All mandatory accounting principles and measurement bases with a significant effect on the consolidated financial statements were applied.

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

2.3 Use of estimates

The consolidated results and the determination of consolidated equity are sensitive to the accounting principles and policies, measurement bases and estimates used by the Group's 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 three-month period ended 31 March 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 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 three months of 2018, there were no significant changes in the estimates made at 2017 year-end.

2.4 Comparative information

The information relating to the three-month period ended 31 March 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 three-month period ended 31 March 2018. The accounting policies applied in preparing such comparative information for the three-month period ended 31 March 2017 is the same as those applied in the first quarter 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.

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 three-month period ended 31 March 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 quarter of 2018.

3. Changes in the Group's structure

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 has sold all the shares it holds 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 aforementioned shares 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.

In the first quarter of 2018, there was no other changes in the Group's structure with respect to 31 December 2017.

4. Intangible assets

The detail of "Intangible Assets" in the consolidated statement of financial position as at 31 March 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	31/03/2018 (*)	31/12/2017
Cost:		
Patents, licences, trademarks and similar items	37	37
Computer software	30,573	29,128
Other intangible assets-		
2013 Bankia contract	18,245	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	587,381	585,936
Accumulated amortisation:		
Patents, licences, trademarks and similar items	(12)	(11)
Computer software	(13,141)	(11,301)
Other intangible assets-		
2013 Bankia contract	(8,160)	(7,703)
2014 Cajamar group contract	(84,191)	(78,576)
2014 SAREB contract	(149,941)	(138,643)
2017 Liberbank contract	(7,852)	(4,824)
Total accumulated amortisation	(263,297)	(241,058)
Net book value	324,084	344,878

(*) Unaudited financial information.

Computer software

The additions in the first quarter of 2018 under "Computer software" amounted to EUR 1,445 thousand and related mainly to investments made by the Parent in various computer applications in order to manage the REOs and REDs of its clients. As at 31 March 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 in prior years. In the three months of 2018, there were no changes other than the amortisation of the aforementioned costs, in accordance with the various useful lives assigned to the various contracts.

In addition, the purchase agreement for the Bankia group's asset management business established an additional contingent incentive payment, which was to be conditional on the Parent meeting specified operating targets related to net revenue, over a specified time period. The calculation of such amount is based on the net revenue obtained between years

from 2015 to 2022. At the time of the contract such operating targets included the activity from the SAREB's assets which were subsequently taken out from the perimeter of assets under management when the Group signed the servicing agreement directly with SAREB, in December 2014. At 31 March 2018, based on the results achieved to date and the results expected to be achieved in the remaining measurement period for the incentive, the Group Management considers that no additional liabilities will derive from this contingent incentive payment.

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 31 March 2018, according to the business plan prepared based on 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 in the various business combinations is recoverable. Also, the Group Management has not identified any additional liabilities associated with the businesses acquired in accordance with expected cash flows and the expected term of the contracts.

5. Goodwill

The breakdown of the Group's goodwill at 31 December 2017, in which there were no changes in the first quarter 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 31 March 2018, the Group had not detected any significant indication of impairment of goodwill or the other assets subject to the impairment test, as indicated in IAS 36. There were no significant changes in the assumptions used in the impairment tests on the Group's goodwill that could give rise to a significant risk that impairment losses may be recognised in the future.

6. Trade and Other receivables

The detail of "Trade and Other Receivables" in the accompanying consolidated statement of financial situation as at 31 March 2018 and 31 December 2017 is as follows:

	Thousands of Euros	
	31/03/2018 (*)	31/12/2017
Trade receivables	104,397	113,056
Related party receivables	571	889
Trade provisions	(182)	(182)
Staff	80	65
Sundry debtors	41	57
Other tax receivables	1,037	17,642
	105,944	131,527

(*) Unaudited financial information.

As at 31 March 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 31 March 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 31 December 2018, an amount of EUR 103,239 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 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 31 March 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 quarter of 2018. At 31 March 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 31 March 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 31 March 2018 and 31 December 2017 corresponds to the best estimate made by the Group Management of the amount accrued by the executive chairman, the CEO, eleven senior management personnel and fifty-two employees of the Group, in relation to an incentive plan designed in 2013 and arranged with a company related to the Sole Shareholder of the Parent, remunerating these members of staff for their loyalty to the Group for a certain period of time, and in some cases for meeting specific economic or financial targets. This plan will end in October 2018. Because payment of this remuneration is the sole obligation of the Sole Shareholder of the Parent, the estimated amount was recognised under "Other shareholder contributions" in the accompanying consolidated statement of financial position, with a charge to "Personnel expenses" in the 2017 full year period.

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 31 March 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 year-end.

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. In the context of a potential IPO, event that the Group is exploring at the date of preparation of these interim condensed consolidated financial statements, the Group Management would reassess the currently accrued amount, taking into account the most reliable information on the capital market situation at any time, together with the stake that the Sole Shareholder would consider to divest. Assuming a divestment percentage between 30% and 50% in 2018, considering the returns, net of incurred expenses and of upstream loan payback by the Sole Shareholder that would simultaneously occur in an IPO, the Sole Shareholder could distribute to the sixty-five people granted with the plan, an amount between EUR 6 and 16 million, after tax. Considering a full exit from the Sole Shareholder, the total distribution related to this plan could approximatively amount between EUR 28 and 36 million, after tax. In addition, if the IPO is confirmed, the Group will analyse the existing incentive plan and will assess the convenience of introducing changes to it or of approving a new one.

8. Non-current and current debts

The detail of the non-current and current debts to banks and Group companies at 31 March 2018 and 31 December 2017 is as follows:

31 March 2018 (*)

	Thousands of euros			
	Nominal	Short term	Long term	Total
Senior secured notes	475,000	-	464,565	464,565
Super senior revolving credit facility	15,000	-	-	-
Accrued interest	-	6,378	-	6,378
Total debts	490,000	6,378	464,565	470,943

(*) 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 1,941 thousand in the first quarter of 2017 and were registered in the caption "Finance expenses" of the accompanying consolidated statement of profit or loss of the first quarter 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 quarter of 2017, according to the effective interest rate, amounted to EUR 934 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 875 thousand in the first quarter 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 quarter of 2018 were EUR 553 thousand and EUR 6,164 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 subsidiaries, Haya Titulización, Sociedad Gestora de Fondos de Titulización, S.A.U., Mihabitans Cartera, S.A.U. and Haya Finance 2017 S.A.U.
- 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 and in the name of its subsidiaries Mihabitans Cartera, S.A.U. and Haya Finance 2017, S.A.U.
- Pledge over the credit rights deriving from certain insurance policies.

In addition to these of pledges, the subsidiaries Haya Titulización, Mihabitans and Haya Finance act 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 is guaranteed in full by the Sole Shareholder of the Parent and through a pledge on the corresponding bank account of Mihabitans. It had a term of 18 months, is repayable once the VAT return has been 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 Mihabitans 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.

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

	Thousands of Euros	
	31/03/2018 (*)	31/12/2017
Personnel, remuneration payable	2,108	6,970
Current tax liabilities	5,311	5,311
Amounts payable to Public Administrations	5,829	10,479
Current accruals	502	444
Total	13,750	23,204

(*) Unaudited financial information.

10. Tax matters

10.1 Tax audit

At 31 March 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 were 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	
	31/03/2018(*)	31/03/2017(*)
Accounting profit (loss) before tax	(5,854)	1,794
Consolidation adjustments	(45)	(45)
Total	(5,899)	1,749
Effective tax rate	25%	25%
Tax charge	1,474	(437)
Total income tax benefit (expense) recognised in the consolidated statement of profit or loss	1,474	(437)

(*) Unaudited financial information.

The Group Management has estimated the expense or income for the corporate income tax accrued in the first quarter 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%.

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 three months of 2018 and 2017 is as follows:

	Thousands of Euros	
	31/03/2018(*)	31/03/2017 (*) (**)
Volume servicing fees	32,114	26,692
Management fees	20,473	19,090
Other	3,277	3,905
Total	55,864	49,687

(*) Unaudited financial information.

(**) Restated figures.

Substantially all of the revenue recognised by the Group in the first three months of 2018 corresponds to the revenue derived from the SLA held with four clients, Bankia, SAREB, Cajamar and Liberbank (in the first three months of 2017 it corresponded to three clients, Bankia, SAREB and Cajamar).

Certain SLAs entered into by the Group establish certain service level indicators, to be met periodically by the Group. These service level indicators in general include operational requirements, reporting obligations and fulfilment of milestones or dates related to the management of the assets. Given the performance levels achieved in the first quarter of 2018 and the ongoing dialogue with the clients regarding the results of these indicators, the Group Management considers that at 31 March 2018, there are no liabilities that should be recognized as associated with these.

13. Expenses

13.1 Personnel expenses

The average number of employees at the Group in the first three months of 2018 and 2017, by professional category and gender, which does not differ significantly from the headcount at 31 March 2018 and 2017, was as follows:

	Number of Employees					
	31/03/2018 (*)			31/03/2017 (*)		
	Men	Women	Total	Men	Women	Total
Senior Management	14	3	17	15	2	17
Directors and qualified staff	67	34	101	53	27	80
Clerical staff and department heads	263	324	587	246	325	571
Total	344	361	705	314	354	668

(*) Unaudited.

13.2 Other operating expenses

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

	Thousands of Euros	
	31/03/2018 (*)	31/03/2017 (*)
External services-	20,407	14,060
Independent professional services	17,178	11,536
Advertising and public relations	1,427	829
Other services	946	1,036
Leases and royalties	516	421
Insurance premiums	209	169
Supplies	80	35
Repair and maintenance	13	19
Banking and similar services	38	15
Losses, impairment and changes in provisions for trade receivables (reversals)	6	2
Other charges	55	125
Other current operating expenses	104	93
Total	20,572	14,280

(*) Unaudited financial information.

In the first quarter of 2018, "Independent professional services" in the foregoing table included non-recurring expenses, EUR 2.1 million in relation to the services provided by advisors in the context of exploring the opportunity of executing an IPO and EUR 0.2 million in relation to potential investments by the Group in other companies and/or businesses within its area of activity (EUR 0.08 million in the first three months of 2017).

14. Related party transactions

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

	Thousands of Euros					
	31/03/2018 (*)			31/03/2017 (*)		
	Sole Shareholder	Group Companies and Associates	Other Related Parties	Sole Shareholder	Group Companies and Associates	Other Related Parties
Revenue						
Rendered services	-	479	-	-	227	-
Finance income	1,266	-	-	-	-	-
Total revenue	1,266	479	-	-	227	-
Expenses						
Independent professional services	-	85	-	-	82	-
Finance expenses (Note 10)	-	-	-	875	-	-
Board of Directors expenses	-	-	93	-	-	93
Total expenses	-	85	93	875	82	93

(*) Unaudited financial information.

The amount included under “Revenue – Render Services” in the first three months of 2018 and 2017 relates substantially in full to portfolio valuation services performed by the Group for Cerberus.

The amount included under “Revenue – Finance income” in the first three 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 31 March 2018 and 31 December 2017 and with maturity in November 2022. Such accrued interests are at arm’s length, being settled on a semester basis unless the Sole Shareholder decides to capitalise at its sole discretion. At 31 March 2018 accrued interests are pending to be collected for an amount of EUR 1,744 thousand (EUR 478 thousand at 31 December 2017).

15. Remuneration of directors and senior executives

In the first quarter of 2018, the functions corresponding to directors of the Parent were performed by six men and one woman (seven men in the first quarter of 2017). Also, the functions corresponding to senior management of the Parent were performed by fourteen men and three women (fifteen men and two women in the first quarter 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:

31 March 2018 (*)

	Thousands of euros				
	Fixed remuneration	Variable remuneration ⁽¹⁾	Remuneration in kind	Total	Pending to be received
Directors	298	231	-	529	231
Senior Management	634	286	3	923	286
Total	932	517	3	1,452	517

(1) Relating to the best estimate of the variable remuneration earned in the first three months of 2018

(*) Unaudited financial information.

31 March 2017 (*)

	Thousands of euros				
	Fixed remuneration	Variable remuneration ⁽¹⁾	Compensation	Remuneration in kind	Total
Directors	298	231	-	-	529
Senior Management	616	324	3	3	946
Total	914	555	3	3	1,475

(1) Relating to the best estimate of the variable remuneration earned in the first three 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 31 March 2018.

The commitments of the Parent in 2017 for pensions for senior management personnel amount to EUR 38 thousand in the first quarter of 2018 (EUR 24 thousand in the first quarter of 2017) and no commitments of this kind were made by the Parent with respect to its directors in the first quarter of 2018 and 2017. In the first quarter of 2018, obligations were also assumed for life insurance for senior management personnel for a total of EUR 6 thousand (EUR 4 thousand in the first quarter of 2017), no commitments of this kind were assumed by the Parent with respect to its directors.

In the first quarter of 2018, a total of EUR 11 thousand was paid for the civil liability insurance premium of the Parent's directors (EUR 6 thousand in the first quarter 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 31 March 2018 and 2017, the basic earnings per share were as follows:

	31/03/2018 (*)	31/03/2017 (*)
Net profit (loss) for the period (thousands of euros)	(4,380)	1,357
Weighted average number of shares outstanding (Note 7)	9,683,010	9,683,010
Basic earnings per share (in euros)	(0.45)	0.14

(*) Unaudited financial information.

At 31 March 2018 and 2017, the diluted earnings per share coincided with the basic earnings per share.

17. Guarantees and surety

At 31 March 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 27 April 2018, the Parent has entered into a novation of the purchase contract for the Bankia group's asset management business and of the Service Level Agreement contract (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. As at 31 March 2018, the net book value of the intangible asset related to the Bankia's RED management business and registered in the accompanying consolidated statement of financial position, is EUR 3,448 thousand. 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, and the remainder will be paid before year-end.

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 subsidiaries** presented for the three-month period ended 31 March 2018 were prepared on 23 May 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.

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