Q1 2019 Report

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1. Executive Summary

AEDAS Homes closed the first quarter of 2019 to its satisfaction and is in a position to reiterate all of its 2017-2023 business plan guidance.

It is worth highlighting the fact that it signed a memorandum of understanding (MOU) with a fund managed by an affiliate of Ares Management Corporation (NYSE: ARES) on 20 March for the sale of four buildings, to be built under turnkey contracts, which the buyer will earmark exclusively for rental (build-to-rent formula). On 11 April, the company signed the first of the purchase agreements contemplated under the MoU over a building located in Torrejón de Ardoz, Madrid, which encompasses 103 residential units in total.

This is the first transaction out of a total of four covered by the memorandum of understanding entered into by the two firms. If the rest of the transactions are executed, the deal will imply revenue of approximately €71.5 Million for roughly 500 housing units located in Torrejón de Ardoz, Alcalá de Henares and El Cañaveral, Madrid, where AEDAS Homes has a significant number of plots. As a result, brought forward revenue associated with the above developments earlier than initially planned. That revenue **will complement the development launches scheduled for 2019**, with a positive impact on cash flow generation and, by extension, shareholder value creation. As these units will be rented out, they will not compete with the residential developments the company is building for sale, as the home rental and home buying markets are separate; the buildings can be developed simultaneously without directly competing with each other.

As noted above, these 500 homes to be put on the market over the course of 2019 are in addition to the 2,580 units which AEDAS Homes plans to launch over the course of the year.

In terms of the company's business operations, during the first quarter of 2019, it launched a total of 498 housing units on the market, representing year-on-year growth of 9.7%. That puts the total number of house launches to date at 4,232 (net of the units already delivered).

Pre-sales totalled 300 units in the first quarter and amounted to €100 million. The number of units pre-sold marked year-on-year growth of 37%. Those new sales put the orderbook at 2,151 homes, representing sales revenue totalling €777 million.

At the March close, the company had 3,407 units under construction. Work began on 520 of those units during the first quarter of 2019. In parallel, the company completed the construction of 163 houses(1) during the quarter.

As for deliveries, the company delivered 57 units in total, thus marking the start of the deliveries slated for 2019.

AEDAS Homes is forging ahead with its business strategy in the wake of a very active 2018 in which it topped its investment targets. First-quarter investments (at acquisition cost) amounted to €14.4 million and encompassed three transactions. It made

(1) Units which have received FCC in Q1 2019, irrespective of delivery.

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these investments in existing markets, specifically one in Granada (Andalusia) and two in Jávea (East & Balearics). The newly acquired land presents scope for the development of 225 housing units. All three sites constitute Fully Permitted Land. To bring those sites to Ready to Build status, the company will have to invest another €0.7 million, which will put the total investment at €15.1 million.

In addition, the company arranged purchase options over four sites located in Sancti Petri and Mairena de Aljarafe (Andalusia) and Jávea and Alicante (East & Balearics). Those options imply investments estimated at €28 million. The optioned land presents scope for the development of 389 housing units. The sites in Sancti Petri and Mairena de Aljarafe are zoned as Ready to Build (RTB); those in Jávea and Alicante constitute Fully Permitted Land.

Those investments mark milestones along the roadmap for delivery of the new development launch targets set by the company in its 2017-2023 business plan. At the close of the first quarter of 2019, the company's land bank encompassed c.15,060[1] housing units (excluding purchase options), marking growth of 9% from year-end 2018.
As a result, the company's March 2019 balance sheet reveals growth in inventories of 7% from year-end to €1.15 billion and growth in net debt of 39.7% to €133.7 million. That puts the company's LTV(2) ratio at 7 % and its LTC(3) ratio at 12 %.

The key indicators underpinning demand for housing continue to perform well in Spain. The Bank of Spain is estimating GDP growth of 2.2% in 2019. That growth continues to push unemployment lower. Spain's unemployment rate ended 2018 at 15.3%, down from a high of 26.1% in 2013 (source: Bank of Spain, Spanish Statistics Office, Eurostat, Spain's mortgage association, the AHE).

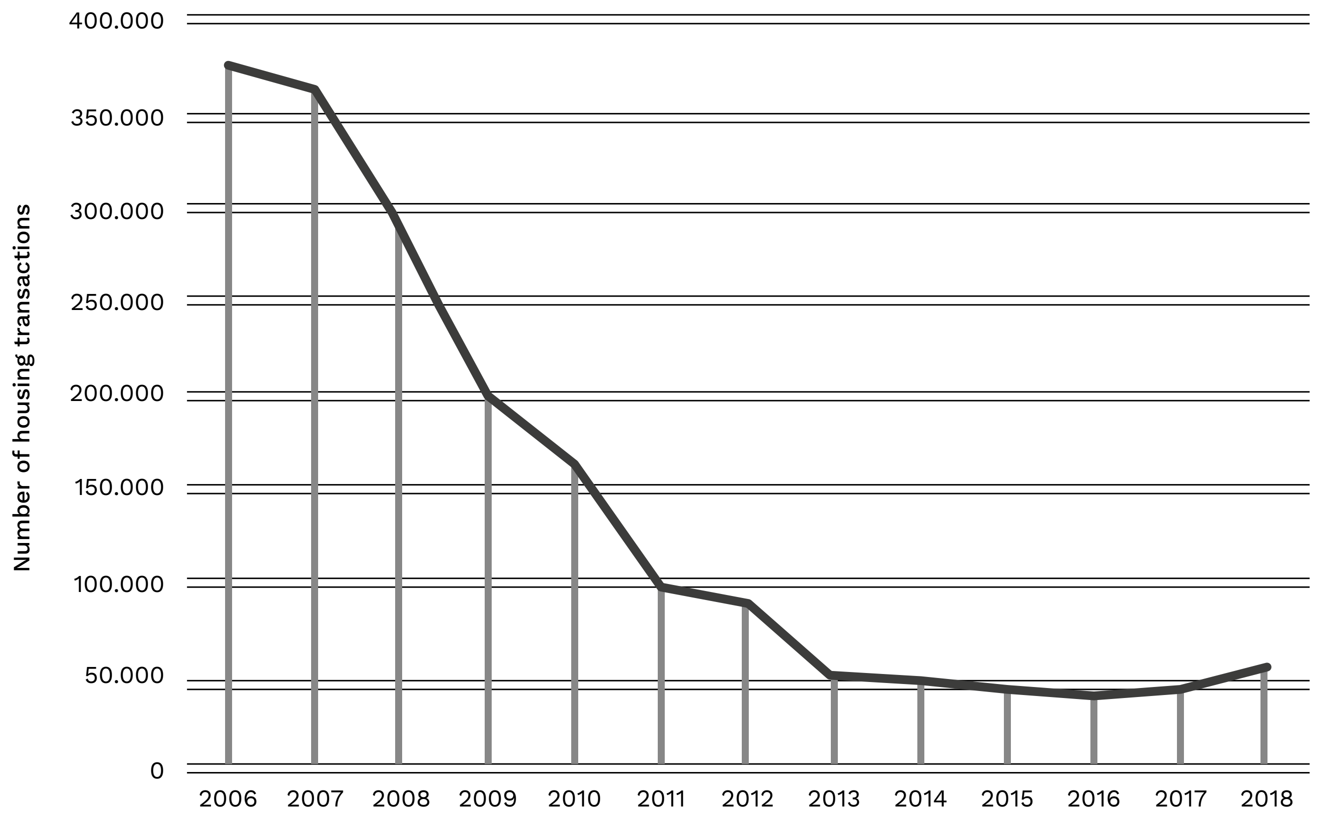
The healthy trends in GDP growth and unemployment are driving growth in demand for housing: sales of new houses Market Rate amounted to 50,000 in 2018 according to data released by the Ministry of Public Work, which is well below the market peak and still far from the consensus estimates for structural demand in Spain of between 120,000 and 150,000 houses per annum.

(1) 15,060 = 14,892 at 31/12/18 + 225 acquisitions - 57 deliveries

(2) LTV: calculated as net debt divided by total GAV

(3) LTC: calculated as net debt divided by the carrying amount of inventories, exluding deferred land payments

Market Rate housing transactions 2006 - 2018



Source: Ministry of Development

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That growth in demand underpinned annual growth in average house sales prices in Spain of 4.9% to March, evidencing a clear imbalance between supply and demand. Despite that price growth, as of the first quarter of 2019, average sales prices (nationwide) remained 34% below their peak, according to a report published by the appraiser, TINSA.

The low level of new house sales volumes in 2018, coupled with the discount to peak average prices, bode well for the home development sector.

The strong progress on the pace of development of AEDAS Homes' projects, in terms of sales and construction, injects significant visibility into compliance with the delivery targets set for 2019 and 2020.

During the first quarter of 2019, AEDAS Homes' share price gained 2.53%.

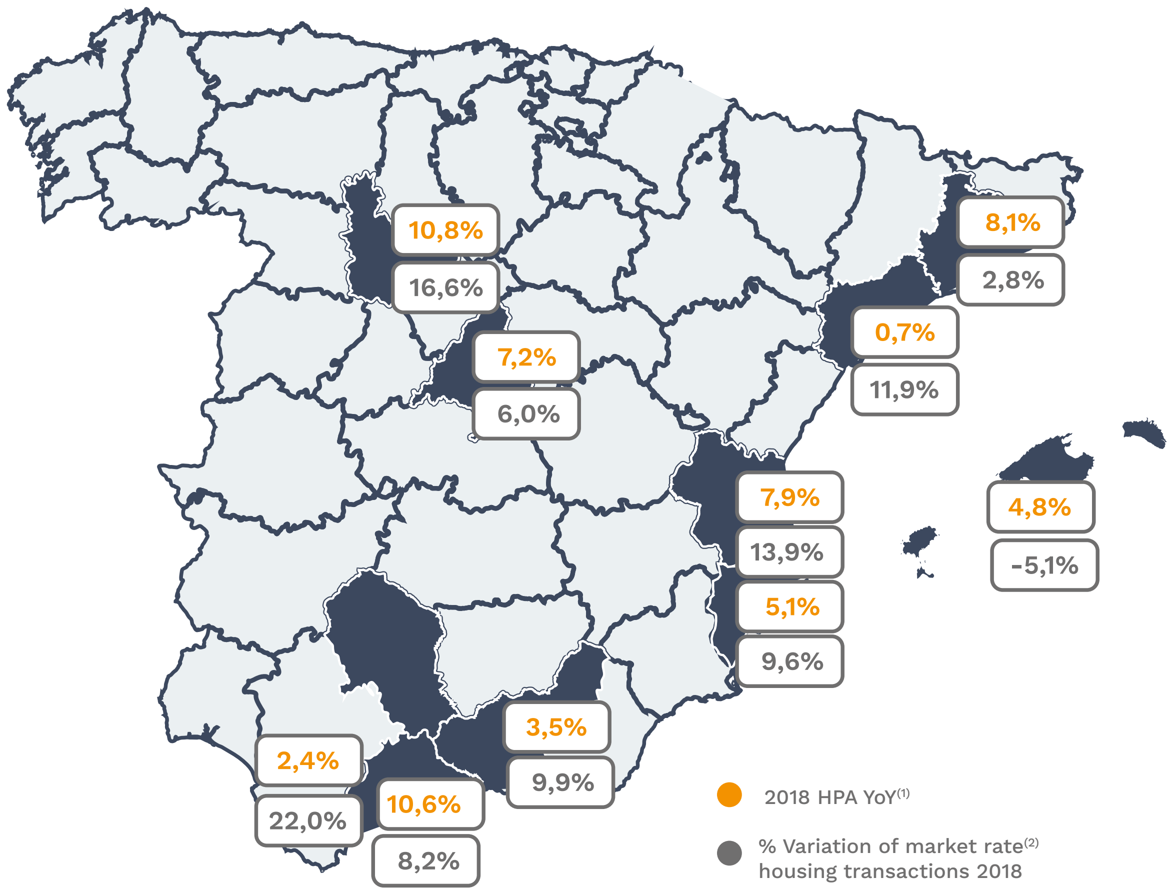
Lastly, it is worth noting the boardroom change resulting from the vacancy left by Merlin Properties.

The Board of Directors has agreed to appoint Ms. Milagros Méndez Ureña as an independent director, availing of the co-option mechanism. Her appointment via co-option will be submitted to the company's shareholders for approval at the next Annual General Shareholder Meeting.

AEDAS HOMES FOOT PRINT

HPA YoY

Variation of number of market rate housing transaction 2018



2. Business performance

2.1 Active Units

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

As of 31 March 2019, the company had a total of 7,680 Active Units, which is growth of 8.8% from year-end. In other words, 625 units have been activated so far in 2019.

The breakdown of those 7,680 active units by phase of development is as follows: 3,043 units at the design stage; 1,077 in the marketing phase; 3,407 under construction; and 153 finished[(1)].

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 quarter of 2019, the company has launched 10 residential developments encompassing 498 units in total. That marks year-on-year growth of 9.7% in units launched.

The goal is to launch 2,580 units in 2019, so that the first-quarter launch volume marks delivery of 19.3% of the annual target.

In the first quarter of 2019, 38% of total units launched were launched in the Central region (four developments); 11% in Andalusia (two developments); 26% on the Costa del Sol (two developments); and 25% in the East & Balearics region (two developments).

(1) Total completed units, yet to be delivered.

The GDV of the units launched in the first quarter of 2019 is €183 million, implying an average sale price per unit launched of €368,000 (subject to change).

The breakdown of the GDV of the units launched in the first quarter by region is as follows: Central region: €68.16 million; Andalusia: €11.97 million; Costa del Sol: €69.9 million; East & Balearics: €33.13 million. Note that the company did not launch any new developments in Catalonia during the first quarter.

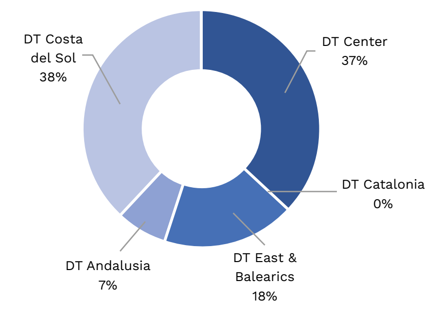
By 31 March 2019, the company had launched a cumulative 90 residential developments encompassing 4,536 housing units[(2)] with a GDV of €1.67 billion.

Of that total, the breakdown by regional branches is as follows: in the Central region, 24 developments encompassing 1,247 units representing 28% of total GDV; in Catalonia, 17 developments with 828 units accounting for 18% of the total; in Andalusia, 12 developments encompassing 586 units representing 13% of the total; on the Costa del Sol, 13 developments with 592 units accounting for 13% of the total; and, lastly, in the East & Balearics, 24 developments with 1,283 units representing 28% of the total.

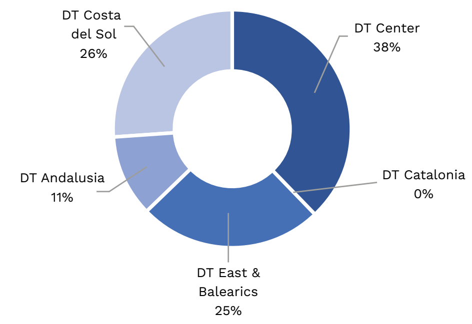
As a result, the GDV of the units launched in each region is as follows: a cumulative €508 million in the Central region, representing 31% of the total; €271 million in Catalonia, representing 16% of the total; €139 million in Andalusia, equivalent to 8% of the total; €250 million on the Costa del Sol, representing 15% of the total; and €502 million the East & Balearics, representing the remaining 30%.

(2) Including Deliveries

REGIONAL DISTRIBUTION OF Q1 2019 LAUNCHES (€)



REGIONAL DISTRIBUTION OF Q1 2019 LAUNCHES (UNITS)

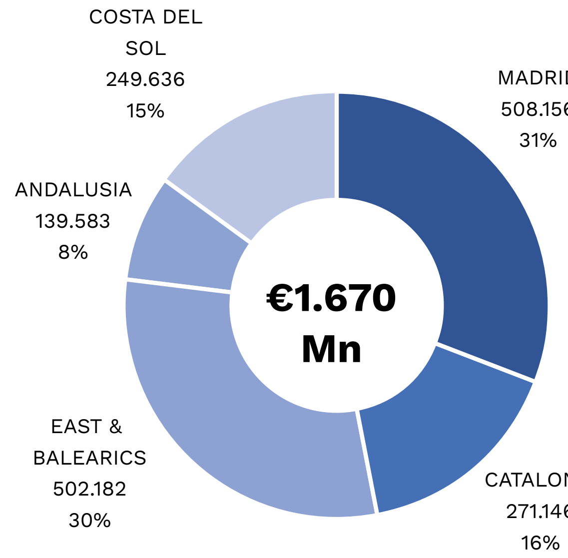


2.3 Sales

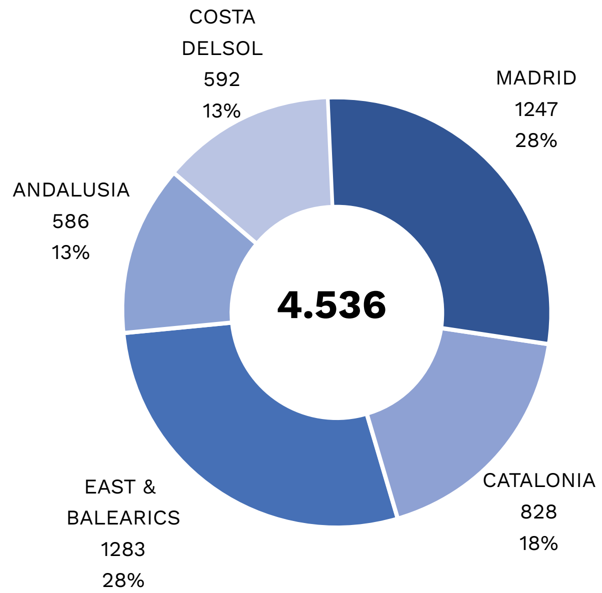
The sale of a unit begins with execution of a presale agreement. Once the company has a building permit for a pre-sold house, the customer is asked to execute a sale contract. Lastly, when the construction work is complete and the occupational licence has been obtained, the customer is asked to sign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

Cumulative launches, including units delivered (€ and units)

SALES AMOUNT - BY REGION



UNITS - BY REGION



delivered immediately.

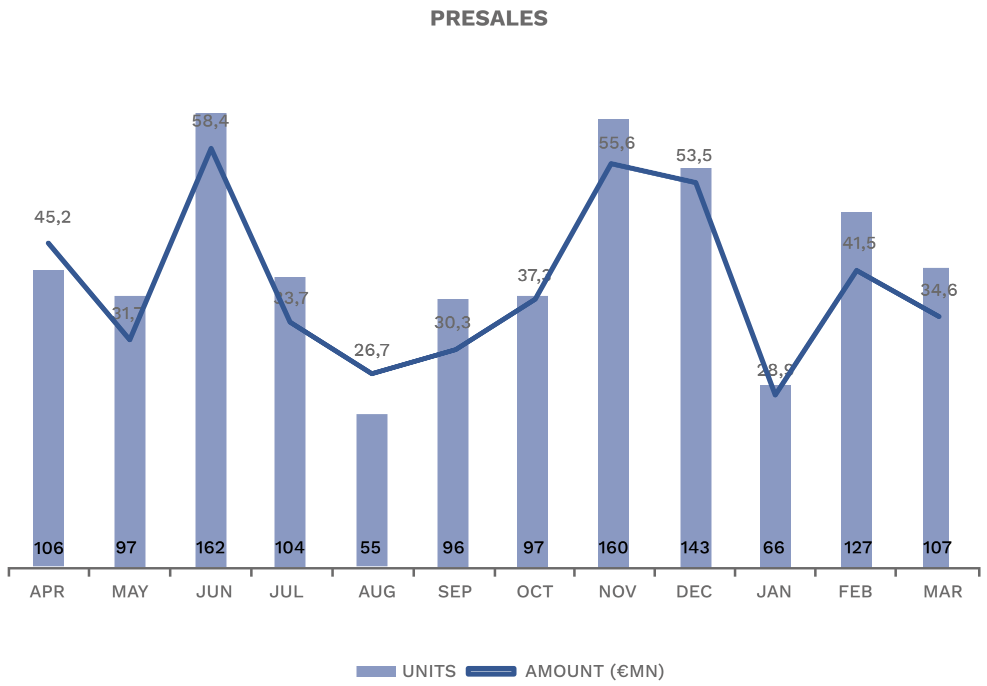
In the first quarter of 2019, the company pre-sold 300 homes in total. That marks year-on-year growth of 36% (1Q18 pre-sales: 220 units).

The GDV of the units sold in the first quarter of 2019 is €100 million, implying an average selling price per unit of €334,000.

The regional breakdown of the units pre-sold in the first quarter of 2019:

Sales (unit)	January	February	March	Q1 2019
Andalusia	8	23	15	46
Catalonia	16	31	27	74
Central region	19	44	27	90
Costa del Sol	9	11	9	29
East & Balearics	14	18	29	61
Total units	**66**	**127**	**107**	**300**

Trend in sales during the last 12 months



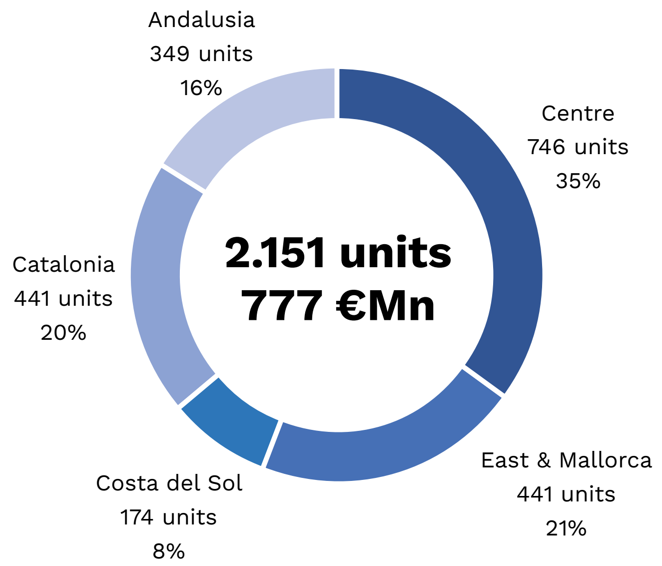
In addition to the above-mentioned 300 pre-sales, the company closed 444 private sale contracts in the first quarter of 2019.

	CONTRACTS	
	Units	Amount
Madrid	240	87,090
Catalonia	90	28,340
East & Balearics	42	19,313
Andalusia	49	12,452
Costa del Sol	23	6,907
Total	**444**	**154,102**

At 31 March 2019, the company had sold an accumulated (2017, 2018 and 1Q19) 2,455 units representing sales revenue of €857 million. Discounting the deliveries already made leaves an orderbook at the March close of 2,151 units worth €777 million.

The breakdown of cumulative sales to 31 March 2019 by region is provided below:

Order book as of Q1 2019



2.4. Construction

Over the course of the first quarter, the company began construction on 520 homes, located in the following regions and corresponding to the following developments:

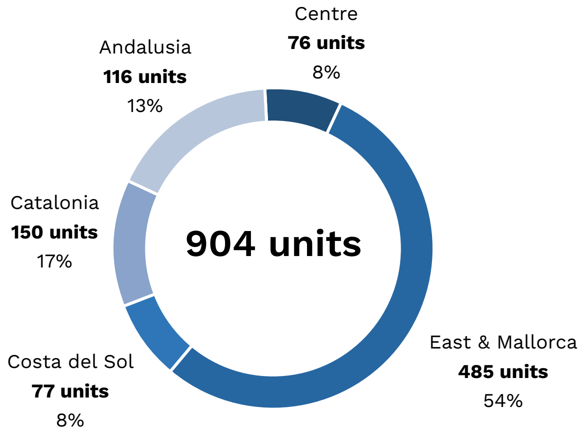
Region	Development	Start of construction	Units
East & Balearics	Azara I	January 2019	86
	Azara II	January 2019	124
	Torres I	February 2019	60
	Torres II	February 2019	60
Catalonia	Hannon	January 2019	40
	Bonpland	January 2019	46
	Vilanova I	February 2019	52
	Vilanova II	February 2019	52
Total			**520**

Work finished on 163 units(1) over the course of the quarter. That meant that the company had a total of 3,407 units under construction as of the reporting date, marking growth of 158% compared to the 1,323 homes that were under construction at the end of the first quarter of 2018.

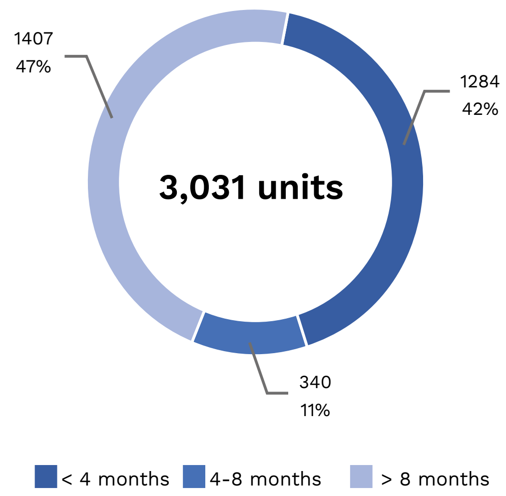
2.5 Building permits

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 quarter of 2019, the company obtained a total of 904 building permits, growth of 77% over the 509 obtained in the first quarter of 2018. That means that by the March close, the company had obtained building permits for 3,831 homes in total



In addition, at 31 March 2019, 3.031 building permit applications were being processed. The following table provides a breakdown of the permit applications in progress:



(1) Units which have received FCC in Q1 2019, irrespective of delivery.

2.6 Homes delivered

The company, which is in the midst of ramping up its operations, delivered a total of 57 homes in the first quarter of 2019, thus delivering 5.4% of the target set for that year. The revenue received in exchange for those deliveries amounted to €14 million. Including the first-quarter deliveries, the total number of houses delivered to date stands at 304, with the company receiving €80 million in exchange.

Below is the breakdown of deliveries by region:

Homes delivered	January	February	March	1Q19
Andalusia	-	-	-	-
Catalonia	8	6	31	45
Central region	-	-	-	-
Costa del Sol	-	4	1	5
East & Balearics	2	3	2	7
Total	**10**	**13**	**34**	**57**

The breakdown of the company's cumulative deliveries as of the first-quarter 2019 close:

	Units	% Sold	% Delivered	Delivered Q1 19	Delivered in prior years	Total delivered
Galera Sun	48	100%	100%	5	43	48
Brisas del Arenal	64	97%	90%	5	53	58
Hacienda del Mar II	126	100%	98%	2	122	124
Nou Eixample Mar	88	99%	84%	45	29	74
TOTAL	326		93,2%	57	247	304

3. Investments

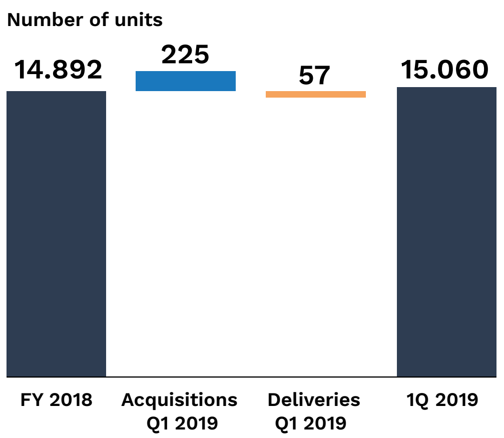
During the first quarter of 2019, the company purchased land for €14.4 million (including associated acquisition costs) where it will develop a total of 225 homes. The three sites acquired are zoned as Fully Permitted. The capital expenditure needed to bring all of that land to RTB status is estimated at €664 thousand, lifting total estimated investment to €15 million. In sum, the average acquisition cost per housing unit once all of the land is brought to RTB permitting status is estimated at €67,019/unit.

Region	Location	Acquisition cost	RTB	Nº of units
Andalusia	Granada	12,342,000	12,870,707	188
East & Balearics	Jávea	617.100	645.199	9
East & Balearics	Jávea	1.456.266	1.563.534	28
TOTAL		14.415.366	15.079.440	225

The company did not sell any land during the first quarter of 2019.

In sum, the size of the land bank, expressed in terms of potential housing units, at 31 March 2019, is as follows:

Total Land Bank as of 31 March 2019



4. Consolidated financial information

4.1 P&L

Revenue registered year-on-year growth of 55.5% in the first quarter to €14 million. It is worth highlighting the fact that this growth was driven exclusively by the company's core development business as it did not sell any land during the quarter (in contrast to the first quarter of 2018, when land sales accounted for 83% of revenue). The revenue recognised in the first quarter of 2019 is entirely attributable to the delivery of homes at the following developments: Nou Example Mar, Brisas del Arenal, Hacienda del Mar 2 and Galera Sun (a development that was fully sold by 1Q19).

In the first quarter of 2019, the company registered year-on-year growth in its gross margin of 34% in absolute terms.

Despite the applicable accounting standard whereby the company has to recognise all of the sales and marketing expenses associated with all of the developments launched during the quarter in its profit and loss statement, the net developer margin increased by 50% year-on-year in absolute terms.

In the midst of its ramp-up, AEDAS Homes' headcount stood at 191 at the March close, which is very close to the level the company expects to need to carry on its business activities once it reaches cruising speed.

The company recognised losses of €3,4 Million Net Income due to the capitalisation of interest and surety fees during the construction of qualifying assets. In

parallel, it recognised €4.4 million of financial costs incurred under its corporate financing arrangements and developer loans. As a result, the company recognised net financial cost of €1.2 million in the first quarter of 2019.

In addition, the company recognised deferred tax assets for unused tax losses in the amount of €1.1 million during the quarter.

In total, the company recorded a net loss of €3.4 million in the first quarter of 2019, which is in line with its business plan targets.

AEDAS HOMES € Mn[1]	Q1 19	Q1 18	YoY change € m[1]
Revenue	**14.0**	**9.0**	**5.0**
Cost of goods sold	(10.1)	(6,1)	(4,0)
Gross margin	**3.9**	**2.9**	**1.0**
Gross margin (%)	27.7%	32.0%	(4.3%)
Marketing and sales commissions	(1.5)	(1.3)	(0.2)
Other expenses related to developments & taxes	(0.3)	(0.2)	(0.1)
Net Margin	**2.1**	**1.4**	**0.7**
Net margin (%)	14.9%	15.4%	(0.5%)
Overhead	(5.3)	(3.9)	(1.4)
Other operating income/ (expenses)	0.1	-	-
Inventory impairment (losses)/gains	-	-	-
EBITDA	**(3.1)**	**(2.5)**	**(0.6)**
Depreciation and amortisation	(0.3)	(0.1)	(0.2)
Financial Results	(1.2)	(0.4)	(0.8)
EBT	**(4.6)**	**(3.0)**	**(1.6)**
Corporate tax	1,1	0,7	0,4
NET PROFIT/(LOSS)	**(3.4)**	**(2.3)**	**(1.1)**
Net profit/(loss) margin (%)	-	-	-
Non-controlling interests	-	(0.1)	-
Net profit attributable to equity holders of the Parent	**(3.4)**	**(2.2)**	**(1.2)**

(1) Differences due to rounding errors

4.2 Balance sheet and average supplier payment term

4.2.a Balance sheet

The company's inventories increased by 7% between year-end 2018 and the March 2019 close, driven, among other factors, by the growth in the volume of construction work in progress during the period, evidencing the fact that the company is in the midst of its ramp-up.

Inventories increased by €76 million during the quarter, reflecting investments totalling €86 million, divided between work in progress (€72 million) and purchases of land (€14 million), offset by a decrease in inventories of €10 million as a result of units delivered.

Cash and Equivalents relate to the pre-sales account (€48 Million) and available cash (€37 Million). The accounts containing down payments from presales can be used. The accounts containing down payments can be used for development payments subject to prior authorisation by the Monitoring Project.

As for the company's current bank borrowings due in the long term and bonds and other marketable securities, this heading increased by 20% on the back of the expansion of the size of the company's commercial paper programme to €45 million. Current borrowings reflect two movements: (i) cancellation of the debt associated with homes delivered at the Hacienda del Mar, Brisas del Arenal and Nou Eixample

Mar developments; and (ii) growth in bank borrowings reflecting drawdowns made under developer loans to finance developments in progress. Borrowings are recognised at amortised cost.

Elsewhere, 'Trade and other accounts payable' increased by 28% during the first quarter of 2019 to €220 million. This is explained partially by the trend in "customer down payments", which increased by 23% in the first quarter of 2019. At 31 March 2019, the regional breakdown of these customer down payments - totalling €148 million - was as follows: Central region: €50 million (of which €0.7m corresponding offsite construction projects); Catalonia: €21.4 million; East & Balearics: €48.5 million (of which €37.2 million corresponding to New Folies); Andalusia: €13.8 million; and Costa del Sol: €14.8 million.

Note that the growth in both 'Inventories' and 'Trade and other accounts payable' is in line with the projections underpinning the company's business plan.

AEDAS HOMES € Mn[1]	31/03/2019	31/12/2018	YoY change € m[1]
Non-current assets	**31**	**27**	**4**
Inventories	1,152	1,076	76
Trade and other accounts receivable	46	42	4
Prepayments and accrued income	15	8	7
Cash and cash equivalents	85	109	(24)
Current assets	1,298	1,235	63
Total assets	**1,329**	**1,262**	**67**
EQUITY	933	935	(2)
Non-current borrowings	57	58	(1)
Other non-current liabilities	3	1	2
Non-current liabilities	60	59	1
Provisions	2	1	1
Current borrowings	110	92	18
Other current liabilities	4	3	1
Trade and other accounts payable	220	172	48
Current liabilities	336	268	68
Total equity and liabilities	**1,329**	**1,262**	**67**

(1) Differences due to rounding errors.

4.2.b Average supplier payment term

In the first quarter of 2019, suppliers were paid at 36.29 days on average.

	Q1 2019	2018	2017
	Days		
Average supplier payment term	36,29	43,77	30,51
Paid transactions ratio	38,11	46,38	28,95
Outstanding trasactions ratio	33,60	22,04	36,92
	Euros		
Total payments made	4.669.003	19.516.646	6.523.180
Total payments outstanding	3.157.386	2.340.387	1.589.096

4.3 Cash-Flow Statement

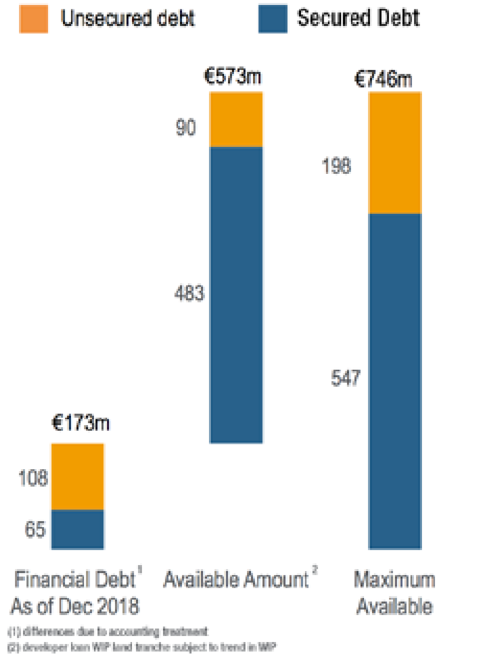
Summary stat ement of cash flows (€ m[1])	Q1 19	FY18
EBT	**(4.6)**	**(8.1)**
Change in trade provisions	2.0	3.0
Change in investment properties	(0.3)	(0.5)
Finance cost/(income)	4.4	9.6
Other income/(expenses)	(3.3)	(6.4)
Change in working capital	(32.6)	(142.9)
Inventories	(72.0)	(185.3)
Trade and other accounts receivable	-	5.5
Trade and other accounts payable	-	37.8
Other cash flows used in operating activities	(0.1)	(0.9)
Net cash used in operating activities	**(37.9)**	**(157.3)**
Net cash used in investing activities	**(0.5)**	**(5.9)**
Net cash from financing activities	**20.8**	**93.7**
Net increase/(decrease) in cash and cash equivalents	(17.7)	(69.5)
Cash beginning of period	103.0	172.4
Cash end of period	85.3	103.0
Available cash	38.0	60.5

(1) Differences due to rounding errors.

4.4 Financial Debt

At 31 March 2019, the limit on the company's borrowings stood at €746 million, marking growth of 17% from year-end 2018. The increase reflects the growth in the number of developer loans taken on in tandem with the ramp-up in the number of developments in progress and working capital needs.As of the March close, € 573 Million of developer loan remained undrawn. As a result, the company's gross debt stood at €171.7 million at 31 March 2019. The reason for this low drawdown level is the fact that the company has been using customer down payments as a cheaper alternative source of financing. The amount of cash available as of the reporting date stood at €38 million, so that the company had net debt of €133.7 million.

The company's debt structure is shown below:



The average cost of the company's developer loans stood at 2.13% at the end of the first quarter, which is down 4bps from year-end 2018. The average cost of the debt drawn down stands at 2.32%, similarly down 12bps from year-end. The average cost of total available borrowings is 2.36%, which is 7bps lower than at 31 December 2018. Although the average cost of the company's debt has declined, this trend is not extended to continue in the long term.

The 11.6% increase in gross debt in the first quarter of 2019 is attributable to the acceleration in business volumes as the company ramps up its business operations. Despite the increase, and reflecting the low level of drawdown for the reasons outlined above, the company's **LTV**[(2)] and **LTC**[(1)] ratios stood at just 7% and 12%, respectively, at 31 March 2019.

	Mar 2019	Dec 2018
Secured debt	64.0	57.1
Unsecured debt	106.1	94.9
Other borrowings	1.5	1.7
Gross debt [(3)]	**171.7**	**153.8**
Available cash	38.0	60.5
Net debt (net cash)	**133.7**	**93.3**
Total cash	85.3	103.0
Deferred land payments	9.3	9.3
LTC[1]	12%	9%
LTV[2]	7%	5%

(1) LTC: calculated as net debt divided by the carrying amount of inventories, excluding land prepayments
(2) LTV: calculated as net debt divided by total GAV
(3) Differences due to accounting treatment

5. Share price performance and price-sensitive notices

5.1 Share price and liquidity

Although the first quarter of 2019 was one of the best in the history of the stock markets, it is worth recalling that the fourth quarter of 2018 was one of the worst. The upbeat tone of the trade negotiations underway between the US and China and the precautionary note struck by central banks, opting to push back rate hikes, held greater sway than the growing uncertainty surrounding Brexit, weak economic indicators and even specific problems in certain emerging economies.

Nevertheless, despite the recovery in the share prices of several European home developers and the positive performance by Spain's benchmark index, the IBEX 35, ahead of the upcoming elections, the homebuilding sector in Spain continued to see their share prices trend lower throughout the first quarter. However, AEDAS Homes proved the most resilient among its peers: having started the year at €22.16/share, it recorded

a low for the year of €21.72/share on 3 January, going on to hit a high of €23.74 on 22 February. In all, the company's **share price gained 2.53% over the course of the first quarter of 2019.**

As for liquidity, the equivalent of 21.89 % of total outstanding shares traded hands in the first quarter of 2019.

TRADING VOLUMES

	TRADING VOLUMES					
	Daily trading volume by value (to 31/03/19)	Average daily volume (last 6m)	Trading volume 1Q19	Total no. of shares	Trading volume / total no. of shares, %	Average daily trading volume / total no. of shares, %
AEDAS Homes	3,816,960	168,000	10,500,000	47,966,587	21.89%	0.35%

	CLOSING PRICE		% GAIN/(LOSS)	MARKET CAPITALISATION (€ m)
	31/12/2018	31/03/2019	1Q19	31/03/2019
AEDAS Homes	22.16	22.72	2.53%	1.090

5.2 Relevant facts

PUBLICATION DATE	TYPE OF PRICE-SENSITIVE 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	FY2018 earnings presentation	274921
22/03/2019	Liquidity contracts and specialists	Liquidity agreement termination	276326

AEDAS HOMES

6. Events after the reporting period

On 11 April 2019, the company entered into a sale-purchase agreement with Ares Management Corporation (NYSE: ARES). Specifically, the buyer has purchased a building that has been sold to it off-plan and will comprise 103 homes to be earmarked for rental. The building will be developed on site R-12, Los Fresnos, Torrejón de Ardoz, Madrid. This is the first transaction out of a total of four covered by the memorandum of understanding entered into by the two firms. If the rest of the transactions are executed, the deal will imply revenue of approximately €71.5 Million for roughly 500 housing units located in Torrejón de Ardoz, Alcalá de Henares and El Cañaveral, Madrid, where AEDAS Homes has a significant number of plots. As a result, the company has brought forward revenue associated with the above developments earlier than initially planned. That revenue will complement the development launches scheduled for 2019, with a positive impact on cash flow generation and, by extension, shareholder value creation. As these units will be rented out, they will not compete with the residential developments the company is building for sale, as the home rental and home buying markets are separate; the buildings can be developed simultaneously without directly competing with each other.

Factoring in these additional 500 launches slated for 2019, AEDAS Homes may ultimately launch 3,000 units this year, compared to the 2,580 initially targeted for 2019.

Elsewhere, on 4 April 2019, the company's Board of Directors, on the basis of a proposal put before it by the Appointments and Remuneration Committee, agreed to appoint Ms. Milagros Méndez Ureña as an independent director of the company, availing of the co-option mechanism, to cover the vacancy left by Merlin Properties SOCIMI, S.A. The appointment of this independent director will be submitted to the company's shareholders for ratification at the upcoming Annual General Meeting, set for 9 May at first call.

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