QUABIT INMOBILIARIA, S.A. AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements at 30 June 2019

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-Language version prevails)

CONSOLIDATED BALANCE SHEETS

(Euros)

ASSETS	Note	30/06/2019 (unaudited)	31/12/2018 (audited)	Variation
NON-CURRENT ASSETS:				
Intangible assets		12,611,135	11,405,984	1,205,151
Property, plant and equipment		1,867,041	1,521,979	345,062
Investments in associates	**4**	2,819,974	2,820,678	(704)
Non-current financial assets	**5**	4,145,512	5,204,314	(1,058,802)
Deferred tax assets	**13**	60,844,909	52,395,965	8,448,944
Total non-current assets		**82,288,571**	**73,348,920**	**8,939,651**
CURRENT ASSETS:				
Inventory	**7**	480,858,541	426,525,140	54,333,401
Trade and other receivables	**8**	37,934,668	34,921,602	3,013,066
Current financial assets	**6**	13,877,373	12,928,873	948,500
Tax receivables	**13**	1,872,928	10,901,399	(9,028,471)
Other current assets		1,438,094	1,018,563	419,531
Cash and cash equivalents		36,683,353	21,131,847	15,551,506
Total current assets		**572,664,957**	**507,427,424**	**65,237,533**
TOTAL ASSETS		**654,953,528**	**580,776,344**	**74,177,184**

The notes and accompanying appendices are an integral part of these interim condensed consolidated financial statements

CONSOLIDATED BALANCE SHEETS

(Euros)

LIABILITIES AND NET EQUITY	Note	30/06/2019 (unaudited)	31/12/2018 (audited)	variation
NET EQUITY:				
Share capital	9.1	74,381,847	74,381,847	-
Share premium	9.1	179,717,193	179,717,193	-
Treasury shares	9.1	(7,563,545)	(5,292,531)	(2,271,014)
Other equity instruments	9.3	912,450	864,535	47,915
Restricted reserves	9.1	5,908,232	5,908,232	-
Other reserves		36,370,821	29,399,424	6,971,397
Profit attributable to shareholders of the Parent		850,484	6,815,364	(5,964,880)
Total equity attributable to shareholders of the Parent		**290,577,482**	**291,794,064**	**(1,216,582)**
Non-controlling interests		3,816,639	4,024,346	(207,707)
Total equity		**294,394,121**	**295,818,410**	**(1,424,289)**
NON-CURRENT LIABILITIES:				
Deferred income		19,872	19,872	-
Finance Debt	11.1	18,991,769	5,944,799	13,046,970
Non-current financial liabilities	11.2	10,629,177	7,970,500	2,658,677
Deferred tax liabilities	13	1,622,177	1,673,233	(51,056)
Provisions for contingencies and charges	14	2,609,568	2,609,568	-
Total non-current liabilities		**33,872,563**	**18,217,972**	**15,654,591**
CURRENT LIABILITIES:				
Finance Debt	11.1	252,311,375	211,749,286	40,562,089
Current financial liabilities	11.2	2,924,839	2,977,523	(52,684)
Trade and other payables	10	35,282,804	25,300,956	9,981,848
Customer advances	6	30,871,553	19,990,302	10,881,251
Tax payables	12	766,490	2,102,090	(1,335,600)
Other current liabilities	14	4,529,783	4,619,805	(90,022)
Total current liabilities		**326,686,844**	**266,739,962**	**59,946,882**
TOTAL LIABILITIES		**360,559,407**	**284,957,934**	**75,601,473**
TOTAL LIABILITIES AND NET EQUITY		**654,953,528**	**580,776,344**	**74,177,184**

The notes and accompanying appendices are an integral part of these interim condensed consolidated financial statements

CONSOLIDATED INCOME STATEMENTS

(Euros)	Note	30/06/2019 (unaudited)	30/06/2018 (unaudited)	variation
Net turnover	16	19,374,646	9,153,917	10,220,729
Procurements		(11,545,557)	(4,199,391)	(7,346,166)
Other operating income	16	851,243	16,074,360	(15,223,117)
Changes in operating provisions		2,070,378	(5,163,080)	7,233,458
Staff costs	16	(4,049,698)	(3,434,776)	(614,922)
Depreciation and amortisation charge		(603,057)	(72,464)	(530,593)
Other operating expenses	16	(11,986,824)	(8,703,360)	(3,283,464)
Gains/(losses) on disposal of non-current assets		-	(2,321)	2,321
Profit/(loss) from operations		**(5,888,869)**	**3,652,885**	**(9,541,754)**
Finance income	17	9,036,166	5,737,924	3,298,242
Finance costs	17	(11,604,510)	(8,227,454)	(3,377,056)
Gains/(Losses) on financial instruments at fair value		755,713	42,000	713,713
Net financial profit/(loss)		**(1,812,631)**	**(2,447,530)**	**634,899**
Gains/(losses) on investments in associates and joint ventures	4	(704)	(25,882)	25,178
Profit/(loss) before tax		**(7,702,204)**	**1,179,473**	**(8,881,677)**
				-
Taxes		8,500,000	(36,389)	8,536,389
				-
Net profit		**797,796**	**1,143,084**	**(345,288)**
				-
Attributable to:				-
Shareholders of the Parent		**850,484**	**1,178,408**	**(327,924)**
Non-controlling interests		**(52,688)**	**(35,324)**	**(17,364)**
Earnings per share attributable to the shareholders of the Parent (Euros per share)				
Basic	18	**0.006**	**0.010**	**(0.004)**
Diluted	18	**0.006**	**0.010**	**(0.004)**

The notes and accompanying appendices are an integral part of these interim condensed consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30 June 2019 (unaudited)			30 June 2018 (unaudited)		
	The Parent	Non-controlling interests	Total	The Parent	Non-controlling interests	Total
Net profit/(loss) for the year	850,484	(52,688)	797,796	1,178,408	(35,324)	1,143,084
Other global gains or losses	-	-	-	-	-	-
Total comprehensive income for the year	**850,484**	**(52,688)**	**797,796**	**1,178,408**	**(35,324)**	**1,143,084**

The notes and accompanying appendices are an integral part of these interim condensed consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Euros)

	Share capital (Note 9.1)	Share premium (Note 9.1)	Treasury shares (Note 9.1)	Restricted reserves	Other reserves	Other equity instruments (Note 9.3 and 9.4)	Profit attributable to shareholders of the Parent	Non-controlling interests	Total equity
Balances at 31 December 2017 (audited)	**55,317,099**	**129,522,951**	**(237,318)**	**4,159,535**	**19,902,290**	**215,368**	**14,333,229**	**3,243,084**	**226,456,238**
Total comprehensive income	-	-	-	-	-		1,178,408	(35,324)	1,143,084
Distribution of profit	-	-	-	-	14,333,229	-	(14,333,229)	-	-
Capital increase (Note 9.1)	17,500,000	45,500,000	-	-	(2,877,898)	-	-	-	60,122,102
Treasury share transactions (Note 9.1)	-	-	(1,717,051)	-	43,361	-	-	-	(1,673,690)
Other equity instruments (Note 9.3)	-	-	-	-	-	542,811	-	-	542,811
Balances at 30 June 2018 (unaudited)	**72,817,099**	**175,022,951**	**(1,954,369)**	**4,159,535**	**31,400,982**	**758,179**	**1,178,408**	**3,207,760**	**286,590,545**
Total comprehensive income	-	-	-	-	-	-	5,636,956	(1,430)	5,635,526
Distribution of profit	-	-	-	1,748,697	(1,748,697)	-		-	-
Capital increase (Note 9.1)	1,564,748	4,694,242	-	-	(252,861)	-	-	-	6,006,129
Treasury share transactions (Note 9.1)	-	-	(3,338,162)	-	-	-	-	-	(3,338,162)
Other equity instruments (Note 9.3)	-	-	-	-	-	106,356	-	818,016	924,372
Balances at 31 December 2018 (audited)	**74,381,847**	**179,717,193**	**(5,292,531)**	**5,908,232**	**29,399,424**	**864,535**	**6,815,364**	**4,024,346**	**295,818,410**
Total comprehensive income	-	-	-	-	-	-	850,484	(52,688)	797,796
Distribution of profit	-	-	-	-	6,815,364	-	(6,815,364)	-	-
Capital increase (Note 9.1)	-	-	(2,271,014)	-	-	-	-	-	(2,271,014)
Treasury share transactions (Note 9.1)	-	-	-	-	156,033	-	-	(155,019)	1,014
Other equity instruments (Note 9.3)	-	-	-	-	-	47,915	-	-	47,915
Balances at 30 June 2019 (unaudited)	**74,381,847**	**179,717,193**	**(7,563,545)**	**5,908,232**	**36,370,821**	**912,450**	**850,484**	**3,816,639**	**294,394,121**

The notes and accompanying appendices are an integral part of these interim condensed consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	30/06/2019 (unaudited)	30/06/2018 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES	-		
Profit/(loss) before tax and non-controlling interests		(7,702,204)	1,179,473
Adjustments for:			
Depreciation of non-current assets		603,057	72,464
Impairment losses and changes in provisions		(2,070,378)	5,163,080
Income and expenses without cash flows		(419,683)	(9,789,584)
Net financial profit/(loss)	17	1,812,631	2,489,530
Gains/(losses) on non current assets		-	(39,679)
Gains/(losses) on investments in associates and joint ventures	9	704	25,600
Adjusted loss		**(7,775,873)**	**(899,116)**
Other changes in accounts payable to and receivable from public authorities	12	7,692,871	8,254
Increases/decreases in accounts payable to and receivable from public authorities		**7,692,871**	**8,254**
Inventory and prepayments	6	(43,676,030)	(44,945,075)
From receivables and deposits	7	(2,948,074)	(6,939,297)
From payables and customer advances	6 y10	20,772,858	13,306,213
Increase/decrease in current and non-current operating assets and liabilities		**(25,851,246)**	**(38,578,159)**
Total net cash flows from operating activities		**(25,934,248)**	**(39,469,021)**
CASH FLOWS FROM INVESTING ACTIVITIES	-		
Financial assets	7	(961,193)	(8,543,455)
Property, plant and equipment, investment property and other intangible assets		(874,909)	(305,393)
Financial assets and other investments	7	1,776,828	43,858
Total net cash flows from investing activities		**(59,274)**	**(8,804,990)**
CASH FLOWS FROM FINANCING ACTIVITIES	-		
Interest paid		(2,437,258)	(285,080)
Repayment of bank borrowings	11	(13,951,587)	(20,314,600)
New bank borrowings obtained	11	58,877,255	21,418,538
Repayment of other financing	11	-	(49,350)
Other financing obtained	11	1,327,632	-
Capital increases and/or reductions	9	-	63,000,000
Treasury share transactions	9	(2,271,014)	(1,673,690)
Total net cash flows from financing activities		**41,545,028**	**62,095,818**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-	**15,551,506**	**13,821,807**
Cash and cash equivalents at beginning of year	8	**21,131,847**	**37,155,831**
Cash and cash equivalents at end of year	8	**36,683,353**	**50,977,638**

The notes and accompanying appendices are an integral part of these interim condensed consolidated financial statements

1. Introduction and general corporate information

The accompanying interim condensed consolidated financial statements present the consolidated equity and consolidated financial position of Quabit Inmobiliaria, S.A. (the Parent) and its subsidiaries (hereinafter, the Group or the Quabit Group), at 30 June 2019, along with the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows for the first half of 2019.

The shares representing the share capital of Quabit Inmobiliaria, S.A. are listed on the electronic trading platform on the Madrid and Valencia stock exchanges since 24 May 2006.

For the purpose of preparing these interim condensed consolidated financial statements, a group is considered to exist when the Parent has one or more subsidiaries over which this parent has a direct or indirect control.

Appendix I to these Notes provides a breakdown of the details on the subsidiaries included in the scope of consolidation through full consolidation.

Appendix II to these Notes provides a breakdown of the details on the associates accounted for using the equity method.

Appendix III to these Notes provides a breakdown of the details on the joint ventures that have been accounted for using the equity method since 1 January 2014. Prior to this date, they were proportionately consolidated.

Appendix IV to these Notes provides a breakdown of the details on the unincorporated temporary joint ventures (UTEs) included in the scope of consolidation through proportionate consolidation.

1.1. Changes in the scope of consolidation

The changes in the scope of consolidation that took place in 2019 in relation to the scope of consolidation at 31 December 2018 are as follows:

a) Inclusions in the scope of consolidation:

- *Quabit Bonaire, S.L.:* This company was incorporated on 3 April 2019 with a monetary contribution of EUR 3,000, fully subscribed and paid by the company Quait Alovera, S.L.U. in a 66,20%, which is indirectly owned by the Parent in 90,01%,. And by the minority interest (the related party Grupo Rayet, S.AU.) in a 33,80%.

- *Quabit Gregal, S.L.U.:* This company was incorporated on 21 May 2019 with a monetary contribution of EUR 3,000, fully subscribed and paid by the Company Quabit Finance Assets, S.L.U., which, at the same time, is fully owned by the Parent.

- *Quabit Poniente, S.L.U.:* This company was incorporated on 21 May 2019 with a monetary contribution of EUR 3,000, fully subscribed and paid by the Company Quabit Finance Assets, S.L.U., which, at the same time, is fully owned by the Parent.

- *Quabit Siroco, S.L.U.:* This company was incorporated on 21 May 2019 with a monetary contribution of EUR 3,000, fully subscribed and paid by the Company Quabit Finance Assets, S.L.U., which, at the same time, is fully owned by the Parent.

- *Quabit Terral, S.L.U.:* This company was incorporated on 21 May 2019 with a monetary contribution of EUR 3,000, fully subscribed and paid by the Company Quabit Finance Assets, S.L.U., which, at the same time, is fully owned by the Parent.

- *Quabit Mistral, S.L.U.:* This company was incorporated on 21 May 2019 with a monetary contribution of EUR 3,000, fully subscribed and paid by the Company Quabit Finance Assets, S.L.U., which, at the same time, is fully owned by the Parent.

- *Quabit Cierzo, S.L.U.:* This company was incorporated on 21 May 2019 with a monetary contribution of EUR 3,000, fully subscribed and paid by the Company Quabit Finance Assets, S.L.U., which, at the same time, is fully owned by the Parent.

- *Quabit Tramontana, S.L.U.:* This company was incorporated on 21 May 2019 with a monetary contribution of EUR 3,000, fully subscribed and paid by the Company Quabit Finance Assets, S.L.U., which, at the same time, is fully owned by the Parent.

b) Changes in the ownership interest:

- *Iberactivos inmobiliarios, S.L.:* On 15 February 2019 the group reached an agreement with a financial institution to cancel the debt with the payment in kind of the shares of the company that guaranteed it. The percentage of participation becomes 98.85% to 86.50%.

- *Landscape Larcovi, S.L.:* On 15 February 2019 the group reached an agreement with a financial institution to cancel the debt with the payment in kind of the shares of the company that guaranteed it. The percentage of participation becomes 50.00% to 37.50%.

- *Quabit Inmobiliaria Internacional, S.L.:* On 15 February 2019 the group reached an agreement with a financial institution to cancel the debt with the payment in kind of the shares of the company that guaranteed it. The percentage of participation becomes 99.56% to 99.31%.

2. Basis of presentation

2.1. Accounting standards applied

These interim condensed consolidated financial statements for the six-month period ended 30 June 2019 have been prepared in accordance with IAS 34 "Interim Financial reporting", and include information in addition to that required by this standard pursuant to that stipulated in Article 12 of Royal Decree 1362/2007, but without providing all information and breakdowns required in consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). Accordingly, to properly interpret this information, these interim condensed consolidated financial statements should be read together with the Quabit Group's consolidated financial statements for the year ended 31 December 2018.

The Group's consolidated financial statements for 2018 were formally prepared by the Parent's directors on 26 February 2019 in accordance with International Financial Reporting Standards as adopted by the European Union, applying the consolidation bases, accounting policies and measurement bases described in Notes 2 and 4 to the aforementioned consolidated financial statements and, accordingly, they present fairly the Group's consolidated equity and consolidated financial position at 31 December 2018 and the consolidated results of its operations, the changes in its consolidated equity and its consolidated cash flows in the year then ended. The consolidated financial statements for 2018 were approved by the shareholders at the Annual General Meeting held on 27 June 2019.

The Group's consolidated financial statements at 30 June 2019 were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union (IFRSs) and approved by the EU Commission Regulations, effective as of 30 June 2019.

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 29 July 2019.

2.2. Basis of consolidation

The accounting policies and methods used in the preparation of these interim condensed consolidated financial statements are the same as those used in the consolidated financial statements for the year ended 31 December 2018.

2.3. Entry into force of new accounting standards

New regulations in force

The Group has applied the new standards applicable for the first time in this year to the preparation of these consolidated condensed interim financial statements, without implying the recording of any impact on the initial balance of reserves or the restatement of the comparative figures of previous years.

• **IFRS 16 - Leases:** this standard replaced the IAS 17 for the years beginning on 1 January 2019. This new standard proposes for the lessee a single model for all leases (leases may be excluded: not significant and those with a lease period of less than twelve months) and a dual model based on the current IAS 17 is maintained for the lessor and the leases will be financial or operational.

The Group has operating lease agreements for its representative offices and its headquarters in Madrid, which will mean an increase in financial assets and liabilities for future payment obligations without this having a significant impact on its Consolidated Annual Accounts. The Group has chosen retrospective application this new standard with an adjustment of the opening balance of reserves without a significant impact.

Standards issued not in force

The Group intends to adopt the standards, interpretations and amendments to the standards issued by the IASB, which are not mandatory in the European Union at the date of preparation of these interim condensed consolidated financial statements, when they come into force, if they are applicable.

2.4. Comparative information

In accordance with current legislation, in addition to the figures at 30 June 2019 for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes to the accompanying financial statements, the figures at 31 December 2018 for balance sheet and consolidated statement of comprehensive income and those at 30 June 2018 for the rest of the statements are presented for comparison purposes.

2.5. Accounting estimates and judgments

There were no significant changes in the accounting estimates and judgments with regard to the information disclosed in the consolidated financial statements at 31 December 2018.

3. Financial segment reporting

The Group classifies assets and transactions in accordance with its activities and services, including the income and profit or loss from each activity directly attributable thereto of companies that are fully consolidated and accounted for using the equity method. Assets and liabilities are accounted for following the same rules as income and expenses for each line of business.

At 30 June 2019, the Group had the following basic lines of business:

A. Land management Acquisition of land under any zoning classification for its subsequent transformation and/or sale. The transformation phase is carried out by designing and subsequently making changes to its use and/or current planning, creating as a final product land that it is suitable for subsequent construction or sale.

B. Property development Includes the development of real estate projects on existing assets, basically primary residence housing. This segment also includes the income generated and expenses incurred in the management of cooperatives, owners' associations and other forms of self-build development.

C. Corporate Unit Income and expenses that cannot be specifically attributed to any operating line or that are the result of decisions affecting the Group as a whole, and, among them, expenses incurred in projects or activities affecting several lines of business and income from rebillings, are attributed to a Corporate Unit.

The results for the six-month periods ended 30 June 2019 and 30 June 2018 and the consolidated balances at 30 June 2019 and 31 December 2018 by segments are detailed as follows:

SEGMENT REPORTING. CONSOLIDATED PROFIT OR LOSS AT 30 JUNE 2019

CONCEPTO	A	B	C	TOTAL
Net turnover	1,158,232	18,211,704	4,710	19,374,646
Profit/(loss) from operations	(351,365)	1,691,945	(7,229,449)	(5,888,869)
Net financial profit/(loss)	(344,672)	(388,672)	(1,079,287)	(1,812,631)
Gains/(losses) on investments in associates	(704)	-	-	(704)
PROFIT/(LOSS) BEFORE TAX	**(696,741)**	**1,303,273**	**(8,308,736)**	**(7,702,204)**

SEGMENT REPORTING. CONSOLIDATED PROFIT OR LOSS AT 30 JUNE 2018

CONCEPTO	A	B	C	TOTAL
Net turnover	-	9,148,607	5,310	9,153,917
Profit/(loss) from operations	10,861,267	(2,160,347)	(5,048,035)	3,652,885
Net financial profit/(loss)	(1,076,242)	-	(1,371,288)	(2,447,530)
Gains/(losses) on investments in associates	(25,882)	-	-	(25,882)
PROFIT/(LOSS) BEFORE TAX	**9,759,143**	**(2,160,347)**	**(6,419,323)**	**1,179,473**

All transactions for the six-month periods ended 30 June 2019 and 2018 were carried out in Spain.

No inter-segment transactions were carried out during these periods.

SEGMENT REPORTING. CONSOLIDATED BALANCE SHEET AT 30 JUNE 2019

CONCEPT	A	B	C	TOTAL
BALANCE SHEET				
Property, plant and equipment and intangible assets	12,080,409	453,500	1,944,267	**14,478,176**
Inventory	296,615,541	184,243,000	-	**480,858,541**
Other	36,923,345	12,156,940	110,536,526	**159,616,811**
TOTAL ASSETS	**345,619,295**	**196,853,440**	**112,480,793**	**654,953,528**
Segment liabilities	79,908,711	150,313,777	130,336,919	**360,559,407**
TOTAL LIABILITIES	**79,908,711**	**150,313,777**	**130,336,919**	**360,559,407**

INFORMACIÓN POR SEGMENTOS. BALANCE CONSOLIDADO A 31 DE DICIEMBRE DE 2018

CONCEPTO	A	B	C	TOTAL
BALANCE				
Property, plant and equipment and intangible assets	12,183,393	413,380	331,190	**12,927,963**
Inventory	329,372,350	97,152,790	-	**426,525,140**
Other	39,916,347	9,143,874	92,263,020	**141,323,241**
TOTAL ASSETS	**381,472,090**	**106,710,044**	**92,594,210**	**580,776,344**
Segment liabilities	195,135,867	55,951,268	33,870,799	**284,957,934**
TOTAL LIABILITIES	**195,135,867**	**55,951,268**	**33,870,799**	**284,957,934**

4. Investments in associates and joint arrangements

Appendices II and III to these Notes provide a breakdown of the details on the associates and joint arrangements accounted for using the equity method.

The changes in first half of 2019 compared with year end 2018 are as follows:

	30/06/2019	31/12/2018
Beginning balance	**2,820,678**	**2,847,862**
Share of profit/(loss)	(704)	(27,184)
Ending balance	**2,819,974**	**2,820,678**

The detail, by nature, of investments is as follows:

	30/06/2019	31/12/2018
Investment in associates	616,937	617,492
Investment in joint arrangements	2,203,037	2,203,186
	2,819,974	**2,820,678**

In the six-month period ended 30 June 2019, the Group recognised a total loss on investments in associates and joint arrangements of EUR 1 thousand (a loss of EUR 26 thousand in 2018), the breakdown of which is included in the following table:

	30/06/2019	30/06/2018
Investment in associates	(555)	(29,160)
Investment in joint arrangements	(149)	3,278
	(704)	**(25,882)**

In the first semester the group reached an agreement with a financial institution to cancel the debt with the payment in kind of the 75 shares of the company Landscape Larcovi, S.L.. that guaranteed it. The percentage of participation becomes 50.00% at 31 December 2018 to 37.50% at 30 June 2019. The Parent Company had provisions for the participation and credits granted to said company and there has been no additional negative impact on the income statement.

The Group's associates and joint arrangements were incorporated in Spain, and none of them were listed on the stock market at 30 June 2019 or at 31 December 2018.

The companies that individually had a positive fair value at 30 June 2019, with an overall amount of EUR 2,820 thousand, are as follows: Alboraya Marina Nova, S.L. and Masía de Montesano, S.L. (associates) and Programas de Actuaciones Baleares, S.L. and Landscape Corsán, S.L. (joint arrangements). The same companies had a positive individual fair value at 31 December 2018 with an overall amount of EUR 2,821 thousand.

5. Financial assets

The detail of current and non-current financial assets at 30 June 2019 and 31 December 2018 is as follows:

	30/06/2019		31/12/2018	
	Non-current assets	Current assets	Non-current assets	Current assets
Fair value through profit and loss	1,021,190	3,036,821	2,042,305	2,987,755
Held-to-maturity investments	3,124,322	10,840,552	3,162,009	9,941,118
	4,145,512	**13,877,373**	**5,204,314**	**12,928,873**

The decrease in the financial assets measure at fair value through the profit and loss figure by an amount of EUR 1,021 thousand is due to transfer of a part of the interest in the company Desarrollos Tecnológicos y Logísticos, S.L. to cancel the debt with the payment in kind of the shares of the company that guaranteed it. The percentage of participation becomes 6.68% at 31 December 2018 to 3.34% at 30 June 2019.

The current financial assets at Fair Value with changes in the Profit and Loss Account corresponds to the investment of cash balances in current financial assets of immediate availability and held for sale in accordance with the treasury group policy. Changes in the fair value of these assets are recorded in the Financial Result of the Profit and Loss Account.

The balance of Held to maturity investments corresponds in an amount of 900 thousand euros to the payment in advance to Grupo Rayet, S.A.U. and Restablo inversions, S.L.U. in order to the acquisition of 82.95% of the ownership in the entity Rayet Construcción, S.A. (See note 19).

6. Inventory

The detail, by classification and degree of completion, of inventory at 30 June 2019 and 31 December 2018 is as follows:

	30/06/2019	31/12/2018
Land	396,931,845	432,176,936
Developments in progress	190,755,835	96,115,349
Completed developments	11,076,305	19,096,404
Advances to suppliers	9,285,412	8,646,758
Other	1,172,954	1,172,954
Cost	**609,222,351**	**557,208,401**
Land	(102,386,372)	(104,235,940)
Developments in progress	(15,393,534)	(15,966,320)
Completed developments	(2,195,546)	(2,092,643)
Advances to suppliers	(8,034,654)	(8,034,654)
Other	(353,704)	(353,704)
Depreciation	**(128,363,810)**	**(130,683,261)**
Net Book value	**480,858,541**	**426,525,140**

Mortgage guarantees are arranged on a portion of the inventory to secure the bank debt detailed in Note 11 (bilateral loans for developers and land).

The cost of the development in progress relates to the cost of the land and expenses incurred in completing 28 residential projects of 2,112 homes in different degree of execution.

The completed developments consists in 29 homes, of which 28 correspond to a completed developments of 29 homes have started to be delivered on June 2019 and 1 home to be delivered that corresponds to a development from 2018.

"Other" mainly includes the inventory provided by the UTEs in connection with the costs incurred in urban development work.

The net book value on advances to suppliers amounted to EUR 1,251 thousand and refer to payments made for acquisition of land. The committed pending amount related to these acquisitions is as follows:

Amounts in Thousand euros	**Advances Payment**	**Pending**	**Total Purchase price**
Transactions signed prior to 2008	62	-	62
Transactions signed in 2017	1,189	13,998	15,187
	1,251	**13,998**	**15,249**

1. Transactions signed prior to 2008: Correspond to purchase operations that are currently in the renegotiation stage of conditions. This renegotiation is oriented to the allocation of land for the advances made, not expecting, therefore, to have to make disbursements associated with these contracts.

2. Operations signed in 2018 and 2019: An amount of EUR 500 thousand is given as a deposit for a land purchase transaction whose amount and other conditions will be specified after conducting due diligence. An amount of EUR 689 thousand given for land purchase operations signed in 2018 and 2019, whose materialization (incorporation of the land into the Group's portfolio, after the granting of the corresponding property transfer deed) is scheduled for the year 2019.

Net assets value of Inventories includes corrections due to impairment, considering the comparison with market value.The market value is determined based on the appraisal carried out by the independent expert appraisers. BDO Auditores, S.L., appraised the property assets in the Group's asset portfolio, the appraisal date of which was 31 December 2018. The appraisals of these property assets were carried out under the market value assumption, whereby these valuations were conducted in accordance with the statements of the asset valuation-appraisal method and the guidelines published by the Royal Institution of Chartered Surveyors (RICS) of Great Britain.

In the six-month period ended 30 June 2019 a total of EUR 9,013 thousand in finance costs were capitalised. (EUR 5,608 thousand in finance costs were capitalised in the same period previous year).

The breakdown of "Customer advances" on the liability side of the consolidated balance sheet at 30 June 2019 and 31 December 2018 is as follows:

	30/06/2019	**31/12/2018**
Advances for property developments	30,700,681	19,819,430
Advances for the sale of land	134,028	134,028
Other	36,844	36,844
	30,871,553	**19,990,302**

There were sale commitments on certain land and developments as of 30 June 2019, amounting to EUR 283,463 thousand (EUR 223,807 thousand in 2018), approximately, and the advances received thereupon amount to EUR 30,835 thousand (EUR 19,819 thousand in 2018).

From the amount of sales commitments as of 31 December 2018, EUR 16,805 thousand have been recorded as ordinary income for the 2019 year (EUR 8,185 thousand in the same period of 2018 was recorded for advances recorded as of 31 December 2017).

Management expects 73.8% of the sales assigned to the advances or reserves received as of 30 June 2019 to be completed during the 2019 and 2020 years (94% of the sales assigned to the advances or reserves received as of 31 December 2018) while the remaining 26.2% is expected to be in 2021 and following years (6% of the sales assigned to the advances or reserves received as of 31 December 2018).

Fulfilment of the execution obligations associated with advances from clients is estimated for a period of between 18 and 24 months from the signing of the private sale and purchase agreement until the transfer of the finished properties.

From the balance of advances for developments, EUR 6,839 thousand is pending collection (EUR 3,725 thousand as of 31 December 2018), whose maturities are distributed over time up to the moment of the transfer of the developments (see Note 7). The variation in the balance pending collection for the 2019 year includes the net impact of the recorded collections and the issue of new receipts for advances for developments pending collection.

The collected balances for advances from clients are guaranteed through guarantees or insurance policies contracted by the Group.

7. Trade and other receivables

The detail of “Trade and other receivables” at 30 June 2019 and 31 December 2018 is as follows:

	30/06/2019	**31/12/2018**
Trade receivables from related companies (Note 19)	666	666
Trade receivables	12,980,732	9,962,228
Debtors	25,777,426	25,777,728
Bad debt	8,215,726	8,370,915
Impairment loss on accounts receivable	(9,039,882)	(9,189,935)
	37,934,668	**34,921,602**

The balance of Debtors mainly corresponds to the amounts owed by Empresa de Gestión Urbanística y Servicios de Alboraya, S.L. to Group company Quabit Grupo Mediterráneo Costa Blanca, S.L. stated in Sentence No. 535/2016 of 15 December 2016, handed down by the Court of First Instance No. 6 of Valencia. This amount is guaranteed by a mortgage on land owned by EGUSA located in sector UE-2 of Alboraya, the market value of which is greater than the amount recorded as a debt balance of EGUSA. There are not changes with regard the mortgage execution as a 30 June 2019.

Almost the entire amount of this balance corresponds to private sector clients. Its balance at closing is near its fair value.

The balance for clients includes the amount of EUR 3,174 thousand for the balance of the executed project pending certification (EUR 3,174 thousand as at 31 December 2018). The remaining amount, EUR 6,839 thousand (EUR 3,725 thousand as at 31 December 2018) corresponds to the balance of advances from clients pending collection (see Note 6).

The balance of other current assets on the balance sheet amount to EUR 1,438 thousand (EUR 1.019 thousand as of 31 December 2018) corresponds to prepaid expenses for obtaining contracts with clients, which shall accrue on the profit and loss statement when the income is recognised.

8. Cash and cash equivalents

The balance as at 30 June 2019 of 36,683 thousand euros of Cash and equivalents (21,132 thousand euros as at 31 December 2018) includes the balances of cash and deposits with a maturity of less than 3 months.

As at 30 June 2019, 9,647 thousand euros are not available (6,504 thousand euros as of 31 December 2018), of which 9,514 thousand euros are associated with advances from customers and 133 thousand euros have been pledged to cover future interest payments on mortgage loans.

9. Equity

9.1. Share capital and share premium

At 30 June 2019 and 31 December 2018 the breakdown of share capital and the share premium of Quabit Inmobiliaria, S.A. is as follows:

	30/06/2019		31/12/2018	
	Share capital	**Share premium**	**Share capital**	**Share premium**
Registered capital	74,381,847	179,717,193	74,381,847	179,717,193
	74,381,847	**179,717,193**	**74,381,847**	**179,717,193**

There have been no changes in registered share capital and the share premium in the first half of 2019.

	Number of shares	Nominal value	Share capital	Share premium
Balance at 30 June 2019:	**148,763,693**	**0.50**	**74,381,847**	**179,717,193**

Significant ownership interests

The shareholdings greater than 10% at 30 June 2019 and 31 December 2018 are as follow:

	2019			2018		
	Voting rights	**Financial instruments**	**Total**	**Voting rights**	**Financial instruments**	**Total**
Mr Félix Abánades López	16.74%	5.19%	**21.93%**	16.74%	5.19%	**21.93%**

Based on the Registry of Significant Participations of the Spanish National Securities Market Commission (CNMV), as of 30 June 2019, the sole interest greater than 10% of the registered share capital of the Company is that held by Mr Félix Abánades López, directly and indirectly through the companies Restablo Inversiones, S.L.U., Grupo Rayet, S.A.U. and Rayet Construcción, S.A. The total ownership is 16.739% of the registered share capital of the Company. The 5.19% of financial instruments correspond to the repurchase of shares (4.20%) and incentive plan (0.992%).

On 17 July 2019, Mr. Félix Abánades López sent to the Spanish National Securities Market Commission a notice of voting rights attributed to shares and of other operations in listed companies advising of the acquisition of 1,000,000 shares in the company Quabit Inmobiliaria, S.A. as advance payment of the Purchase Price of Rayet Construcción, S.A. After this notice, Mr. Félix Abanades López holds 17.411% in additions to the 5.193% held through financial instruments representing 22.604% of the outstanding shares.

The above-mentioned percentages of ownership interest were calculated by dividing the voting rights granted by virtue of the public notices of the register of significant ownership interests of the Spanish National Securities Market Commission by the total number of voting rights of Quabit Inmobiliaria, S.A. at the reference date.

Treasury shares

The table below details the changes in the Parent's treasury shares that took place in first half of 2019:

	Number of shares
Total treasury shares at 31 December 2018	**2,918,793**
-Purchases made	1,824,533
-Sales made	-
Total treasury shares at 30 June 2019	**4,743,326**

At 30 June 2019, the cost of treasury shares amounted to EUR 7,563,545 (EUR 5,292,531 at 31 December 2018). The cost of purchases made for EUR 2,271,014 are included under "Treasury share transactions" in the statement of changes in equity.

On 19 June 2019, the Group notice a significant event to the CNMV the approval by the Board of Directors of a Share Buy back program in order to meet the incentive plan approved by the General Meeting of Shareholders of 28 June 2017, taking into account that the treasury share existing at the date of publication of the significant event will preferably be used to pay in shares of the part of the acquisition price of the construction company Rayet Construcción, S.A. (See note 19). The repurchase program will involve the acquisition by Quabit of a maximum of 4,500,000 own shares, representing approximately 3%, of the capital stock of the Parent Company and for a maximum monetary amount allocated of 6,500 thousand euros.

The repurchase program will remain in effect until 31 December 2019 and its management is delegated to the securities company Gestión de Patrimonios Mobiliarios Sociedad de Valores, S.A.

In execution of the Share Buy back program, during the period between 19 June 2019 and 28 June 2019, 345,542 shares have been made for a total amount of 367,987 euros.

As a result of the various transactions described in the previous paragraphs, at 30 June 2019 the Parent had 4,743,326 treasury shares that represent the 3.19% of Share capital, (equal to EUR 5,199 thousand according to the market value at 28 June 2019), which is therefore below the maximum limit of 10% of share capital established for companies listed on the stock market with regard to holding treasury shares.

9.2. Equity of the Parent

The equity of the Parent amounted to EUR 293,630 thousand at 30 June 2019 (EUR 294,514 thousand at 31 December 2018).

9.3. Other equity instruments

The Group issued 7,526,058 warrants on shares in favour of the funds managed by Avenue Europe Intenational Management L.P. (hereinafter referred to as Avenue) in consideration of the financing obtained by the group under the financing facility granted by said funds in December 2017 and 2016, corresponding to 4,697,989 in consideration of the line granted by the funds managed by Avenue in December 2016 (Avenue I) and 2,828,069 in consideration of the line granted in December 2017 (Avenue II).

The enforceability of these warrants is conditioned to different tranches of funds disposition of each of the lines so that as at 30 June 2019 all warrants are enforceable.

Each warrant entitles the holder to subscribe a new share with cash outlay of a conversion price. The conversion price is subject to an anti-dilution mechanism for capital increases and debt issuance. As a consequence of the capital increase carried out on 24 May 2018 (see note 12.1), the adjusted prices are as follows: (i) in the first two years of the agreement, the average subscription price would be 2.9357 euros / share and (ii) in the last two years of the agreement the average subscription price would be 3.3874 euros / share.

As at 30 June 2019 and at 31 December 2018 there are 824 thousand euros recorded, which corresponds to the fair value of the warrants that have become enforceable under the heading 'Other equity instruments', with a balancing entry in the amortized cost of the debt.

9.4. Share based payments

On 28 June 2018 the Company Board of Quabit approved an incentive plan (Approved by the General Shareholders meeting on 27 June 2017) for the 2018-2022 period consisting of the transfer of ordinary shares of the Parent Company to the Chairman and Chief Executive Officer, and 17 other executives and key employees of the Management, free of charge and on different dates of accrual and effective transfer. In July 2018 the Parent Company communicated to the beneficiaries the incentive plan and their inclusion in the same.

The maximum number of shares that may be transferred to the beneficiaries of the incentive plan is 4,059,591 shares, which represents 2.73% of the current share capital of the Parent Company. This amount may be increased in the case of the inclusion of new beneficiaries, provided that the maximum is always 3% of the share capital of the Parent Company.

As at 30 June 2019, the number of shares that may be transferred to the beneficiaries of the incentive plan is 4,216,942 shares, which represents 2.83% of the current share capital of the Parent Company

The transfer is contingent on fulfilment of two business metrics related to the fulfilment of the accumulated EBITDA and the total shareholder return accumulated for the Quabit share for the 2018 to 2022 years, as well as the beneficiaries continue to adhere to the condition of being directors or employees of the Group on the dates of accrual and effective transfer of the shares.

Based on the accrual, the Parent Company has recorded the personnel expenses associated with this plan in the attached income statement with a Net Equity offset in the amount of EUR 88 thousand from the effective communication of the Incentive Plan to its employees until 30 June 2019. This estimate has been made taking into account certain assumptions and premises, as well as the advising provided by an independent expert.

10. Trade and other payables

The detail of “Trade and other payables” at 30 June 2019 and 31 December 2018 is as follows:

	30/06/2019	31/12/2018
Payable to related parties (Note 19)	5,668,537	2,749,480
Trade and other payables	29,614,267	22,551,476
Total	**35,282,804**	**25,300,956**

At 30 June 2019, EUR 5,669 thousand of the balance under “Payable to related parties” correspond to the amount payable arising from the construction work and other services provided by companies that form part of Grupo Rayet (see Note 19).

11. Borrowed funds

11.1 Financial Debt

11.1.1 Debt composition and movements

Following are the details of the financial debt:

	30/06/2019		31/12/2018	
	Current	Non-current	Current	Non-current
Recourse debt	**96,905,955**	**12,894,037**	**76,778,257**	**-**
Debt to be covered according to schedule of payments	76,878,788	-	76,632,366	-
Debt to be discharged with sale of assets	-	-	145,890	-
Simple obligations	19,783,534	-	-	-
Debt with international funds	243,633	12,894,037	-	-
Non-recourse debt	**155,405,420**	**6,097,732**	**134,971,030**	**5,944,799**
Payable debt with transfer of collateral	-	-	1,776,828	-
Debt to be covered according to schedule of payments	1,494,293	-	2,009,397	-
Debt guaranteed by VAT refunds	885,500	-	1,708,985	-
Debt to be discharged with sale of assets	19,126,431	-	11,363,875	-
Alpin Equities Loan	6,782,930	6,097,732	5,800,000	5,944,799
Facility Avenue I	71,612,346	-	66,349,360	-
Facility Avenue II	38,559,615	-	36,321,935	-
Taconic Facility	16,944,305	-	9,640,650	-
	252,311,375	**18,991,769**	**211,749,286**	**5,944,799**

The following table summarises the activity seen in this section of the balance sheet over the year 2019:

Thousands of euros	**30/06/2019**
Initial Balance	**217,694**
Draw downs	18,437
Draw downs on Taconic	6,693
Draw downs other loans	13,750
Bond issue	20,000
Debt adjusted to amortised cost	(608)
Amortisation of maturities	(3,676)
Cancellations due to debt discounts	(469)
Cancelation from sales	(8,499)
Interest accrued	9,758
Adjustments of liabilities to fair value	(1,777)
Final Balance	**271,303**

Activity for 2019

Draw downs

- Draw downs under developer loans: This item corresponds to draw downs made on loans for the financing of work underway and VAT. In the case of the VAT financing, the VAT paid in land purchase operations is partially financed. The debt associated with the financing of the VAT shall be paid at the same time as Public Treasury makes the return of the draw downs of the development and land loan and they will be paid upon transfer of the homes. From the drawn down amount, EUR 2,496 thousand have been drawn down and amortised in the same year.

- Draw downs on Taconic: Draw downs of funds (nominal without commissions) made in 2019 for the credit facility of up to EUR 50 million granted by funds advised by Taconic Capital Advisors UK LLP and Grupo Royal Metropolitan España, S.A. ("Taconic"). This credit facility was signed on 27 March 2018 and as of 30 June 2019 there are available funds in the amount of EUR 33.8 million.

- Debt with international funds: Drawdown of funds (nominal without commissions) made in 2019 for an amount of EUR 13.75 million granted by international funds. This credit facility was signed on 10 April 2019 and the maturity is on 4 April 2023.

- Bond issue: On April 4, 2019, an issue of simple obligations was made for a total amount of EUR 20 millions issued at 99% and will accrue an annual coupon of 8.25%.

Adjustment of debt at amortised cost

- The adjustments to the debt at amortised cost mainly correspond to the net effect of the recorded debt at amortised cost which includes the impact of discounting commissions charged and the cost incurred on obtaining the and those already paid.

- In addition, include the impact of the issue of warrants associated with Avenue I and Avenue II (See note 9.3) and the commissions and the draw down of the Taconic credit facility.

- Also included in this item is the effect of register the effective interest rate accrued as a result of the re-estimation of the payment flows associated with the current debt restructuring agreements with financial entities as of 31 December 2018.

Amortisation of maturities

Corresponds to repayments of capital and interest agreed with other financial institutions and repayments of VAT made at the same time that Public Treasury has made refunds.

Cancellations for debt discounted

- Capital and interest in the amount of EUR 469 thousand for debt discounts (principal and interest) agreed to with other financial institutions and for debt discounts applied to sale of stock.

Cancelation from sales

- Payment of debt associated with land and finished product (land and development loan), coinciding with the timing of the sale of such assets. The amount paid for all such operations has amounted to EUR 8,499 thousand.

Adjustments of liabilities to fair value

On 15 February 2019 the group reached an agreement with the payment in kind of the shares of the company that guaranteed it with a financial institution to cancel the restructured debt in 2013 with limited recourse agreement.

11.1.2 Structure and maturities of bank debt as of 30 June 2019

The structure of the bank debt as of 30 June 2019, in the amount of EUR 271,303 thousand, is as follows:

Thousands of euros	Years					
	2019	**2020**	**2021**	**2022**	**2023**	**Total**
Recourse debt	**233**	**13,662**	**14,483**	**49,085**	**32,337**	**109,800**
Debt to be covered according to schedule of payments	233	13,078	14,483	49,085	-	76,879
Bonds Issue	-	340	-	-	19,443	19,783
Debt with international funds	-	244	-	-	12,894	13,138
Non-recourse debt	**29,012**	**76,987**	**38,560**	**16,944**	**-**	**161,503**
Debt to be covered according to schedule of payments	1,494	-	-	-	-	1,494
Debt guaranteed by VAT refunds	886	-	-	-	-	886
Debt to be discharged with sale of assets	12,550	6,576	-	-	-	19,126
Alpin Equities Loan	6,783	6,098	-	-	-	12,881
Facility Avenue I	7,299	64,313	-	-	-	71,612
Facility Avenue II	-	-	38,560	-	-	38,560
Taconic Facility	-	-	-	16,944	-	16,944
	29,245	**90,649**	**53,043**	**66,029**	**32,337**	**271,303**

Recourse debt: Quabit Inmobiliaria, S.A. debt has universal equity responsibility.

- Debt to be covered according to schedule of payments*:* Debt with two entities that should be services at the deadlines set out in this schedule. Most corresponds to SAREB*:* debt in the amount of EUR 73,108 thousand and will be paid through payments in the total amount of EUR 76,932 thousand.

  On 23 September 2015, the Parent Company and SAREB signed a restructuring agreement for the financial debt contracted by the Company and SAREB that set obligation to make an advance payment of EUR 35.6 million before the end of 201, and made ordinary and advance payments of 24.6 million euros, the schedule of payments is as follow as at 30 June 2019:

Maturity	**Repayment in thousands of euros**
31 July 2019	169
31 July 2020	10,000
31 July 2021	15,000
31 July 2022	51,763
TOTAL	**76,932**

The update of these payment flows determines the amortised cost of the debt of EUR 73,108 thousand as of 30 June 2019 (EUR 72,387 thousand as of 31 December 2018).

The following conditions were agreed**:**

- Mandatory early amortisation: The Parent Company must set aside for the early amortisation of the financial debt the net amounts it receives as a result of the following items:

  (i) 20% of the operational cash of each fiscal year; and

  (ii) 20% of the amounts received as a result of any capital increase with monetary contributions.

  As exceptions to this, the following were not applicable: (a) the capital increase in the amount of up to ten million euros of the nominal price approved at the Company Shareholders Meeting on 30 June 2015; and (b) the Company capital increases that were made as a result of draw downs on the capital facility during 2015.

- Advanced voluntary amortisation in certain conditions, allowing QUABIT to decide what assets it wishes to release to allow the development of real estate projects therein.

- Simple obligations: On 4 April 2019, an issue of simple obligations for a total amount of 20 million euros issued at 99% and maturity on 4 April 2023 and will accrue an annual coupon of 8.25% . The obligations are admitted to trading in the unregulated Open Market (Freiverkehr) market of the Frankfurt Stock Exchange, in the Quotation Board segment. The funds will be used to finance new projects

  As of 30 June 2019, the nominal amount disposed of this line amounts to 20 million euros. The balance is presented discounting to the nominal 20 million euros, the issuance costs and the accrued nominal interest are added, increasing the amount at amortized cost of the provision of this line as of June 30, 2019 to 19,443 thousand euros.

  This line of credit includes clauses in relation to the fulfillment of ratios, usual conditions in this type of operations. In the directors' opinion, the Group complies with these ratios as of June 30, 2019.

- Loan with international funds*:* On 10 April 2019, a loan amounting to 13.75 million euros was signed with maturity 4 April 2023. The objective of the funds is to continue with the active policy of expansion and development of the Quabit promoter business. The initial interest rate to be applied will be 7.875% per year, with an average annual rate of 9.375%.

  As of 30 June 2019, the nominal amount disposed of this line amounts to 13.75 million euros. The balance at amortized cost of the provision of this line as of 30 June 2019 amounts to 12,894 thousand euros.

  This line of credit includes clauses in relation to the fulfillment of ratios, usual conditions in this type of operations. In the directors' opinion, the Group complies with these ratios as of 30 June 2019.

Non-recourse debt: Debt in which the liability is limited from the corresponding collateral.

- Debt Payable according to payment schedule with limited recourse agreement: in the year 2018 a restructuring agreement of the debt contracted with this entity was reached that, according to the terms of this agreement, the debt would be settled with payments to be made during the year 2019 (three payments in January, July and December) for an amount of 2,030 thousand euros with the option of the Group to cancel it with the delivery of the assets that guarantee it.

  As a result of the terms of this agreement, the outstanding debt has been recorded at amortized cost as of 30 June 2019 for an amount of 1,494 thousand euros after the first payment has been made

- VAT Loan: debt in the amount of EUR 886 thousand corresponding to the financing of the VAT in land purchase operations. This debt shall be discharged automatically upon return of the VAT by the Public Treasury.

- Developer loan: debt in the amount of EUR 15.947 thousand corresponding to developer or land loans associated with developments under construction and debt associated with the finished product stock in the amount of EUR 3.179 thousand that will be paid off in the moment that the homes are delivered.

- Alpin credit facility signed on 5 October 2017: debt in the amount of EUR 12,881 thousand (amortised cost plus interest accrued as of 30 June 2019) out of EUR 15 million fully withdrew. The schedule for the amortisation of this loan has been set up planning the return on the data set for the completions and delivery of the developments underway at the subsidiaries whose shares have been pledged in favour of the funds providing the debt guaranteeing the performance of the terms of the agreement.

- Credit facilities Avenue I and Avenue II signed in December 2016 and 2017 with funds advise by Avenue: debt in the respective amounts (amortised cost plus interest) of EUR 71,612 and EUR 38,560 thousand with final maturities set in 2020 and 2021 fully withdrew. These maturities are expected to be covered with the cash obtained in the sale of the developments under construction at the land acquired with the funds obtained from such facilities. Therefore, in the charts of maturities shown hereunder, maturities prior to these dates have been shown for the debt associated with developments with deliveries prior to the final maturity date of the facilities.

- Credit facility with funds advised by the companies Taconic Capital Advisors UK LLP and Grupo Royal Metropolitan España, S.A. (hereinafter "Taconic") signed on 27 March 2018: debt in the amount (amortised cost plus interest) of EUR 16,944 thousand with final maturities set in 2022. As of 30 June 2019 the nominal amount withdrew is EUR 16,183 thousand, being available EUR 33,817 thousand. These maturities are expected to be covered with the cash obtained in the sale of the developments underway at the land acquired with the funds obtained from such facility.

Additional information on bank debt

All these balances, both long and short-term, are denominated in euros.

11.3. Other non-trade payables

The detail of the Group’s other non-trade payables at 30 June 2019 and 31 December 2018 is as follows:

	30/06/2019		31/12/2018	
	Current	**Non current**	**Current**	**Non current**
Payable to related companies: Other loans (Note 19)	485,706	-	772,163	-
Loans from third parties	510,268	10,628,167	-	7,957,691
Deposits and guarantees	1,928,865	1,010	2,205,360	12,809
Total	**2,924,839**	**10,629,177**	**2,977,523**	**7,970,500**

12. Tax receivables and payables

The detail of the tax receivables and tax payables at 30 June 2019 and 31 December 2018 is as follows:

Receivables	**30/06/2019**	**31/12/2018**
Income tax	-	2,788
VAT	1,759,604	10,821,340
Withholdings	234	98
Other	113,090	77,173
	1,872,928	**10,901,399**

Payables	**30/06/2019**	**31/12/2018**
VAT	70,489	1,122,232
Social security costs	117,868	145,678
Withholdings	578,133	834,180
	766,490	**2,102,090**

The reduction in the VAT debit is consequence of the collection in the first half of 2019 of the amounts that the Administration owed at the end of the year 2018, as a result of the purchase operations of land made by the Group in the previous year.

The decrease in Payables of VAT is due to the fact that in the month of June 2019 there have been less deliveries than those registered in the month of December 2018.

13. Deferred taxes

13.1. Deferred tax liabilities

Main component of the Deferred tax liabilities of Consolidated Balance Sheet at 30 June 2019 and 31 December 2018 is the amount of deferred taxes with origin in the two business combinations of the years 2006 y 2008. Those deferred taxes were a consequence of the allocation to the assets of the two subgroups of those surplus paid by the Parent. The reduction in the amount of the deferred taxes is due, mainly, to the booking of the sales of assets in the first half 2019 and of their corresponding impairment corrections.

13.2. Deferred tax assets

Deferred taxes at 30 June 2019 correspond mainly to tax assets, of which EUR 59.5 million corresponds to the Parent.

Total credits for this concept come not only from tax losses carry forward but also from other temporary adjustments pending to register.

The different components of the tax credits of the Parent are detailed in the following table:

Amounts in millions of euros	31/12/2018
Negative tax bases awaiting offset of the tax Group	575
Difference of 2008 merger not assigned to assets awaiting adjustment	182
Difference in 2008 merger assigned to assets awaiting reversal	4
Interest expenses not deducted of the tax Group	67
Positive adjustments due to reversal of portfolio impairment	(6)
Positive adjustments due to tax neutrality of contributions	(13)
Positive adjustments due to debt discount deferments	(35)
	774

The tax assets that may potentially be recognised for all these components calculated at a tax rate of 25% (applicable as of 2017 according to that set forth in Corporate Income Tax Law 27/2014, of 27 November) amounted to EUR 194 million, of which the Group had recognised EUR 59.5 million as assets.

14. Provisions for contingencies and charges

The detail, by nature, of provisions and other current and non-current liabilities at 30 June 2019 and 31 December 2018 is as follows:

	30/06/2019		31/12/2018	
	Other current liabilities	**Long-term provisions for contingencies and charges**	**Other current liabilities**	**Long-term provisions for contingencies and charges**
By nature:				
Provisions for litigation and third-party liability	834,775	2,609,568	948,478	2,609,568
Provisions for other liabilities	3,695,008	-	3,671,327	-
	4,529,783	**2,609,568**	**4,619,805**	**2,609,568**

14.1. Provisions for litigation and third-party liability

There were no movements as of 30 June 2019 with respect to 31 December 2018 in the "Provisions for litigation and liabilities" section.

The provisions recognised at 30 June 2019 and 31 December 2018 correspond to the estimated amount required for probable third-party liabilities and losses, none of which have significant individual amounts, the exact amount and date of payment of which cannot be determined. The provision is made using the best estimates at the time the potential obligation becomes known, based on independent expert legal reports to hedge any risks arising from the real estate activities carried out by the Group in various projects.

14.2. Provisions for other liabilities

“Other liabilities” in the consolidated balance sheet includes mainly the provisions recognised in connection with urban development work yet to be carried out, which are charged to the Group, corresponding to the land already sold.

15. Guarantees

At 30 June 2019, the guarantees provided to the Group by financial institutions in relation to municipal councils, individuals and private companies amounted to EUR 44,455 thousand (EUR 28,047 thousand at 31 December 2018). EUR 30,299 thousand of that amount refers to guarantees provided to the customers for covering the prepayments made related to transactions of sales of houses (EUR 17,125 thousand at 31 December 2018).

In addition, certain Group companies act as guarantors of the collateral and credit facilities granted to companies by financial institutions in accordance with the following breakdown:

	30/06/2019	31/12/2018
Guarantees provided to Group companies by the Parent	13,063,680	6,876,508
Guarantees provided to associates	540,315	540,315
Guarantees provided to third parties	766,468	387,473
	14,370,463	**7,804,296**

The total amount correspond to credit and loan policies and insurance policies.

16. Operating income and expenses

a) Net turnover

The detail of the Group’s Net turnover at 30 June 2019 and 2018 is as follows:

	30/06/2019	30/06/2018
Land sales	1,158,232	-
Sale of building constructions	18,188,294	9,148,607
Property rental	4,710	5,310
Other	23,410	-
	19,374,646	**9,153,917**

The amount of turnover includes sales of 38 homes of completed developments and Stock (38 unit in same period previous year)

In the 2019 there have been land sales for an amount of 1,158 thousand euros.

b) Other operating income

“Other operating income” in the consolidated income statement includes the amount of EUR 469 thousand (EUR

14,896 thousand in 2018) due to the debt discounts applied in executing the agreements with financial institutions, either through the application of the portion corresponding to the maturity schedules or the debt reduction associated with the sale of assets.

c) Other operating expenses

The detail of the Group's other operating expenses at 30 June 2019 and 2018 is as follows:

	30/06/2019	30/06/2018
Professional services	2,519,801	1,496,749
Advertising and publicity	1,523,887	1,036,153
Taxes other than income tax	5,857,828	4,368,658
Banck charges	1,082,286	385,741
Other professional services	553,892	390,021
Repairs and maintenance	30,139	25,295
Insurance premiums	156,751	147,456
Utilities and supplies	80,538	62,880
Other	181,702	790,407
	11,986,824	**8,703,360**

The increase in this line of the consolidated Income Statement is mainly associated with the increase in the group's activity. Part of the expenses included in this line (architects' fees, building licences, construction taxes, among others) are items that can be activated in inventories as cost of the projects in progress. In addition, it includes commercial expenses associated to developments.

d) Staff costs

The detail of "Staff costs" is as follows:

	30/06/2019	30/06/2018
Wages and salaries	2,750,217	2,254,193
Employer social security costs	504,346	336,387
Remuneration of directors (Note 19)	673,286	793,286
Share based payments	47,915	-
Other employee benefit costs	73,934	50,910
	4,049,698	**3,434,776**

17. Finance income and costs

The detail of finance income is as follows:

	30/06/2019	30/06/2018
Other finance income	9,036,166	5,690,074
Fair value Debt adjusments	-	47,850
	9,036,166	**5,737,924**

Finance income in 2019 and 2018 mainly includes the activation of interest cost related to developments in progress.

The breakdown of financial expenses as of 30 June 2019 and 2018 is detailed below:

	30/06/2019	30/06/2018
Interest on loans and bank loans	11,593,418	8,065,369
Interest on debts with related companies (Note 19)	-	856
Other financial expenses	11,092	161,229
	11,604,510	**8,227,454**

Financial expenses increase in relation to the first half of 2019, as a consequence of the greater indebtedness with land loans and developer loans for the development of the group's activity.

18. Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares acquired and held by the Group (Note 9.1).

	30/06/2019	30/06/2018
Profit attributable to shareholders of the Parent according to the accompanying consolidated income statement	850,484	1,178,408
Weighted average number of shares outstanding	144,932,634	117,024,109
Basic earnings per share (euros)	**0.006**	**0.010**

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to reflect the conversion of all the dilutive potential ordinary shares. As at 30 June 2019 there is an effect for the potential ordinary shares associated with the executable warrants that would give the holders the right to subscribe for 7,526,058 new shares (see note 9.3). Diluted earnings per share would be 0.006 euros / share considering this effect (0.010 euros/share as at 30 June 2018).

19. Balances and transactions with related parties

In accordance with the Board of Directors Regulations, the Board has full competence to approve, following a report from the Appointments and Remuneration Committee, the transactions that the Parent or its Group companies carry out with directors, in accordance with that stipulated in Article 229 and 230 of the Spanish Limited Liability Companies Law, or with shareholders that individually or acting in concert with others hold a significant ownership interest, including shareholders represented on the Board of Directors of the Company or of other companies that form part of the same group, or with persons related thereto. Directors who are candidates, or who represent or are related to shareholders who are candidates, must abstain from participating in the discussions and from voting on the resolution in question. Only transactions that simultaneously meet the following three characteristics will be exempt from this approval:

1. They are performed under contracts with standard terms and conditions and are applicable across-the-board to numerous customers,

2. They are performed at prices or rates established in general terms by the supplier of the goods or service in question, and

3. The amount does not exceed 1% of the Company’s annual income.

The balances and transactions performed with subsidiaries as part of its normal business and financing activities have been eliminated on consolidation and, therefore, are not disclosed in this Note.

Balances with related companies at 30 June 2019

	Grupo Rayet, S.A.U. and Subsidiaries	Joint Arrangements and UTE's	Associates	Key personnel	Total
ACTIVO					
Non-current financial assets	2,993,346	-	-	-	**2,993,346**
Current financial assets	900,000	49,000,505	437,894	-	**50,338,399**
Trade receivables (Note 7)	666	-	-	-	**666**
	3,894,012	**49,000,505**	**437,894**	**-**	**53,332,411**
PASIVO					
Non-current financial liabilities (Note 11.2)	107,179	1,027	77,500	-	**185,706**
Current financial liabilities (Note 11.2)	-	-	-	300,000	**300,000**
Trade and other payables (Note 10)	5,668,537	-	-	-	**5,668,537**
	5,775,716	**1,027**	**77,500**	**300,000**	**6,154,243**

Balances with related companies at 31 December 2018

	Grupo Rayet, S.A.U. and Subsidiaries	Joint Arrangements and UTE's	Associates	Key personnel	Total
ACTIVO					
Non-current financial assets	2,993,346	-	-	-	**2,993,346**
Current financial assets	4,721	48,991,144	437,894	-	**49,433,759**
Trade receivables (Note 7)	666	-	-	-	**666**
	2,998,733	**48,991,144**	**437,894**	**-**	**52,427,771**
PASIVO					
Non-current financial liabilities (Note 11.2)	107,179	1,027	77,500	-	**185,706**
Current financial liabilities (Note 11.2)	-	-	-	586,458	**586,458**
Trade and other payables (Note 10)	2,749,480	-	-	-	**2,749,480**
	2,856,659	**1,027**	**77,500**	**586,458**	**3,521,644**

Balances with related companies as at 30 June 2019

Grupo Rayet, S.A.U. and subsidiaries:

Trade creditors and other accounts payable:

Includes the balances deriving from the outstanding bills mainly corresponding from the building projects carried out by Rayet Construcción, S.A. (See Commitments with Grupo Rayet).

Current Financial Assets

Includes balances from prepayments to Grupo Rayet, S.A.U. y Restablo inversiones, S.L.U. on account of the acquisition price of the company Rayet Construcción, S.A. as of 30 June 2019 (See Corporate operations: integration of Rayet Construcción, S.A.)

Transactions with related parties in 2019

30 June 2019

euros	**Grupo Rayet, S.A. and Subsidiaries**	**Joint Arrangements and UTEs**	**Associates**	**Key management personnel**	**Total**
Purchases and other expenses:	15,973,156	-	-	-	15,973,156
Procurements	*15,944,287*	-	-	-	*15,944,287*
Other operating expenses)	25,015	-	-	-	25,015
Non-current asset acquisitions	*3,854*	-	-	-	*3,854*
Remuneration to Board of directors	-	-	-	793,286	**793,286**
Remuneration to management personnel	-	-	-	773,990	**773,990**

Transactions with related parties in 2018

30 June 2018

euros	**Grupo Rayet, S.A. and Subsidiaries**	**Joint Arrangements and UTEs**	**Associates**	**Key management personnel**	**Total**
Purchases and other expenses:	4,773,363	-	-	-	**4,945,263**
Procurements	4,561,785	-	-	-	***4,561,785***
Other operating expenses (Note 16)	158,641	-	-	-	***330,541***
Non-current asset acquisitions	52,936	-	-	-	***52,936***
Finance costs (Note 17)	856	-	-	-	**856**
Remuneration to Board of Directors	-	-	-	793,286	**793,286**
Remuneration to management personnel	-	-	-	978,583	**978,583**

Transactions with related parties 2019

- Procurements: From the total amount recorded in this section, EUR 15,578 thousand corresponding to the project certifications in 2019 for various developments whose building projects are being executed by Rayet Construcción, S.A. (see commitments with Grupo Rayet, S.A.U.), EUR 13 thousand corresponding to repairs and maintenance services executed by Rayet Construcción, S.A. and EUR 353 thousand corresponding to land development certifications in the town of Alovera (Guadalajara).

- Other operating expenses: These correspond to IT, advertising and office cleaning services provided by subsidiaries of Grupo Rayet, S.A.U.

- Acquisition of fixed assets Coresponds to the acquisition of computer equipment and sales stalls to subsidieries of Grupo Rayet, S.A.U.

Commitments with Grupo Rayet, S.A.U. and subsidiaries as of 30 June 2019

The Group companies have subscribed to various agreements with companies belonging to the shareholder Grupo Rayet, S.A.U.:

- Agreement for providing IT and cleaning services with companies belonging to the shareholder Grupo Rayet, S.A.U in an aggregate amount committed of EUR 169 thousand.

- A work performance agreement with supply of materials for the construction of a building with 51 flats on a lot located at the city of Torrejón de Velasco. The overall budget of the work amounts to EUR 4,545 thousand, EUR 1,803 thousand of which has been billed during this year.

- A work performance agreement with supply of materials for the construction of a building with 45 flats on a lot located at the city of Torrejón de Velasco. The overall budget of the work amounts to EUR .3,834 thousand, EUR 1,361 thousand of which has been billed during this year.

- A work performance agreement with supply of materials for the construction of a building with 11 single family homes on a lot located in the city of Torrejón de Velasco. The overall budget of the work amounts to EUR 1,151 thousand, of which EUR 94 thousand has been billed during this year.

- A work performance agreement with supply of materials for the construction of a building with 196 flats on a lot located in the city of Guadalajara. The overall budget of the work amounts to EUR 15,991 thousand, of which EUR 6,571 thousand has been billed during this year.

- A work performance agreement with supply of materials for the construction of a building with 76 flats on a lot located in the city of Alovera (Guadalajara). The overall budget of the work amounts to EUR 6,720 thousand, EUR 2,917 thousand of which has been billed during this year.

- A work performance agreement with supply of materials for the construction of a building with 38 flats on a lot located in the city of Guadalajara. The overall budget of the work amounts to EUR 4,049 thousand, EUR 924 thousand of which has been billed during this year.

- A work performance agreement with supply of materials for the construction of a building with 86 flats on a lot located in the city of Azuqueca de Henares (Guadalajara). The overall budget of the work amounts to EUR 8,804 thousand, EUR 1,551 thousand of which has been billed during this year.

- A work performance agreement with supply of materials for the construction of a building with 24 single family homes on a lot located in the city of Alovera (Guadalajara). The overall budget of the work amounts to EUR 3,003 thousand, EUR 219 thousand of which has been billed during this year.

- A work performance agreement with supply of materials for the construction of a building with 88 flats on a lot located in the city of Alovera (Guadalajara). The overall budget of the work amounts to EUR 8.785 thousand, EUR 138 thousand of which has been billed during this year.

- In December 2012, the Parent Company took out a unilateral mortgage on property located in the province of Guadalajara, guaranteeing an aggregate amount of EUR 306 thousand, as a result of the designation before the State Tax Administration Agency of assets guaranteeing 19.89% of certain debts of the Temporary Join Ventures I-15. Such percentage corresponded to Quabit Inmobiliaria in accordance with its shareholding percentage before its leaving the aforesaid TJV I-15, in accordance with the commitments assumed before the State Tax Administration Agency for granting the deferral of the VAT payment of December 2011 of the aforesaid TJV I-15.

Corporate operations: integration of Rayet Construcción, S.A.

On 16 May 2019, the Group communicated through a significant event in the CNMV the signing of a binding agreement of terms and conditions in relation to the integration of the construction company Rayet Construcción, S.A. by acquiring a minimum of 82.95% of the shares representing the capital stock of said contracted entity by 62.65% by Grupo Rayet, S.A.U. and by 20.3% by Restablo Inversiones, S.L.U. , both companies fully owned by Mr. Félix Abanades López, who owns, 16,739% of the share capital of the Parent Company and holds the positions of Chairman and CEO In Quabit.

The agreed price is 13.1 million euros for 82.95% of the shares. The price will be 70% satisfied by the delivery of Quabit shares, at a value that is greater than between 2.00 euros / share or a weighted average price for the period of 30 stock market days immediately prior to the effective delivery of the shares of Quabit, and remaining 30% will be paid in cash.

The operation is subject to obtaining a Fairness favourable opinion from an independent financial advisory firm, the completion of the Due Diligence with satisfactory results for Quabit and the agreement between the parties of the contractual documentation.

At the date of formulation of these condensed interim financial statements as of 30 June 2019, the work of Fairness Opinion and Due Diligence is underway. The agreement considers the prepayment of 1,966 thousand euros in cash and 1,000,000 shares. As of 30 June 2019, 900 thousand euros had been disbursed in cash and there had been no disbursement in shares. At the date of formulation of these condensed financial statements, 1,000,000 shares have been disbursed and a payment of 500 thousand euros has been made, with the remaining 566 thousand euros pending.

Remuneration to the Board of Directors and Management

The remuneration to the Board of Directors effectively paid for the 2018 financial year amounted to 1,538 thousand euros compared to 1,658 thousand euros registered, with the remuneration corresponding to the 2018 financial year being regularized at 120 thousand euros during the 2019 financial year.

In the first half of the year, the Group recorded an amount of 48 thousand euros for the expense associated with the Incentive Plan for the 2018-2022 period consisting of the delivery of ordinary shares of the Parent Company to the President and CEO, and other 17 executives and key employees of the Directorate, free of charge and on different accrual dates and effective delivery. The accumulated amount amounts to 88 thousand euros since its approval.

20. Contingencies

There has not been any significative variation in 2019 for the contingencies described in Note 29 of the Consolidate Financial Accounts for 2018.

21. Events after the reporting period

There have been no significant events other than those expressly mentioned in notes prior to 30 June 2019 to the date of preparation of these Consolidated Financial Statements.

Appendix I

Subsidiaries included in the scope of consolidation

Compay name	Registered office	Direct ownership interest	Indirect ownership interest	Consolidation method	Company holding the interest
Quabit Inmobiliaria Internacional, S.L.	Madrid	99.31%		a	(i)
Grupo Mediterráneo Costa Blanca, S.L.U.	Madrid	100.00%		a	(i)
Residencial Nuevo Levante, S.L.U.	Madrid	100.00%		a	(i)
Quabit Comunidades, S.L.	Madrid	60.00%		a	(i)
Parque Las Cañas, S.L.U.	Madrid	100.00%		a	(i)
Bulwin Investments, S.A.	Madrid	100.00%		a	(i)
Panglao Investments, S.L.U.	Madrid	100.00%		a	(i)
B2R PROPTECH, S.L.U.	Madrid	100.00%		a	(i)
Quabit Aneto, S.L.U.	Madrid	100.00%		a	(i)
Quabit Veleta, S.L.U.	Madrid	100.00%		a	(i)
Quabit Quality Homes, S.L.U.	Madrid	100.00%		a	(i)
El Balcón de las Cañas, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Sant Feliu, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Casares, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Premier, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Torrejón VP Fase 1, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Torrejón VP Fase 2, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Torrejón VP Fase 3, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Peñuela VL Fase 1, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Peñuela VL Fase 2, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Peñuela VL Fase 3, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Remate las Cañas, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Sup-R6, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Quality Homes Guadalix, S.L.U.	Madrid		100.00%	a	(ii)
Quabit Quality Homes San Lamberto, S.L.U.	Madrid		100.00%	a	(ii)
Iber Activos Inmobiliarios, S.L.	Madrid		86.50%	a	(iii)
Global Quabit, S.L.U.	Madrid	100.00%		a	(i)
Quabit Aguas Vivas, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Alcarria, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Distrito Centro, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Corredor del Henares, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Moncloa, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Sureste, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Hortaleza, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Remate, S.L.U.	Madrid		100.00%	a	(iv)
Global Quabit Cañaveral Málaga Fase 1, S.L.U.	Madrid		100.00%	a	(iv)
Global Quabit Cañaveral Málaga Centauro, S.L.U.	Madrid		100.00%	a	(iv)
Global Quabit Cañaveral Tercera Fase, S.L.U.	Madrid		100.00%	a	(iv)
Global Quabit Cañaveral Fase Cuatro, S.L.U.	Madrid		100.00%	a	(iv)

Company name	Registered office	Direct ownership interest	Indirect ownership interest	Consolidation method	Company holding the interest
Global Quabit Málaga, S.L.U.	Madrid		100.00%	a	(iv)
Global Quabit Sur, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Casares Golf RP5, S.L.U.	Madrid		100.00%	a	(iv)
Global Quabit Norte, S.L.U.	Madrid		100.00%	a	(iv)
Global Quabit Azuqueca, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Almanzor, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Teide, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Peñalara, S.L.U.	Madrid		100.00%	a	(iv)
Quabit Naranjo, S.L.U.	Madrid		100.00%	a	(iv)
Global Quabit Desarrollos Inmobiliarios, S.L.	Madrid	90.01%		a	(i)
Quabit Las Lomas de Flamenco, S.L.U.	Madrid		90.01%	a	(v)
Quabit Alovera, S.L.U.	Madrid		90.01%	a	(v)
Quabit Bonaire, S.L.U.	Madrid		59.58%	a	(vi)
Quabit Menorca Desarrollos Inmobiliarios, S.L.U.	Madrid		90.01%	a	(v)
Quabit Freehold Properties, S.L.U.	Madrid	100.00%		a	(i)
Quabit Freehold Properties Levante, S.L.U.	Madrid		100.00%	a	(vii)
Quabit Freehold Properties Sur, S.L.U.	Madrid		100.00%	a	(vii)
Quabit Freehold Properties Centro, S.L.U.	Madrid		100.00%	a	(vii)
Quabit Freehold Properties Madrid, S.L.U.	Madrid		100.00%	a	(vii)
Quabit Freehold Properties Valencia, S.L.U.	Madrid		100.00%	a	(vii)
Quabit Freehold Properties Este, S.L.U.	Madrid		100.00%	a	(vii)
Quabit El Vado, S.L.U.	Madrid		100.00%	a	(vii)
Quabit Palmaces, S.L.U.	Madrid		100.00%	a	(vii)
Quabit Finance, S.A.	Madrid	100.00%		a	(i)
Quabit Finance Assets, S.L.U.	Madrid		100.00%	a	(viii)
Quabit Gregal, S.L.U.	Madrid		100.00%	a	(ix)
Quabit Poniente, S.L.U.	Madrid		100.00%	a	(ix)
Quabit Siroco, S.L.U.	Madrid		100.00%	a	(ix)
Quabit Terral, S.L.U.	Madrid		100.00%	a	(ix)
Quabit Mistral, S.L.U.	Madrid		100.00%	a	(ix)
Quabit Cierzo, S.L.U.	Madrid		100.00%	a	(ix)
Quabit Tramontana, S.L.U.	Madrid		100.00%	a	(ix)

Consolidation method: Full consolidation.

Line of Business::
The subsidiaries engage in the development of housing units and the management and urban development of land.

Company holding the interest

(i) Quabit Inmobiliaria, S.A.
(ii) Quabit Quality Homes, S.L.U.
(iii) Quabit Quality Homes San Lamberto, S.L.U.
(iv) Global Quabit, S.L.U.
(v) Global Desarrollos Inmobiliarios, S.L.
(vi) Quabit Alovera, S.L.U.
(vii) Quabit Freehold Properties, S.L.U.
(viii) Quabit Finance, S.L.U.
(ix) Quabit Finance Assets, S.L.U.

Appendix II

Associates included in the scope of consolidation

Company Name	Registered Office	Direct ownership interest	Indirect ownership interest (*)	Consolidation method	Company holding the interest
Alboraya Marina Nova, S.L.	Alboraya	-	50,00%	a	(ii)
Masía de Montesano, S.L.	Barcelona	33,33%	-	a	(i)
Novamar Actuaciones Urbanas, S.L. (**)	Castellón	40,00%	-	a	(i)

(*) The percentage in case of Indirect ownership refers to that of the directo owner

(**) Company in liquidation

Consolisdation method
The Parent holds at least 20% of the share capital, and there are no joint management agreements between the holders of this ownership interest.

Company holding the interest

(i) Quabit Inmobiliaria, S.A.

(ii) Grupo Mediterráneo Costa Blanca, S.L.U.

Line of business
The subsidiaries engage in the development of housing units and the management and urban development of land.

Stock exchange quotation

None of these companies is listed in stock exchange markets

Appendix III

Joint arrangements included in the scope of consolidation

Company name	Registered office	Direct ownership interest	Consolidation method
Landscape Corsán, S.L.	Madrid	50.00%	a
Landscape Gestión Activos, S.L. (*)	Madrid	50.00%	a
Landscape Larcovi Proyectos Inmobiliarios, S.L.	Madrid	37.50%	a
Programas Actuación de Baleares, S.L.	Madrid	50.00%	a

(*) Company in liquidation.

Consolidation method

a. Joint management and arranged in some type of contractual agreement (bylaws, meeting minutes, regulations, etc.)

Line of business

The joint arrangements engage in the development of housing units and the management and urban development of land.

Stock exchange quotation

None of these companies is listed in stock exchange markets

Appendix IV

Unincorporated temporary joint ventures (UTEs) included in the scope of consolidation

Company name	Registered Office	Direct Ownership interest	Line of activity	Auditor
U.T.E. Rayet Promoción, S.L.- Rayet Construcción, S.A.	Guadalajara	80,00%	Urban development of land	Company not audited sice is not mandatory
U.T.E. Ruiseñor: Hercesa Inmobiliaria, S.A. – Rayet Promoción, S.L.	Guadalajara	0,01%	Urban development of land	Company not audited sice is not mandatory
U.T.E. Los Valles: E.F. Los Valles SP-02 (*)	Guadalajara	40,00%	Urban development of land	Company not audited sice is not mandatory
U.T.E. Egumar Gestión, S.L.- Afirma Grupo Inmobiliario, S.A. (E.P. Iriepal)	Guadalajara	70,00%	Urban development of land	Company not audited sice is not mandatory

(*) The partners decided the liquidation of UTE Los Valles on 6 March 2014. This liquidation is currently in progress.

Quabit Inmobiliaria

RESULTS JANUARY JUNE 2019

[Free translation from the original in Spanish. In the event of discrepancy, the Spanish Language version prevails]

1. BUSINESS PERFORMANCE AND GROUP SITUATION

1.1. Key highlights for the period

RESIDENTIAL DEVELOPMENT

- In the first half of 2019 (1H 2019) Grupo Quabit has launched 8 developments with a total of 459 houses, which means that as at 30 June 2019 it has 59 developments in different stages of execution with a total of 4,300 homes and an estimated billing amount of EUR 961 million. The projects portfolio, its status and geographic distribution are detailed in section 1.4.1 of this Report.

- The pre-sales portfolio (commitments to clients through reservations and contracts) as at 30 June 2019 is 1,423 homes (an increase of 74.8% compared to 30 June 2018) for a total billing amount of EUR 283 million.

- In 1H 2019 Grupo Quabit has completed the construction of 1 development with 29 units and has initiated the construction phase of 9 developments with 822 units. The projects in the delivery or construction phase totaled 2,179 homes and EUR 486 million of estimated billing as at 30 June 2019.

- In 1H 2019 Grupo Quabit has delivered 38 units. 3 developments of 4 completed in 2018 have been fully delivered and also all the units of the stock of homes prior to 2015 have been delivered.

- In the following months the stock of finished product will be delivered (29 units), meanwhile the rest of units to complete in the year are expected to be delivered in the last quarter of the year.

INVESTMENTS. LAND PURCHASES

In 1H 2019 the Quabit Group has invested EUR 10.0 million and has signed commitments for additional EUR 12.0 million. These acquisitions refer to:

- Land acquisitions with a total buildable area of 99,577 square meters buildable (sqmb) with the potential to develop more than 900 homes. The lands are in Corredor del Henares, region of Madrid, region of Valencia and Costa del Sol.
- One residential building with 60 homes and 5,919 sqmb for renovation and sale by units.

FINANCING OF INVESTMENTS

Two new financing operations have been signed in the 1H 2019 for the development of the Business Plan:

- On 4 April 2019, an issuance of simple bonds was closed for a total amount of EUR 20 million issued at 99% and that will accrue an annual coupon of 8.25% and maturity on April 2023. The funds will be used to finance new projects.

- On 10 April 2019, a new financing line was signed for an amount of EUR 13.8 million. The objective of the funds is to continue with the active policy of expansion and advance with the residential development business of Quabit. The initial interest rate to be applied will be 7.875% per year, with an average annual rate of 9.375%. Maturity will be on April 2023.

Additionally to those operations, EUR 18.4 million have been draw down from developer loans both of developments in progress and finished in the year.

These operations represent another step in the group's strategy to diversify funding sources and continue with its growth.

BUSINESS PLAN UPDATE

The Group has released on 16 May 2019 an update of its Business Plan 2018-2022, the most significant aspects of which are as follows:

- Delivery of 7,200- 7,600 home units.
- Forecasted turnover for the period: EUR 1,700-1,800 million
- Positive operational results will be reached from the last quarter of 2019. The 2020 financial year should be the first one with operational profits.

INTEGRATION OF THE CONSTRUCTION PROCESS

The Group has decided to integrate the constructive process and has agreed the acquisition of 82.95% of Rayet Construcción, S.A. , owned by some companies of Rayet group.

Strategic rational of the acquisition:

- To ensure construction periods
- To ensure the minimum possible impact of the inflations of construction costs
- Advance in the process of industrialization of the construction process.

Synergies: The operation is expected to add synergies between EUR 30-35 million:

- Incorporation of margins derived from the construction works executed by the Construction subsidiary.
- Additional reduction of terms and costs of construction.

Amount and Execution of the operation:

- Acquisition price of the 82.95% owned by companies belonging to Rayet group amounts EUR 13.1 million. The transaction is subject to full Due Dilligence and to Fairness Opinion by an independent expert. These works are in progress at the date of the issue of this Management Report.

- The payment of acquisition will be made in 2 tranches: 30% of the amount in cash and 70% in Quabit Inmobiliaria, S.A. (Quabit) shares at a reference price of 2.00 Eur per share.

TEMPORARY SHARES REPURCHASE PROGRAM

- On June 19, 2019, the Group notice a significant event to the Spanish National Securities Market Commission (CNMV) the approval by the Board of Directors of a Share Buyback program in order to meet the incentive plan approved by the General Meeting of Shareholders of 28 June 2017, taking into account that the treasury share existing at the date of publication of the significant event will preferably be used to pay in shares of the part of the acquisition price of the construction company Rayet Construcción, S.A.

- The repurchase program will involve the acquisition by Quabit of a maximum of 4,500,000 own shares, representing approximately 3%, of the capital stock of the Parent Company and for a maximum monetary amount allocated of 6,500 thousand euros.

- The repurchase program will remain in effect until 31 December 2019 and its management is delegated to the securities company Gestión de Patrimonios Mobiliarios Sociedad de Valores, S.A.

RESULTS FOR THE PERIOD 1H 2019

Key figures of the P&L account

(in thousands of euros)	30/06/2019	30/06/2018	Variation
Turnover	**19,375**	**9,154**	**111.7%**
Procurements	(11,546)	(4,200)	174.9%
Other operating income	851	16,074	(94.7%)
Variation in traffic provisions	2,070	(5,163)	140.1%
Personnel and other expenses	(16,035)	(12,140)	32.1%
EBITDA (*)	**(5,285)**	**3,725**	**(241.9%)**
Financial Results	**(1,813)**	**(2,448)**	**25.9%**
Earnings Before Taxes	**(7,702)**	**1,179**	**(753.3%)**
Net Profit	**798**	**1,143**	**(30.2%)**
- Attributable to Parent Company	*850*	*1,178*	(27.8%)
- Attributed to Minority Interest	*(52)*	*(35)*	(51.4%)

(*) See note on Alternative Performance Measurements (at the end of this Management Report),

- The turnover in 1H 2019 includes the effect of a higher average price of the 38 units delivered than the one of the 68 units delivered in the same period of 2018.

- The EBITDA in H1 2019 includes the positive gross margin of the houses delivered in the year minus overheads and commercial expenses associated with developments in progress (that is to say, not only to the delivered but also the ones in progress), The differences in EBITDA with respect to the same period of the previous year are mainly explained by the item "Other Operating Income" which included in 2018 debt discounts that amounted to EUR 14.9 million. This kind of income in H1 2019 amounts to 469 thousand euro.

  Like for like EBITDA and Earnings Before Taxes (EBT) not including the effect of the debt discounts corresponding to the same period of 2018 would be as follows:

(in thousands of euros)	30/06/2019	30/06/2018	Variation
EBITDA (*)	**(5,285)**	**3,725**	**(241.9%)**
Adjustments:			
Other operating income (Debt discounts)	469	14,896	(96.9%)
EBITDA (*) Adjusted	**(5,754)**	**(11,171)**	**48.5%**
Earnings Before Taxes	**(8,171)**	**(13,717)**	**40.4%**

(*) See note on Alternative Performance Measurements (at the end of this Management Report),

- There is an improvement in EBITDA due to the greater volume of activity. The progressive increase of activity and the improvement in the gross margin will contribute to cover overheads and other operating expenses associated with the launching of new developments.

- The Financial result improves as the amount of debt not associated with projects is lower (cost of debt associated with projects is capitalized in the value of inventories). Also, in 1H 2019 there was a positive effect in Financial result for an amount of 756 thousand euros as a consequence of a debt cancellation payment that was restructured in 2013.

- Even though Earnings Before Tax (EBT) for 1H 2019 is negative, there is an improvement of 40.4% in like for like comparison with 1H 2018. The results associated to the activity (like for like EBITDA) show an improvement trend that will become more pronounced in the last quarter of this year in which the deliveries are concentrated and, therefore, the turnover and the gross margin, so that this will be the starting point of getting recurrent operative profits.

1.2. KEY FIGURES

1.2.1. FINANCIAL FIGURES

Consolidated net Debt

(in thousands of euros)	30/06/2019	31/12/2018	Variation
Non-current financial debt	18,992	5,945	219.5%
Current financial debt	252,311	211,749	19.2%
TOTAL GROSS DEBT	**271,303**	**217,694**	**24.6%**
Liquid assets	(39,683)	(24,120)	64.5%
TOTAL NET DEBT (*)	**231,620**	**193,574**	**19.7%**

(*) See note on Alternative Performance Measurements (at the end of this Management Report)

The classification of the debt as current and non-current on the Consolidated Balance Sheet is made based on the asset associated with the financing. A large part of the Group financial debt is linked to the development of the projects that are included in inventories and, therefore, in current assets of the Balance Sheet. Consequently, the associated debt must be recorded as current debt regardless of the maturity. This classification therefore bears no relation to the maturity of the operations. Debt maturities are detailed in section 1.3.2 of this Report.

Consolidated Cash Flow

(in thousands of euros)	30/06/2019	30/06/2018	Variation
Investment in inventories	(61,784)	(47,488)	30.1%
Other operating cash flows	35,849	8,019	347.0%
OPERATING CASH FLOWS	**(25,935)**	**(39,469)**	**(34.3%)**
INVESTMENT CASH FLOWS	**(59)**	**(8,805)**	**(99.3%)**
FINANCING CASHFLOWS	**41,546**	**62,096**	**(33.1%)**
Cash and equivalents at the beginning of the period	21,132	37,156	(43.1%)
Cash and equivalents at the end of the period	36,683	50,978	(28.0%)
INCREASE / (DECREASE) CASH AND EQUIVALENTS FOR THE PERIOD	15,551	13,822	12.5%

1.2.2. OPERATIONAL FIGURES

Orderbook and stock

Residential Development (*units*)	30/06/2019	30/06/2018	Variation
Presales for the period (units) *(1)*	385	409	(5.2%)
Deliveries for the period (units) *(2)*	38	68	(44.1%)
Portfolio of final presales for the period (units) *(3)*	1,423	814	74.8%
Finished homes stock (units) *(4)*	29	59	(50.8%)

(1) Presales for the period: Reservations and contracts (less cancellations) signed during the period

(2) Deliveries for the period: Deliveries of homes,

(3) Portfolio of presales: Reservations and contracts for homes to deliver in the future (for completed projects as well as developments being marketed) at a certain date,

(4) Finished homes stock: Finished homes (with or without reservation or contract)),

Turnover

Turnover (in thousand of euros)	30/06/2019	30/06/2018	Variation
Residential Development	18,212	9,149	99.1%
Land	1,158	-	N.A.
Other	5	5	-
TOTAL	**19,375**	**9,154**	**111.7%**

Gross Asset Value (GAV) (*)

(In thousands of euros)	Estimated 30/06/2019	Actual 31/12/2018	Actual 31/12/2017
Land	341,305	395,830	351,894
Developments under construction	196,070	89,142	40,258
Fixed Assets	696	696	862
Stock	9,648	20,461	6,254
Total value of assets	**547,720**	**506,129**	**399,268**

(*) See note on Alternative Performance Measurements (at the end of this Management Report),

1.3. FINANCIAL STATEMENTS

1.3.1.- CONSOLIDATED P&L ACCOUNT FOR THE PERIOD ENDED AT 30 JUNE 2019 AND 2018

(in thousands of euros)	30/06/2019	30/06/2018	Variation
Turnover	19,375	9,154	111.7%
Procurements	(11,546)	(4,200)	174.9%
Other Operating income	851	16,074	(94.7%)
Variation in provisions	2,070	(5,163)	140.1%
Personnel expenses	(4,050)	(3,435)	17.9%
Amortization	(603)	(72)	737.5%
Other operating expenses	(11,985)	(8,703)	37.7%
Results from sale of fixed assets	-	(2)	(100.0%)
Operating results	**(5,888)**	**3,653**	**(261.2%)**
EBITDA (*)	**(5,285)**	**3,725**	**(241.9%)**
Net financial results	**(1,813)**	**(2,448)**	**25.9%**
Result of investments in associates	(1)	(26)	96.2%
Earnings Before taxes	**(7,702)**	**1,179**	**(753.3%)**
Corporate Income tax	8,500	(36)	**23,458.7%**
Net Profit	**798**	**1,143**	**(30.2%)**
Attributable to:			
Shareholders of the Parent Company	850	1,178	(27.8%)
Minority interest	(52)	(35)	(51.4%)

(*) See note on Alternative Performance Measurements (at the end of this Management Report),

1.3.2. CONSOLIDATED BALANCE SHEET AT 30 JUNE 2019

(In thousands of euros)

ASSETS	30/06/2019	31/12/2018	Variation
NON-CURRENT ASSETS:			
Total non-current assets	**82,289**	**73,349**	**12.2%**
CURRENT ASSETS:			
Inventories	480,859	426,525	12.7%
Others	91,806	80,902	13.5%
Total current assets	**572,665**	**507,427**	**12.9%**
TOTAL ASSETS	**654,954**	**580,776**	**12.8%**

LIABILITIES AND NET SHAREHOLDERS EQUITY	30/06/2019	31/12/2018	Variation
NET SHAREHOLDERS EQUITY:			
Total net equity attributable to the shareholders of the Parent Company	**290,577**	**291,794**	**(0.4%)**
Minority interest	3,817	4,024	(5.1%)
Total net equity	**294,394**	**295,818**	**(0.5%)**
NON-CURRENT LIABILITIES:			
Financial debt	18,992	5,945	219.5%
Others	14,881	12,273	21.2%
Total non-current liabilities	**33,873**	**18,218**	**85.9%**
CURRENT LIABILITIES:			
Financial debt	252,311	211,749	19.2%
Others	74,376	54,991	35.3%
Total current liabilities	**326,687**	**266,740**	**22.5%**
TOTAL LIABILITIES AND NET EQUITY	**654,954**	**580,776**	**12.8%**

The main variations are as follows:

Non – current assets (EUR +8.9 million):

Increase due, mainly, to the variation of assets by deferred taxes amounting to EUR 8.5 million. The Group has potential tax credits to be applied in future Corporate Income tax statements amounting to EUR 194 million. EUR 59.5 million of that amount are recognised in its consolidated balance sheet at 30 June 2019.

Current assets (EUR +65.2 million)

- Inventories: (EUR + 54.3 million):

  Inventories increase as a result of the net effect of the investment in land and work in progress and the decrease in the stock of finished product due to the deliveries as well as the land sold in the period. The evolution of the different items of inventories is as follows:

(In thousands of euros)	30/06/2019	31/12/2018	Variation
Land	294,546	327,941	(10.2%)
Development under construction	175,362	80,149	118.8%
Stock of finished homes	8,881	17,004	(47.8%)
Advances to suppliers	1,251	612	104.4%
Others	819	819	-
Net book value	**480,859**	**426,525**	**12.7%**

- Other (EUR +10.9 million)

  Increase of liquid assets (EUR +15.6 million), trade debtors ant other current assets (EUR +4.3 million). These increases are partially reduced for the decrease (EUR – 9.0 millions) in Receivable from Public Administrations as a consequence of the reimbursement from tax authorities side of the VAT paid in land acquisitions.

Net equity

The evolution of Net equity is as follows:

(In thousands of euros)

Balance as at 31 December 2018	**295,818**
Results attributable to the shareholders of the Parent Company	798
Treasury shares operations	(2,271)
Other Equity Instruments	48
Minority interest increase	1
Balance as at 30 June 2019	**294,394**

The balance of treasury shares as at 30 June 2019 amounts to 7,564 thousand euros having increased during the period by 2,271 thousand euros amount that reduces net equity. Quabit helds 4,743,326 treasury shares as (3.19% of share capital) at 30 June 2019.

Liabilities. Financial debt

Financial debt is 75.0% of total liabilities, Breakdown of the gross financial debt as at 30 June 2019 compared with 31 December 2018 is as follows:

(in thousands of euros)	30/06/2019	31/12/2018	Variation
Non-current debts with credit institutions	18,992	5,945	219.5%
Debts with current credit institutions	252,311	211,749	19.2%
TOTAL GROSS DEBT	**271,303**	**217,694**	**24.6%**

Detail of debt structure and maturities as at 30 of June 2019 is as follows:

(Thousands of euros)	2019	2020	2021	2022	2023	Total
Recourse debt	**233**	**13,662**	**14,483**	**49,085**	**32,337**	**109,800**
Debt to be covered according to schedule of payments	233	13,078	14,483	49,085	-	76,879
Bonds Issue	-	340	-	-	19,443	19,783
Debt with international funds	-	244	-	-	12,894	13,138
Non-recourse debt	**29,012**	**76,987**	**38,560**	**16,944**	**-**	**161,503**
Debt to be covered according to schedule of payments	1,494	-	-	-	-	1,494
Debt guaranteed by VAT refunds	886	-	-	-	-	886
Debt to be discharged with sale of assets	12,550	6,576	-	-	-	19,126
Alpin Equities Loan (i)	6,783	6,098	-	-	-	12,881
Facility Avenue I (ii)	7,299	64,313	-	-	-	71,612
Facility Avenue II (ii)	-	-	38,560	-	-	38,560
Taconic Facility (iii)	-	-	-	16,944	-	16,944
	29,245	**90,649**	**53,043**	**66,029**	**32,337**	**271,303**

(i) Loan granted for funds managed by Alpin Equities

(ii) Credit facilities for land purchases granted by funds managed by Avenue Europe International Management L,P, ("Avenue")

(iii) Credit facility for the purchase of land signed with Taconic Capital Advisors UK LLP and Grupo Royal Metropolitan España S,A,

Recourse debt: Quabit Inmobiliaria, S.A. debt has universal equity responsibility.

- Debt to be covered according to schedule of payments*:* Debt with two entities that should be services at the deadlines set out in this schedule. Most corresponds to SAREB*:* debt in the amount of EUR 73,108 thousand and will be paid through payments in the total amount of EUR 76,932 thousand, according to the following schedule of ordinary payments:

Maturity	Repayment in thousands of euros
31 July 2019	169
31 July 2020	10,000
31 July 2021	15,000
31 July 2022	51,763
TOTAL	**76,932**

- Simple obligations: On April 4, 2019, an issue of simple obligations for a total amount of 20 million euros issued at 99% and will accrue an annual coupon of 8.25%. The obligations are admitted to trading in the unregulated Open Market (Freiverkehr) market of the Frankfurt Stock Exchange, in the Quotation Board segment. The funds will be used to finance new projects.

  As of June 30 2019, the nominal amount disposed of this line amounts to 20 million euros. The balance is presented discounting to the nominal 20 million euros, the issuance costs and the accrued nominal interest are added. The amortized cost of this line as of June 30 2019 amounts to 19,443 thousand euros.

- Loan with international funds*:* On April 10 2019, a loan amounting to 13.75 million euros was signed. The objective of the funds is to continue with the active policy of expansion and development of the Quabit promoter business. The initial interest rate to be applied will be 7.875% per year, with an average annual rate of 9.375%.

  As of June 30, 2019, the nominal amount disposed of this line amounts to 13.75 million euros. The balance at amortized cost of the provision of this line as of June 30 2019 amounts to 12,894 thousand euros.

Non-recourse debt: Debt in which the liability is limited from the corresponding collateral.

- *Debt Payable according to payment schedule with limited recourse agreement:* Debt that should be paid according to a specific schedule but that could be settled, Quabit's option, with the delivery of the assets that guarantee it.

- *VAT Loan:* debt in the amount of EUR 886 thousand corresponding to the financing of the VAT from land purchase operations. This debt shall be discharged automatically upon return of the VAT by the Public Treasury.

- *Developer loan:* debt in the amount of EUR 15,947 thousand corresponding to developer or land loans associated with developments under construction and debt associated with the finished product stock in the amount of EUR 3,179 thousand that will be paid off in the moment that the homes are delivered.

- *Alpin credit facility*: debt in the amount of EUR 12,881 thousand (amortised cost plus interest accrued as of 30 June 2019). The schedule for the amortization of this loan has been set up planning the return on the data set for the completions and delivery of the developments underway at the subsidiaries whose shares have been pledged in favor of the funds providing the debt guaranteeing the performance of the terms of the agreement. This credit facility is fully disposed at 30 June 2019.

- *Credit facilities Avenue I and Avenue II* debt in the respective amounts (amortised cost plus interest) of EUR 71,612 and EUR 38,560 thousand with final maturities set in 2020 and 2021 . These maturities are expected to be covered with the cash obtained in the sale of the developments under construction at the land acquired with the funds obtained from such facilities. Therefore, in the charts of maturities shown hereunder, maturities prior to these dates have been shown for the debt associated with developments with deliveries prior to the final maturity date of the facilities. Both the two credit facilities are fully disposed at 30 June 2019.

- *Credit facility Taconic:* debt in the amount (amortised cost plus interest) of EUR 16,944 thousand with final maturities set in 2022. These maturities are expected to be covered with the cash obtained in the sale of the developments underway at the land acquired with the funds obtained from such facility. As of 30 June 2019, EUR 33,817 thousand of this facility are available.

The movement of Gross Debt in the period is shown in the following table:

Thousands of euros

Balance at 31 December 2018	**217,694**
Draw downs developer loans	18,437
Draw downs Taconic	6,693
Draw downs other loans	13,750
Bond issue	20,000
Debt adjusted to amortised cost	(608)
Amortisation of maturities	(3,676)
Cancellations due to debt discounts	(469)
Cancelation from sales	(8,499)
Interest accrued	9,758
Adjustments of liabilities to fair value	(1,777)
Balance at 30 June 2019	**271,303**

Drawdowns developer loans: This item corresponds to draw downs made on loans for the financing of work underway and VAT. In the case of the VAT financing, the VAT paid in land purchase operations is partially financed. The debt associated with the financing of the VAT shall be paid at the same time as Public Treasury makes the return of the draw downs of the development and land loan and they will be paid upon transfer of the homes. From the drawn down amount, EUR 2,496 thousand have been drawn down and amortised in the same year.

Drawdowns Taconic: Drawdowns of funds (nominal without commissions) made in 2019 for the credit facility of up to EUR 50 million granted by funds advised by Taconic Capital Advisors UK LLP and Grupo Royal Metropolitan España, S.A. ("Taconic").

Drawdowns other loans: Drawdown of funds (nominal without commissions) made in 2019 for the total amount of EUR 13.8 million loan granted by international funds. This credit facility was signed on 10 April 2019 and the maturity is on 4 April 2023.

Bond issue: On April 4, 2019, an issue of simple obligations was made for a total amount of EUR 20 million issued at 99% and will accrue an annual coupon of 8.25%

Adjustment of debt at amortised cost

- The adjustments to the debt at amortised cost mainly correspond to the net effect of the recorded debt at amortised cost which includes the impact of discounting commissions charged and the cost incurred on obtaining the and those already paid.

- In addition, include the impact of the issue of warrants associated with Avenue I and Avenue II (See note 9.3) and the commissions and the drawdown of the Taconic credit facility.

- Also included in this item is the effect of register the effective interest rate accrued as a result of the re-estimation of the payment flows associated with the current debt restructuring agreements with financial entities as of 31 December 2018.

Amortisation of maturities

Corresponds to repayments of capital and interest agreed with other financial institutions and repayments of VAT made at the same time that Public Treasury has made refunds.

Cancellations for debt discounted

- Capital and interest in the amount of EUR 469 thousand for debt discounts (principal and interest) agreed to with other financial institutions and for debt discounts applied to sale of stock.

Cancelation from sales

- Payment of debt associated with land and finished product (land and development loan), coinciding with the timing of the sale of such assets. The amount paid for all such operations has amounted to EUR 8,499 thousand.

Adjustments of liabilities to fair value

On 15 February 2019 the group reached an agreement with the payment in kind of the shares of the company that guaranteed it with a financial institution to cancel the restructured debt in 2013 with limited recourse agreement.

1.4. BUSINESS AREAS

1.4.1. RESIDENTIAL DEVELOPMENT

DEVELOPMENTS IN EXECUTION

Developments underway are in the following stages:

- Finished developments: The construction works are finished.
- Under construction: Project licence obtained.
- In marketing: with formalisation of reservations and/or sales contracts.
- Pre-marketing: basic sales information exists (such as typologies or features) and a client waiting list is created before moving on to the marketing stage.
- Design: preliminary design of the building and facades based on the needs project created by the company in accordance with the market analysis of supply and demand.

The following is a summary of the situation of the developments managed in 2019, indicating the phase in which they are positioned the units pending of delivery and the commercial situation as at 30 of June 2019. Homes finished prior 2019 are included in a specific line.

					Homes pending delivery	
					Total	With presale
STATUS	Number of developments	Province	Total units of the development	Total billing (thousands of euros)	Units	Units
	1	MÁLAGA	29	6,761	28	27
		STOCK ANTERIOR A 2019	38	17,480	1	1
FINISHED DEVELOPMENTS	**1**		**67**	**24,241**	**29**	**28**
	9	GUADALAJARA	806	143,627	806	450
	6	MADRID	535	113,217	535	364
	11	MÁLAGA	685	165,292	685	385
	1	MENORCA	50	29,801	50	4
	1	ZARAGOZA	36	10,061	36	36
DEVELOPMENTS UNDER CONSTRUCTION	**28**		**2.112**	**461,998**	**2,112**	**1,239**
	5	GUADALAJARA	470	85,904	470	33
	4	MADRID	199	65,587	199	90
	4	MÁLAGA	451	116,311	451	29
	1	VALENCIA	59	11,233	59	4
DEVELOPMENTS IN MARKETING	**14**		**1.179**	**279,035**	**1,179**	**156**
	2	MADRID	142	25,979	142	-
	1	MÁLAGA	25	4,300	25	-
	1	MENORCA	25	13,493	25	-
DEVELOPMENTS IN PRE-MARKETING	**4**		**192**	**43,771**	**192**	**-**
	6	GUADALAJARA	523	97,899	523	-
	2	MADRID	75	12,069	75	-
	2	MÁLAGA	52	25,513	52	-
	2	VALENCIA	100	16,286	100	-
DEVELOPMENTS IN DESIGN	**12**		**750**	**151,766**	**750**	**-**
TOTAL	**59**		**4,300**	**960,810**	**4,262**	**1,423**

The estimated billing has been calculated considering the current sales rates of the developments.

ORDERBOOK

The activity of the presales portfolio of Grupo Quabit in 1H 2019 was as follows:

Pre-sales as at 31 December 2018 (units)	**1,076**
Presales for the period	385
Deliveries for the period	(38)
Pre-sales as at 30 June 2019 (units)	**1,423**

The total price of these 1,423 units of the portfolio is EUR 283,463 thousand.

STOCK OF FINISHED HOMES

The evolution of the finished homes stock in1H 2019 was as follows:

Stock as at 31 December 2018 (units)	**38**
Homes finished in 1H 2019 (units)	29
Homes delivered in 1H 2019 (units)	(38)
Stock as at 30 June 2019 (units)	**29**

The 29 units of the stock at 30 June 2019 are those of the development Casares Golf 1st phase in Casares (Málaga), which has started the delivery process in the last days of June. Adding the other 37 units delivered in the period, the whole stock prior to the start up of the Business Plan of the Group has been fully delivered and only one unit remains of those 215 that were finished in 2018, corresponding to 4 developments.

1.4.2. LAND MANAGEMENT

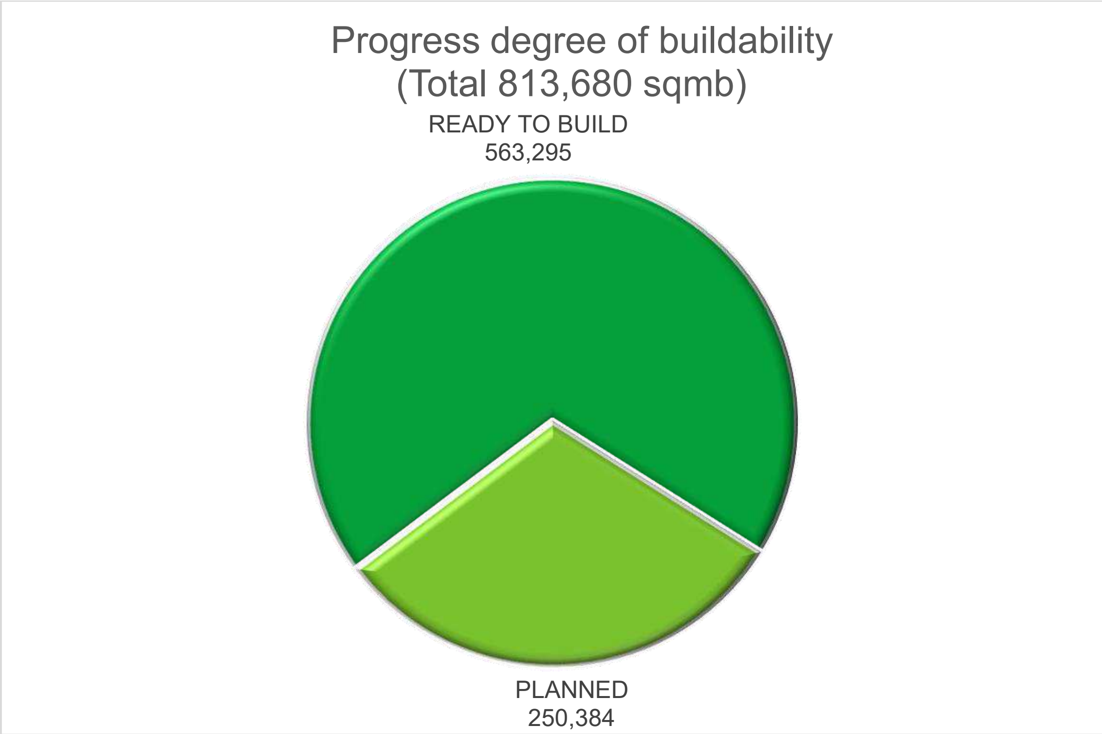
LAND PORTFOLIO

The land portfolio as at 30 June 2019 (where in the case of the subsidiaries that are not integrated from global consolidation the square metres are based on the percentage hold by the Group) is 813,7 thousand square metres of buildable height (sqmb) plus 5,352 thousand square metres of non-developable land. Estimated market value of this land portfolio (based on valuation at 31 December 2018 plus CAPEX) amounts to EUR 341.3 million.

The following chart details the distribution of the buildability considering the following classification in accordance with the degree of development:

- Planned and/or urban development land: land in which the instruments for planning are currently being processed or have been approved or that which development projects have already started.

- Ready to build land: Land in which you can complete the procedures to obtain a building license and start construction works.



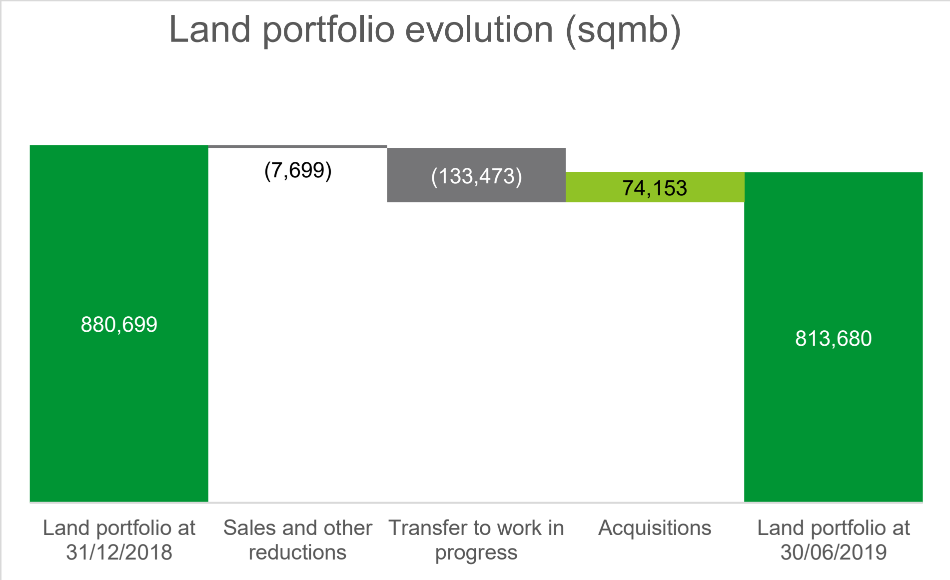
248,5 thousand of sqmb correspond to land in which projects are being developed which are included in the table of developments in execution included in section 1.4.1.(in marketing, pre-marketing and design status). Therefore 565,2 sqmb are available for future developments or for sale.

In addition to this consolidated land portfolio the Group has land rights in different stages of planning for different situations. The following table sums up these situations and the market value as at 31 December 2018 for the lands:

Item	Millions of euros
Mortgaged land in favour of the Company or companies of its Group in guarantee of debts	29,0
Private contracts pending notarize	9,7
Use in exchange for development projects	11,3
Total land rights	**50,0**

Total buildable area of above land rights amounts to 95,636 sqmb (62,934 sqmb of mortgaged land and 32,702 sqmb of private contracts pending of transfer of the legal ownership).

CHANGES IN LAND PORTFOLIO IN 1H 2019



- Sales and variations in buildability: Reduction of buildability due to sales both of land owned directly by the Group or indirectly for the sale of part of the equity interest in companies not integrated from global consolidation.
- Land transferred to developments under construction: 133,473 sqmb have been transferred to developments under construction of which building works of 9 developments (822 units) have started in 1H 2019.
- Acquisitions: Investments in land have been made amounting to EUR 10.0 million. A summary of these operations is included in the following table:

Nº of operations	Province	Buildability sqmb	Homes estimated (units)	Billing Estimated (millions of euros)
2	GUADALAJARA	12,463	100	19
1	MADRID	8,520	85	13
1	MALAGA	41,670	380	90
2	VALENCIA	11,500	100	16
6		**74,153**	**665**	**138**

Additionally to those acquisitions, the Group has committed acquisitions amounting to EUR 6.4 million by the signature of private contracts that are pending of the legal transfer of ownership at 30 June 2019. A summary of these operations is included in the next table:

Nº of operations	Province	Buildability sqmb	Homes estimated (units)	Billing Estimated (millions of euros)
3	GUADALAJARA	19,344	190	31
1	MADRID	6,080	60	10
4		**25,424**	**250**	**41**

1.5. Shareholders Evolution of the Shares and Markets on which they are Listed

1.5.1. SHARE PRICE

The share price of Quabit Inmobiliaria ,S.A. has evolved from 1.30 euros on 30 December 2018 to 1.096 euros on 28 June 2019 which represents a decline of 15.69% during the period,

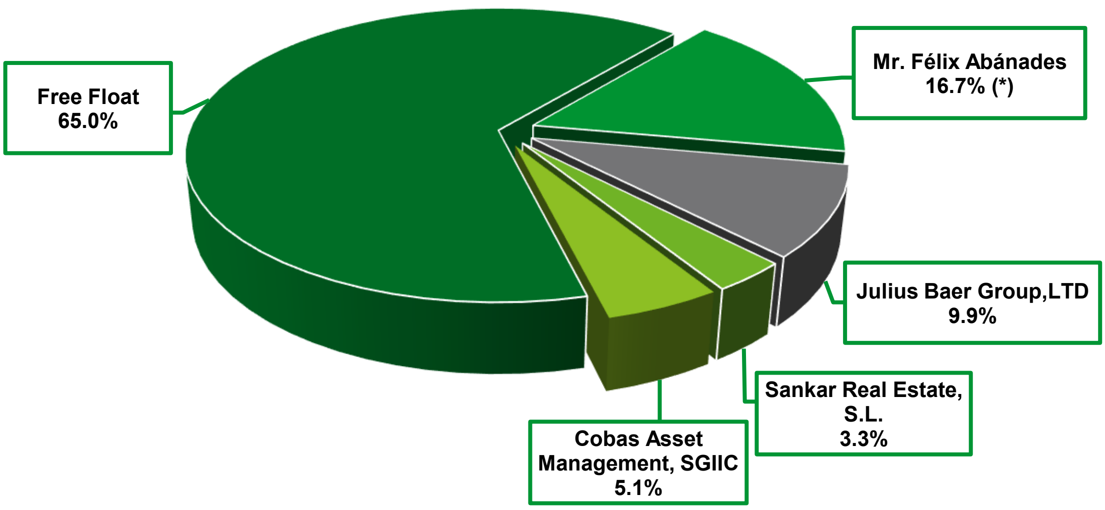
The following table shows the most relevant parameters for the behaviour of the stock for the period:

Share performance from 31/12/2018 to 28/06/2019	
Price at close on 30/12/2018 (€/share)	1.300
Price at close on 28/06/2019 (€/share)	1.096
Variation %	(15.69%)
Market capitalisation at close on 28/06/2019 (€)	163,045,008
Max, price at close (€/share)	1.512
Min, price at close (€/share)	1.042
Average weighted price (€/share)	1.348
Average daily volume of contracts (shares)	194,102
Shares traded in the period	24,262,756
Average daily volume of contracts (€)	261,720
Cash transacted in the period (€)	32,714,941
Total number of shares as at 30/06/2019	148,763,693

The Company's shares are currently traded on the Madrid and Valencia stock exchanges.

1.5.2. SHAREHOLDERS

The following chart shows the composition of the shareholder as at 30 June 2019:



(*) Mr Félix Abánades holds an additional 5,193% through financial instruments (4,201% from share repurchasing clauses and 0,992% related to the incentives plan). The aggregate position using these instruments would be 21,932%.

The percentages of participation in the above chart are obtained from the Significant Shareholdings Register of the Spanish National Securities Market Commission (CNMV) as at 30 June 2019.

On 17 July 2019, Mr. Félix Abánades López sent to CNMV a notice advising of the acquisition of 1,000,000 shares in the company Quabit Inmobiliaria, S.A. as advance payment of the Purchase Price of Rayet Construcción, S.A. After this notice, Mr. Félix Abanades López holds 17,411%. The aggregated position considering the additional 5.193% corresponding to financial instruments would be 22.604%.

1.6. GOVERNING BODIES

The composition of the government bodies as at the date of issue of this Management Report is as follows:

Name	Board of Directors	Audit Commission	Appointments and Remuneration Commission
Mr Félix Abánades López	Chairman and Chief Executive Officer	N/A	N/A
Mr Jorge Calvet Spinatsch	Vice-chairman and Independent Board Member	Chairman	Director
Mr Alberto Pérez Lejonagoitia	Proprietary Director	Director	Director
Ms Claudia Pickholz	Independent Board Member	Director	Chairperson
Mr Miguel Ángel Melero Bowen	Non-board member secretary	Secretary	Secretary
Ms Nuria Díaz Sanz	Non-board member vice-secretary	Vice-secretary	Vice-secretary

No changes were made to the governing bodies in 2019

2. EVENTS AFTER THE REPORTING PERIOD

There are not significant events subsequent to 30th June 2019 till the time of the issue of this Interim Management Report.

3. RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2019

The main matters of the Systems of Control and Management of Risks of the Group are described in Section E of the Annual Corporate Governance Report for year 2018. The 26 most relevant risk areas for the Group are identified there and every risk and the systems to afford them are also described. These 26 risk areas are classified in 5 different groups: (i) risks related to the business; (ii) risks related to the shareholding composition; (iii) risk related to real estate sector; (iv) asset risks; (v) other risks.

For the second semester of 2019, these 26 risk areas continue being the most relevant. Once given the growth phase of the Group with new investments in land and launched developments, the risks that could have more impact are the ones related to the business and the real estate sector.

The integration of the construction process decided in May 2019 is a mitigating factor of this kind of risks.

In any case, the current vision of these risk factors does not show uncertainties about the fulfillment of the objectives of the Group for 2019.

4. TRANSACTIONS WITH RELATED PARTS

There is no additional significative information different from the contained in Note 19 included in the Interim Condensed Consolidated Financial Statements at 30th June 2019.

NOTE ON ALTERNATIVE PERFORMANCE MEASURES

In addition to the financial information contained in this Consolidated Management Report prepared in accordance with the applicable International Financial Reporting Standards certain "Alternative Performance Measurements" (APM) are included as defined by the directives regarding APM published by the European Securities Markets Authority on 5 October 2015 (ESMA/2015/1057)) ("ESMA Directives") which entered into force on 3 July 2017.

The ESMA directives define the APM as financial measurements of past or future financial performance of a financial position or cash flows except for financial measurements defined or detailed within the framework of applicable financial information.

Grupo Quabit uses certain APM that have not been audited with the objective of them contributing to a greater comprehension of the financial evolution of the company. The APM as a whole must take into account the latest audited financial statements and must be considered as additional information and in no case may substitute the financial information prepared under the International Financial Reporting Standards. Likewise, these measurements may both in their definition and in their calculation differ from other similar measurements calculated by other companies and therefore may not be comparable.

The Company considers that it follows and complies with the ESMA recommendations regarding the APM, In adherence with the recommendations of the aforementioned directives below is attached the details of the APM used as well as the reconciliation of certain management indicators with those presented in the Financial Statements.

Ratios and figures of the financial structure		Reconciliation with the Consolidated Financial Statements		
		Description	**(In thousands of euros)**	
EBITDA	Operating profits plus funding for repayment		**30/06/2019**	**30/06/2018**
		Operating results	(5,888)	3,653
		Amortization	603	72
		EBITDA	**(5,285)**	**3,725**
Adjusted EBITDA	EBITDA less other operating income due to debt discounts		**30/06/2019**	**30/06/2018**
		EBITDA	**(5,285)**	**3,725**
		Debt discounts	(469)	(14,896)
		Adjusted EBITDA	**(5,754)**	**(11,171)**
Gross financial debt	Sum of the current and non-current debt with credit institutions		**30/06/2019**	**31/12/2018**
		Financial debt - Non-current	18,992	5,945
		Financial debt - Current	252,311	211,749
		Gross financial debt	**271,303**	**217,694**
Net financial debt	Gross financial debt less liquid assets		**30/06/2019**	**31/12/2018**
		Gross financial debt	271,303	217,694
		Liquid assets	(39,683)	(24,120)
		Net financial debt	**231,620**	**193,574**
Liquid assets	Immediate liquid assets		**30/06/2019**	**31/12/2018**
		Cash and other liquid assets	36,683	21,132
		Current financial assets at fair value with changes to Profits and Losses	3,000	2,988
		Liquid assets	**39,683**	**24,120**

Consolidated GAV	Gross Assets Value (GAV) is the sum of the market value of the real estate assets (inventory real estate investments and buildings or lands from tangible immoveable assets) owned by QUABIT and its subsidiaries and the shares in joint ventures affiliates and financial assets available for sale that have real estate assets, The market value is calculated from independent appraisers reports and excludes transaction costs, As per 30/06/2019 GAV has been estimated as the market value at 31 December 2018 plus the CAPEX (no capitalized interests have been considered) minus market value of the sold assets .	See calculation of this figure in the following table,
Loan to value	This is understood at the coefficient between the net financial debt and consolidated GAV.	See calculation of this figure in the following table,
NAV	Net Assets Value (NAV): See the result of the Equity attributable to the shareholders of the Parent Company of Grupo QUABIT plus the amount of tacit capital gains from the assets of the subsidiaries of the Consolidated Group and the tacit capital gains from the participations in joint ventures affiliates and financial assets available for sale.	See calculation of this figure in the following table,

Gross Assets Value (GAV)	Estimated (*)	Actual	Actual
(In thousands of euros)	**30/06/2019**	**31/12/2018**	**31/12/2017**
Land in consolidated companies from global integration	*324,951*	*378,455*	*334,459*
Land with affiliates	*16,354*	*17,375*	*17,435*
Total land	341,305	395,830	351,894
Projects under construction	196,070	89,142	40,258
Fixed Assets	696	696	862
Stock	9,648	20,461	6,254
Total market value of the assets (1)	**547,720**	**506,129**	**399,268**
Gross financial debt	217,303	217,694	254,928
Liquid assets	(39,683)	(24,120)	(37,156)
Net financial debt	**231,620**	**193,574**	**217,772**
LTV (2)/(1)	**42.3%**	**38.2%**	**54.5%**

Net Assets Value (NAV)			
(In thousands of euros)	**30/06/2019**	**31/12/2018**	**31/12/2017**
Total net equity attributable to the shareholders of the Parent Company	290,577	291,794	223,213
(+) Tacit capital gains in assets:	66,520	69,171	40,477
Consolidated NAV	**357,097**	**360,965**	**263,690**

(*) GAV estimated starting from the market value at 31 December 2018 adding the costs incurred other than the financial costs and subtracting the market value of the sold assets. The Group makes valuations with an independent appraiser at least once a year to verify the market value of its assets, BDO Auditores S.L.P. ("BDO") valued the portfolio of real estate assets of Quabit Inmobiliaria S.A. and the companies in which it participates as at 31 December 2018. The land portfolio of the Company and its group of companies as at 31 December 2018 (taking in the case of investee companies not integrated by global consolidation the meters and the value based on the percentage of participation in the same) was valued at 395,8 million euros. This is the starting value on which the estimate of the value as at 30 June 2019 has been made.