Report on Limited Review

AEDAS HOMES, S.A. AND SUBSIDIARIES
Interim Condensed Consolidated Financial Statements
and Interim Consolidated Management Report
for the six-month period ended
June 30, 2019

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel.: 902 365 456
Fax.: 915 727 300
ey.com

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REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (see note 15)

To the Shareholders of AEDAS HOMES, S.A.:

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of AEDAS HOMES, S.A. (hereinafter the Parent Company) and subsidiaries (hereinafter the Group), which comprise the interim condensed consolidated balance sheet at June 30, 2019, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the notes thereto, all of them interim, condensed and consolidated, for the six-month period then ended. The parent's directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting," adopted by the European Union for the preparation of interim condensed financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter came to our attention which would cause us to believe that the accompanying interim condensed consolidated financial statements for the six-month period ended June 30, 2019 have not been prepared, in all material respects, in accordance with the requirements established in International Accounting Standard (IAS) 34, "Interim Financial Reporting," as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim condensed financial statements.

Domicilio Social: C/Raimundo Fernández Villaverde, 65. 28003 Madrid -inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª, Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Emphasis of matter paragraph

We draw attention to the matter described in the accompany interim condensed explanatory Note 2.a, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2018. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated management report for the six-month period ended June 30, 2019 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended on June 30, 2019. Our work is limited to verifying the interim consolidated management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of AEDAS HOMES, S.A. and its subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the Board of Directors with regard to the publication of the half yearly financial report required by article 119 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Law enacted by Royal Decree 1362/2007 of October 19.

ERNST & YOUNG, S.L.

(signed in the original version)

Fernando González Cuervo

July 25, 2019

Aedas Homes, S.A. and subsidiaries

Interim condensed consolidated financial statements for the six months ended June 30, 2019

AEDAS HOMES, S.A. and subsidiaries

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS AT JUNE 30, 2019 AND DECEMBER 31, 2018

(Euros)

ASSETS	Note	June 30, 2019 (*)	Dec 31, 2018	EQUITY AND LIABILITIES	Note	June 30, 2019 (*)	Dec 31, 2018
NON-CURRENT ASSETS:				**EQUITY**:			
Intangible assets		**610,313**	**416,090**	**Share capital**		**47,966,587**	**47,966,587**
Software		504,290	371,271	**Share premium**		**500,076,721**	**500,076,721**
Other intangible assets		106,023	44,819	**Parent Company reserves**		**(309,731,074)**	**(311,281,836)**
Property, plant and equipment		**4,072,893**	**852,165**	**(Own Parent Company shares and equity holdings)**		**-**	**(1,127,936)**
Land and buildings		3,295,107	273,252	**Retained earnings (prior-period losses)**		**(41,471,856)**	**(42,319,941)**
Plant and other PP&E		774,945	578,913	**Reserves at fully-consolidated companies**		**(3,542,734)**	**(3,542,734)**
Work in progress and prepayments		2,841	-	**Other owner contributions**		**740,071,256**	**740,071,256**
Non-current investments in Group companies and associates		**1,879,981**	**-**	**Profit/(loss) for the year attributable to equity holders of the Parent**		**(11,578,181)**	**2,454,815**
Investments accounted for using the equity method		657,981	-	**Other equity instruments**		**1,404,861**	**1,123,888**
Loans to companies accounted for using the equity method		1,222,000	**-**	**Non-controlling interests**		**1,289,893**	**1,989,151**
Non-current financial Investments		**1.581.575**	**1,475,922**	**Total equity**	**5**	**924,485,473**	**935,409,971**
Other financial assets		1,581,575	1,475,922	**NON-CURRENT LIABILITIES:**			
Deferred tax assets	**7**	**27,386,297**	**24,628,246**	**Non-current liabilities**		**83,038,024**	**58,744,843**
Total non-current assets		**35,531,059**	**27,372,423**	Debt with financial institutions		79,642,268	57,630,275
				Derivatives		1,260,279	1,114,568
CURRENT ASSETS:				Other financial liabilities		2,135,477	-
Inventories	**4**	**1,240,285,041**	**1,075,776,641**	**Total Non Current Liabilities**		**83,038,024**	**58,744,843**
Trade and other accounts receivable		**42,355,695**	**42,483,254**				
Trade receivables		38,821,171	36,703,959	**CURRENT LIABILITIES:**			
Sundry receivables		574,190	19,779	**Current Provisions**	**4**	**2,958,216**	**793,825**
Personnel		3,222	17,016	**Bonds and other marketable securities**	**6**	**55,147,853**	**33,953,563**
Current tax assets		1,418,550	1,418,585	**Debt with financial entities classified as current due in the long term**	**6**	**78,134,159**	**56,823,957**
Other receivables from public authorities		1,538,562	4,323,915	**Short term debt with financial entities**		**10,477,511**	**830,669**
Current investments in Group companies and associates		**5,853**	**-**	**Other financial liabilities**		**1,037,913**	**682**
Loans to companies accounted for using the equity method		5,853	-	**Current borrowings from related companies and associates**	**6 & 8**	**3,481,644**	**3,448,732**
Current financial assets		**8,567,082**	**5,601,059**	**Trade and other payables**		**261,226,579**	**172,356,235**
Loans to companies		2,400,000	-	Trade payables, group companies and associates		74,735,890	45,070,109
Other financial assets		6,167,082	5,601,059	Payable for services received		6,630,581	2,935,546
Prepayments and accrued income		**10,861,467**	**8,144,515**	Employee benefits payable		1,153,979	2,436,994
Cash and Cash equivalents		**82,381,174**	**102,984,585**	Other payables to public authorities		2,806,097	1,540,222
				Customer prepayments		175,900,032	120,373,364
Total current assets		**1,384,456,312**	**1,234,990,054**	**Total current liabilities**		**412,463,874**	**268,207,663**
TOTAL ASSETS		**1,419,987,371**	**1,262,362,477**	**TOTAL EQUITY AND LIABILITIES**		**1,419,987,371**	**1,262,362,477**

The accompanying notes 1 to 15 are an integral part of the interim condensed consolidated balance sheet at June 30, 2019. (*) Unaudited

AEDAS HOMES, S.A. *and* subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND JUNE 30, 2018

(Euros)

	Note	Six months ended June 30, 2019 (*)	Six months ended June 30, 2018 (*)
CONTINUING OPERATIONS			
Revenue	**9**	**22,866,325**	**14,718,970**
Revenue from sales		22,866,325	14,718,970
Changes in inventories of finished goods and work in progress		**172,837,287**	**69,831,480**
Cost of sales		**(189,392,070)**	**(80,453,363)**
Consumption of goods for resale		(189,448,616)	(80,175,364)
Inventory impairment losses / reversals		56,546	(277,999)
Other operating income		**357,576**	**1,499,926**
Non-trading and other operating income	**8**	357,576	1,499,926
Employee benefits expense		**(7,997,682)**	**(5,956,581)**
Wages, salaries and similar		(6,537,854)	(5,044,076)
Employee benefits		(1,459,828)	(912,505)
Other operating expenses		**(8,899,828)**	**(6,813,609)**
External services		(8,232,617)	(6,197,324)
Taxes other than income tax		(639,160)	(585,392)
Other operating expenses		(28,051)	(30,893)
Depreciation and amortization		**(705,253)**	**(145,670)**
Impairment of and gains/(losses) on disposal of fixed assets		**(3,058)**	**(19,008)**
Impairment and write-downs		(3,058)	(19,008)
OPERATING PROFIT/(LOSS)		**(10,936,703)**	**(7,337,855)**
Finance income		**6,353**	**475**
Loans to group companies and associates		5,853	-
Other finance income		500	475
Borrowing costs capitalized in inventories		**6,173,110**	**1,849,796**
Finance costs		**(9,387,712)**	**(2,757,914)**
Borrowings from group companies and associates	**8**	(52,927)	(129,970)
Third-party borrowings		(9,334,785)	(2,627,944)
Change in fair value of financial instruments		**(182,499)**	**(59,590)**
Held-for-trading portfolio and other securities		(182,499)	(59,590)
Exchange differences		**(1,419)**	**(1,355)**
NET FINANCE INCOME/(COST)		**(3,392,167)**	**(968,588)**
Income investments accounted for using the equity method		**(619)**	**-**
PROFIT/(LOSS) BEFORE TAX		**(14,329,489)**	**(8,306,443)**
Income tax		2,758,050	11,928,968
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**(11,571,439)**	**3,622,525**
DISCONTINUED OPERATIONS		-	-
Profit/(loss) after tax for the period from discontinued operations		-	-
PROFIT/(LOSS) FOR THE PERIOD		**(11,571,439)**	**3,622,525**
Attributable to:			
Non-controlling interests		6,742	(116,293)
Equity holders of the Parent		(11,578,181)	3,738,818
Earnings/(loss) per share from continuing operations (in euros):			
Basic		(0.24)	0.08
Diluted		(0.24)	0.08

The accompanying explanatory notes 1 to 15 are an integral part of the interim condensed consolidated income statement for the six months ended June 30, 2019.

(*) Unaudited

AEDAS HOMES, S.A. and subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND JUNE 30, 2018

(Euros)

	Note	Six months ended June 30, 2019 (*)	Six months ended June 30, 2018 (*)
PROFIT/(LOSS) FOR THE PERIOD (I)		**(11,571,439)**	**3,622,525**
Income and expense recognized directly in equity		-	-
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY (II)		**-**	**-**
TOTAL AMOUNTS TRANSFERRED TO PROFIT OR LOSS (III)		**-**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSE (I+II+III)		**(11,571,439)**	**3,622,525**
Total recognized income and expense attributable to equity holders of the parent		(11,578,181)	3,738,818
Total recognized income and expense attributable to non-controlling interests		6,742	**(116,293)**

The accompanying explanatory notes 1 to 15 are an integral part of the interim condensed consolidated statement of comprehensive income for the six months ended June 30, 2019.
(*) Unaudited

AEDAS HOMES, S.A. and subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND JUNE 30, 2018

(Euros)

	Share capital	Share premium	Parent Company reserves	(Own Parent Company shares and equity holdings)	Retained earnings (prior-period losses)	Reserves at fully-consolidated companies	Other owner contributions	Profit/(loss) for the year attributable to equity holders of the Parent	Other equity instruments	Non-controlling interests	TOTAL
OPENING BALANCE AT JAN 1, 2018	47,966,587	500,076,721	(310,653,657)	-	(2,241,561)	(91,876)	740,071,256	(40,078,380)	-	2,245,802	937,294,892
Total recognized income and expense	-	-	-	-	-	-	-	3,738,818	-	(116,293)	3,622,525
Distribution of prior-period profit	-	-	-	-	(40,078,380)	-	-	40,078,380	-	-	-
Transactions with shareholders	-	-	-	(369,426)	-	-	-	-	-	-	(369,426)
Consolidation scope and other changes	-	-	(13,723)	-	-	(1,257)	-	-	406,035	-	391,055
CLOSING BALANCE AT JUNE 30, 2018 (*)	47,966,587	500,076,721	(310,667,380)	(369,426)	(42,319,941)	(93,133)	740,071,256	3,738,818	406,035	2,129,509	940,939,046
Total recognized income and expense	-	-	-	-	-	-	-	(1,284,003)		1,526,722	242,719
Transactions with shareholders	-	-	(424,036)	(758,510)	-	-	-	-	-	(781,323)	(1,963,869)
Consolidation scope and other changes	-	-	(190,420)	-	-	(3,449,601)	-	-	717,853	(885,757)	(3,807,925)
OPENING BALANCE AT JAN 1, 2019	47,966,587	500,076,721	(311,281,836)	(1,127,936)	(42,319,941)	(3,542,734)	740,071,256	2,454,815	1,123,888	1,989,151	935,409,971
Total recognized income and expense	-	-	-	-	-	-	-	(11,578,181)		6,742	(11,571,439)
Distribution of prior-period profit	-	-	1,606,730		848,085	-	-	(2,454,815)		-	-
Transactions with shareholders	-	-	-	1,127,936	-	-	-	-	-	(706,000)	421,936
Consolidation scope and other changes	-	-	(55,968)		-		-		280,973	-	225,005
CLOSING BALANCE AT JUNE 30, 2019 (*)	47,966,587	500,076,721	(309,731,074)		(41,471,856)	(3,542,734)	740,071,256	(11,578,181)	1,404,861	1,289,893	924,485,473

The accompanying explanatory notes 1 to 15 are an integral part of the interim condensed consolidated statement of changes in equity for the six months ended June 30, 2019.

(*) Unaudited

AEDAS HOMES, S.A. and subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND JUNE 30, 2018

(Euros)

	Note	Six months ended June 30, 2019 (*)	Six months ended June 30, 2018 (*)
1. OPERATING ACTIVITIES			
Profit/(loss) before tax		**(14,329,489)**	**(8,306,443)**
Adjustments to profit/(loss):		**8,456,353**	**602,960**
Depreciation and amortization charges		705,253	145,670
Impairment and write-downs		3,059	19,008
Inventory impairment losses	4	(79,717)	(185,760)
Finance income		(6,353)	(475)
Finance costs		9,387,712	2,757,915
Borrowing costs capitalized in inventories		(6,173,110)	(1,849,796)
Changes in provisions		4,473,798	858,109
Changes in fair value of financial instruments		145,711	-
Other gains/(losses)		-	(1,141,711)
Other cash flows used in operating activities		**(9,081,222)**	**(705,848)**
Interest received		500	1,850,271
Interest paid		(9,081,722)	(2,556,119)
Changes in working capital:		**(79,766,733)**	**(86,808,734)**
Increase/(decrease) in inventories		(153,219,663)	(128,538,285)
Increase/(decrease) in trade receivables		127,559	20,740,969
Increase/(decrease) in trade payables		83,463,134	31,941,071
Increase/(decrease) in other current assets and liabilities		(9,348,867)	(10,181,887)
Increase/(decrease) in other non-current assets and liabilities		(788,896)	(770,603)
Net cash used in operating activities (1)		**(94,721,091)**	**(95,218,065)**
2. INVESTING ACTIVITIES			
Investments | disposals		**(3,165,208)**	**(406,036)**
Intangible assets		(304,319)	(103,705)
Property, plant and equipment		(274,908)	(287,352)
Group companies and associates		(2,585,981)	-
Other assets		-	(14,979)
Net cash (used in)/from investing activities (2)		**(3,165,208)**	**(406,036)**
3. FINANCING ACTIVITIES			
Proceeds from and payments for equity instruments		**1,071,968**	**(369,426)**
Acquisitions of own equity instruments		(2,143,590)	-
Disposals of own equity instruments		3,215,558	(369,426)
Proceeds from and repayment of financial liabilities		**76,210,920**	**20,011,882**
Issue of bonds and other marketable securities		91,194,290	8,014,208
New financing obtained from banks		60,091,239	14,297,444
New financing obtained from shareholders	6	-	41,153
Repayment of bonds and other marketable securities		(70,000,000)	-
Repayment of debt with financial institutions		(5,054,593)	(2,340,923)
Repayment of debt with group companies and associates		(20,016)	-
Net cash from financing activities (3)		**77,282,888**	**19,642,456**
4. Effect of changes in exchange rates on cash and cash equivalents (4)			
5. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (1+2+3+4)		**(20,603,411)**	**(75,981,645)**
Cash and cash equivalents - opening balance		**102,984,585**	**172,435,462**
Cash and cash equivalents - closing balance		**82,381,174**	**96,453,817**

The accompanying explanatory notes 1 to 15 are an integral part of the interim condensed consolidated statement of cash flows for the six months ended June 30, 2019. (*) Unaudited

1. Business activity and Group information

The Aedas Homes Group comprises Aedas Homes, S.A. (the Parent or Company) and its subsidiaries.

The Parent's registered office is located in Madrid, Spain, at Paseo de la Castellana, 42. It is registered with the Madrid Companies Register.

Aedas Homes, S.A. and its subsidiaries (together, the Aedas Homes Group or the Group) are devoted to the following business activities, pursuant to article 2 of the Company's bylaws:

a) The acquisition, development and refurbishment of all manner of properties, whether for holding, use, disposal or lease.

b) The acquisition, holding, usage, sale and administration of marketable Spanish or international securities and of any titles or rights, such as the shares of limited-liability companies, that give it an equity interest in other companies, all of which as principal and not agent.

The Parent was incorporated as a result of the subscription and payment of 3,000 indivisible equity interests (*participaciones sociales)*, numbered sequentially, with a unit par value of 1 euro. They were paid for in cash. Hipoteca 43 Lux, S.A.R.L. purchased 100% of these interests on July 5, 2016. The Company's name was changed to Aedas Homes Group, S.L.U. on July 18, 2016 (it was formerly called SPV Spain 19, S.L.U).

On May 23, 2017, pursuant to resolutions adopted by the Majority Shareholder, the Parent (Transferee and at the time called Aedas Homes Group, S.L.U.) merged with one of its subsidiaries, Aedas Homes (Transferor). The related merger deeds were formally registered on June 29, 2017 and the name and registered office of the Transferee were changed to those of the Transferor, so that the Company's name was changed from Aedas Homes Group to Aedas Homes.

On September 12, 2017, the Company's legal form of incorporation was changed to that of a public limited company (*sociedad anónima*) so that it took the name of Aedas Homes, S.A. (Sociedad Unipersonal).

Aedas Homes, S.A. listed its shares on the Spanish stock market in an initial public offering on October 20, 2017 at a price of 31.65 euros per share, increasing the Group's share capital as outlined in note 5.

The deeds declaring the loss of sole-shareholder status (*sociedad unipersonal*) were placed on public record on November 23, 2017.

1.1 Business contribution

In 2017, the Parent's Majority Shareholder contributed its Spanish property development business to Aedas Homes, S.A., specifically contributing the entities through which it had been carrying out this activity.

Aedas Homes, S.A. was incorporated with the purpose of reorganizing the Majority Shareholder's real estate development business in Spain; neither the Company's key management personnel nor the management of the business changed as a result of the reorganization; moreover, the reorganization did not result in a change of control.

Based on their analysis of IFRS 3 Appendix B - Application guidance appendix, paragraph B1, which states that "A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory", the Parent's directors concluded that the contributions did indeed constitute a real estate development business as well as a combination involving entities under common control, opting accordingly, in keeping with the terms of paragraph 10 of IAS 8 regarding the development of an appropriate accounting policy for transactions not specifically contemplated in IFRS-EU, to recognize the contributions at the amounts at which the assets and liabilities received were carried in the financial statements of the Majority Shareholder rather than at the amounts at which the contributions were actually made. The difference arising between the amounts at which the contributions were made and the carrying amounts of the assets and liabilities received was charged against "Voluntary reserves" (note 5).

Below is a summary of the difference between the amounts at which the inventories were contributed and the amounts used for consolidated financial statement accounting purposes:

	Euros		
	Amounts at which contributed	**Carrying amounts in the books of the entities contributed (*)**	**Impact on voluntary reserves (note 5)**
Contribution of March 30, 2017	829,436,052	596,293,156	(233,142,896)
Contribution of June 29, 2017	60,569,456	43,691,035	(16,878,421)
Contribution of August 16, 2017	110,596,625	49,687,116	(60,909,509)
Total	**1,000,602,133**	**689,671,307**	**(310,930,826)**

(*) Stated at the Group's percentage interest in the inventories at each contribution date.

In addition, as a result of the contributions of March and June, the Group recognized non-current borrowings from the Majority Shareholder of 470,173,453 and 22,714,507 euros, respectively, and current borrowings of 4,845,163 and 257,657 euros, respectively, that were fully capitalized (note 5).

1.2 Corporate Restructuring Transaction

On April 2, 2018, by virtue of resolutions ratified by Aedas Homes, S.A. in its capacity as sole shareholder of SPV Reoco 1, S.L.U., it was agreed to merge SPV Reoco 1, S.L.U. (“Transferee”) and 41 of its subsidiaries (ESPEBE 2, S.L.U., ESPEBE 4, S.L.U., ESPEBE 7, S.L.U., ESPEBE 12, S.L.U., ESPEBE 14, S.L.U., ESPEBE 15, S.L.U., ESPEBE 16, S.L.U., ESPEBE 17, S.L.U., ESPEBE 20, S.L.U., ESPEBE 21, S.L.U., ESPEBE 22, S.L.U., ESPEBE 23, S.L.U., ESPEBE 25, S.L.U., ESPEBE 26, S.L.U., ESPEBE 27, S.L.U., ESPEBE 28, S.L.U., ESPEBE 29, S.L.U., ESPEBE 31, S.L.U., ESPEBE 32, S.L.U., ESPEBE 34, S.L.U., ESPEBE 35, S.L.U., SPV REOCO 2, S.L.U., SPV REOCO 5, S.L.U., SPV REOCO 6, S.L.U., SPV REOCO 12, S.L.U., SPV REOCO 14, S.L.U., SPV REOCO 17, S.L.U., SPV REOCO 18, S.L.U., SPV REOCO 26, S.L.U., SPV SPAIN PROJECT 1, S.L.U., SPV SPAIN 7, S.L.U., SPV SPAIN 16, S.L.U., SPV SPAIN 17, S.L.U., CORNETALA SERVICIOS Y GESTIONES, S.L.U., DANTA INVESTMENTS, S.L.U., DELANETO SERVICIOS Y GESTIONES, S.L.U., DESARROLLO EMPRESARIAL LICANCABUR, S.L.U., EPAVENA PROMOCIONES Y SERVICIOS, S.L.U., LANDATA SERVICIOS Y GESTIONES, S.L.U., MILEN INVESTMENTS, S.L.U. and SERVICIOS INMOBILIARIOS CLEGANE, S.L.U., the "Transferors").

The merger by absorption implied: (i) the dissolution and extinguishment of the Transferors; (ii) the *en bloc* transfer of all the latter companies' assets and liabilities to the Transferee, which has acquired all of their rights and obligations by universal succession. The merger deeds were publicly notarized on May 4, 2018 and registered with the Madrid Companies Register.

Note that the restructuring transaction described is covered by the special tax neutrality regime for mergers, divisions, transfers of assets, exchanges of shares and changes of the registered address of a European company or a European cooperative society from one European Union member state to another provided for in Title VII of Chapter VIII of Spain's Corporate Income Tax Act (Legislative-Royal Decree 4/2014, of November 27, 2014).

2. Basis of presentation of the interim condensed consolidated financial statements

a) Basis of presentation

The interim condensed consolidated financial statements of the Group comprising Aedas Homes S.A. and its subsidiaries for the six months ended June 30, 2019 were prepared from the accounting records of the Parent and the other companies comprising the Group (refer to Appendix I) in keeping with the International Financial Reporting Standards adopted by the European Union (IFRS-EU).

The Group has drawn up the accompanying interim condensed consolidated financial statements in accordance with International Accounting Standard 34. The related disclosures accordingly do not include all of the information and disclosures required when preparing annual consolidated financial statements under IFRS-EU. As a result, these interim condensed consolidated financial statements should be read together with the annual consolidated financial statements for the year ended December 31, 2018.

The accounting standards used to prepare the accompanying interim condensed consolidated financial statements are the same as those used to prepare the Group's 2018 annual consolidated financial statements, except mainly for the application of IFRS 16 *Leases*, effective as of January 1, 2019.

IFRS 16 *Leases* requires lessees to recognize in their statement of financial position the assets and liabilities arising from all leases (except for the short-term leases and leases of low-value assets). Under the previous lease standard, a significant portion of these contracts were classified as operating lease, with lease payments being recognised generally on a straight-line basis over the contract term.

As of the date of its first application (January 1, 2019), the Group acted as a lessee on a total of 28 lease agreements of different assets, corresponding mainly to office leases, parking spaces and vehicles renting.

The Group decided to adopt the modified retrospective transition method; therefore, the Group recognized the cumulative effect of initial application as an adjustment to retained earnings at the date of the initial application of IFRS 16 (January 1, 2019). The impact of the application of this standard on the Group’s financial statements has been the recognition on the balance sheet of right of use assets and their corresponding lease obligations for a total amount of de 2.729.508 euros at the date of its first application. Also, amortization of the right of use assets and recognition of interest costs on the lease obligation on the statements of income replace amounts recognized as lease expense under the previous lease standard. Classification of lease payments in the statement of cash flows are also affected by the requirements of this new lease standard. Additionally, the Group’s Financial Statements include, in compliance of the requirements of the standard, broader disclosures with relevant information regarding lease contracts.

Set out below, are the carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the period:

	Right of use assets			Lease Liabilities
	Buildings	Plant and other PP&E	TOTAL	
Balance at 31 January 2019	**2,556,703**	**172,805**	**2,729,508**	**2,729,508**
Additions	269,145	20,029	289,174	289,174
Depreciation expense	(443,893)	(20,144)	(464,037)	-
Interest Expense	-	-	-	60,731
Modification to lease terms – other adjustments	532,539	-	532,539	532,539
Lease Payments	-	-	-	(497,646)
Balance at 30 June 2019	**2,914,494**	**172,690**	**3,087,184**	**3,114,306**

For the six months ended June 30, 2019, the Group has recognised leases of low-value assets and other expenses related to leases, for a total amount of 173,276 euros.

For the lease liabilities recognized at 30 June 2019, an amount of 978,829 euros is due within one year, and an amount of 2,135,477 euros is due between one and five years.

It should be noted that on January 1, 2018, IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* were applicable, although both standards neither had impact on the consolidated financial statements of the Group for the year ended December 31, 2018, nor on this interim condensed consolidated financial statements for the six months ended June 30, 2019.

IFRS 15 establishes the principles that an entity applies for the recognition of revenue from contracts with customers.

IFRS 15 establishes a five-step model that applies for the recognition of revenue from contracts with customers:

Step 1: Identifying the contract(s) with a customer

Step 2: Identifying the performance obligations in the contract(s)

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to each performance obligation

Step 5: Recognising revenue when a performance obligation is satisfied

According to IFRS 15 an entity recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services, at the moment the customer takes control of those goods or services. Determining the moment the entity transfers control of a good or service (at a point in time or over time) requires the exercise of judgment by the Group.

The Group chose January 1, 2018 as the date of initial application. Furthermore, regarding the transition method, AEDAS Group decided to apply option C3 b) established on the Standard, which meant retaining prior period figures as reported under the previous standards, recognising the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application.

The Group performed an analysis concluding that the implementation of IFRS 15 does not have a significant impact on its transactions;

a) Revenue recognition: The Group’s activity is the real estate development of housing, therefore the revenue is recognised when the control of the assets is transferred to the customers, this being the moment of the signature of the title deeds to the property. This recognition approach is the same that was applied under the previous standard.

b) Disclosure and information requirements: IFRS 15 establishes more extensive disclosure requirements than previous standards. Disclosure requirements represent a significant change compared to previous regulation, and has increased the level of disclosures required on the Group’s financial statements, increasing disclosures related to judgements determining performance obligations and additional judgments required by this standard.

Summarizing, the adoption of IFRS 15 does not have a significant impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. According to the analysis performed by the Group, the implementation of this standard does not have a significant impact on the consolidated financial statements of the Group:

a) The Group measures its assets at amortised cost, so no modification is due to the application of IFRS 9, as the objective of the Group's business model is to hold the financial assets to collect the contractual cash flows.

b) The classification and measurement of financial liabilities in accordance with IFRS 9 remains largely unchanged from IAS 39. All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss (such liabilities include derivatives). Therefore, there are no impacts on this category of financial instruments.

c) The impairment of financial assets under IFRS 9 requires the application of a model based in the expected credit losses, whereas the IAS 39 establishes an incurred loss model. Under this new approach, the expected credit losses are recognized at each reporting period, to reflect changes in credit risk since the initial recognising date, even if no actual loss events have taken place. The Group has no a significant credit risk with third parties derived from its real estate development business, since the Group collects all the sales at the moment of the signature of the deeds to the property, both by the buyer's subrogation on the corresponding part of the development loan, or by other different methods chosen by the buyer. Due to the agreements with customers, they are terminable in case their payment commitments are unfulfilled. The credit risk derived from delays in payments in land purchase operations or finished buildings is mitigated by the obtainment of guarantees by the buyer or the settlement of conditions precedent in case of non-payment, that would derive in the repossession of the ownership of the asset sold and the collection of a compensation.

d) The Group has been applying, since its entry into force, the abovementioned standards and interpretations, which have not had a significant impact on their accounting policies.

In order to present the different items that make up these interim condensed consolidated financial statements on a uniform basis, the accounting policies and measurement standards used by the Parent have been applied to all of the companies consolidated.

These interim condensed consolidated financial statements have been subjected to a limited review but have not been audited.

b) Functional and presentation currency

The interim condensed consolidated financial statements are presented in euros, which is the currency of the economic environment in which the Group operates. The Group does not currently trade abroad or in any currencies other than the euro.

c) Responsibility for the information presented and estimates made

The Group Parent's directors are responsible for the information included in these interim condensed consolidated financial statements.

The Group's interim condensed consolidated financial statements for the six months ended June 30, 2019 make occasional use of estimates made by the executives of the Group and of its consolidated companies, later ratified by their respective directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations recognized therein. Essentially, these estimates refer to:

- The estimation of the net realizable value of the Group's inventories: the Group assessed at the reporting date the realizable value of its inventories, understood as their estimated sale price less all of the estimated costs necessary to complete their construction. The market value has been determined based on the valuation carried by independent assessing experts. Savills Consultores Inmobiliarios, S.A. appraised the valuation of the real estate assets from the asset portfolio of the Group, being the valuation date May 31, 2019, adjusted for the purchases and sales of stocks performed during the month of June 2019 and the work in progress variation in June 2019, and without considering supplier prepayments or assets subject to a sale option, as the directors have assumed that there is no indication that these assets are impaired. The Management decided to perform the valuation of the assets portfolio at May 31, 2019, with no significant transactions or circumstances taking place in June that significantly affect said valuation. In financial year 2018, the valuation date was June 30, 2018. The assets were appraised using the 'market value' assumption, in keeping with the Valuation - Professional Standards and Guidance notes published by Great Britain's Royal Institution of Chartered Surveyors (RICS).

- The probability of obtaining future taxable income when recognizing deferred tax assets.

Although these estimates were made on the basis of the best information available at June 30, 2019 regarding the facts analysed, future events could make it necessary to revise these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with IAS 8, recognizing the effects of the change in estimates in the related consolidated income statement.

d) *Principles of consolidation*

In order to present the financial information on a uniform basis, the accounting policies and measurement rules used by the Parent have been applied to all of the companies consolidated.

Subsidiaries

Subsidiaries are investees over which the Parent exercises control either directly or indirectly via other subsidiaries. The Parent controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with it and has the ability to affect those returns through its power over the investee. The Parent is deemed to have power over an investee when it has existing rights that give it the current ability to direct its relevant activities. The Parent is exposed, or has rights, to variable returns from its involvement with the investee when the returns obtained from its involvement have the potential to vary as a result of the entity's performance.

The Parent re-evaluates whether it controls an investee when events and circumstances indicate the existence of changes in one or more of the control elements itemized above. The Parent consolidates a subsidiary from when it obtains control (and deconsolidates when it ceases to have such control).

At present and in keeping with the above criteria, all of the Group companies are consolidated using the full consolidation method, with the exception of Winslaro ITG, S.L.

Any non-controlling interests are measured at their percentage interest in the fair values of the identifiable assets and liabilities recognized. Accordingly, any loss attributable to non-controlling interests in excess of the carrying amount of such interests is recognized with a charge against the Parent's equity. Minority interests in:

a) The equity of the Group's investees: are presented under "Non-controlling interests" in the consolidated balance sheet within Group equity.

b) Profit or loss for the period: are presented under "Profit/(loss) for the period attributable to non-controlling interests" in the consolidated income statement.

The income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the acquisition date or until the date of change in control, as warranted.

Material intra-group balances and transactions among fully-consolidated investees are eliminated upon consolidation, as are the gains or losses included in the inventories deriving from purchases from other Group companies.

Given that all of the Group companies have the same financial year-end no adjustments have had to be made to ensure uniform reporting periods.

All of the assets, liabilities, equity, income, expenses and cash flows related with transactions among the Group companies are fully eliminated upon consolidation.

Investments in associates and joint ventures

The investments in an associate or, where applicable, in a joint venture, are recognized under the equity method; initially the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognised in the investor's other comprehensive income.

The Parent has notified all the companies in which it has ownership interests of 10% or more, directly or indirectly through subsidiaries, of this fact, in keeping with article 155 of Spain's Corporate Enterprises Act. The list of non-Group companies that hold an equity interest in any of the fully-consolidated subsidiaries of 10% or more is provided in Appendix II.

e) First-time consolidation differences

The assets, liabilities and contingent liabilities of a newly-acquired subsidiary are stated at their acquisition-date fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets acquired (i.e., a bargain acquisition), the gain is recognized in profit and loss in the period of the acquisition.

The Group has not recognized any such goodwill or gains to date.

f) Comparative information

As required under Spanish company law, to facilitate the reader's comparative analysis, the Group discloses, in addition to the figures for the six months ended June 30, 2019, those corresponding to December 31, 2018 for each of the items presented in the interim condensed consolidated balance sheet and those corresponding to the six months ended June 30, 2018 for each of the items presented in the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows. The notes related to items pertaining to the interim condensed consolidated income statement include comparative information for the same reporting period of the prior year, while the notes pertaining to the interim consolidated balance sheet include comparative information as at the previous year-end. As pointed out in section a) of this note, and with the effects described in said section, IFRS 16 *Leases* is effective for periods beginning on or after January 1, 2019, which must be considered for comparative purposes.

3. Changes in the Group's composition

Over the course of 2017, the Majority Shareholder contributed its Spanish real estate development business to the Company. Specifically, it made the following contributions:

On March 30, 2017, the Majority Shareholder made a non-monetary equity injection into the Parent in the amount of 314,032,037 euros, a transaction that materialized in the creation of 31,403,231 shares with a unit par value of one euro and an increase in the share premium account of 282,629,106 euros. That contribution primarily implied the first-time recognition of inventories with a net carrying amount of 596,293,156 euros (stated at the Group's ownership interest therein) which were mainly financed by a loan extended by the Majority Shareholder in the amount of 475,018,616 euros (note 1.1). The companies added to the consolidation scope as a result of this contribution were the following:

- ESPEBE 12, S.L.U.
- ESPEBE 14, S.L.U.
- ESPEBE 16, S.L.U.
- ESPEBE 17, S.L.U.
- ESPEBE 18, S.L.U.
- ESPEBE 20, S.L.U.
- ESPEBE 22, S.L.U.
- ESPEBE 23, S.L.U.
- ESPEBE 25, S.L.U.
- SPV SPAIN 7, S.L.U.
- SPV SPAIN 17, S.L.U.
- ESPEBE 26, S.L.U.
- ESPEBE 27, S.L.U.
- ESPEBE 29, S.L.U.
- ESPEBE 28, S.L.U.
- ESPEBE 32, S.L.U.
- ESPEBE 34, S.L.U.
- ESPEBE 2, S.L.U.
- ESPEBE 4, S.L.U.
- ESPEBE 7, S.L.U.

- ESPEBE 35, S.L.U.
- ESPEBE 15, S.L.U.
- SPV SPAIN 16, S.L.U.
- SPV SPAIN PROJECT 1, S.L.U.
- DAMALANA SERVICIOS Y GESTIONES, S.L.U.
- MILEN INVESTMENT, S.L.U.
- CORNETALA SERVICIOS Y GESTIONES, S.L.U
- SPV SPAIN 2 S.L. (As of that date, the Group had a 65% interest in this entity)

On June 29, 2017, the Majority Shareholder made a non-monetary equity injection into the Parent in the amount of 23,140,283 euros, a transaction that materialized in the creation of 2,314,028 shares with a unit par value of one euro and an increase in the share premium account of 20,826,255 euros. That contribution primarily implied the first-time recognition of inventories with a net carrying amount of 43,691,035 euros (stated at the Group's ownership interest therein) which were financed by a loan extended by the Majority Shareholder in the amount of 22,972,164 euros (note 1.1). The companies added to the consolidation scope as a result of this contribution were the following:

- ESPEBE 31, S.L.
- DELANETO SERVICIOS Y GESTIONES, S.L.
- ESPEPE 11 S.L. (the Group has an 80% interest in this entity)
- ESPEBE 21, S.L.
- FACORNATA SERVICIOS Y GESTIONES, S.L. (As of that date, the Group had a 94.68% interest in this entity)

On August 16, 2017, the Parent's Majority Shareholder made a non-monetary equity contribution to the Aedas Homes Group, specifically contributing its interest in Danta Investment, S.L.U.; the contribution had the effect of increasing the Company's share capital by 11,086,771 euros (issuing the same number of shares with a unit par value of one euro) and the share premium account by 99,780,938 euros. The purpose of the above contribution was to contribute the business described in note 1.1 above by means of the Majority Shareholder's interest in FAB MAY, a company that had inventories at various stages of development, tax credits and cash. The balancing entry for that contribution consisted of the transfer of 95% of the shares of Danta Investment S.L.U. and a credit claim against FAB related to a loan that was cancelled on August 21, 2017.

The main assets held by FAB MAY on the date of the contribution were inventories carried at 49 million euros (market value of 103.2 million at December 31, 2017); it presented equity of a similar amount to the carrying amount of its inventories.

FAB MAY was subsequently liquidated on September 15, 2017; all of its liabilities were cancelled and 100% of its assets were allocated to Danta Investments, S.L.U. As part of the same proceedings, Danta Investments, S.L.U. paid SAREB (the acronym in Spanish for the management company for assets arising from bank restructuring, more popularly known as the bad bank) consideration totalling 4,800,000 euros plus VAT.

The difference between the amount at which the businesses were contributed and the amount at which the related net assets were carried in the books of the entities contributed gave rise to a difference of 310,930,826 euros that was recognized against "Voluntary reserves" in the accompanying interim condensed consolidated financial statements.

On April 2, 2018, by virtue of resolutions ratified by Aedas Homes, S.A. in its capacity as sole shareholder of SPV Reoco 1, S.L.U., it was agreed to merge SPV Reoco 1, S.L.U. ("Transferee") with 41 of its subsidiaries (ESPEBE 2, S.L.U., ESPEBE 4, S.L.U., ESPEBE 7, S.L.U., ESPEBE 12, S.L.U., ESPEBE 14, S.L.U., ESPEBE 15, S.L.U., ESPEBE 16, S.L.U., ESPEBE 17, S.L.U., ESPEBE 20, S.L.U., ESPEBE 21, S.L.U., ESPEBE 22, S.L.U., ESPEBE 23, S.L.U., ESPEBE 25, S.L.U., ESPEBE 26, S.L.U., ESPEBE 27, S.L.U., ESPEBE 28, S.L.U., ESPEBE 29, S.L.U., ESPEBE 31, S.L.U., ESPEBE 32, S.L.U., ESPEBE 34, S.L.U., ESPEBE 35, S.L.U., SPV REOCO 2, S.L.U., SPV REOCO 5, S.L.U., SPV REOCO 6, S.L.U., SPV REOCO 12, S.L.U., SPV REOCO 14, S.L.U., SPV REOCO 17, S.L.U., SPV REOCO 18, S.L.U., SPV REOCO 26, S.L.U., SPV SPAIN PROJECT 1, S.L.U., SPV SPAIN 7, S.L.U., SPV SPAIN 16, S.L.U., SPV SPAIN 17, S.L.U., CORNETALA SERVICIOS Y GESTIONES, S.L.U., DANTA INVESTMENTS, S.L.U., DELANETO SERVICIOS Y GESTIONES, S.L.U., DESARROLLO EMPRESARIAL LICANCABUR, S.L.U., EPAVENA PROMOCIONES Y SERVICIOS, S.L.U., LANDATA SERVICIOS Y GESTIONES, S.L.U., MILEN

INVESTMENTS, S.L.U. and SERVICIOS INMOBILIARIOS CLEGANE, S.L.U., the "Transferors"). That merger closed on May 4, 2018.

During the six months ended June 30, 2019, the companies MILOS ASSET DEVELOPMENT, S.L. and TURNKEY PROJECTS DEVELOPMENT, S.L. have been incorporated, publicly notarized on May 13, 2019, being its sole partner SPV REOCO 1, S.L.U., and with no significant operating activities in the period. On 11 June 2019, a 20% equity acquisition of the company Winslaro ITG, S.L. was formalised.

No contingent liabilities were identified in respect of the above-listed contributions.

4. Inventories

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

	Euros	
	June 30, 2019	**Dec 31, 2018**
Land and sites	630,737,036	650,205,822
Developments in progress (*)	514,504,010	393,456,468
Completed buildings	78,379,423	20,485,689
Prepayments to suppliers	16,664,572	11,628,662
Total	**1,240,285,041**	**1,075,776,641**

(*) At June 30, 2019, "Developments in progress" included the cost of the land on which the developments are being carried out in the amount of 272,573,856 euros (251,382,359 euros at December 31, 2018).

During the first half of 2019 the Group has agreed to buy several lands for an amount of 21,732,345 euros. In addition, during the first half of 2019 seven real estate developments carried out by SPV Reoco 1, S.L.U. and Damalana Servicios y Gestiones, S.L.U. have been finished, which implies the transfer from Developments in progress to Completed Buildings for an amount of 74,505,064 euros.

Deferred payments on land recognized on the interim condensed consolidated balance sheet at June 30, 2019 amounted to 2,368,396 euros, of which no amount corresponded to land newly acquired during the first half of 2019.

The Group derecognized inventories in the amount of 16,611,330 euros during the first half of 2019, corresponding entirely to finished housing units sold (note 9).

None of the Group's inventories are located outside of Spain. The locations of the Group's inventories, stated at their carrying amounts, without considering prepayments to suppliers:

Geographies	Euros	
	June 30, 2019	**Dec 31, 2018**
Madrid	438,781,258	391,892,792
Catalonia	157,870,728	140,525,270
Costa del Sol	236,511,109	218,816,381
Rest of Andalusia	161,241,736	118,755,695
Balearic Islands and Spanish east coast	229,215,638	194,157,841
Total	**1,223,620,469**	**1,064,147,979**

The Group reviews the carrying amounts of its inventories for indications of impairment periodically, recognizing the required impairment provisions as warranted. The cost of the land and sites, developments in progress and completed developments is reduced to fair value by recognizing the appropriate impairment provisions. If the fair value of the Group's inventories is above cost, however, the cost/contribution amounts are left unchanged.

The net realizable value assigned to the portfolio of inventories at June 30, 2019 amounts to 1,931 million euros (1,768 million euros as at 31 December 2018). Such value is determined by appraisals performed by Savills Consultoría Inmobiliaria, S.A. at May 31, 2019, being adjusted by the purchases and sales of inventories made during the month of June 2019 and the work in progress variation in June 2019, and without considering supplier prepayments or assets subject to a sale option, as the directors have assumed that there is no indication that these assets are impaired. The Management decided to perform the valuation of the assets portfolio at May 31, 2019, with no significant transactions or circumstances taking place in June that significantly affect said valuation. In financial year 2018, the valuation date was June 30, 2018. In light of the appraiser’s methodology, the key valuation hypotheses are the discount rate and the sales prices modelled. As a result of the above, the directors have recognized an inventory impairment loss in the interim condensed consolidated financial statements of 1.4 million euros, and unrealized gains of 700 million euros (1.5 and 704 million euros, respectively at December 31, 2018).

At June 30, 2019, inventories with a carrying amount of 496.8 million euros were pledged to secure financing agreements (December 31, 2018: 304.6 million euros).

As of 30 June 2019, the Group has recognized current provisions for a total amount of 2,958,216 euros, corresponding to provisions for the completion of construction projects for an amount of 2,732,292 euros and provisions for post-sales warranties for an amount of 225,924 euros.

On 11 April 2019, the Group signed a contract of sale with funds managed by Ares Management Corporation. By virtue of such agreement, SPV Reoco 1, S.L.U. signed a private sale agreement for 103 units, receiving an anticipate collection for a cumulative total of 1,856,000 euros, plus VAT, as of June 30, 2019.

5. Capital and reserves

a) Share capital

The Parent was incorporated on June 9, 2016 with initial share capital of 3,000 euros, represented by 3,000 indivisible, sequentially-numbered equity interests (*participaciones sociales*) with a unit par value of 1 euro, all of which were subscribed and paid for by Structured Finance Management (Spain), S.L.

On 5 July 2016, Structured Finance Management sold their interests in the Parent to Hipoteca 43 Lux, S.A.R.L., a Luxembourgish company established in 534 Rue de NeudorfL2220, Luxembourg and TIN: N0184886J, so as of 5 July 2016 Hipoteca 43 Lux, S.A.R.L. was the Sole Shareholder of the Parent Company.

On March 30, 2017, the Company received a non-monetary equity contribution from its Majority Shareholder in the amount of 314,032,337 euros. In exchange, the Company issued 31,403,231 equity interests with a unit par value of one euro, with the remainder of the contribution deemed a share premium (note 1.1).

On June 29, 2017, the Company received another non-monetary equity contribution from its Majority Shareholder in the amount of 23,140,283 euros. In exchange, the Company issued 2,314,028 equity interests with a unit par value of one euro, with the remainder of the contribution recognized as a share premium (note 1.1).

On August 16, 2017, the Company received another non-monetary equity contribution from its Majority Shareholder in the amount of 110,867,709 euros. In exchange, the Company issued 11,086,771 equity interests with a unit par value of one euro, with the remainder of the contribution recognized as a share premium (note 1.1).

On September 12, 2017, the Company officially converted from a limited liability company to a public limited company and its share capital was thus represented by 44,807,030 ordinary shares (rather than 'equity interests') with a unit par value of one euro.

On October 19, 2017, the Company completed its initial public offering, raising 99,999,979.05 euros (via the issuance of 3,159,557 shares with a unit par value of one euro, with the remainder allocated to the share premium account). Those shares were admitted to trading on the Madrid, Barcelona, Bilbao and Valencia stock exchanges on October 20, 2017.

The Parent's share capital consisted of 47,966,587 shares with a unit par value of 1 euro at both June 30, 2019 and December 31, 2018. The shares are fully subscribed and paid in.

The breakdown of the Company's significant shareholders (those with equity interests of 3% or more) at June 30, 2019, as gleaned from the information reported to Spain's securities market regulator, the CNMV, by the shareholders themselves:

		% Voting rights attached to shares		**% Voting rights through financial instruments**	
	Total shareholding %	**Direct shareholding %**	**Indirect shareholding %**	**Direct shareholding %**	**Indirect shareholding %**
HIPOTECA 43 LUX S.A.R.L. *(*)*	57.41	57.41	-	-	-
T. ROWE PRICE ASSOCIATES, INC	5.08	-	5.08	-	-
T. ROWE PRICE INTERNATIONAL FUNDS, INC.	4.09	-	4.09	-	-
RYE BAY EUROPEAN MASTER FUND LIMITED	4.08	-	-	4.08	-
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	3.15	-	3.15	-	-
SANTANDER SMALL CAPS ESPAÑA, FI	3.07	3.07	-	-	-

(*) Percentage interests according to the shareholder register managed by Computershare (IBERCLEAR)

None of the Company's shares was pledged at either June 30, 2019 or December 31, 2018.

b) **Own shares**

The Company arranged a liquidity agreement with BANCO DE SABADELL, S.A. (the “Financial Broker”) on March 28, 2018 with the sole object of fostering the frequency and regularity with which the Company's shares are traded, within the limits established at the Company's Annual General Meeting and, specifically, CNMV Circular 1/2017 on liquidity agreements.

The term of the contract was 12 months from its date of effectiveness, which was April 5, 2018.

On 28 December 2018 the Parent put on hold the liquidity agreement as a result of having exceeding the limit of Funds as established in Circular 1/2017, of 26 April of the Spanish National Securities Market Commission (CNMV), on liquidity contracts, resuming it on January 23, 2019 once the adjustments to place the contract within the limit of resources with adjusted balances were made, as stated in Circular 1/2017 on liquidity agreements. Although, effective March 20, 2019, the Parent terminated the liquidity agreement, as its objectives were achieved.

At June 30, 2019, the Parent did not hold own shares.

c) Owner contributions

The Parent did not receive any new owner contributions during the six months ended June 30, 2019.

At June 30, 2019 and December 31, 2018, the Parent's Majority Shareholder had contributed a total of 740.1 million euros, 623.4 million euros of which correspond to the credit claim contributed on October 3, 2017.

d) Other equity instruments

On September 26, 2017, the Majority Shareholder approved a long-term incentive plan payable entirely in shares for the CEO and members its key management personnel, structured into three overlapping three-year periods or cycles (from the IPO, i.e., October 20, 2017, to December 31, 2020; from January

1, 2019 to December 31, 2021; and from January 1, 2020 to December 31, 2022). The metrics to be used to measure delivery of the targets for the first cycle are, in equal parts: (i) EBITDA; (ii) the development margin; and (iii) the shareholder return. For each there are minimum thresholds below which the bonuses do not accrue; there is also scope for outperformance. The number of shares to be received by each participant will be determined by the price of the shares in each three-year cycle (the IPO price for the first cycle and the average trading price during the 20 trading sessions prior to the start of the second and third cycles) and the level of target delivery. All of the shares received by the CEO and 50% of those received by the key management personnel are subject to a one-year lock-up from when they are received. In the case of the CEO and members of the Management Committee, this bonus is subject to repayment under certain circumstances. The cost of this incentive plan will be assumed by the Group. The maximum amount receivable by the plan beneficiaries is 11 million euros. The plan was endorsed by the Appointments and Remuneration Committee on February 27, 2018 and was executed with the beneficiaries between March and April 2018.

The amount recognized under "Other equity instruments" in respect of the commitment assumed under the long-term incentive plan by the Parent vis-a-vis its key management personnel stood at 1,404,861 euros at June 30, 2019 (1,123,888 euros at December 31, 2018).

6. Borrowings and other financial liabilities

The Group had the following borrowings at June 30, 2019:

	Euros				
	June 30, 2019				
	Limit	Current liabilities		Non-current liabilities	Total
		Due in the long term	Due in the short-term		
Shareholder Loan Agreement with External Shareholders	1,924,615	-	1,806,144	-	1,806,144
Shareholder Credit Facility Agreement with External Shareholders	6,675,000	1,626,701	-	-	1,626,701
Interest on Group company borrowings	-	-	48,799	-	48,799
All borrowings from non-controlling shareholders	**8,599,615**	**1,626,701**	**1,854,943**	**-**	**3,481,644**
Mortgage loans secured by inventories	657,637,965	78,134,159	328,634	-	78,462,793
Interest on developer loans	-	-	178,710	-	178,710
Total developer loans	**657,637,965**	**78,134,159**	**507,344**	**-**	**78,641,503**
Mortgage loans secured by inventories	9,497,081	-	9,497,081	-	9,497,081
Interest on mortgages secured by inventories	-	-	5,797	-	5,797
Total loans taken over as part of land purchase	**9,497,081**	**-**	**9,502,878**	**-**	**9,502,878**
Commercial paper issued	-	-	55,147,853	-	55,147,853
Syndicated loan	150,000,000	-	467,289	79,642,268	80,109,557
Derivatives	-	-	-	1,260,279	1,260,279
Interest on collateral provided	-	-	653	-	653
Lease liabilities	-	-	978,829	2,135,477	3,114,306
Other liabilities	-	-	58,432	-	58,432
Total other borrowings	**150,000,000**	**-**	**56,653,056**	**83,038,024**	**139,691,080**
Total	**825,734,661**	**79,760,860**	**68,518,221**	**83,038,024**	**231,317,105**

The Group had the following borrowings at December 31, 2018:

	Euros				
	Dec 31, 2018				
	Limit	Current liabilities		Non-current liabilities	Total
		Due in the long term	Due in the short-term		
Shareholder Loan Agreement with External Shareholders	1,924,615	-	1,761,516	-	1,761,516
Shareholder Credit Facility Agreement with External Shareholders	6,675,000	1,585,999	-	-	1,585,999
Interest on Group company borrowings	-	-	101,217	-	101,217
All borrowings from non-controlling shareholders	**8,599,615**	**1,585,999**	**1,862,733**	**-**	**3,448,732**
Mortgage loans secured by inventories	440,092,358	47,326,876	321,788	-	47,648,664
Interest on developer loans	-	-	92,417	-	92,417
Total developer loans	**440,092,358**	**47,326,876**	**414,205**	**-**	**47,741,081**
Mortgage loans secured by inventories	9,497,081	9,497,081	-	-	9,497,081
Interest on mortgages secured by inventories	-	-	5,797	-	5,797
Total loans taken over as part of land purchase	**9,497,081**	**9,497,081**	**5,797**	**-**	**9,502,878**
Commercial paper issued	-	-	33,953,563	-	33,953,563
Syndicated loan	150,000,000	-	410,667	57,630,275	58,040,941
Derivatives	-	-	-	1,114,569	1,114,569
Interest on collateral provided	-	-	682	-	682
Total other borrowings	**150,000,000**	**-**	**34,364,912**	**58,744,843**	**93,109,755**
Total	**608,189,054**	**58,409,956**	**36,647,647**	**58,744,843**	**153,802,446**

Loans from non-controlling shareholders

At June 30, 2019, the loans from non-controlling shareholders are the following:

- On February 8, 2017, but with effect from December 22, 2016, a Credit Facility Agreement was arranged between SPV Reoco 15 and Promociones y Propiedades Inmobiliarias Espacio, S.L.U. in the amount of 6,675,000 euros; this facility is due December 31, 2022. This facility carries interest at an annual rate of Euribor plus 3.5%. The amount drawn down stood at 1,626,701 euros at June 30, 2019 (1,585,999 euros at December 31, 2018).

- On December 30, 2015, Group subsidiary SPV Spain 2, S.L. borrowed 1,924,615 euros from its non-controlling shareholder, Promociones y Propiedades Inmobiliarias Espacio, S.L.U.; the loan is due December 31, 2019. This facility carries interest at an annual rate of Euribor plus 3.5%. The amount drawn under that loan at June 30, 2019 amounted to 1,806,144 euros.

- On March 2, 2016, Group subsidiary SPV Spain 2, S.L. borrowed 2,694,033 euros from its non-controlling shareholder, Bigchange Gestión, S.L.; the loan was originally due December 30, 2019. Subsequently, on April 4, 2017, the terms of the loan were amended to increase its size to 3,006,172 euros. This facility carries interest at an annual rate of Euribor plus 3.5%. On July 30, 2018, the Group Parent, Aedas Homes, S.A., purchased from Big Change, S.L. the latter's credit claims over SPV Spain 2, S.L. for 3,178,444 euros (3,130,013 euros of which corresponding to loan principal and 48,431 euros to interest accrued as of the date of execution of the agreement).

The difference between the amounts drawn down and the amount of the loans extended corresponds to accrued borrowing costs that have been capitalized.

Developer loans

At June 30, 2019, the AEDAS Group had arranged mortgages in an aggregate amount of 657,637,965 euros in order to finance 53 developments in progress. These loans, measured at amortised cost, amounts to 78,462,793 euros at June 30, 2019, which is equivalent to 11.93% of the maximum available. The mortgage loans carried interest at Euribor plus spreads ranging between 100 and 350 basis points.

Loans taken on to purchase land

As a result of the real estate business contributions made by the Majority Shareholder in 2017, the following mortgage-secured loans for the acquisition of land were recognized for the first time:

- On February 23, 2016, Group subsidiary SPV Spain 7, S.L.U. acquired a plot of land which it financed by assuming the mortgage which the seller had taken out over the site. That mortgage amounted to 11,500,000 euros and was originally due on February 23, 2018. It was partially cancelled (in the amount of 2,002,919 euros) on February 15, 2018 and on February 22, 2018 its terms were amended to extend its maturity to February 23, 2020. It carries interest at 12-month Euribor plus a spread of 3.25%.

- On August 31, 2016, Group subsidiary SPV Spain 17, S.L.U. acquired a plot of land which it financed by assuming the mortgage which the seller had taken out over the site. That mortgage amounted to 14,000,000 euros and fell due in full on August 23, 2018. It carried interest at 12-month Euribor plus a spread of 3.25%. On August 31, 2018 this loan was paid-off.

- On December 1, 2016, Group subsidiary SPV Reoco 5, S.L.U. acquired a series of plot of land on which fell a loan which was subrogated to the company. The amount of the loan amounted to 10,035,133 euros, of which 2,800,000 euros matured on October 28, 2017, leaving a capital pending amortization at December 31, 2017 of 7,235,133 euros. During 2018 said loan was fully paid.

The above loan agreements do not entail any covenants. The loan agreements do not contain any change of control clauses.

Loans classified as current due in the long term

The maturity profile of the face value of the loans classified as current borrowings but due in the long term is as follows:

	Euros		
Year	**Non-current Bank debt**	**Non-current Borrowings from related companies and associates**	**Non-current Total**
2H20	461,601	-	461,601
2021	1,702,344	-	1,702,344
2022	2,317,323	1.626.701	3,944,024
2023 and beyond	73,652,891	-	73,652,891
	78,134,159	**1.626.701**	**79,760,860**

Bonds and other marketable securities

On June 14, 2019, the Parent has arranged the new program “AEDAS HOMES 2019 Commercial Paper Notes Program” on Spain's alternative fixed income market (MARF for its acronym in Spanish), in substitution of the commercial paper notes program arranged on June 12, 2018. It can issue up to 150,000,000 euros of paper under the program with terms of up to 24 months. The idea is to diversify the Group's sources of financing.

During the six months ended June 30, 2019, the Parent closed several issues under the program, issuing a total nominal amount of 91.3 million euros; an amount of 70 million euros have been amortized at maturity, remaining a nominal amount of 55.3 million euros that falls due on several terms, until June 2020. The effective annual cost of those issues is 0.91%.

The commercial paper is initially recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently, the implicit interest on the paper is accrued using the effective interest rate on the transaction so that the carrying amount of these borrowings is adjusted for the interest accrued. The commercial paper issued by the Company was carried at 55,147,853 euros at June 30, 2019, recognized by using the effective interest rate method.

Syndicated loan

On August 6, 2018, the Parent arranged a 150,000,000 euros corporate syndicated loan which it will use to finance future land purchases; it had six months to draw the loan down. Said availability period was extended until August 8, 2020. It has a maturity of 24 months and carries interest of 3.5% in year 1 and 4.25% in year 2. At June 30, 2019, the withdrawn nominal balance is 81.5 million euros. The amount recognized by using the amortized cost method at June 30, 2019 is 79,642,268 euros.

Derivatives

On October 17, 2017, AEDAS Homes arranged an equity swap with Goldman Sachs to hedge the exposure arising from its obligation to deliver a certain number of shares to employees of AEDAS Homes under the long-term incentive plan (LTIP) approved by the Board of Directors on September 26, 2017. At June 30, 2019, the fair value of the derivative is 1,260,279 euros, recognized as a liability.

Financial assets and liabilities recognized at fair value are categorized by the Group in the following three levels based on the relevance of the inputs used in the fair value measurement:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: different inputs as stated in Level 1, which are directly (prices) or indirectly (derived from prices) observable.
- Level 3: inputs which are not based in observable market data (unobservable inputs).

	Euros		
June 30, 2019	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Derivatives	1,260,279	-	-
Total	**1,260,279**	**-**	**-**

Changes in liabilities arising from financing activities

Following is the information regarding the changes in liabilities derived from financing activities during the six months ended June 30, 2019, including both those that are derived from cash flows, and those which are not:

	Non-current debt with credit entities	Non-current debt with related parties	Other non-current debts	Current debt with credit entities	Current debt with related parties	Commercial paper current debt	Other current debt	TOTAL
Balance at December 31, 2018	**57,630,275**	**-**	**1,114,569**	**57,654,624**	**3,448,732**	**33,953,563**	**683**	**153,802,446**
Changes from financing cash flows	22,011,993	-	-	33,024,653	(20,015)	21,194,290	-	76,210,921
Changes in fair values	-	-	145,711	-	-	-	-	145,711
Developer loan subrogation	-	-	-	(2,210,524)	-	-	-	(2,210,524)
Accrued interest without effect in financing cash flow	-	-	-	142,915	52,927	-	-	195,842
Other changes	-	-	-	-	-	-	58,402	58,402
Fixed assets suppliers – lease contracts	-	-	2,135,477	-	-	-	978,829	3,114,306
Balance at June 30, 2019	**79,642,268**	**-**	**3,395,757**	**88,611,668**	**3,481,644**	**55,147,853**	**1,037,914**	**231,317,105**

7. Taxes payable and receivable and tax matters

a) Applicable legislation and years open to inspection

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. At June 30, 2019, the Parent and other Group companies had all their tax returns open to inspection as the authorities have no time limit for checking and investigating the tax credits and tax losses used in the returns open to inspection.

The Parent's directors don't anticipate the accrual of additional liabilities other than those already provided for as a result of any review by the tax authorities of the years open to inspection.

b) Reconciliation of accounting profit/(loss) and tax income/(expense)

The reconciliation of accounting profit/(loss) and tax income/(expense) is as follows:

	Euros	
	June 30, 2019	**June 30, 2018**
Profit/(loss) before tax	(14,329,489)	(8,306,443)
Permanent differences	2,017,665	406,035
Temporary differences	716,518	-
Taxable income/(tax loss) before utilization of tax losses/credits	**(11,595,306)**	**(7,900,408)**
Unrecognized tax credits utilized	-	-
Taxable income/(tax loss)	**(11,595,306)**	**(7,900,408)**
Tax rate	25%	25%
Tax accrued (expense)	2,898,826	1,975,102
Activation of tax credits generated in previous years	(3,805,609)	4,391,931
Activation of deductible temporary differences generated in previous years	3,485,703	5,589,083
Activation of deductible temporary differences generated in the first half of 2019	179,130	-
2017 income tax adjustment	-	(27,148)
Current income tax (expense)/income	**-**	**(27,148)**
Deferred tax (expense)/income	**(2,758,050)**	**11,956,116**

c) Unrecognized deferred taxes

The breakdown of tax losses not recognized as tax assets at June 30, 2019:

	Euros
	June 30, 2019
AEDAS HOMES S.A.	-
Other Group companies	4,392,620
TOTAL	**4,392,620**

The Group has analysed the scope for utilizing its tax credits as a function of its business plan and considering the fact that it applied to have the tax authorities allow it to file its taxes under the consolidated tax regime from January 1, 2018.

d) Recognized deferred taxes

The reconciliation of the movement in deferred tax assets in the six months ended June 30, 2019 is shown below:

(Thousands of euros)	Dec 31, 2018 Opening balance	Changes recognized in Income statement	 Equity	June 30, 2019 Closing balance
Deferred tax assets				
Unused tax losses	18,532,575	(906,783)	-	17,625,792
Deductible temporary differences	6,095,671	3,664,833	-	9,760,504
Total	**24,628,246**	**2,758,050**	**-**	**27,386,296**

The movement in recognized tax assets with respect to December 31, 2018 relates to the recognition of tax assets corresponding to tax losses in the first half of 2019 of 2,898,826 euros, the derecognition of tax losses from prior years for an amount of 3,805,609 euros, and the recognition of a tax asset of 3,485,703 euros in respect of the difference between the carrying amounts and tax bases of certain assets, and 179,130 euros corresponding to deductible temporary differences generated in the first half of 2019, based on a recoverability analysis performed by the Group.

On December 27, 2017, the Board of Directors resolved to avail of the consolidated tax regime (contemplated in article 55 *et seq.* of the Spanish Corporate Income Tax - Law 27/2014) in 2018 and thereafter, Aedas Homes, S.A. being the parent of the tax group.

The Company's directors believe there are no indications that the deferred tax assets recognized are impaired on the basis of:

- The projections drawn up by the Group for 2017-2023; and
- The appraisal of its inventories provided by Savills which indicates a gross asset value (GAV) adjusted as indicated in note 4 of 1,931 million euros, which implies unrealized capital gains of 700 million euros.

On the basis of the foregoing, the Company's directors believe that in the current circumstances the Group will be able to utilize the tax assets recognized within the horizon of the business plan, i.e., by 2023.

The breakdown of the total unused tax losses generated by the Group companies is as follows:

	Euros June 30, 2019
Year 2014	146,188
Year 2015	6,549,362
Year 2016	15,689,760
Year 2017	34,764,349
Year 2018	6,150,827
Year 2019	11,595,306
TOTAL	**74,895,792**

8. Related-party transactions

The Group’s related parties include, in addition to its subsidiaries, jointly controlled companies and associates, its shareholders, key management personnel (the members of its Board of Directors and its executives, along with their close family members) and the entities over which its key management personnel have control or significant influence. Specifically, related-party transactions are those performed with non-Group agents with whom there is a relationship in accordance with the definitions and criteria derived from Spain's Ministry of Finance Order EHA 3050/2004 (of September 15, 2004) and CNMV Circular 1/2005 (of April 1, 2005). Pursuant to those criteria, the following are considered related parties:

- Minority shareholders.
- Reoco Miradola, S.L. which major investor is a fund managed by CastleLake L.P, which is the CastleLake Funds manager and 100% indirect shareholder of Hipoteca Lux 43, S.A.R.L. (Majority Shareholder of Aedas Homes, S.A.).
- CastleLake L.P, as CastleLake Funds manager and 100% indirect shareholder of Hipoteca Lux 43, S.A.R.L. (Majority Shareholder of Aedas Homes, S.A.).

The main transactions with related parties in the six-month period ended June 30, 2019 were the following:

- Contracts granted by minority shareholders: Loans, management and commercialization.

- Shares purchase agreement with Reoco Mirandola, S.L., representative of 20% of the equity of Winslaro ITG, S.L.

- Shareholders contributions and credits granted to Winslaro ITG, S.L.

	Euros					
	Income			Expenses		
	Revenue		Other operating income			
Six months ended June 30, 2019	**Revenue from sales**	**Services rendered**		**Cost of sales – Supplies**	**External services**	**Finance costs**
Winslaro ITG, S.L.	-	-	5,853	-	-	-
Non-controlling interests	-	-	-	(321,017)	(830,945)	(52,864)
	-	**-**	**5,853**	**(321,017)**	**(830,945)**	**(52,864)**

The balances outstanding with parties related to the Group at June 30, 2019 are shown in the table below:

	Euros					
	Credits to associated companies	**Borrowings from shareholders (note 6)**	**Interest from credits to associated companies**	**Prepayment to suppliers**	**Trade and other current accounts payable**	**Customer prepayments**
Winslaro ITG, S.L.	(1,222,000)	-	(5,853)	-	-	-
Non-controlling interests	-	3,481,644	-	-	45,560	-
	(1,222,000)	**3,481,644**	**(5,853)**	**-**	**45,560**	**-**

The main transactions with related parties in the year ended December 31, 2018 were the following:

- Contracts granted by minority shareholders: Loans, management and commercialization.

- Re-invoicing of a portion of the IPO transaction costs, according to the IPO Prospectus.

Six months ended June 30, 2018	Euros					
	Income			Expenses		
	Revenue		Other operating income	Cost of sales – Supplies	External services	Finance costs
	Revenue from sales	Services rendered				
Castlelake, L.P.	-	-	1,407,024	-	-	-
Minority shareholders	-	-	-	-	-	(129,970)
	-	**-**	**1,407,024**	**-**	**-**	**(129,970)**

The balances outstanding with parties related to the Group at December 31, 2018 are shown in the table below:

	Euros					
	Trade and other receivables	Borrowings from shareholders (note 6)	Bank borrowings	Prepayments to suppliers	Trade and other current accounts payable	Customer prepayments
Minority shareholders	-	3,448,732	-	-	48,400	-
	-	**3,448,732**	**-**	**-**	**48,400**	**-**

9. Revenue

The breakdown of revenue from continuing operations is as follows.

Euros	Six months ended June 30, 2019	Six months ended June 30, 2018
Land sales	-	7,487,929
Development sales	22,866,325	7,231,041
Services rendered	-	-
	22,866,325	**14,718,970**

Development sales for the six-month period ending on 30 June 2019 amounted to 22,866,325 euros, corresponding to finished housing units sold of seven developments carried out by Group subsidiaries.

The totality of the revenue balance has been generated in Spain.

10. Compensation and other benefits paid to directors and key management personnel

The compensation accrued by the members of the Company's Board of Directors and its key management personnel amounted to 1,607,627 euros in the first half of 2019 (1,473,385 euros in 1H18).

On September 26, 2017, the Majority Shareholder approved a long-term incentive plan payable entirely in shares, as outlined in note 5.d above.

The Ordinary General Shareholders' Meeting of the Parent, held on May 9, 2019, approved the appointment of Mrs. Milagros Méndez Ureña as independent director, for the statutory period of three years.

11. Risk management

The Group, of which Aedas Homes is the Parent (note 1), manages its capital so as to ensure that the Group companies will be able to continue as profitable concerns while maximizing shareholder returns by balancing its debt versus equity structure.

Financial risk management is centralized in the Finance Department, which has established the mechanisms it deems advisable for controlling exposure to credit and liquidity risk and, to a lesser extent, interest rate risk.

Qualitative disclosures

Credit risk

The Group is not significantly exposed to credit risk as collection of the proceeds from the sale of its developments to customers is guaranteed by the properties sold; in addition, it places its cash surpluses with highly solvent banks in respect of which counterparty risk is not material.

Liquidity risk

The Group determines its liquidity requirements by means of cash forecasts. These forecasts pinpoint when the Group will need funds and how much and new funding initiatives are planned accordingly.

In order to ensure ongoing liquidity and the ability to service all the payment commitments arising from its business operations, the Group holds the cash balances shown on the balance sheet as well as the credit lines and financing agreements detailed in note 6.

The Parent's directors believe that these arrangements will be sufficient to cover its cash requirements and those of its subsidiaries going forward. The liquidity function is managed at the Group level, so that the operating companies do not face liquidity shortfalls and can concentrate on pursuing their real estate developments, which are financed using external borrowings.

Market risk: interest rate risk

Although the Group’s cash balances and borrowings both expose it to interest rate risk, and this could have an adverse impact on its net finance costs and cash flows, the Parent's directors have not deemed it opportune to write interest rate hedges.

Quantitative disclosures

Credit risk

No accounts receivable from Group companies, related parties or third parties were past due at June 30, 2019.

Liquidity risk

On June 14, 2019, the Parent has arranged the new program “AEDAS HOMES 2019 Commercial Paper Notes Program” on Spain's alternative fixed income market (MARF for its acronym in Spanish), in substitution of the commercial paper notes program arranged on June 12, 2018. It can issue up to 150,000,000 euros of paper under the program with terms of up to 24 months. The idea is to diversify the Group's sources of financing. During the six months ended June 30, 2019, the Parent closed several issues under the program, issuing a total nominal amount of 91.3 million euros; an amount of 70 million euros have been amortized at maturity, remaining a nominal amount of 55.3 million euros that falls due on several terms, until June 2020 (note 6).

On August 6, 2018, the Parent arranged a 150,000,000 euros corporate syndicated loan which it will use to finance future land purchases; it has six months to draw the loan down. Said availability period was extended until August 8, 2019. It has a maturity of 24 months and carries interest of 3.5% in year one and of 4.25% in year two. At June 30, 2019, the withdrawn nominal balance is 81.5 million euros. The amount recognized by using the amortized cost method at June 30, 2019 is 79,642,268 euros.

The borrowings from the Majority Shareholder were capitalized on October 3, 2017 (note 5), thus improving the Group's capital structure.

Note that the business plan targets a leverage ratio at the Group level of 30-35%.

Interest-rate risk

A 100 basis point movement in interest rates would have increased finance costs by 1,110,844 euros in the six months ended June 30, 2019.

12. Segment information

The criteria used to assess the Group's reportable segments were the same as those described in the 2018 annual consolidated financial statements.

The Group has defined neither operating nor geographical segments since its business consists exclusively of property development in Spain.

13. Other relevant disclosures

The Group does not have highly-seasonal transactions of material amount.

Nor does it incur significant costs unevenly during the financial year warranting anticipation or deferral for interim reporting purposes.

The items affecting assets, liabilities, equity, net income and cash flows that are unusual because of their nature, size or incidence are duly disclosed in the notes to the accompanying interim condensed consolidated financial statements. No events or transactions deemed significant to the understanding of the accompanying interim condensed consolidated financial statements have taken place that have not been disclosed herein. Specifically:

- There have been no significant impairment losses on items of property, plant or equipment or other assets (or reversals thereof) that because of their size or nature warrant detailed disclosures.
- There have been no provisions for restructuring costs (or reversals thereof).
- There have been no significant acquisitions or disposals of items of property, plant and equipment.
- There are no commitments for the purchase of property, plant and equipment, intangible assets or other assets of material amount.
- There have been no changes in contingent liabilities or contingent assets since the date of the last set of annual financial statements. There have been no litigation settlements of material amount.
- There have been no corrections of prior-period errors.
- No loans have been defaulted on or loan agreements breached.

14. Events after the reporting period

No events have taken place since the end of the reporting period that could have a material impact on the information presented in the interim condensed consolidated financial statements authorized for issue by the directors or that are worthy of disclosure on account of their materiality, other than that disclosed below:

- AEDAS Homes held its first Investor Day on 2, 3 and 4 July. Throughout the three-day event, the company provided the investment community with insight into its strong business performance to date, the high level of visibility into its delivery schedule for 2019 and 2020 and its healthy financial position. The attendees were brought to visit six developments in the Central region, four in Catalonia and three in the Eastern region (around Mallorca). In addition to being able to see the stage of completion of the works for themselves, they were given the opportunity to see other sites belonging to the company in these areas in high demand.

- On 4 July 2019, SPV Reoco 1, S.L.U. agreed to buy some land for an amount of 4,903,414 euros (before taxes). The buyer paid for this land in full upon purchase.

- On 5 July 2019, the Parent Company has drawn down an additional 28 million euros of the corporate syndicated loan, with a limit of 150,000,000 euros (detailed in note 6).

- On 5 July 2019, the Parent Company completed an additional issue of commercial paper under the current program, "AEDAS HOMES 2019 Commercial Paper Notes Program" on Spain's alternative fixed income market (MARF for its acronym in Spanish), issuing a total amount of 8.3 million euros, of which 2 million euros falls due in September 2019, 4.5 million euros falls due in December 2019 and 1.8 million euros falls due in June 2020.

- On 9 July 2019, SPV Reoco 1, S.L.U. agreed to buy some land for an amount of 4,438,742 euros. The buyer paid for this land in full upon purchase.

- On 10 July 2019, the Parent Company completed an additional issue of commercial paper under the current program, "AEDAS HOMES 2019 Commercial Paper Notes Program" on Spain's alternative fixed income market (MARF for its acronym in Spanish), issuing a total amount of 10 million euros that falls due in July 2020.

- On 11 July 2019, SPV Reoco 1, S.L.U. agreed to buy some land for a total amount of 15,972,060 euros. The buyer paid for this land in full upon purchase.

- On 18 July 2019, the company SPV Reoco 1, S.L.U. signed a private contract involving the sale of a plot for an amount of 11,500,000 plus VAT, with payment deferred in different installments with due date up to December 2020.

- On 18 July 2019, the company SPV Reoco 1, S.L.U. transferred the 75% of its share in a company of the Group named Servicios Inmobiliarios Licancabur, S.L.U. for an amount of 2,250 euros.

- On 19 July 2019, the Parent Company completed an additional issue of commercial paper under the current program, "AEDAS HOMES 2019 Commercial Paper Notes Program" on Spain's alternative fixed income market (MARF for its acronym in Spanish), issuing a total amount of 13.3 million euros, of which 5 million euros falls due in October 2019, 6.3 million euros falls due in January 2020 and 2 million euros falls due in June 2020.

- By virtue of the agreement with Ares Management Corporation on 11 April 2019, the company SPV Reoco 1, S.L.U. entered into a private contract involving the sale of 91 housing units, for which the company received an advance payment amounting to 1,580,000 plus VAT on 23 July 2019.

- On July 25, the company's Board of Directors approved a discretionary share buy-back program. The company will invest up to € 50 million of surplus cash generated in 2019 and 2020.

- During July 2019, the AEDAS Group has arranged developer loans with mortgages in an aggregate amount of 38,943,914 euros in order to finance three developments in progress. The mortgage loans carried interest at Euribor plus spreads ranging between 225 and 230 basis points.

15. Additional note for English translation

These consolidated financial statements were originally prepared in Spanish. In the event of a discrepancy, the Spanish language prevails. These consolidated financial statements are presented on the basis of International Reporting Standards adopted by the European Union. Consequently, certain accounting practices applied by the Group do not conform with generally accepted accounting in other countries.

Appendix I - Subsidiaries included in the scope of consolidation at June 30, 2019

Company	Registered office	Business activity	Shareholding June 30, 2019		Shareholder	Auditor	Consolidation method
SPV REOCO 1, S.L.U.	Madrid	Development	100%	Direct	AEDAS HOMES S.A.	-	Full consolidation method
DAMALANA SERVICIOS Y GESTIONES, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 18, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV REOCO 15, S.L.	Madrid	Development	80%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV SPAIN 2, S.L.	Madrid	Development	87.50%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 11, S.L.	Madrid	Development	80%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
FACORNATA SERVICIOS Y GESTIONES, S.L.	Madrid	Development	94.70%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SERVICIOS INMOBILIARIOS LICANCABUR S.L.U	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SERVICIOS INMOBILIARIOS MAUNA LOA, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
MILOS ASSET DEVELOPMENT, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
TURNKEY PROJECTS DEVELOPMENT, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
WINSLARO ITG, S.L.	Madrid	Development	20%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method

Subsidiaries included in the scope of consolidation at December 31, 2018

Company	Registered office	Business activity	Shareholding Dec 31, 2018		Shareholder	Auditor	Consolidation method
SPV REOCO 1, S.L.U.	Madrid	Development	100%	Direct	AEDAS HOMES S.A.	ERNST & YOUNG, S.L.	Full consolidation method
DAMALANA SERVICIOS Y GESTIONES, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 18, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV REOCO 15, S.L.	Madrid	Development	80%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV SPAIN 2, S.L.	Madrid	Development	87.50%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 11, S.L.	Madrid	Development	80%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method

FACORNATA SERVICIOS Y GESTIONES, S.L.	Madrid	Development	94.70%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SERVICIOS INMOBILIARIOS LICANCABUR S.L.U	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SERVICIOS INMOBILIARIOS MAUNA LOA, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method

Salient financial information about the directly and indirectly held investees is provided below:

Company	Equity at June 30, 2019 (euros) (*)							
	Capital	Share premium	Reserves	Retained earnings (prior-year losses)	Profit/(loss) for the year	Other owner contributions	(Interim dividend)	Total equity
SPV REOCO 1, S.L.U.	44,807,030	403,236,299	(322,926,544)	(16,515,712)	(13,819,251)	61,533,015	-	156,314,837
DAMALANA SERVICIOS Y GESTIONES, S.L.U.	3,010	-	(353)	(3,240,678)	(554,655)	8,000,000	-	4,207,324
ESPEBE 18, S.L.U.	3,000	-	142	(1,329,910)	(89,346)	1,740,000	-	323,886
SPV REOCO 15, S.L.	3,000	-	(344)	(622,875)	(101,068)	2,555,125	-	1,833,838
SPV SPAIN 2, S.L.	100,000	978,848	(405)	(1,120,318)	(217,559)	4,124,175	-	3,864,742
ESPEBE 11, S.L.	3,000	-	954,535	-	179,397	-	-	1,136,932
FACORNATA SERVICIOS Y GESTIONES, S.L.	3,010	-	5,291	-	343,442	970,000	-	1,321,743
SERVICIOS INMOBILIARIOS LICANCABUR, S.L.U.	3,000	-	(215)	(1,345)	(100)	1,500	-	2,840
SERVICIOS INMOBILIARIOS MAUNA LOA, S.L.U.	3,000	-	(235)	(1,304)	(179)	1,500	-	2,782
MILOS ASSET DEVELOPMENT, S.L.U.	3,000	-	-	-	-	-	-	3,000
TURNKEY PROJECTS DEVELOPMENT, S.L.U.	3,000	-	-	-	-	-	-	3,000
WINSLARO ITG, S.L.	3,000	-	(443)	(257)	(15,382)	3,303,500	-	3,290,418

Company	Equity at December 31, 2018 (euros) (*)							
	Capital	Share premium	Reserves	Retained earnings (prior-year losses)	Profit/(loss) for the year	Other owner contributions	(Interim dividend)	Total equity
SPV REOCO 1, S.L.U.	44,807,030	403,236,299	(322,926,544)	-	(16,515,712)	61,533,015	-	170,134,088
DAMALANA SERVICIOS Y GESTIONES, S.L.U.	3,010	-	(353)	(2,277,412)	(963,266)	8,000,000	-	4,761,979
ESPEBE 18, S.L.U.	3,000	-	(458)	(1,374,771)	45,461	1,740,000	-	413,232
SPV REOCO 15, S.L.	3,000	-	(344)	(376,421)	(246,454)	2,555,125	-	1,934,906
SPV SPAIN 2, S.L.	100,000	978,848	(405)	(454,887)	(665,431)	4,124,175	-	4,082,300
ESPEBE 11, S.L.	3,000	-	(411)	(1,015,170)	7,170,116	-	(2,200,000)	3,957,536

FACORNATA SERVICIOS Y GESTIONES, S.L.	3,010	-	(538)	(2,040,724)	2,046,552	2,970,000	-	2,978,300
SERVICIOS INMOBILIARIOS LICANCABUR, S.L.U.	3,000	-	(215)	(746)	(599)	1,500	-	2,940
SERVICIOS INMOBILIARIOS MAUNA LOA, S.L.U.	3,000	-	(215)	(676)	(629)	1,500	-	2,960

(*) Unaudited figures, with the exception of the financial statements for the year 2018 of SPV REOCO 1, S.L.U., audited by ERSNT & YOUNG, S.L.

Appendix II - List of non-Group companies that hold an equity interest in any of the fully-consolidated subsidiaries of 10% or more at June 30, 2019 and December 31, 2018

Company invested in	Shareholder	Ownership interest, %
SPV SPAIN 2, S.L.	PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L	12.50%
SPV REOCO 15, S.L.	PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.	20%
ESPEBE 11, S.L.	PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.	20%
WINSLARO ITG, S.L.	REOCO MIRADOLA, S.L.	80%

1H 2019 Report

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This Report is a translation from the original spanish Report. In case of discrepancy in between both Reports, the Spanish Report will prevail.

INDEX

1. Executive summary

The first half of 2019 was marked by delivery of the key targets set by AEDAS Homes in its 2017-2023 business plan, lending greater visibility and certainty regarding the deliveries scheduled for the rest of 2019: **as of June 2019, the company had already met 92% of the pre-sales target for the year and obtained completion certificates for 11 developments with 387 homes and occupation permits for 6 developments comprising 205 homes.**

During the first half of the year, in addition to the milestones reported in the 1Q 2019 management report, the company held its **Annual General Meeting** on 9 May, at which all the items on the agenda were ratified.

It is worth noting that in the second quarter, the company **reached an agreement with Castlelake, L.P.** under which AEDAS Homes will be able to co-invest in strategic land that is not fully permitted and to manage it until it is ready to build by means of investment in a number of special purpose vehicles (SPVs). The assets it will co-invest in alongside Castlelake, L.P. will be residential land that needs permitting work and/or requires a major upfront investment on account of its size. All of that land will be located within the company's current geographic footprint. The first deal was closed in Madrid. The new deal offers the company a conversion right for 40 units.

As for the memorandum of understanding (MoU) entered into with a fund managed by a subsidiary of Ares Management Corporation (NYSE: ARES) on 20 March 2019 for the sale to it of 4 turnkey housing developments encompassing c.500 houses in total for approximately €71.50 million for subsequent rental (build-to-rent), **after the June close, the company executed the second sale-purchase agreement contemplated in the MoU. Specifically, the plot sold is located in Alcalá de Henares in Madrid and has a total of 91 homes** on top of the 103 units previously sold in Torrejón de Ardoz in this same context.

In addition, at the end of the first half, the **AEDAS Homes Commercial Paper Notes Programme** was registered on Spain's alternative fixed income market (hereinafter, MARF for its acronym in Spanish) under which it can issue **up to €150 million of paper with terms of up to 24 months**, thus increasing the size of the original programme and taking advantage of the strong demand for this product, which is enabling the company to diversify its sources of financing at very attractive prices and maturities.

From the business standpoint, it is worth highlighting the number of houses launched: **A cumulative total of** 5,377 units, growth of 33% from year-end 2018. **In the first half of 2019**, the company launched 23 developments encompassing **1,340 homes. Those homes represent 52% of the launch target for 2019**.

As for targeted deliveries, **the company has delivered 349 units to date**, marking growth of 41% from year-end 2018. Of the total, 102 were delivered in the first half, which is 10% of the deliveries forecast for all of 2019.

Pre-sales totalled 772 units in the first half and amounted to €246 million, including the first of the four turnkey developments sold to the property rental company. The number of units pre-sold marked year-on-year growth of 31%. Those new sales put the orderbook at 2,578 homes, representing sales revenue totalling €913 million.

The company ended the first half with 4,020[1] units under construction. **Work began on 1,383 of those homes during the first half of 2019**, which is year-on-year growth of 55%.

AEDAS Homes remained one of the most active purchasers of land. Specifically, its investments during the first half (at acquisition cost plus capex) amounted to €22.50 million and encompassed a total of eight new developments. All of those transactions are concentrated in Granada, Jávea, Denia, Valencia and Seville. The newly acquired land presents scope for the development of **395 housing units**. 25% is Ready-to-Build Land and the remaining 75% is Fully Permitted Land.

Additionally, land has been purchased in Malaga for the potential development of 103 units[2] in NPL format with an adquisition price of €2.5 million.

1. Two adjacent housing units have been merged into a single home at one of the developments.
2. These 103 units have not been included in land bank calculation nor in Savills appraisal.

The investments closed over the course of the first half of 2019 and those anticipated for the rest of the year, for which the outlook is good, put the company on track for meeting the targets set in its 2017-2023 business plan with respect to new development launches. At the June 2019 close, **the company's land bank amounted to c.15,202 housing units**, marking growth of 1% from year-end 2018.

The company's GAV stood at €1.93 billion at the close, up 9.2% from year-end 2018. Like-for-like GAV registered growth of 1.2% during the same period. **Its NAV amounted to €1.62 billion, growth of 0.3% from year-end.** Savills Consultores Inmobiliarios, S.A. has appraised the properties comprising the company's portfolio. The valuation date is 31 May 2019. The numbers have been adjusted for the inventories purchased and sold during the month of June. Note that the appraisal value does not include supplier prepayments or assets subject to a sale option, for which it is assumed there is no indication of impairment. The directors opted to value the asset portfolio as of 31 May 2019, there having been no significant transactions or developments in June that impact the appraisal value materially.

As a result, the company's June 2019 balance sheet reveals growth in inventories of 15% to €1.24 billion and growth in borrowings of 48% to €228[3] million. That puts the company's **LTV ratio at 10% and its LTC ratio at 16%.**

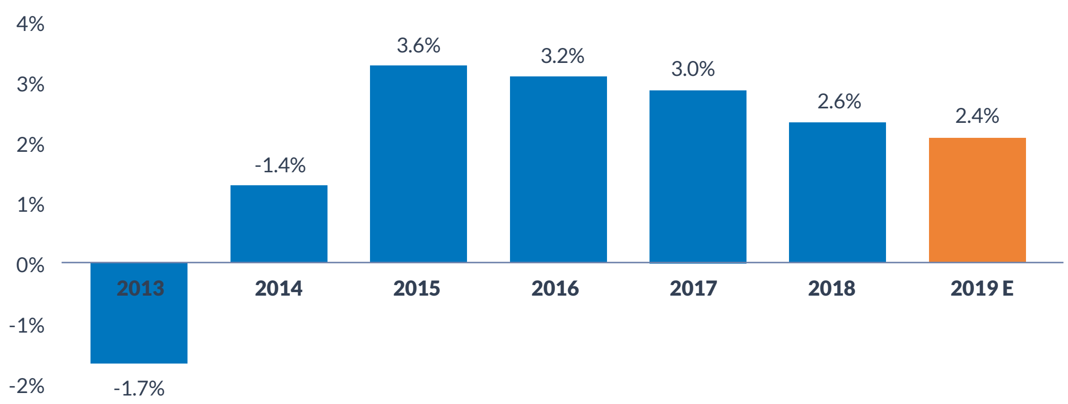
3. The differences reflect differing accounting treatments. The numbers refer to gross amortised debt

The key indicators underpinning demand for housing continue to perform well in Spain. The Bank of Spain is estimating GDP growth of 2.4% in 2019. That growth continues to push unemployment lower. Spain's unemployment rate ended 2018 at 14.4%[4], down from a high of 25.8% in 2012. The healthy trends in GDP growth and unemployment are driving growth in demand for housing. That growth in demand underpinned annual growth in average house sales prices in Spain of 3% to June[5], **evidencing a clear imbalance between supply and demand**.

4. Source: INE (national statistics bureau)

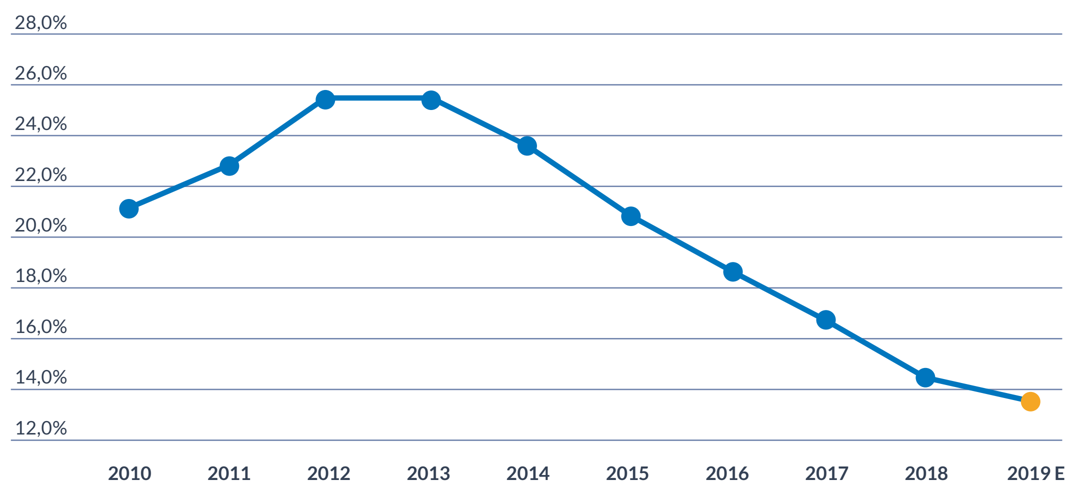
5. Source: TINSA's 1H19 report

POSITIVE OUTLOOK FOR THE SPANISH ECONOMY (GDP%)



Source: INE and Bank of Spain

UNEMPLOYMENT IN SPAIN (%)



Source: INE, Spanish Ministry os Finance

Despite that price growth, as of June 2019, average sales prices (nationwide) remained 34.1% below their peak, according to a report published by the appraiser, TINSA.

Spain continues to register stronger growth than the European Union as a whole and than the main economies populating the region, underpinned by healthy growth in internal demand.

As for the stock markets, in general terms the global rally observed during the first quarter extended into the second quarter. The stock indices recorded one of the strongest first halves of recent years. The US indices outperformed their European counterparts, marking record highs, rebounding since the 2018 close, which was one of the toughest year-ends in the stock markets in many years.

The key sources of uncertainty around the world (Brexit, trade war between China and the US, the interest rate cycle and the downward revisions to global growth forecasts) persist and continue to weigh on the markets.

Despite the market momentum evident in the main stock market indices, IPOs and secondary equity offerings in Europe were weak: the number of companies completing an IPO decreased by 35.6% year-on-year. In Spain there were no IPOs during the first half, something which had not happened since 2012.

Despite the positive performance by Spain's benchmark index, the IBEX-35, which gained 7.7% in the first half of the year, the shares of the Spanish homebuilders continued to trend lower during the period. However, **AEDAS Homes continued to outperform its peers.** Nevertheless, **the company's strong business performance has not been echoed in its share price performance**: its shares ended the first half at €20.90, down 5.7% from year-end.

2. Business performance

2.1 Active Units

Homes are considered active from when they enter the design phase until their delivery.

At 30 June 2019, the company had a total of 8,744 active homes, annual growth of 24% over the course of the first half of 2019 a total of 1,689 homes became active. In other words, over the course of the first half of 2019, a total of 1,689 homes became active.

The breakdown of those 8,744 homes by phase of development is as follows: 40% at the design stage; 10% in the marketing phase; 46% under construction; and 4% finished (and held on the balance sheet as of the June close).

2.2 Launches

Housing units are considered launched once marketing is underway, i.e., they are classified as 'launched' subsequent to the design phase, once they are put up for sale.

During the first half of 2019, the company launched 23 residential developments encompassing 1,340 units in total. That marks year-on-year growth of 35% in the number of developments and of 8% in the number of units launched.

The goal is to launch 2,580 units in 2019, so that the first-half launch volume marks delivery of 52% of the annual target.

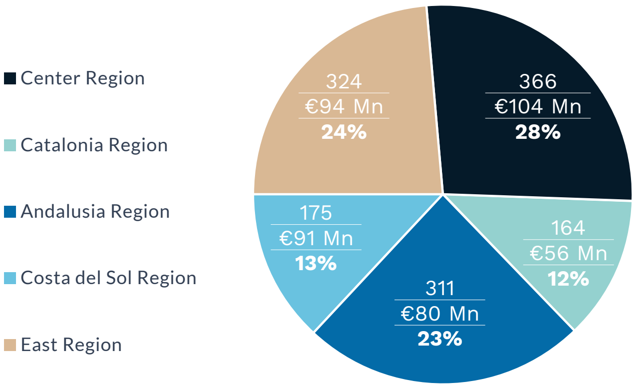
The GDV of the units launched in the first half of 2019 is €425 million, implying an average sales price per unit launched of €317,000 (subject to change).

In the first half of 2019, the company launched 1,340 units corresponding to 23 developments. Of that total, 366 units were launched in the Central region; 164 units in Catalonia; 311 in Andalusia; 175 in Costa del Sol; and 324 in the Eastern region.

In monetary terms, the first-half launches are equivalent to €425 million. Of that total, €104 million corresponds to the Central region; €56 million to Catalonia; €80 million to Andalusia; €91 million to the Costa del Sol; and €94 million to the Eastern region.

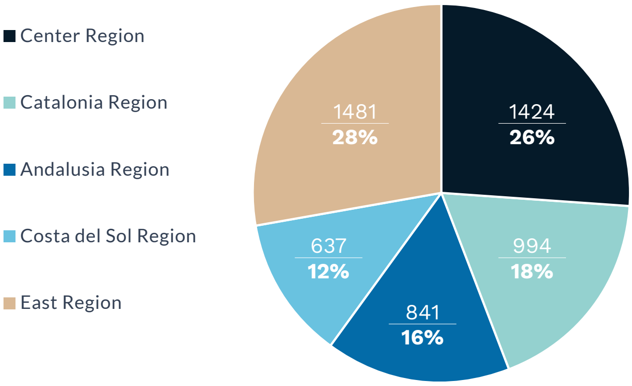
Of all units launched in the first half of 2019, 28% were launched in the Central region; 12% in Catalonia; 23% in Andalusia; 13% in Costa del Sol; and 24% in the Eastern region.

UNITS LAUNCHED 1H 2019



By 30 June 2019, the company had launched a cumulative 87 residential developments encompassing 5,377 housing units with a GDV of €1.92 billion. Of that total, the breakdown by regional branches is as follows: in the Central region, 1,424 units representing 26% of total GDV; in Catalonia, 994 units accounting for 18% of the total; in Andalusia, 841 units representing 16% of the total; on the Costa del Sol, 637 units accounting for 12% of the total; and, lastly, in the Eastern region, 1,481 units representing 28% of the total.

ACCUMULATED UNITS LAUNCHED AS OF 1H 2019



2.3 Sales

The sale of a unit begins with execution of a presale agreement. Once the company has a building permit for a pre-sold house, the customer is asked to execute a sale contract. Lastly, when the construction work is complete and the occupational licence has been obtained, the customer is asked to sign the deed of purchase, upon which the house is delivered immediately.

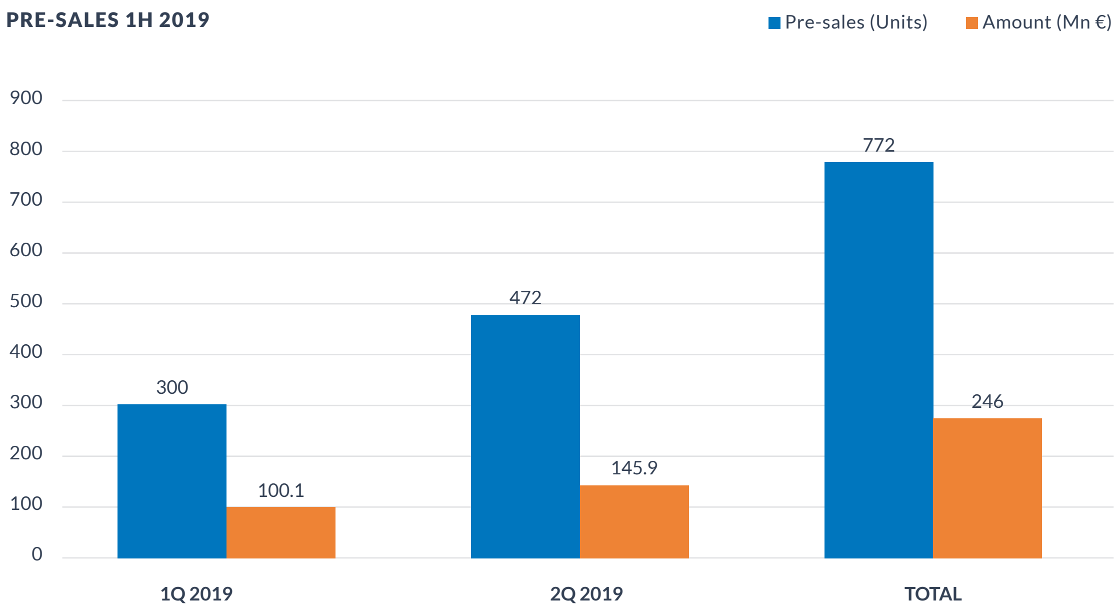
In the first half of 2019, the company pre-sold or reserved 772 homes in total. That marks annual volume growth of 32% in comparison with 585 units pre-sold in the 1H 2019.

The GDV of the units pre-sold in the first half of 2019 is €246 million, implying an average selling price per unit of €319,000. Pre-sales increased by 17% by value year-on-year.

The breakdown of pre-sales by quarter:

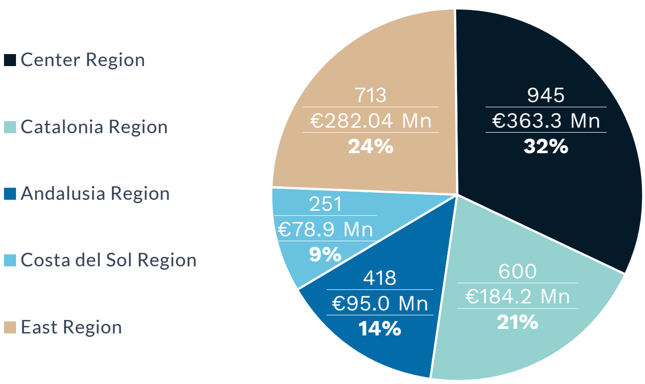
In the first quarter of 2019, the company pre-sold 300 units for €100.1 million.

In the second quarter of 2019, it pre-sold 472 units for €145.9 million.



At 30 June 2019, the company had pre-sold an accumulated 2,927 units representing sales revenue in excess of €1 billion.

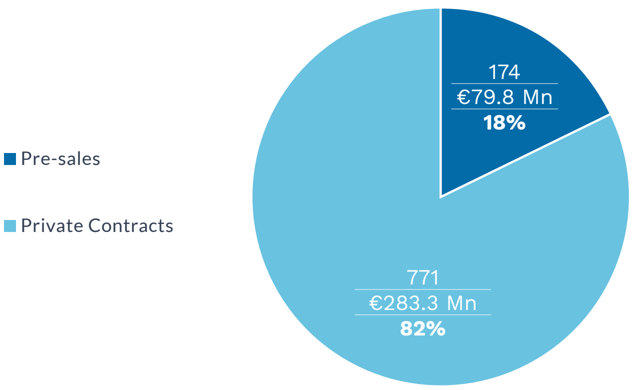
ACCUMULATED PRE-SALES AS OF 1H 2019



Accumulated sales in the Central region stood at 945 units (32% of the total), of which 174 are pre-sales and 771 are already under sale contract. Those pre-sales amount to €79.8 million and the contracts to €283.3 million. The average sales price of those units is €384,000.

Sales to date in this region - €363.3 million - account for 36% of total accumulated sales.

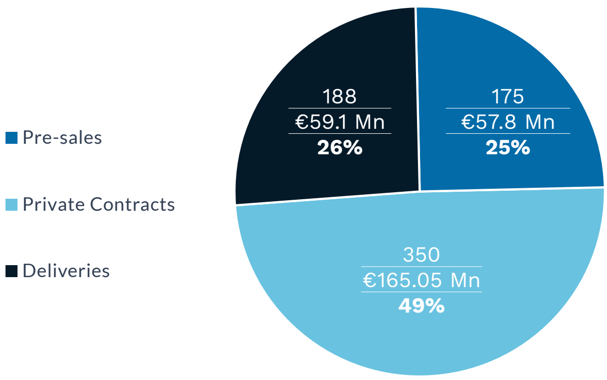
ACCUMULATED CENTRE REGION SALES BREAKDOWN AS OF 1H 2019



Accumulated sales in the Eastern region stood at 713 units (24% of the total), of which 175 are pre-sales, 350 are under sale contract and 188 have been delivered. The pre-sales amount to €57.8 million, the contracts to €165.05 million and the deliveries to €59.1 million. The average sales price of those units is €395,000.

Sales to date in this region - €282.04 million - account for 28% of total accumulated sales.

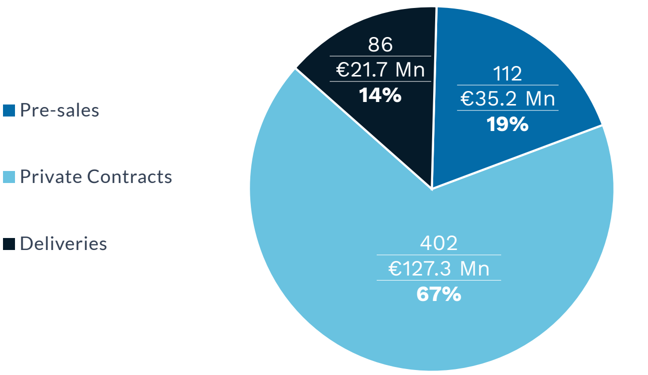
ACCUMULATED EAST REGION SALES BREAKDOWN AS OF 1H 2019



Accumulated sales in Catalonia stood at 600 units (21% of the total), of which 112 are pre-sales, 402 are under sale contract and 86 have been delivered. The pre-sales amount to €35.2 million, the contracts to €127.3 million and the deliveries to €21.7 million. The average sales price of those units is €307,000.

Sales to date in this region - €184.2 million - account for 18% of total accumulated sales.

ACCUMULATED CATALONIA REGION SALES BREAKDOWN AS OF 1H 2019



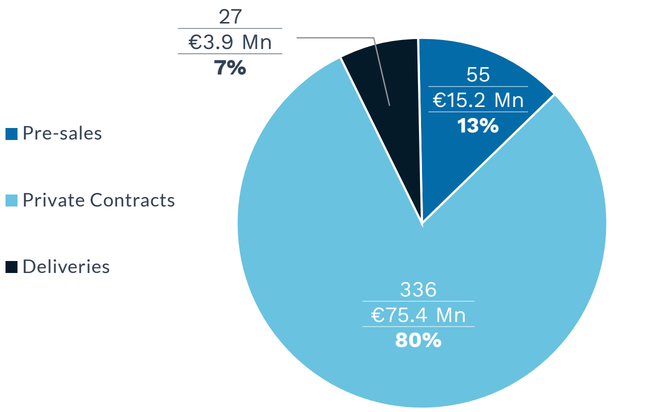
Accumulated sales in Andalusia stood at 418 units (14% of the total), of which 55 are pre-sales, 336 are under sale contract and 27 have been delivered. The pre-sales amount to €15.2 million, the contracts to €75.4 million and the deliveries to €3.9 million. The average sales price of those units is €226,000.

Sales to date in this region - €95 million - account for 10% of total accumulated sales.

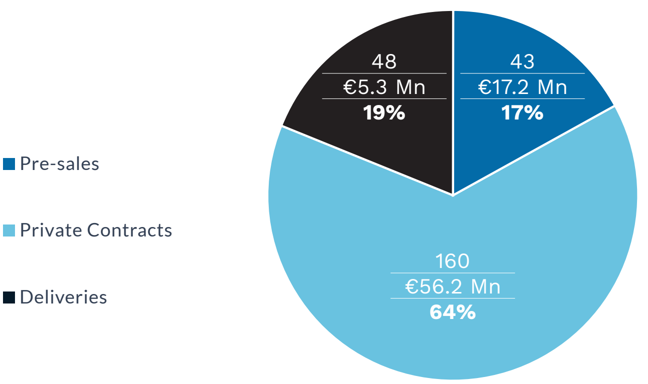
Accumulated sales in the Costa del Sol region stood at 251 units (9% of the total), of which 43 are pre-sales, 160 are under sale contract and 48 have been delivered. The pre-sales amount to €17.2 million, the contracts to €56.2 million and the deliveries to €5.3 million. The average sales price of those units is €314,000.

Sales to date in this region - €78.9 million - account for 8% of total accumulated sales.

ACCUMULATED ANDALUSIA REGION SALES BREAKDOWN AS OF 1H 2019



ACCUMULATED COSTA DEL SOL REGION SALES BREAKDOWN AS OF 1H 2019



2.4 Construction

Over the course of the first half of 2019, the company began construction on 1,383 homes, marking growth of 54% over the 894 on which building started in the first half of 2018. By the end of the first half of 2019, the company had a total of 4,020[1] units under construction, growth of 32% compared to the 3,050 homes that were under construction at year-end 2018.

In the first quarter of 2019, construction began on 520 units and work finished on 162.

In the second quarter of 2019, construction began on 863 units and work finished on 250.

2.5 Building permits

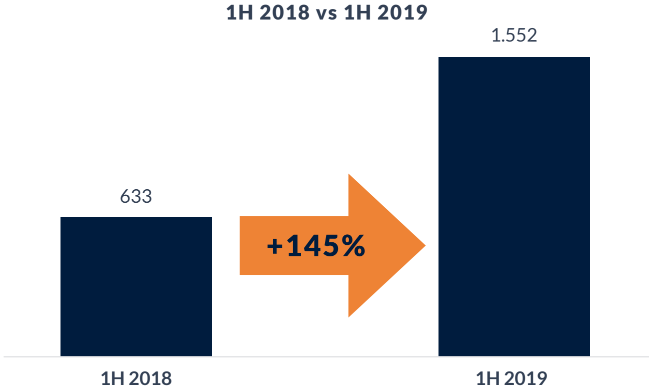
Building permits are awarded by the municipal authorities. Permit applications include the architectural plans which must necessarily comply with municipal planning and zoning requirements. Municipal authorities are obliged to grant building permits to the extent the plans meet those requirements. The permitting period depends on each authority's responsiveness.

Over the course of the first half of 2019, the company obtained a total of 1,552 building permits, growth of 145% over the 633 obtained in the first half of 2018. That means that by the June close, the company had obtained building permits for 4,935[2] homes in total.

In the first quarter of 2019, building permits were obtained for 904 units.

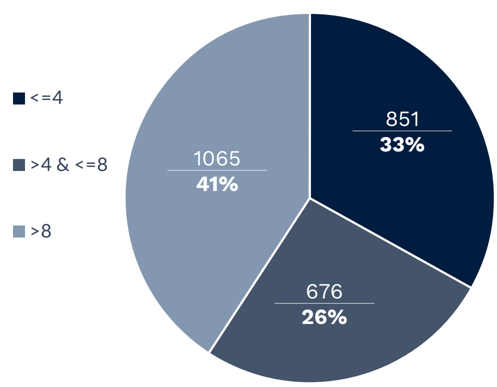
In the second quarter of 2019, building permits were obtained for 648 units.

TREND IN BUILDING PERMITS OBTAINED



In addition, at 30 June 2019, a total of 2,592 building permit applications were being processed, 851 of which had been applied for within the previous four months, 676 between four and eight months earlier and 1,065 more than eight months earlier.

MATURITY OF REQUESTED LICENSES AS OF 1H 2019



1. Two adjacent housing units have been merged into a single home at one development.

2. Total permits obtained irrespective of the number of units completed and delivered.

2.6 Homes delivered

The company, which is in the midst of ramping up its operations, delivered a total of 102 homes in the first half of 2019. The revenue received in exchange for those deliveries amounted to €22.9 million. Including the first-half deliveries, the total number of houses delivered to date stands at 349, with the company receiving €90.09 million in exchange.

Region	Development	Total Units	Acc 2017	2018	2019						Total 2019	Total Accumulated
					JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE		
Catalonia Region	RESIDENCIAL NOU EIXAMPLE MAR	88	0	29	8	6	31	8	3	1	57	86
East Region	BRISAS DEL ARENAL	64	0	53	2	2	1	0	3	1	9	62
East Region	HACIENDA DEL MAR 2	126	0	122	0	1	1	2	0	0	4	126
Andalusia Region	RESD. JARDINES HACIENDA ROSARIO F-1	78	0	0	0	0	0	0	0	23	23	23
Andalusia Region	RES D. VILLAS DE ARCO NORTE - FASE 1	50	0	0	0	0	0	0	0	4	4	4
Costa del Sol Region	RESIDENCIAL GALERA SUN	48	16	27	0	4	1	0	0	0	5	48
TOTAL	**TOTAL**	**454**	**16**	**231**	**10**	**13**	**34**	**10**	**6**	**29**	**102**	**349**

3. Investments

AEDAS Homes remained one of the most active purchasers of land in Spain. The investments closed over the course of the first half of 2019 are designed to fulfil the new development launch targets set by the company in its 2017-2023 business plan.

In keeping with the company's investment policy, the assets acquired in 2019 comprised, at a minimum, Fully Permitted Land (FPL), i.e., land zoned for development but in respect of which either (i) the relevant urban planning and allotment processes have not been fully approved and/or implemented; or (ii) only the utilities and services required for urban use need to be completed for classification as Ready to Build (RTB) Land, i.e., land for which only the corresponding building permits are required for the housing developments to proceed. The newly acquired land is located in the provinces with the most dynamic homebuilding markets. Development land is managed by the company's five regional branches. All of the land acquired presents upside of 20% in terms of the net developer margin, calculated assuming acquisition-date average sales prices and costs. The land will be earmarked to the development of unsubsidised homes in the mid to upper-mid segments of the market.

In total, the company acquired land for the development of eight housing developments. Five of the sites are located in the East (3 in Jávea, 1 in Denia and 1 in Valencia) and the other three are located in Andalusia (2 in Granada and 1 in Dos Hermanas).

The newly acquired land presents scope for the development of 395 housing units. Twenty-five per cent of the newly acquired land is RTB land and the remaining 75% is FPL.

In total, the company invested €22.5 million in these land purchases which include transaction costs and the capital expenditure to bring all of the land to RTB status which is estimated at € 0.8 million. In sum, the average acquisition cost per housing unit once all of the land is brought to RTB permitting status is estimated at €57,000/unit, ranging from a low of €37,086/unit in Seville province, to a high of €71,689/unit in Alicante province.

Additionally, land has been purchased in Malaga for the potential development of 103 units[3] in NPL format with an adquisition price of €2.5 Mn.

The company's GAV stood at €1.93 billion at 30 June 2019, up 9.2% from year-end 2018. Like-for-like GAV registered growth of 1.2% during the same period. Savills Consultores Inmobiliarios, S.A. has appraised the properties comprising the company's portfolio according to the given explanation in the executive summary.

3. These 103 units have not been included in land bank calculation nor in Savills appraisal.

4. Headcount

The company conducts its business across 5 regional branches: Barcelona and Tarragona (Catalonia), Madrid and Valladolid (Central), Sevilla and Granada (Andalusia), Malaga (Costa del Sol) and Valencia, Alicante and Mallorca (East). At the June close it had a total of 206 employees.

5. Corporate Governance

5.1 Annual General Meeting

The company held its **Annual General Meeting** on 9 May 2019, at which its shareholders ratified all of the resolutions they were asked to vote on. In all, they ratified the seven resolutions summarised below:

- Approval of the 2018 individual and consolidated financial statements.
- Approval of management reports accompanying the separate and consolidated 2018 financial statements.
- Grant of discharge to management and the Board of Directors for their performance in 2018.
- Approval of the proposed distribution of 2018 results.
- Ratification of the appointment and re-election of Ms. Milagros Méndez Ureña as independent director for the statutory term of three years.
- Delegation of powers for the formalisation, placement of public record and execution of the above resolutions.
- Advisory vote on the annual report on director remuneration for 2018.

5.2 Corporate social responsibility

AEDAS Homes' corporate social responsibility policy was formulated with the aim of creating value sustainably for its shareholders, employees, suppliers and for society in general, by offering its customers the houses they want: meticulously designed houses with personality, sustainably built and equipped with cutting-edge technology so as to provide the people living in them with an ideal experience and well-being.

6. Financial information

6.1 Profit and loss statement

AEDAS HOMES in € Mn[1]	30/06/2019	30/06/2018	Variation € Mn[1]	Variation %
Revenue	**22.9**	**14.7**	**8.1**	**55%**
Cost of Goods Sold	(16.6)	(10.5)	(6.1)	58%
Gross Margin	**6.3**	**4.2**	**2.1**	**49%**
% Gross Margin	27.4%	28.6%	-	4%
Marketing and Sales commissions	(4.5)	(3.0)	(1.5)	50%
Other expenses related to developments & Taxes	(1.1)	(0.8)	(0.3)	38%
Net Margin	**0.7**	**0.4**	**0.3**	**64%**
% Margen Neto	3.0%	2.7%	-	11%
Overheads	(11.3)	(9.0)	(2.3)	26%
Other operating income & expenses	0.3	1.5	(1.2)	80%
Inventory Impairment losses /Gains	0.1	(0.1)	0.2	200%
EBITDA	**(10.2)**	**(7.2)**	**(3.0)**	**43%**
Depreciation and Amortization	(0.7)	(0,2)	(0.5)	250%
Financial Results	(3.4)	(1.0)	(2.4)	240%
EBT	**(14.3)**	**(8.3)**	**(6.0)**	**73%**
Corporate tax	2.8	11.9	(9.2)	77%
Net Income	**(11.6)**	**3.8**	**(15.2)**	**-**
% Net Income	-	25.8%	-	-
Minority interests	-	(0.1)	-	-
Net income attributable to the Parent company	**(11.6)**	**3.7**	**(15.3)**	**-**

Source: Company Financial Statements.
(1) Differences due to rounding errors.

The main profit and loss headings clearly evidence the company's ramp-up: revenue increased by 55% year-on-year in the first half of 2019 to **€22.9 million**. All of revenue derived from the sale of new homes. **First-half revenue, despite registering growth year-on-year, represents just c.5,7% of the revenue target for 2019, as the forecast deliveries are heavily concentrated in the second half of the year**. As a result, FY19 revenue will register significant growth compared to FY18. Gross profit increased by €2.1 million and the margin stood at 27.4%.

Direct expenses registered growth of 45% year-on-year to €5.6 million, driven by the growth in the developments launched for marketing. **Note that this heading recognises the marketing costs associated with all of the developments launched by the June close irrespective of whether or not they were actually delivered during the reporting period.** In this respect, of total direct expenses recognised, just 1.4% correspond to units delivered in the first half of 2019.

General expenses were 26% higher year-on-year at €11.3 million, shaped by the fact that the company is close to having the full staff it needs to execute its business plan.

It is also worth noting the increase in finance expenses in the first half due to the additional drawdown of the corporate loan and new commercial paper issues.

The company posted a loss of €11.6 million in the first half of 2019. The loss reflects the fact that the deliveries scheduled for this year are heavily concentrated in the second half, which is when the company will recognise most of the year's revenue.

6.2 Balance sheet, Cash-Flow Statement and average supplier payment term

6.2.a Balance sheet

The most noteworthy development in balance sheet terms is the 12% increase in current assets from year-end to €1.38 billion.

That growth was driven mainly by the 15% increase in inventories to €1.24 billion, broken down between land (51%), construction in progress (42%), finished product (6%) advances to suppliers (1%).

The growth in inventories, of €165 million, was financed primarily by the following balance sheet items, among others:

€18 million came from cash and current prepayments, which, combined, decreased from €111 million at year-end 2018 to €93 million at the June close.

€89 million came from trade and other accounts payable, which increased from €172 million at year-end 2018 to €261 million at the June close.

AEDAS HOMES in € Mn[1]	30/06/2019	31/12/2018	Variation € Mn[1]	Variation %
Non-current Assets	**36**	**27**	**9**	**33%**
Inventories	1,240	1,076	164	15%
Trade and Other Receivables	42	42	0	0%
Short Term Accruals	9	8	1	13%
Cash and Equivalents	93	109	(16)	15%
Current Assets	1,384	1,235	149	12%
Total Assets	**1,420**	**1,262**	**158**	**13%**
Equity	925	935	(10)	1%
Long Term Financial Borrowings	80	58	22	38%
Other Long Term Borrowings	3	1	2	200%
Non-current Liabilities	83	59	24	41%
Provisions	3	1	2	200%
Short Term Financial Borrowingss	145	92	53	58%
Other Short Term Borrowings	3	3	0	0%
Trade and other payables	261	172	89	52%
Current Liabilities	412	268	144	54%
Total Equity and Liabilities	**1,420**	**1,262**	**158**	**13%**

Source: Company Financial Statements.
(1) Differences due to rounding errors.

€56 million stemmed from the increase in customers down payments, which closed June at €176 million.

€21 million were raised from commercial paper issues.

€22 million were drawn down under the corporate loan facility.

€22 million were obtained from developer loans.

For more information about the company's borrowings, refer to section 6.3 of this report.

AEDAS HOMES

6.2.b Cash-Flows Statement

Cash and cash equivalents declined from €103 million at year-end 2018 to €82.4 million at 30 June, a decrease of €20.6 million.

The is the net result of net cash outflows from operating activities of €95 million, net cash outflows from investing activities of €3.2 million and net proceeds from financing activities of €77.3 million.

Summary Cash Flow Statement AEDAS HOMES (In € Mn[1])	30/06/2019	31/12/2018
BEBT	**(14.3)**	**(8.1)**
Change in Trade Provisions	4.5	3.0
Change in Investment properties	(0.6)	(0.5)
Financial cost / (income)	9.4	9.6
Other Income / (expense)	(6.0)	(6.4)
Change in working capital	**(79.8)**	**(142.9)**
Inventories	(153.2)	(185.3)
Trade and other receivables	(5.6)	5.5
Trade and other payables	79.8	37.8
Other operating cash flows	(0.8)	(0.9)
Net cash flow from operating activities	**(94.7)**	**(157.3)**
Net cash flow from investment activities	**(3.2)**	**(5.9)**
Net cash flow from financing activities	**77.3**	**93.7**
Net cash increase / (decrease)	**(20.6)**	**(69.5)**
Cash BoP	103.0	172.4
Cash EoP	**82.4**	**103.0**
Available Cash	**40.5**	**60.5**

Source: Company Financial Statements.
(1) Differences due to rounding errors.

6.2.c Average supplier payment term

In the first half of 2019, suppliers were paid at **49.22 days** on average.

6.3 Financial Debt

At 30 June 2019, the company's gross financial debt stood at €228.1[1] million, made up of €88 million of bank loans (secured by mortgages) used to finance developments under construction; €81.6 million of corporate loans; €3.4 million of loans from short-term borrowings; and €55.1 million of commercial paper issued under the prevailing programme.

The limit on the borrowings arranged by the company stands at €876[2] million, €657.6 million of which consists of developer loans.

As a result, the company's net debt at the June close stood at €191.3[3] million, up 105% from year-end 2018.

The snapshot of AEDAS Homes' debt reveals a diversified mix of sources of financing and lenders, so that its financial risk is not concentrated.

At the June 2019 close, the company's average cost of debt stood at 2.39%; the average cost of its developer loans was 2.13%. If it were to draw down the entire limit, the cost of debt would be 2.31%.

The 48% year-on-year increase in financial debt is attributable to the acceleration in business volumes as the company ramps up. Despite the increase, and reflecting the low level of drawdown for the reasons outlined above, **the company's LTV and LTC ratios stood at 10% and 16%, respectively, as of 30 June**.

1. The differences reflect differing accounting treatments. The numbers refer to gross amortised debt.
2. The differences reflect differing accounting treatments. Refers to the limit on borrowings for accounting purposes.
3. The differences reflect differing accounting treatments. The numbers refer to net amortised debt.

Total Net Debt of €191.3 Mn

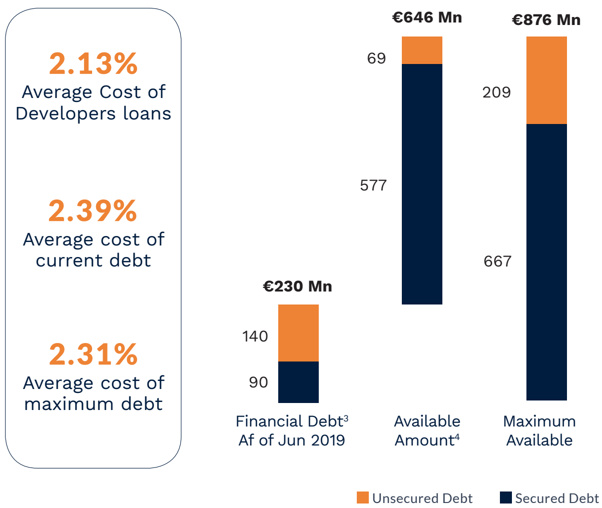
Net Debt Position (€ Mn[5])

	Jun 2019	Dec 2018
Secured Financial Debt	88.0	57.1
Unsecured Financial Debt	138.2	97.3
Other Financial Debt	1.9	1.7
Gross Financial Debt	**228.1**	**156.2**
Available Cash	36.8	60.5
Net Debt (Net Cash)	**191.3**	**95.7**
Total Cash	82.4	103.0
Deferred Land Payments	2.4	9.3
LTC[1]	16%	9%
LTV[2]	10%	5%

(1) LTC: Calculated as Net Financial Debt divided by inventory carrying cost, excluding land prepayments
(2) LTV: Calculated as Net Financial Debt divided by total GAV
(3) Difference due to accountancy treatment
(4) Development Loan WIP land tranche subject to WIP evolution
(5) Differences due to rounding errors

Efficient and diversified funding ramp-up process – organic growth on track

Financial Debt Structure[3] (€ Mn)



7. Share price performance and Relevant Facts

7.1 Share price performance

Despite the fact that the IBEX-35 ended the first half of the year 7.71% higher, the share prices of the Spanish homebuilding sector continued to trend lower. AEDAS Homes was the best-performing stock within its peer segment: having started the year at €22.16/share, it recorded a high for the year of €24.05/share on 21 May, going on to hit a low of €20.35 on 24 June; it ended the first half at €20.90. In all, the company's share price **corrected by 5.68% over the course of the first half of 2019.** As for liquidity, the equivalent of 37.16% of total outstanding shares traded hands in the first half of 2019.

IBEX Index (IBEX 35 Index) Copy of AEDAS Daily 31DEC2018-28JUN2019 Source: Bloomberg

AEDAS HOMES

7.2 List of price-sensitive notices

Publication date	Type of notice	Summary content	Registration no.
21/01/2019	Announcements of public presentations or meetings	FY2018 results webcast announcement	274053
21/01/2019	Liquidity contracts and specialists	4Q2008 transactions - liquidity contract	274056
24/01/2019	Liquidity contracts and specialists	Liquidity agreement resumed	274142
20/02/2019	Annual corporate governance report	Submission of annual corporate governance report for 2018	274918
20/02/2019	Board of directors remuneration annual statement	Submission of annual statement on director remuneration for 2018	274919
20/02/2019	Interim financial information	Submission of information about the company's second-half 2018 results	274920
20/02/2019	Information on P&L	FY18 earnings presentation	274921
22/03/2019	Liquidity contracts and specialists	Liquidity agreement termination	276326
01/04/2019	Liquidity contracts and specialists	Sale of shares and cash account transfers. Liquidity agreement termination	276686
05/04/2019	Composition of the board of directors	Milagros Méndez appointed as independent director	276777
05/04/201	Announcements and resolutions of general shareholders meetings	2019 General Shareholders' Meeting Announcement	276778
12/04/2019	Transactions and guarantees on assets	AEDAS - turnkey projects	277062
23/04/2019	Announcements of public presentations or meetings	1Q19 results release. Conference call and webcast announcement	277314
30/04/2019	Interim financial information	Submission of information about the company's first-quarter 2019 results	277596
30/04/2019	Information on P&L	1Q19 results	277597
10/05/2019	Announcements and resolutions of general shareholders meetings	General Shareholders' Meeting 2019 - resolutions approved	278052
20/05/2019	Strategic agreements with third parties	Castlelake agreement	278394
14/06/2019	Fixed-income issues	2019 AEDAS Homes commercial paper programme	279203

8. Events after the reporting period

No events have taken place since the end of the reporting period that could have a material impact on the information presented in the interim condensed consolidated financial statements authorised for issue by the directors or that are worthy of disclosure on account of their materiality, other than that disclosed below:

- On 4 July 2019, SPV Reoco 1, S.L.U. purchased land for €4,903,414 (before tax), paying the full purchase price on that date.

- On 5 July 2019, the Parent drew down an additional €28 million under its syndicated loan agreement with a limit of €150 million.

- On 5 July 2019, the Parent completed another commercial paper issue under the scope of its MARF-listed AEDAS HOMES Commercial Paper Programme 2019, raising €8.3 million in total, of which €2 million falls due in September 2019, €4.5 million in December 2019 and €1.8 million in June 2020.

- On 9 July 2019, SPV Reoco 1, S.L.U. purchased land for €4,438,742 (before tax), paying the full purchase price on the date the deeds were exchanged.

- On 10 July 2019, the Parent completed another commercial paper issue under the scope of its Commercial Paper Programme 2019, raising €10 million due July 2020.

- On 11 July 2019, SPV Reoco 1, S.L.U. purchased several plots for €15,972,060 (before tax), paying the full purchase price on the date the deeds were exchanged.

- On 18 July 2019, the company SPV Reoco 1, S.L.U. transferred the 75% of its share in a company of the Group named Servicios Inmobiliarios Licancabur, S.L.U. for an amount of 2,250 euros.

- On 18 July 2019, the company SPV Reoco 1, S.L.U. signed a private contract involving the sale of a plot for an amount of 11,500,000 plus VAT, with payment deferred in different installments with due date up to December 2020.

- On 19 July 2019, the Parent Company completed an additional issue of commercial paper under the current program, "AEDAS HOMES 2019 Commercial Paper Notes Program" on Spain's alternative fixed income market (MARF for its acronym in Spanish), issuing a total amount of 13.3 million euros, of which 5 million euros falls due in October 2019, 6.3 million euros falls due in January 2020 and 2 million euros falls due in June 2020.

- In July 2019, the AEDAS Group arranged mortgages in an aggregate amount of 38,943,914 euros in order to finance three developments in progress. Those mortgages carry interest at EURIBOR plus spreads ranging between 225 and 230 basis points.

- AEDAS Homes held its first Investor Day on 2, 3 and 4 July. Throughout the three-day event, the company provided the investment community with insight into its strong business performance to date, the high level of visibility into its delivery schedule for 2019 and 2020 and its healthy financial position. The attendees were brought to visit six developments in the Central region, four in Catalonia and three in the Eastern region (around Mallorca). In addition to being able to see the stage of completion of the works for themselves, they were given the opportunity to see other sites belonging to the company in these areas in high demand.
- On 23 July 2019, AEDAS Homes executed the second of the sale-purchase agreements contemplated in its memorandum of understanding with Ares Management Corporation (NYSE: ARES), specifically over a site in Alcalá de Henares, Madrid comprising a total of 91 homes, for which the company received an advance payment amounting to 1,580,000 plus VAT on 23 July 2019.
- On July 25, the company's Board of Directors approved a discretionary share buy back program. The company will invest up to € 50 million of surplus cash generated in 2019 and 2020.

AEDAS
HOMES

DECLARACIÓN DE RESPONSABILIDAD DE AEDAS HOMES, S.A.

Conforme a lo establecido en el artículo 8.1(b) del Real Decreto 1362/2007, de 19 de octubre, los miembros del Consejo de Administración de Aedas Homes, S.A. abajo firmantes realizan la siguiente declaración de responsabilidad:

Que, hasta donde alcanza su conocimiento, los Estados Financieros Intermedios Resumidos Consolidados correspondientes al periodo de seis meses finalizado a 30 de junio de 2019 de Aedas Homes, S.A. y sus sociedades dependientes, han sido elaboradas con arreglo a los principios de contabilidad aplicables; ofrecen, tomadas en su conjunto, la imagen fiel del patrimonio, de la situación financiera y de los resultados de Aedas Homes, S.A. y sus sociedades dependientes; y el Informe de Gestión consolidado incluye un análisis fiel de la evolución y los resultados empresariales y de la posición de Aedas Homes, S.A. y sus sociedades dependientes, junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

Los consejeros, en prueba de conformidad, firman esta hoja:

____

D. Santiago Fernández Valbuena
Presidente

____

D. David Martínez Montero
Consejero Delegado

____

D. Eduardo D’Alessandro Cishek
Consejero

DECLARATION OF LIABILITY OF AEDAS HOMES, S.A.

In accordance with the provisions of article 8.1 (b) of Royal Decree 1362/2007, of October 19, the members of the Board of Directors of Aedas Homes, S.A. below signatories make the following declaration of liability:

That, to the best of its knowledge, the Interim condensed consolidated financial statements for the six months ended June 30th, 2019 of Aedas Homes, S.A. and its subsidiaries, have been prepared in accordance with applicable accounting principles; offer, taken as a whole, the true image of the Equity, the financial situation and the results of Aedas Homes, S.A. and its subsidiaries companies; and the Consolidated Management Report includes a faithful analysis of the evolution and business results and the position of Aedas Homes, S.A. and its dependent companies, together with the description of the main risks and uncertainties that they face.

The Members of the Board, in proof of compliance, sign this sheet:

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Mr. Santiago Fernández Valbuena
Chairmain

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Mr. David Martínez Montero
Chief Executive Officer

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Mr. Eduardo D'Alessandro Cishek
Board Member

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D. Evan Andrew Carruthers Consejero	D. Evan Andrew Carruthers Board Member
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D. Javier Lapastora Turpín Consejero	Mr. Javier Lapastora Turpín Board Member
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D. Miguel Temboury Redondo Consejero	Mr. Miguel Temboury Redondo Board Member
____________________________	____________________________
Dña. Milagros Méndez Ureña	Ms. Milagros Méndez Ureña
_________________________	______________________________
Dña. Cristina Álvarez Álvarez Consejera	Mrs. Cristina Álvarez Álvarez Board Member
____________________________	____________________________
D. Emile K. Haddid Consejero	Mr. Emile K. Haddid Board Member
25 de julio de 2019 Madrid	July 25th, 2019 Madrid

Yo, Alfonso Benavides Grases, Secretario no consejero del Consejo de Administración, certifico la autenticidad de las firmas que anteceden de las personas cuyo nombre figura en la parte inferior de la firma correspondiente,

I, Alfonso Benavides Grases, Non-Board Secretary of the Board of Directors, certify the authenticity of the foregoing signatures of the persons whose name appears in the lower part of the corresponding signature, all of siendo todos ellos miembros del Consejo de Administración de Aedas Homes, S.A.

Madrid
25 de julio de 2019

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D. Alfonso Benavides Grases
Secretario del Consejo de Administración

whom are members of the Board of Directors of Aedas Homes, S.A.

Madrid
July 25th, 2019

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D. Alfonso Benavides Grases
Secretary of the Board of Directors