



Quabit
Inmobiliaria

RESULTS JANUARY MARCH 2020



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1. BUSINESS PERFORMANCE AND GROUP SITUATION	3
1.1 Key highlights for the period	3
1.2 Key figures	6
1.2.1. Financial figures	6
1.2.2. Operational figures	6
1.3 Financial statements	8
1.3.1. Consolidated P&L account for the period ended at 31 st March of 2020	8
1.3.2. Consolidated Balance Sheet at 31 st March of 2020	9
1.4 Business Areas	11
1.4.1. Residential developments	11
1.4.2. Land management	13
1.5 Governing bodies	15
ALTERNATIVE PERFORMANCE MEASURES	16

1. BUSINESS PERFORMANCE AND GROUP SITUATION

1.1. Key highlights for the period

RESIDENTIAL DEVELOPMENT

- In the first quarter of 2020 (1Q 2020) Grupo Quabit has launched 6 developments with a total of 339 units, which means that as at 31 March 2020 it has 61 developments in different stages of execution with a total of 4,320 homes and an estimated billing amount of EUR 970.4 million. The projects portfolio, its status and geographic distribution are detailed in section 1.4.1 of this Report.
- The pre-sales (reservations and contracts) signed in the period reached 132 homes, representing a decrease of 31.3% compared to the same period in 2019. This reduction reflects the impact of the COVID 19 pandemic because of the closure of points of sale caused by the state of alarm.
- The pre-sales portfolio as at 31 March 2020 (customers commitments through reservations and contracts) is 1,640 homes (an increase of 32.6% compared to 31 March 2019) for a total billing amount of EUR 334.5 million.
- During 1Q 2020, First Occupancy Permit (FOP) were obtained for 309 homes. Additionally, Final Construction Certificate (FCC) have been obtained for another 138 homes, which were in 31 March 2020 in the process of obtaining FOP. With this, the projects in the delivery or construction phase total 2,149 homes and 477.1 million euros of expected turnover as of 31 March 2020.
- During 1Q 2020 Grupo Quabit has delivered 177 units what means an increase of 471% compared to 1Q 2019.

CONSTRUCTION ACTIVITY

The revenues of the Construction activity amount to 9,584 euros in 1Q 2020. Third-party billing contribution to the Group's Consolidated Income Statement represents 22% of that amount.

INVESTMENTS. LAND PURCHASES

In the 1Q 2020, until the date of formulation of this interim management report, Grupo Quabit has added two lands into its portfolio with a buildable area of 7,071 square meters buildable (sqmb). These operations were committed through contracts signed in 2019 and correspond to ready to build plots located in the Corredor del Henares and the Costa del Sol.

COVID 19 IMPACT:

At the date of formulation of this Interim Declaration, the most relevant elements derived from the pandemic caused by COVID 19 are the following:

- Quabit has been monitoring the situation and designing action protocols adapted to the recommendations of the Ministry of Health and competent authorities in Spain, with the intention of working for the health and well-being of all and to try to minimize the effects of the crisis on the Group business.
- The Group has taken commercial measures adapted to this situation, focusing its efforts on online marketing, implementing new tools such as the option of online pre-

reservations or the video call service. Additionally, it has relied on a new system of electronic signature of documents with full legal validity to try to normalize the signing of contracts and deeds in this exceptional situation.

- Measures have been taken aimed at adapting operating expenses to the new situation:
 - The members of the Board of Directors have agreed to a 20% reduction in their gross salary.
 - On May 7, a Temporary Employment Regulation File (ERTE) for productive causes because of the pandemic was made effective. This ERTE affects, approximately, 66% of the workforce of the promotion business. 38 people reduce their working time between 50% and 60% and 22 to 100%. The ERTE has an expected duration until 31 December 2020.
- The Group is working on the evaluation of the impacts that this crisis may have on its financial statements. In a first stage of this analysis, as of 31 March 2020, it has recorded a provision for impairment of its land portfolio for an amount of 37.6 million euros. This provision affects its planned land portfolio as it is the land that requires more investment effort and a longer time horizon for completion, which makes its fair value more sensitive to the foreseeable decline in demand. The Group has made an internal estimation, considering the effect of this retraction of demand, on the key variables of the market valuation of said assets (required rate of return and completion period). Once the alarm state is over and there is greater visibility about the impacts on the promotion market, the Group will proceed to update its Business Plan.

RESULTS FOR 1Q 2020

Key figures of the P&L account

Financial Magnitudes

<i>(in thousands of €)</i>	1Q 2020	1Q 2019	Variation
Turnover	28,729	16,983	69.2%
EBITDA (*)	(1,005)	(1,028)	2.2%
(-) Provision for impairment of Covid 19 assets	(37,600)	-	n.a.
(-)Amortization	(502)	(289)	73.7%
Operating Results	(39,107)	(1,317)	(2,869.4%)
Financial results	(1,682)	(199)	(745.2%)
Earnings Before Tax	(40,800)	(1,517)	(2,589.5%)
Net result	(40,937)	983	(4,264.5%)
- Attributable Parent Company	(40,828)	1,014	(4,126.4%)
- Attributable to Minority Interests	(109)	(30)	(263.3%)

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

- The turnover in 1Q 2020 includes the effect of increase in units delivered (177 1Q 2020 versus 31 1Q 2019), even though at a lower average price (151 EUR th/unit 1Q 2020 versus 548 EUR th/unit 1Q 2019, period in which the majority of a residential development of single-family chalets was delivered with a price much higher than the average of the projects developed by Quabit) . In addition, the turnover of 1Q 2020 incorporates 2,068 thousand of euros of revenues with third parties corresponding to construction activity. This activity was not into the Group in 1Q 2019.
- EBITDA of 1Q 2020 is in line with 1Q 2019. EBITDA 1Q 2020 includes 680 thousand of euros gross margin of construction activity. This margin only includes, in projects for Group companies, the part of the margin corresponding to homes delivered in the year. The rest of the gross margin of these projects is deferred until the time the houses are delivered. As of 31 March 2020, the gross margin of construction activity that is pending of recognition for this reason amounts to 1,693 thousand euros.
- The operating result of 1Q 2020 is negatively impacted by the provision for impairment recorded in March 2020 for an amount of 37,600 thousand euros as a result of the estimation of the correction of planned land value, which are those that have a higher negative impact due to the uncertainties derived from the COVID 19 crisis.
- The negative financial result worsens as a consequence of: (i) higher financial non-capitalizable in Inventories cost corresponding to debt not associated with specific projects and (ii) absence in 2020 of positive extraordinary effects, such as that occurred in 1Q 2019, for an amount of 756 thousand euros, as a result of an operation of payment in kind for debt cancellation, derived from the financial restructuring agreements of 2013.

1.2. KEY FIGURES

1.2.1. FINANCIAL FIGURES

Consolidated net Debt

<i>(in thousands of euros)</i>	31/03/2020	31/12/2019	Variation
Non-current debts with credit institutions	13,063	13,007	0.4%
Debts with current credit institutions	314,530	311,389	1.0%
TOTAL GROSS DEBT	327,593	324,396	1.0%
Liquid assets	(18,429)	(25,400)	(27.4%)
TOTAL NET DEBT (*)	309,164	298,996	3.4%

(*) 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 financing has mortgage guarantees established on the inventories, included as part of current Assets, and therefore 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.

Consolidated Cash Flow

<i>(in thousands of euros)</i>	1Q 2020	1Q 2019	Variation
Investment in inventories	(24,550)	(19,925)	23.21%
Other operating cash flows	19,787	19,380	2.10%
OPERATING CASH FLOWS	(4,763)	(544)	(775.1%)
INVESTMENT CASH FLOWS	2,576	4,050	36.4%
FINANCING CASH FLOWS	(4,188)	(5,968)	(29.82%)
Cash and equivalents at the beginning of the period	22,978	21,132	8.7%
Cash and equivalents at the end of the period	16,602	18,670	(11.1%)
INCREASE / (DECREASE) CASH AND EQUIVALENTS FOR THE PERIOD	(6,376)	(2,462)	(359.0%)

1.2.2. OPERATIONAL FIGURES

Orderbook and stock

Residential Development (units)	31/03/2020	31/03/2019	Variation
Presales for the period (units) (1)	132	192	(31.3%)
Deliveries for the period (units) (2)	177	31	471.0%
Portfolio of final presales for the period (units) (3)	1,640	1,237	32.6%
Finished homes stock (units) (4)	312	38	721.1%

(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 thousands of euros)	1Q 2020	1Q 2019	Variation
Residential Development	26,651	16,980	57.0%
Construction	2,068	-	n.a.
Other	10	3	233.3%
TOTAL	28,729	16,983	69.2%

1.3. FINANCIAL STATEMENTS

1.3.1. CONSOLIDATED P&L ACCOUNT FOR THE PERIOD ENDED AT 31 MARCH 2020 AND 2019

<i>(in thousands of €)</i>	1Q 2020	1Q 2019	Variation
Turnover	28,729	16,983	69.2%
Procurements	(22,917)	(12,144)	88.7%
Other operating income	584	624	(6.4%)
Variation in traffic provisions	704	835	(15.7%)
Personal expenses	(3,488)	(2,094)	66.6%
Other operating expenses	(4,617)	(5,232)	(11.8%)
EBITDA	(1,005)	(1,028)	2.2%
Provision for impairment COVID 19	(37,600)	-	n.a.
Amortization	(502)	(289)	73.7%
Operative Result	(39,107)	(1,317)	(2,869.4%)
Net financial result	(1,682)	(199)	(745.2%)
Income from investments in associates	(11)	(1)	(1,000.0%)
Earnings Before Taxes	(40,800)	(1,517)	(2,589.5%)
Taxes	(137)	2,500	(105.5%)
Net result	(40,937)	983	(4,264.5%)
Attributable to:			
Shareholders of the Parent Company	(40,828)	1,014	(4,126.4%)
Minority interests	(109)	(30)	(263.3%)

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

1.3.2. CONSOLIDATED BALANCE SHEET AT 31 MARCH 2020 AND 31 DECEMBER 2019

(in thousands of €)

ASSETS	31/03/2020	31/12/2019	Variation
NON-CURRENT ASSETS:			
Total non-current assets	93,639	94,183	(0.6%)
CURRENT ASSETS:			
Stock	521,130	551,580	(5.5%)
Others	58,465	60,795	(3.8%)
Cash and other liquid assets	18,429	25,400	(27.4%)
Total current assets	598,024	637,775	(6.2%)
TOTAL ASSETS	691,663	731,958	(5.5%)
LIABILITIES AND NET EQUITY	31/03/2020	31/12/2019	Variation
NET SHAREHOLDERS EQUITY:			
Total equity attributable to the shareholders of the Parent Company	240,240	281,071	(14.5%)
Minority interest	4,694	4,803	(2.3%)
Total net equity	244,934	285,874	(14.3%)
NON-CURRENT LIABILITIES:			
Financial debt	13,063	13,007	0.4%
Others	16,865	16,769	0.6%
Total non-current liabilities	29,928	29,776	0.5%
CURRENT LIABILITIES:			
Financial debt	314,530	311,389	1.0%
Others	102,271	104,919	(2.5%)
Total current liabilities	416,801	416,308	0.1%
TOTAL LIABILITIES AND NET EQUITY	691,663	731,958	(5.5%)

The main variations are as follows:

Current assets (EUR -39.8 million)

- Inventories: (EUR – 30.5 million) :

The decrease is mainly due to the recording of a provision for land in planning impairment for an amount of 37.6 million euros. The rest of the variation occurs as a consequence of the positive net effect of the investment in work in progress and in the purchase of land less the decrease in the stock of finished product that has been delivered in the period . On the other hand, there have been transfers of cost from land to development under construction for the 4 projects, with a total of 243 homes, which have started the construction phase in 1Q 2020 .

The evolution of the different items of Inventories (net book value) is as follows:

<i>(In thousands of euros)</i>	31/03/2020	31/12/2019	Variation
Land	262,506	301,907	(13.1%)
Development under construction	226,845	212,044	7.0%
Stock	28,210	33,569	(16.0%)
Advances to suppliers	3,568	4,059	(12.1%)
Others	1	1	-
Net book value	521,130	551,580	(5.5%)

- Other and Cash and Equivalents (EUR -9.3 million)

Reduction mainly associated with the evolution of cash and cash equivalents (-7.0 million euros)

Net equity (EUR -40.9 million)

The decrease in Net Equity is due to Net Income for the period.

Liabilities. Debt with credit institutions

Debt with credit institutions is 73.3% of total liabilities. Breakdown of the debt with credit institutions as at 31 March 2020 compared with 31 December 2019 is as follows:

<i>(in thousands of euros)</i>	31/03/2020	31/12/2019	Variation
Non-current debts with credit institutions	13,063	13,007	0.4%
Debts with current credit institutions	314,530	311,389	1.0%
TOTAL GROSS DEBT	327,593	324,396	1.0%
Liquid assets	(18,429)	(25,400)	(27.4%)
TOTAL NET DEBT (*)	309,164	298,996	3.4%

The variation in the debt reflects the net effect of the increase due to the withdrawals of the development loan and capitalization of accrued interest and the decrease due to amortization and cancellation of debt associated to deliveries.

The movement in Gross Debt in the period is as follows:

(In thousands of Euros)

Balance as of 31 December 2019	324,396
Drawdowns of development loans	16,561
Drawdowns of Avenue III	3,766
Drawdowns of other loans	917
Adjustment to amortized cost	123
Amortization of maturities	(1,059)
Cancellation for sales of development loans	(18,913)
Cancellation for sales of Avenue I line	(4,670)
Accrued interest	6,472
Balance as of 31 March 2020	327,593

1.4 - BUSINESS AREAS

1.4.1 .- RESIDENTIAL DEVELOPMENT

DEVELOPMENTS IN EXECUTION

Developments underway are in the following stages:

- Finished developments: The construction project is finished and the first occupation license has been obtained.
- In 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 table details the status of active developments as at 31 March 2020.

STATUS	No. of developments	Province	No. of total homes of the development	Total billing (thousands of euros)	Portfolio of final presales for the period (units)
	1	GUADALAJARA	19	3,113	12
	2	MADRID	96	13,864	96
	3	MÁLAGA	111	27,399	101
	1	ZARAGOZA	25	7,576	25
		STOCK PRIOR TO 1/01/2020	61	11,444	28
Finished developments	7		312	63,396	262
	7	GUADALAJARA	507	97,566	271
	7	MADRID	587	127,677	463
	8	MÁLAGA	574	137,451	406
	1	MENORCA	50	30,060	8
	2	VALENCIA	119	20,907	40
Developments under construction	25		1,837	413,660	1,188
	4	GUADALAJARA	350	63,024	88
	4	MADRID	264	76,000	66
	3	MÁLAGA	295	78,265	36
Developments in marketing	11		909	217,288	190
	1	GUADALAJARA	105	16,012	-
	3	MÁLAGA	210	52,697	-
	1	MENORCA	25	15,041	-
Developments in pre-marketing (*)	5		340	83,751	-
	8	GUADALAJARA	714	133,391	-
	1	MADRID	15	2,239	-
	3	MÁLAGA	153	49,486	-
	1	VALENCIA	40	7,130	-
Projects in design (*)	13		922	192,247	-
TOTAL	61		4,320	970,341	1,640

(*) Date of commercial launch in revision based on the evaluation of the impact of the crisis caused by COVID 19.

ORDERBOOK

The movement of the presales portfolio of Grupo Quabit in 1Q 2020 has been as follows:

Pre-sales as at 31 December 2019	1,685
Presales for the period	132
Deliveries for the period	(177)
Pre-sales as at 31 March of 2020	1,640

The total turnover for these 1,640 units of the portfolio is EUR 334,522 thousand.

STOCK OF FINISHED HOMES

The evolution of the finished homes stock in 1Q 2020 was as follows:

Stock as at 31 December 2019 (units)	180
Homes finished in the period (units)	309
Homes delivered in the period (units)	(177)
Stock as at 31 March 2020 (units)	312

The units finished in the year are those that have entered the delivery stage in 2020 (what means that the First Occupation Permit has been obtained) and correspond to 7 developments: one in Guadalajara (66 homes); one in Zaragoza (36 homes); 2 in Madrid (96 homes); one on the Costa del Sol (29 homes) and two in Malaga (82 homes).

Additionally, another 227 homes corresponding to 4 developments in Malaga and Costa del Sol are with completed works and in the process of obtaining the First Occupation Permit.

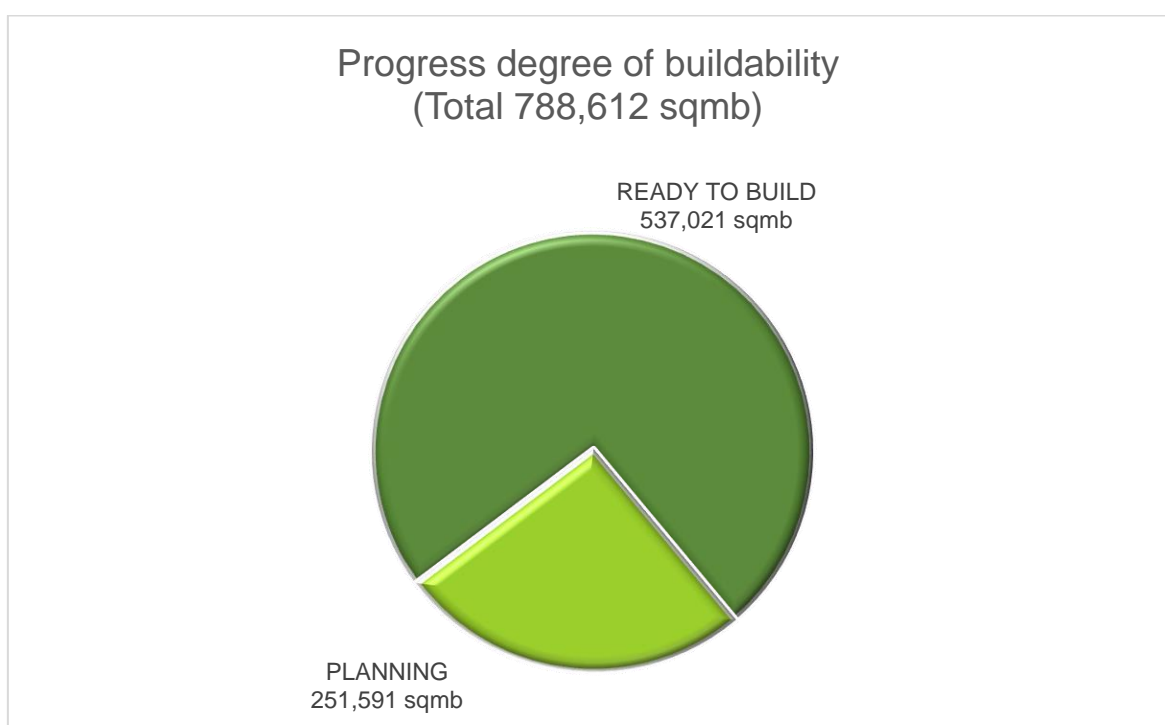
1.4.2. LAND MANAGEMENT

LAND PORTFOLIO

The Group has a land portfolio (in the case of investees not integrated by global consolidation taking the meters based on the percentage of participation in them), with a building area of 788.6 thousand square meters of buildable height (sqmb) at 31 March 2020, plus 5,370 thousand square metres of non-developable land.

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 work.



250.7 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. (buildability for the projects in design, pre-marketing and marketing stages). Discounting these 250.7 thousand sqmb, from the total buildable portfolio, the Group has 537.9 thousand sqmb available for future development or for sale.

In addition to this consolidated land portfolio, the Group has land rights in different stages of planning for different items. The following table sums up these situations and the market value as at 31 December 2019 for the lands:

Item	Millions of euros
Mortgaged land in favour of the Company or companies of its Group in guarantee of debts	31,8
Private contracts pending notarize	5,8
Use in exchange for development projects	11,5
Total land rights	49,1

Total buildable area of above land rights amounts 82,278 sqmb.

CHANGES IN LAND PORTFOLIO IN 1Q 2020

Acquisitions: 7,071 sqmb have been added to the portfolio for land acquisitions in El Corredor del Henares and Malaga. The 6,648 sqmb corresponding to the acquisition operation in El Corredor del Henares, were signed in a private contract as at 31 December 2019.

Transfers to work in progress: 26,729 sqmb corresponding to the 4 developments in which the construction works began in 1Q 2020 have been removed from the land portfolio and are, therefore, within the developments under construction.

1.5. 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 2020

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 Alternative Performance Measurements that have not been audited with the objective of them contributing a greater comprehension of the financial evolution of the company. The APM as a whole must take into account the latest audited financial statements, which 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 magnitudes of financial structure		Reconciliation with the Consolidated Financial Statements	
		Description	(In thousands of euros)
EBITDA	Operating profit plus depreciation allowance		31/03/2020 31/03/2019
		Operative result	(39,107) (1,317)
		Amortization and impairment	38,102 289
		EBITDA	(1,005) (1,028)
Equity	This is the net equity according to the financial statements		31/03/2020 31/12/2019
		Total equity	244,934 285,874
Gross financial debt	Sum of the current and non-current debt with credit institutions		31/03/2020 31/12/2019
		Debts with credit int. - Non-current	13,063 13,007
		Debts with credit int. - Current	314,530 311,389
		Gross financial debt	327,593 324,396
Net financial debt	Gross financial debt less liquid assets		31/03/2020 31/12/2019
		Gross financial debt	327,593 324,396
		Liquid assets	(18,429) (25,400)
		Net financial debt	309,164 298,996
Liquid assets	Immediate liquidity assets		31/03/2020 31/12/2019
		Cash and other liquid assets	16,602 22,978
		Current financial assets at fair value with change in Profit and Loss	1,827 2,422
		Liquid assets	18,429 25,400