Quabit Inmobiliaria

RESULTS
JANUARY – SEPTEMBER 2018

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

Index:

BUSINESS PERFORMANCE AND GROUP SITUATION

1. Key highlights for the period

INVESTMENTS. ONGOING RESIDENTIAL PROJECTS

- In the year 2018, the development portfolio has been increased with 1,173 homes. With this, at 30th September 2018, the Quabit Group had 50 developments at different stages of execution totalizing 3,724 housing units with an estimated turnover of 774 million euros.

- Likewise, works in progress continue to advance according to the planning. During 2018, works have been started in 10 developments, so at 30th September 2018, there are 13 developments with a total of 885 house units with works commenced. Developments in delivery and construction phases totalize 1,061 house units at the date of this Interim Report was published.

- The pre-sales portfolio (customer commitments through reserves and contracts), at 30th September 2018, comprises 1,037 residential units in the sum of 222.9 million euros.

- Currently, there are 2 developments in delivery phase (140 house units) and 2 developments will be added in the following weeks (75 house units), being the objective of Business Plan for the year 2018.

INVESTMENTS. LAND PURCHASES

- In 2018, Grupo QUABIT continues the investment efforts that have been carried out during 2017. Acquisitions amounting 32 million euros representing 108,795 square meters buildable (sqmb) have been added during these 9 months of 2018, for the development of 900 residential units.

- Following these transactions, the Group at 30th September 2018 had under management 1,105,080 sqmb between works in progress and in delivery phase (124,012 sqmb), and land bank (981,068 sqmb): (1) consolidated land portfolio (862,463 sqmb), (2) land acquisition operations to be added in the near future to the consolidated portfolio (55,671 sqmb) and (3) rights over land as collateral (62,934 sqmb).

- Additionally, after 30th September 2018 and until the date of publication of this Interim Report, Quabit has formalized acquisitions for 8,474 sqmb.

FINANCING OF LAND PURCHASES AND DEVELOPMENT PROJECTS

- Land purchases are being financed through equity (usually the 30%, funds from capital increase and from Non-monetary contributions) and financing facilities granted by international funds (usually the 70%, like the signed agrees with Avenue Europe International Management, LP, ["Avenue"]). Debt associated with this financing facilities (Avenue I and Avenue II) is with non-recourse to the parent company.

- The financing of projects in progress is carried out via equity (15-25%), customer advances (10-15%) and development loans (65%-70%). Debt associated with development projects is with non-recourse to the parent company.
- Regarding novelties with respect financing lines, it is noted that at 27th March 2018 Grupo QUABIT signed a 50 million euros credit line with funds add by Taconic Capital Advisors UK LLP and Grupo Royal Metropolitan España, S.A. The destination of credit line funds is the financing of land purchases (70% of purchase prices). First drawdowns of this financing line have been produced in October by an amount of 8.3 million euros.
- As to financing equity, two major milestones happened during the exercise:
  - In May 2018, a capital increase with subscription rights was completed having an excess demand (x1.8) for a total amount of 63 million euros (nominal value plus premium = 1.80 € per share).
  - In July 2018, a public deed was formalised recording the capital increase through a non-monetary contribution of land for a nominal amount of 1,564,747.50 euros plus a premium of 4,694,242.50 euros, which makes a total of 6,258,990 euros (2 € per share). On the same date, all available funds of the Avenue II financing line were disposed for a total of 40 million euros and an additional of 4.6 million.

DEBT EVOLUTION

- Despite the investment efforts, and due to the capital increase by 63 million euros, net financial debt has been reduced by 2%, from latest 31st December, to 214 million euros.
- For its part, gross financial debt has remained stable (+0.4%) during the period, reaching 256 million euros. Although the level of gross debt has remained stable, it is important to note that:
  - Debt associated with residential projects and without recourse to the parent company has increased. On the one hand, increase due to: (1) provisions of the Avenue lines and development loans of the ongoing projects for a total amount of 26.1 million euros, and (2) interests by amount of 10.4 million euros. On the other hand, decrease by payments at maturity and associated discounts for the amount of 16.5 million euros.
  - Corporative debt was reduced by 19 million euros due to: advance payment to Sociedad de Gestión de Activos procedentes de la Restructuración Bancaria, S.A. (SAREB) associated with the capital increase amounting to 12.2 million euros, and debt discounts associated with payments according to schedule or sale of assets by an amount of 8.3 million euros.

RESULTS

Key Profit & Loss figures

(Thousands of euros)	30/09/2018	30/09/2017	Variation
Revenue	**15,227**	**2,992**	**408.9%**
EBITDA *(*)*	**229**	**(3,742)**	**106.1%**
Financial loss	**(4,067)**	**(2,573)**	**(58.1%)**
Profit/(Loss) before tax	**(3,988)**	**(7,647)**	**47.8%**
Net Profit/(Loss)	**1,057**	**(7,647)**	**113.8%**
- Attributable to the Parent Company	*1,108*	*(7,644)*	114.5%
- Attributable to Minority Interests	*(51)*	*(3)*	(1,600.0%)

(*) See note on Alternative Performance Measures at the end of this Interim Report.

- Revenues increase since in the period the accounting record has been made in the deliveries of Quabit Aguas Vivas and Quabit Las Cañas developments (97 and 6 homes delivered from the 140 total of both developments). Deliveries of the rest of homes in these developments is foreseen for the rest of the year 2018, in addition to the completion and entry in phase of delivery of another 75 houses in 2 developments.

- This increase in revenues makes positive effects to EBITDA, although the improvement to EBITDA compared with 2017 is mainly due to the income recognized by debt discounts.

- A net profit of 1,057 thousand euros was obtained, increased by 113.8% compared to the negative result of 7,647 thousand euros in 9M 2017, as a consequence of the improvement to EBITDA and the positive variation of deferred taxes by an amount of 5,045 thousand euros.

- Therefore is verified the compliance with the plan for completion and delivery of works in progress, and the progress in both commercial sales and developments launched, which are the key variables for the fulfillment of the delivery objectives of 2018 and 2019 and for the generation of operating results.

- Additionally, pending debt discount (42.9 million euros) and the capitalization of tax credits (132.1 million euros) offer potential generation of additional profits in the future.

INCENTIVE PLAN

- In June 2018 the Board of Directors approved the Incentive Plan for the Chief Executive Officer and 17 key executives and employees, consisting of the delivery of ordinary shares representing a 2.79% of share capital and based on compliance with business metrics associated with accumulated EBITDA and total return for shareholders

VISIBILITY OF BUSINESS PLAN 2017-2022

The development of the activity in 2018 reinforces the visibility of the Business Plan 2017-2022, published by Grupo Quabit in November 2017. This Plan provides for the delivery of 8,021 homes, and the visibility elements are given by:

- The developments portfolio and the land bank offer a total buildable area of 1,105,080 sqmb for 8,800 homes.
- Existence of available credit lines (Taconic / Royal Metropolitan withdrawals and facilities of the lines managed by Avenue), as well as own resources to complete the Investment Plan to have the land portfolio needed to develop the Business Plan objectives.
- The policy of investment in land purchases, with an impact of around 20% of the cost of land over the expected billing, minimizes the needs for non-bank financing and limits the risk of the projects and minimizes the impact on gross margin of the land acquisition financing cost.
- Achievement of development launch milestones (3,724 homes in different phases, 46.4% of total homes to be delivered in the Plan period), delivery deadlines (215 homes will entry in delivery phase throughout 2018, to June 30 there are already 140), and the start of works (921 houses currently under construction).
- The good performance of commercial sales that are specified in the order book (1,137 homes with a turnover of 236.4 million euros). The average billing for house units of the Plan is 220 thousand euros, which means launching homes with a large demand potential.
- All this, in addition, within the framework of the commitment of the Group's managers, a commitment that materialized with the implementation of the Incentive Plan that will reward the positive evolution of business results (EBITDA) and the total shareholders return.

2. Key figures

Consolidated P&L account

(Thousands of euros)	30/09/2018	30/09/2017	Variation
Revenue	**15,227**	**2,992**	**408.9%**
EBITDA *(*)*	**229**	**(3,742)**	**106.1%**
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- Attributable to the Parent Company	*1,108*	*(7,644)*	114.5%
- Attributable to Minority Interests	*(51)*	*(3)*	(1,600.0%)

(*) See note on Alternative Performance Measures at the end of this Interim Report.

Consolidated financial indebtedness

(Thousands of euros)	30/09/2018	31/12/2017	Variation
Recourse debt to the parent company	120,634	139,560	(13.6%)
Non-recourse debt to the parent company	135,329	115,368	17.3%
TOTAL GROSS DEBT *(*)*	**255,963**	**254,928**	**0.4%**
Liquid assets *(*)*	(41,961)	(37,156)	12.9%
TOTAL NET DEBT *(*)*	**214,002**	**217,772**	**(1.7%)**

(*) See note on Alternative Performance Measures at the end of this Interim Report.

Residential developments

(units)	30/09/2018	30/09/2017	Variation
Pre-sales for the period *(1)*	673	188	258.0%
Deliveries for the period *(2)*	109	2	5,350.0%
Pre-sales portfolio at the end of the period *(3)*	1,037	345	200.6%
Stock of finished houses *(4)*	44	17	158.8%

(1) Reservations and contracts (net of cancellations) made in the period.

(2) Delivered houses.

(3) Reservations and contracts for houses to be delivered in the future (finished and marketing stage developments) at a given date.

(4) Finished houses (with or without reservation or contract).

Revenues

(Thousands of euros)	30/09/2018	30/09/2017	Variation
Land management	185	2,242	(91.7%)
Residential developments	15,023	464	3,137.7%
Rented property	-	286	(100.0%)
Other	19	-	100.0%
TOTAL	**15,227**	**2,992**	**408.9%**

3. Financial statements

3.1. Consolidated P&L account for the period ended at 30th September 2018

(Thousands of euros)	30/09/2018	30/09/2017	Variation
Revenue	15,227	2,992	408.9%
Procurements	(8,504)	(6,841)	24.3%
Other operating income	16,906	11,012	53.5%
Change in trade provisions	(3,657)	4,341	(184.2%)
Personnel expenses	(5,342)	(3,717)	43.7%
Reversals and allowances for impairment	-	1,268	(100.0%)
Depreciation and amortization	(121)	(1,318)	(90.8%)
Other operating expenses	(14,399)	(7,978)	80.5%
Gains and losses on disposals of non-current assets	(2)	-	N.A.
Valuation of investment property at fair value	-	(4,819)	100.0%
Profit from operations	**108**	**(5,060)**	**102.1%**
EBITDA *(*)*	**229**	**(3,742)**	**106.1%**
Net financial loss	**(4,067)**	**(2,573)**	**(58.1%)**
Loss from investments in associates	**(29)**	**(14)**	**(107.1%)**
Profit/(Loss) before tax	**(3,988)**	**(7,647)**	**47.8%**
Taxes	5,045	**-**	N.A.
Net Profit/(Loss)	**1,057**	**(7,647)**	**113.8%**
Attributable to:			
Shareholders of the Parent Company	1,108	(7,644)	114.5%
Minority interests	(51)	(3)	(1,600.0%)

(*) See note on Alternative Performance Measures at the end of this Interim Report.

3.2. Consolidated Balance Sheet at 30th September 2018

(Thousands of euros)

ASSETS	30/09/2018	31/12/2017	Variation
NON-CURRENT ASSETS			
Total non-current assets	**86,277**	**81,139**	**6.3%**
CURRENT ASSETS			
Inventories	432,461	349,063	23.9%
Other	93,254	98,097	(4.9%)
Total current assets	**525,715**	**447,160**	**17.6%**
TOTAL ASSETS	**611,992**	**528,299**	**15.8%**

LIABILITIES AND EQUITY	30/09/2018	31/12/2017	Variation
EQUITY			
Equity attributable to shareholders of the Parent Company	**287,673**	**223,213**	**28.9%**
Minority interests	4,010	3,243	23.7%
Total equity	**291,683**	**226,456**	**28.8%**
NON-CURRENT LIABILITIES			
Bank borrowings	11,593	15,472	(25.1%)
Other	13,510	12,025	12.3%
Total non-current liabilities	**25,103**	**27,497**	**(8.7%)**
CURRENT LIABILITIES			
Bank borrowings	244,370	239,456	2.1%
Other	50,836	34,890	45.7%
Total current liabilities	**295,206**	**274,346**	**7.6%**
TOTAL LIABILITIES AND EQUITY	**611,992**	**528,299**	**15.8%**

ASSETS. INVENTORIES

Inventories at 30th September 2018:

(Thousands of euros)	30/09/2018	31/12/2017	Variation
Land *(1)*	333,131	303,161	9.9%
Developments in progress *(2)*	84,122	36,956	127.6%
Finished developments *(3)*	11,753	5,712	105.8%
Advanced payments to suppliers	2,636	2,415	9.1%
Other	819	819	0.0%
Net Book Value	**432,461**	**349,063**	**23.9%**

- *(1)* Land increased by 9.9% as a net effect between land purchases and transfers to work in progress.
- *(2)* Developments in progress increased by 127.6% due to the incorporation of construction costs related to the developments that were in progress at the end of 2017 and transfers of land development costs related to the 10 developments with works commenced in 2018: Quabit Style I (Guadalajara), Quabit Aguas Vivas II (Guadalajara), Parque Residencial de Quabit Las Suertes (Guadalajara), Quabit Torrejón VPP I (Madrid),

Quabit Riverside (Málaga), Quabit La Peñuela Fase 1 (Madrid), Quabit Torrejón VPP Fase 2 (Madrid), Quabit Altair (Málaga), Quabit Hacienda de la Torre Fase 1 (Málaga) and Quabit Los Pedregales Fase 1 (Málaga).

- *(3)* Inventories of finished development is increased by 105.8% as a result of transfered costs in the 2 developments that go from works in progress to delivery phase, reduced by the cost associated with the units delivered.

ASSETS. OTHERS

- Other assets include cash and cash equivalents totaling 32,435 thousand euros (37,156 thousand euros at 31st December 2017) and 9,526 thousand euros from financial assets with immediate availability.

EQUITY

Changes in equity in 2018:

(Thousands of euros)

Balance at 31st December 2017	**226,456**
Total net profit for the period	1,057
Treasury share transactions	(3,394)
Capital Increase	69,259
Capital Increase costs and others	(3,118)
Contributions from minority shareholders	818
Other equity instruments (Avenue Warrants) *(*)*	605
Balance at 30th September 2018	**291,683**

(*) Corresponds to the fair value of the warrants granted in favor of funds managed by Avenue that have become enforceable in the period, having a counterpart in the amortized cost of the debt.

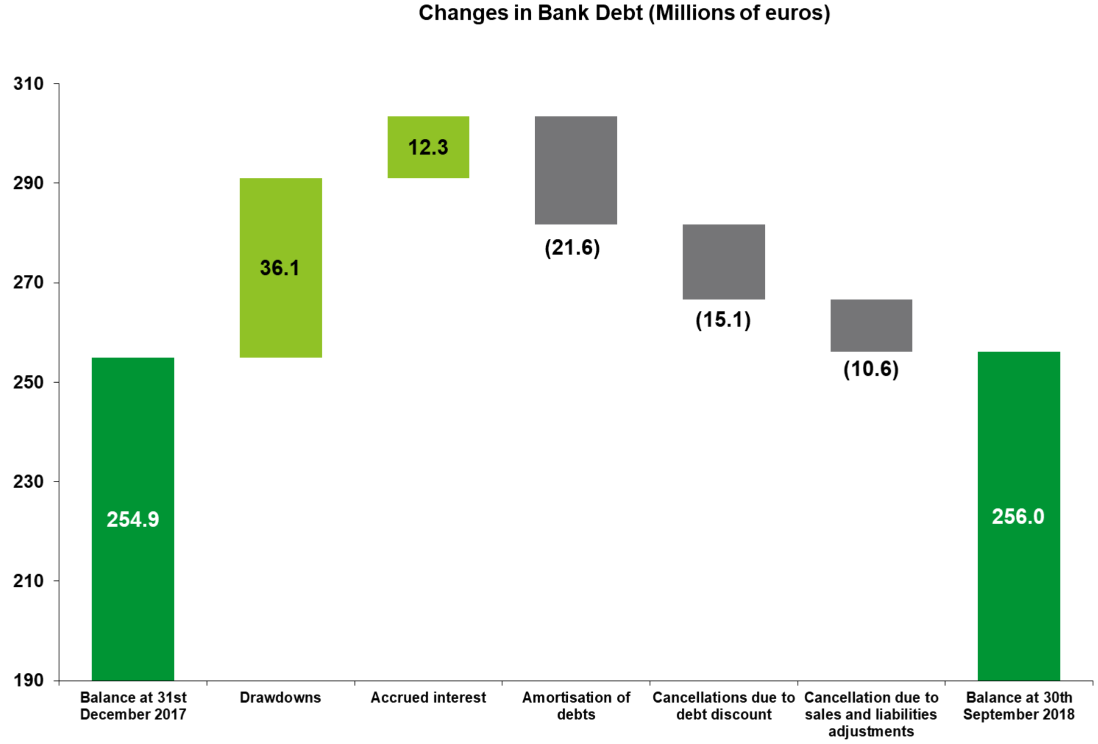
LIABILITIES. BANK DEBT

Structure of bank debt:

(Thousands of euros)	**30/09/2018**	**31/12/2017**	**Variation**
Recourse debt to the parent company	120,634	139,560	(13.6%)
Non-recourse debt to the parent company	135,329	115,368	17.3%
TOTAL GROSS DEBT *(*)*	**255,963**	**254,928**	**0.4%**
Liquid assets *(*)*	(41,961)	(37,156)	12.9%
TOTAL NET DEBT *(*)*	**214,002**	**217,772**	**(1.7%)**

(*) See note on Alternative Performance Measures at the end of this Interim Report.

Changes in bank debt up to 30th September 2018:



Drawdowns: +36.1 million euros

- Drawdowns on Development loans, Land loans and Credit facilities by an amount of 14.1 euros: these correspond to drawdowns financing work in progress.
- “Avenue I” facility drawdowns by an amount of 12.2 million euros: drawdowns of funds (nominal without commission). The nominal available for this facility amounts to 9.6 million euros for the acquisition of land already agreed.
- “Avenue II” facility drawdowns by an amount of 9.8 million euros: Drawdown of funds (nominal without commission) made in 2018 from the tranche of senior loan of financing facility approved by funds advised by Avenue. This Credit facility was signed at 1st December of 2017 and it is fully drawn currently.

Accrued interest: +12.3 million euros

- 10.4 million euros corresponding to interest to be paid at maturity.
- 1.9 million euros of interest that will be gradually written off as far as the payments scheduled are attended.

Amortisation of debts: -21.6 million euros

- 12.0 million euros in advance payment to SAREB associated with the capital increase completed at the date 24th May 2018, and early repayment of 0.2 million euros agreed with SAREB.
- Payment of 4.4 million euros associated with VAT debt associated to land acquisitions.
- Payment of 3.4 million euros of principal and accrued interests associated with Avenue I financing facility.
- 0.9 million euros in compliance with the payments schedule agreed with financial entities.
- Payment of 0.7 million euros associated with commercial agreements for debt cancellation.

Cancellations due to debt discount: -15.1 million euros.

- Payment of 7.8 million euros associated with commercial agreements and renegotiation of debts.
- 6.9 million euros of capital and interest associated with the advance payments to SAREB.
- 0.4 million euros associated with cancellation of debt with the sale of assets.

Cancellation due to sales: -10.6 million euros

- 10.4 million euros of debt associated with assets sales and house units deliveries from finished developments.
- Adjustment to debt valued at amortized cost for an amount of 0.2 million euros, as a net effect of debt carried at amortized cost that includes the impact of increasing the nominal amount drawn with the charged and accumulated commissions to the loan amount and discounting the effect of those commissions and those already paid. Additionally, the impact of the issuance of warrants associated to these two financing facilities for a negative amount of 605 thousand euros is included in this concept.

Structure of bank debt at 30th September 2018:

(Thousands of euros)

Year of maturity	2018	2019	2020	2021	2022	Total
Recourse debt	**1,128**	**1,499**	**17,941**	**22,406**	**77,660**	**120,634**
Debt discount associated with payments schedule (1)	291	833	4,816	7,327	25,401	38,668
Secured Debt payable on delivery of houses (2)	764	-	-	-	-	764
Debt to be paid according to payments schedule (3)	73	666	13,125	15,079	52,259	81,202
Non-recourse debt	**26,533**	**18,848**	**54,761**	**35,187**	**-**	**135,329**
Limited recourse debt (4)	1,884	-	-	-	-	1,884
Debt discount associated with payments schedule (5)	1,012	3,267	-	-	-	4,279
Debt to be paid according to payments schedule (6)	500	2,030	-	-	-	2,530
Secured Debt payable on delivery of houses (6)	16,836	1,326	1,148	-	-	19,310
Alpin Equities Loan (7)	6,301	5,719	5,623	-	-	17,643
Avenue I credit facility (8)	-	6,506	47,990	-	-	54,496
Avenue II credit facility (8)	-	-	-	35,187	-	35,187
Total bank debt	**27,661**	**20,347**	**72,702**	**57,593**	**77,660**	**255,963**

A. Recourse debt: that debt from which Quabit Inmobiliaria has unlimited personal liability.

- *(1) Debt discount associated with payments schedule:* Agreed debt discounts which will be recognized as the payments schedule is attended. Corresponds to debt with SAREB fundamentally.
- *(2) Secured Debt payable on delivery of houses:* Mortgage debt associated with finished product, developments in progress or sales, which will be cancelled when the assets are delivered.
- *(3) Debt with three entities to attend at due date. Mostly corresponds to debt with SAREB:* 76,932 thousand euros out of 115,023 thousand euros must be paid according to debt repayment schedules. The discounts associated with this payment schedule, amounting to 38,091 thousand euros, will be consolidated as payments were attended. The discounts will be applied in addition to all accrued interests on the total debt in

each payment. The following table shows the calendar of ordinary payments, once the effect of the early repayments made up to date has been applied:

Maturity	30/09/2018 *(Thousands of euros)*
Year 2019	154
Year 2020	9,859
Year 2021	15,000
Year 2022	51,919
TOTAL	**76,932**

B. Non-recourse debt: debt from Quabit Inmobiliaria and investee companies without recourse to the parent company.

- *(4) Limited-recourse Debt:* secured debt that will be cancelled with the transfer of collateral assets. (net book value of 1,884 thousand euros).
- *(5) Debt to be paid according to payments schedule applying debt discounts associated with that schedule:* Debt with an entity whose guarantee is limited to those assets that provide it. There is not unlimited personal liability for the company.
- *(6) Development loans from ongoing projects.*
- *(7) Loan from funds advised by Alpin Equities:* debt amounting to 17,643 thousand euros (amortized cost plus accrued interest as at 30th September 2018): The amortization schedule of this loan has been established as far as the assets are expected to be delivered. Shares in dependent companies who own the assets have been pledged in favor of the funds advised by Alpin equities as guarantee of the agreement compliance.
- *(8) Avenue I & II credit facilities:* debt in the amount (amortized cost plus interests) of 54,496 and 35,187 thousand euros have their maturities in 2020 and 2021. It is planned to cover the maturities with the treasury obtained from the sale of the houses that are being developed in the land acquired with the funds obtained from them. Therefore, in the maturity tables that appear below, maturities prior to these dates have been indicated for the debt associated with developments whose delivery is prior to the final maturity date of the lines.

4. Business areas

4.1. Residential development

Developments in execution

The developments in execution are in the following stages:

- Finished product: homes with First Occupancy License and able to be delivered.
- Construction works started: construction of the building has commenced.
- Marketing: with formalisation of reservations and/or contracts of sale.
- Pre-marketing: there exists basic sales information (such as types or specifications) and a waiting list of clients is generated prior to entering the marketing phase.
- Design: Draft phase under development for ground plan and facades in accordance with the program of needs created by the company based on analyses of market demand and supply.

The details of the developments and their commercial activity is shown in the table below:

No. of developments	Province	Total Number of units in Development	Units with pre-sale at 30/09/2018 (1)	Pre-sales billing (thousands of €)(2)	Total billing on development (thousands of €)(3)	Situation
2	Guadalajara	140	130	19,838	21,768	103 homes delivered at 30/09/2018
2	**Subtotal - Delivery phase**	**140**	**130**	**19,838**	**21,768**	
1	Barcelona	63	63	18,390	18,525	Construction works started
3	Guadalajara	336	170	26,221	56,397	
4	Madrid	119	110	26,690	31,170	
5	Málaga	367	182	41,513	91,408	
1	Zaragoza	36	29	5,969	10,875	Works started in October
14	**Subtotal - Works started**	**921**	**554**	**118,783**	**208,375**	
4	Guadalajara	236	68	13,604	50,835	Marketing stage
7	Madrid	537	271	61,018	119,007	
5	Málaga	264	114	23,115	52,783	
16	**Subtotal - Marketing stage**	**1,037**	**453**	**97,737**	**222,625**	
1	Guadalajara	157			19,660	Pre-marketing stage
2	Málaga	297			73,773	
1	Menorca	75			24,937	
4	**Subtotal - Premarketing stage**	**529**			**118,370**	
5	Guadalajara	673			115,771	Design
3	Madrid	87			20,312	
6	Málaga	337			67,260	
14	**Subtotal - Design**	**1,097**			**203,343**	
50	**TOTAL**	**3,724**	**1,137**	**236,358**	**774,481**	

(1) Pre-sales = Reservations + sale contracts. (2) Total sale price of units pre-sold. (3) Estimated billing.

The Quabit Group's development portfolio, at 30th September 2018, comprises a total of 50 developments and 3,724 house units (2,551 house units at 31st December 2017) with an estimated revenue of 774 million euros, that will be reflected on P&L account as the housing units are delivered.

Of these 3,724 house units, 140 are finished and ready to be delivered (103 just delivered at 30th September), 921 are in construction stage (302 at 31st December 2017), 1,037 in marketing stage (919 at 31st December 2017), 529 in pre-marketing stage (424 at 31st December 2017) and 1,097 in design stage (906 at 31st December 2017).

The average housing price ascends to 208,000 euros and the product typology includes housing from 89,000 euros to 1.38 million euros, from protected housing to luxury residences; and from first residence in Madrid, Guadalajara, Corredor del Henares or Barcelona, to houses in Costa del Sol.

Quabit XXI. Guadalajara - 87 viviendas.

Quabit Altair. Málaga – 32 unifamiliares.

Quabit Riverside. Benahavís - 75 viviendas.

Quabit Collection. Zaragoza - 36 viviendas.

New developments launched in 2018

During the year 2018, the QUABIT Group has launched 10 new residential development projects in different development stages totalizing 1,126 house units with an estimated billing amount of 232.3 million euros.

These new developments are located in Madrid (150 house units), Málaga (264), Guadalajara (637) and Menorca (75).

Advance of works in progress

The evolution of construction works in that developments with works commenced at 31st December 2017 is in accordance with the planning. In the Q3 2018, works have been finished in Quabit Las Cañas development (Guadalajara), with a total of 24 single-family homes.

For 2018, is scheduled the completion of the works for a total of 75 house units corresponding to the developments of Quabit Las Lomas (Madrid) and Quabit San Feliú (Barcelona), reaching at the end of 2018 the sum of 215 finished homes contemplated in the Business Plan 2017-2022.

Quabit Las Lomas. Boadilla del Monte, Madrid - 12 unifamiliares.

Quabit Sant Feliu. Barcelona - 63 viviendas.

Quabit Las Cañas. Guadalajara – 24 unifamiliares.

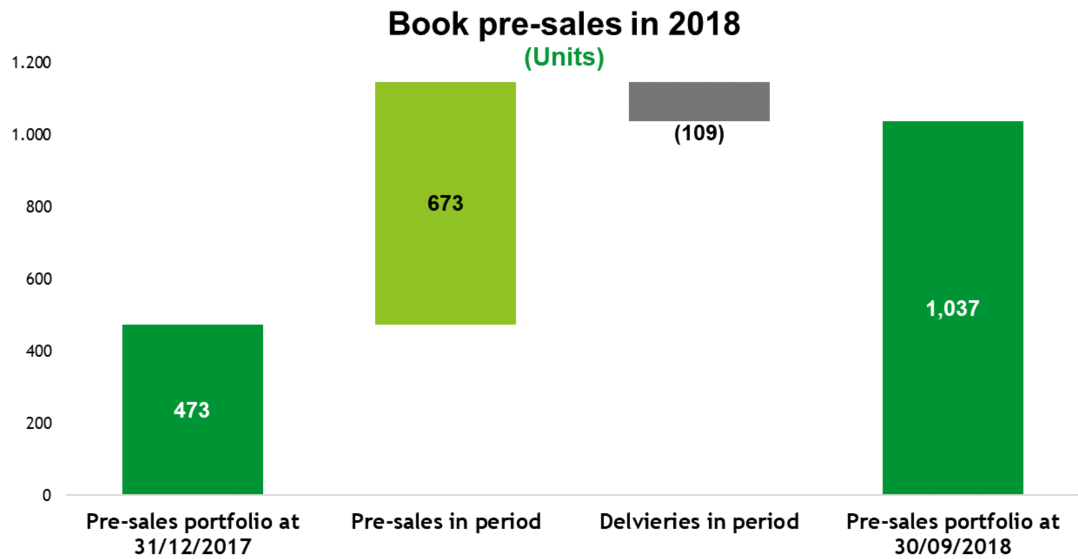
Quabit Aguas Vivas I. Guadalajara – 116 units.

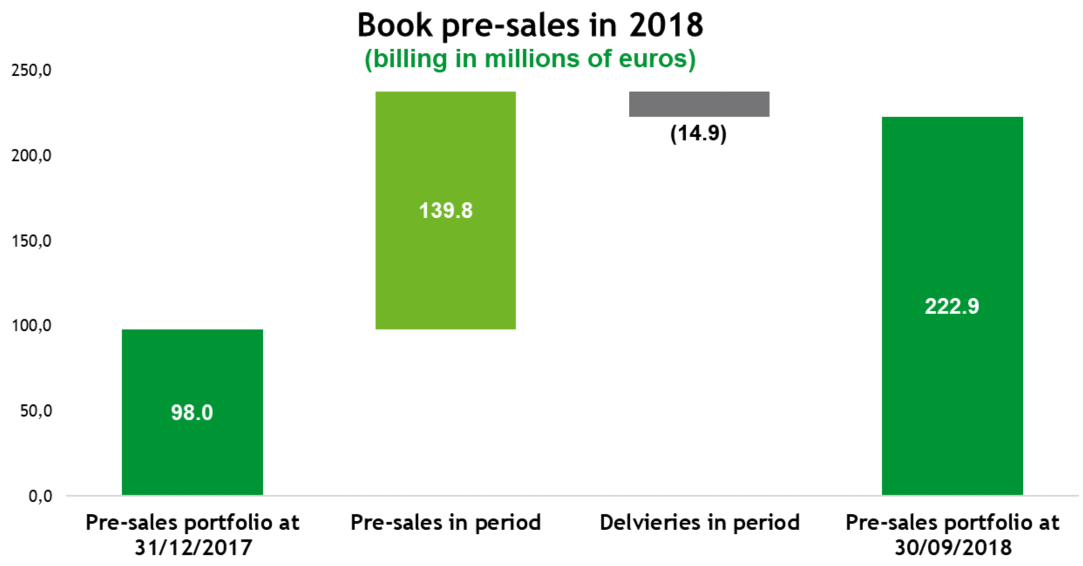
During the year 2018, the Quabit Group has started construction works in 11 residential developments that, together with the 5 developments already started in 2017, totalize 1,061 house units. Of these, 140 units correspond to the finished development and in delivery phase of Quabit Las Cañas and Quabit Aguas Vivas I.

These 11 developments with works started in 2018 are: Quabit Style I (Guadalajara), Quabit Aguas Vivas II (Guadalajara), Parque Residencial de Quabit Las Suertes (Guadalajara), Quabit Torrejón VPP Fase 1 (Madrid), Quabit La Peñuela I (Madrid), Quabit Riverside (Málaga), Quabit Torrejón VPP Fase 2 (Madrid), Quabit Altair (Málaga), Quabit Hacienda de la Torre Fase 1 (Málaga), Quabit Los Pedregales Fase 1 (Málaga) and Quabit Collection (Zaragoza).

Pre-sales portfolio

The evolution of Quabit Group's pre-sales portfolio in the nine-month period of 2018, was as follows:





The charts of the Book pre-sales include the data referring to the historical stock of finished product, for which 9 pre-sold units have been registered in the period (6 of them already delivered).

Contemplating the aforementioned stock together with the pre-sales data shown in the table on page 13 (with the developments launched from 2017), 673 pre-sale units were reached in the period and 1,037 units in the total of pre-sales portfolio.

Evolution of stock of finished units

The following table describes the evolution of stock of finished house units in the Q3:

Finished stock units at 31st December 2017	13
House units finished in 2018	140
House units delivered in 2018	(109)
Finished stock units at 30th September 2018	**44**

The 140 homes incorporated into the stock correspond to Quabit Aguas Vivas I (116) and Quabit Las Cañas (24) developments whose works were completed in June and September 2018 respectively. Of the total deliveries, 97 correspond to Aguas Vivas I, 6 correspond to deliveries in Quabit Las Cañas and the remaining 6 correspond to the previous stock of finished product. Of the 44 units in the total stock (19 units correspond to the Aguas Vivas I development and 18 to Quabit Las Cañas), 30 have a signed contract (10 of them from Aguas Vivas 1 and 17 from Quabit Las Cañas).

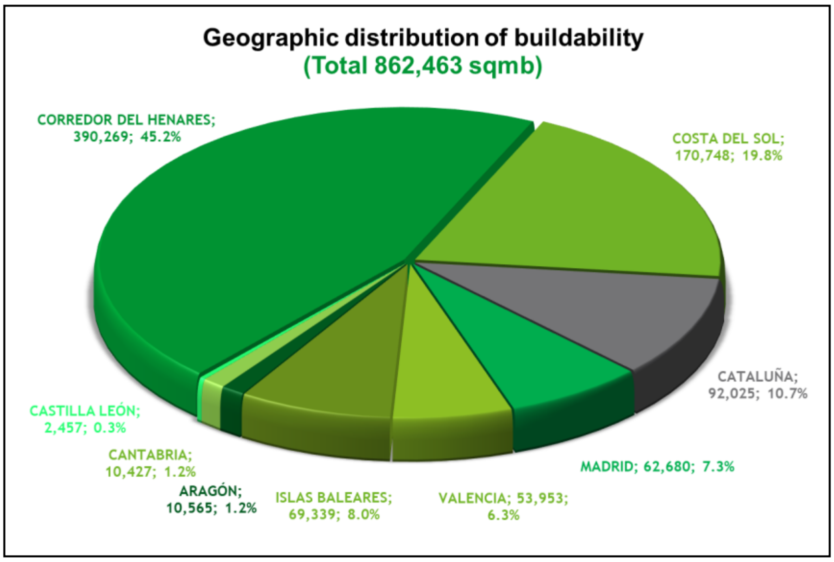
4.2. Land management

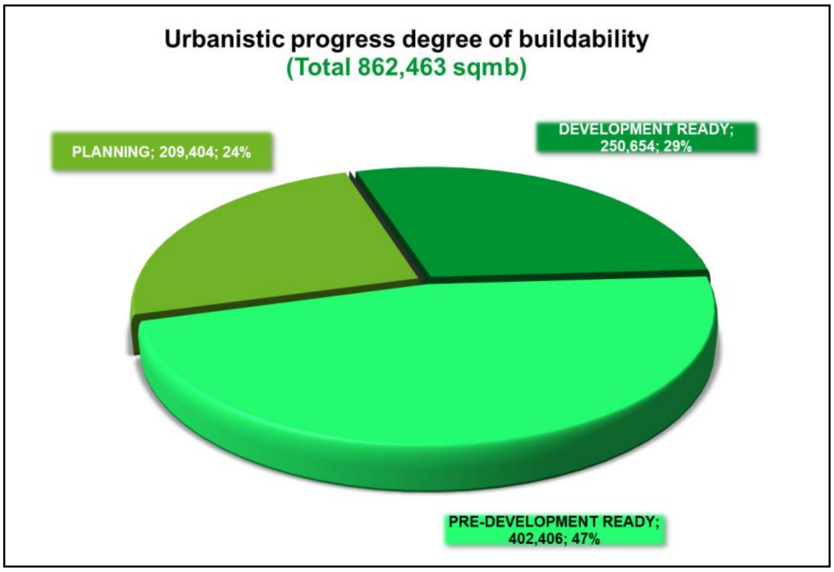
Land portfolio

The Group arranges for independent appraisals at least once per year to verify the market value of land. The portfolio of property assets held by Quabit Inmobiliaria, S.A. and its subsidiaries at 31st December 2017 was valued by BDO Auditores S.L.P. ("BDO").

Measuring assets owned by affiliates in terms of both square meters and monetary value based on the percentage interests held in each of the investee entities concerned, the consolidated land portfolio held by the Company and its group at 30th September 2018 sums a total of 0.86 million sqmb land plus 5.37 million square meters of undeveloped land.

Below is a chart showing square meters of buildability distributed by geographical areas, and by degree of urbanistic progress.





Land bank

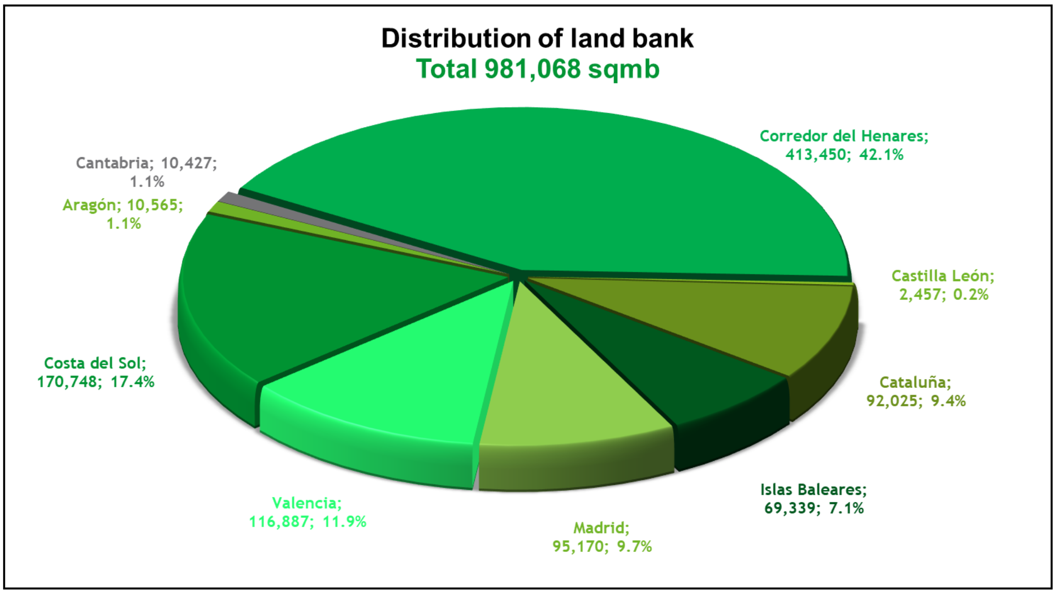
In addition to the portfolio of landholdings, the Group also holds rights over land at different stages of the planning process. The following table summarizes the situation and market value of these land rights at 31st December 2017:

Item	(Millions of euros)
Land mortgaged to the Company or Group entities to secured debt	40.2
Private agreements pending to be included in portfolio	26.3
Use rights in exchange for development works	11.4
Total land rights	**77.9**

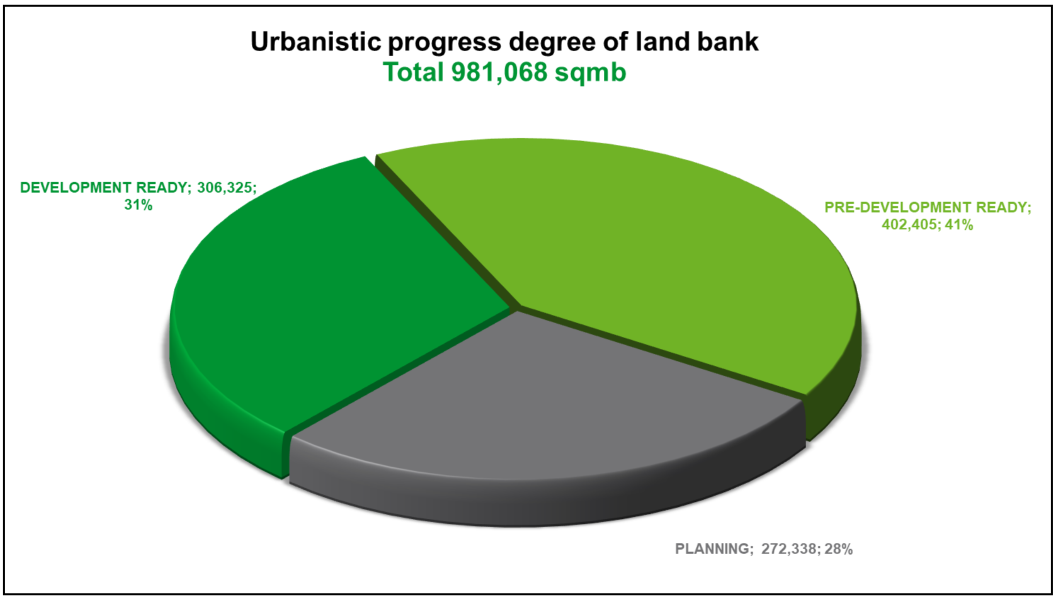
The Group has decided not to carry out two purchases marked in 2017, for a total of 11,593 sqmb, due to the urban and legal uncertainty in which these operations are seen. These purchases were to be partially financed through two capital increases from non-monetary contributions approved at the November 2017 extraordinary general meeting, for a total (capital plus premium) of 3.7 million euros, therefore these capital increases will not be finally executed.

The potential development associated with these rights over land total 118,605 sqmb (62,934 sqmb of land mortgaged as security and 55,671 sqmb of private sale contracts pending deed of conveyance).

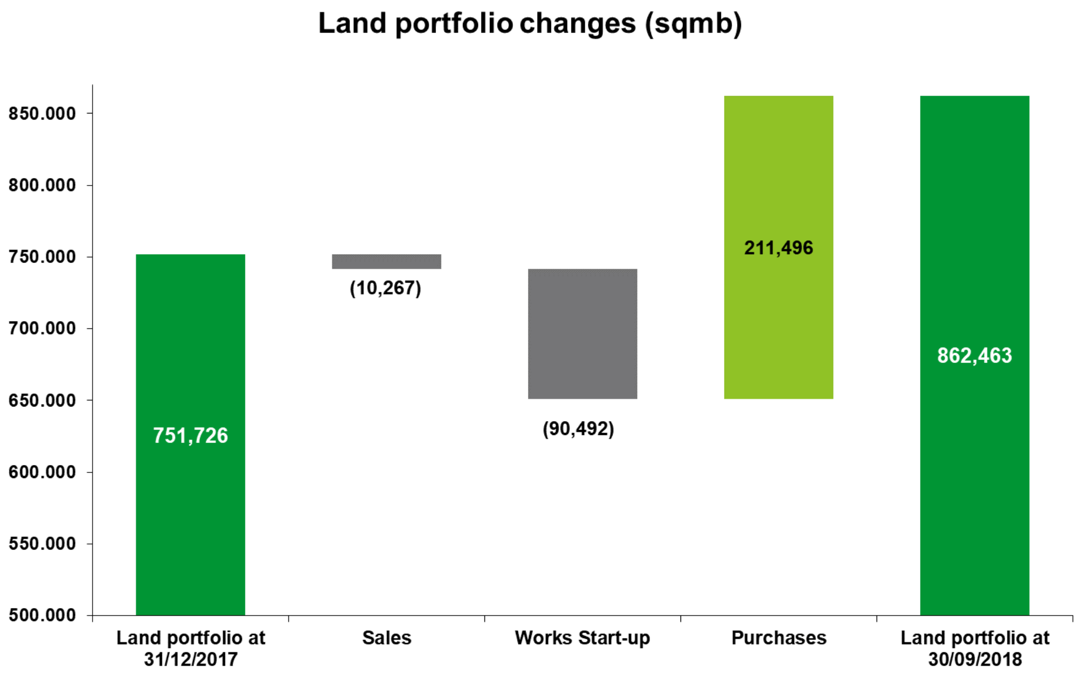
Adding these 118,605 sqmb to the 862,463 sqmb of the consolidated land portfolio, the Group currently has a land bank with a total development potential of 981,068 sqmb. The chart below shows the geographic distribution of this land bank:



The following chart shows this land bank in order to its urbanistic progress:



Changes in the land portfolio



Sales

Land sales correspond to a transaction in Estepona, and the entire participation of its shares from the companies Mediterranea de Actuaciones Integradas, S.L. and Residencial Golf Mar S.L.

Works Start-up

In the first semester of 2018, work licenses were awarded for construction at the following land plots: Quabit Torrejón VPP I (Madrid), Quabit Riverside (Málaga), Parque Residencial de Quabit Las Suertes (Guadalajara), Quabit Style I (Guadalajara), Quabit Aguas Vivas II (Guadalajara), Quabit Torrejón VPP II (Madrid) and Quabit La Peñuela Phase 1 (Madrid) developments.

In the third quarter, works started at plots 2 and 10B-1 from Puerto de la Torre (Cañaveral, Málaga), and the plot R-12 from Parque Central (Estepona, Málaga). The accounting value of this lands has been transferred to work in progress and has been removed from the land portfolio.

Purchases

During the year, 118,605 sqmb of land have been incorporated into the land portfolio, whose acquisition was compromised by private agreements closed in 2017. The remaining 92,891 sqmb added to the portfolio correspond to new land investments closed in 2018.

The lands with signed private contracts and pending their deed and integration into the land portfolio totalize 55,671 sqmb at 30th September 2018.

New investments in 2018. Land purchases

Up to 30th September 2018, the Quabit Group has concluded agreements for land purchases in Madrid, Guadalajara and Málaga amounting a total of 32 million euros.

These lands have a buildable area of 108,795 sqmb for the promotion of 900 homes with an estimated turnover of 160 million euros.

Subsequently to 30th September, a purchase of land in Madrid with a buildable area of 8.5 thousand sqmb was formalized for the promotion of 85 homes.

5. Other information

5.1. Share price

The following table shows key stock performance parameters for the period:

Stock market index	28/09/2018	29/12/2017	Var. %
Ibex 35	9,389.20	10,043.90	(6.52%)
Financial and Property Services	517.54	619.98	(16.52%)
Ibex Small Cap	7,283.70	6,580.20	10.69%

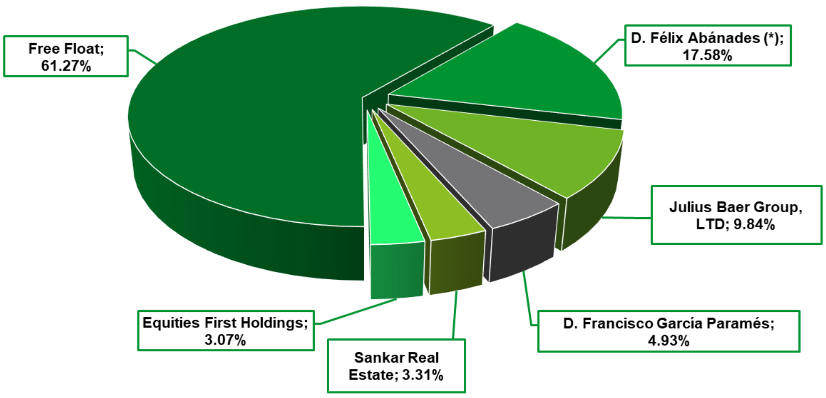
Source: *Infobolsa*

Stock market performance from 29/12/2017 to 28/09/2018	
Closing price at 29/12/2017 *(€/share)*	1.8800
Closing price at 28/09/2018 *(€/share)*	1.8840
% variation	0.21 %
Closing market capitalization at 28/09/2018 *(€)*	280,270,798
Max. closing price *(€/share)*	2.1970
Min. closing price *(€/share)*	1.6700
Weighted average price *(€/share)*	2.0210
Average daily trading volume *(shares)*	401,181
Total shares traded in the period	76,625,639
Average daily trading volume *(€)*	810,702
Total cash trades in the period *(€)*	154,844,137
Total number of shares at 28/09/2018	148,763,693

The Company's shares are currently listed in the Madrid Exchange Stock & Valencia Exchange Stock. *Source: BME*

5.2. Shareholders

The following chart shows the shareholder structure at the date of publication of this interim report:



(*) D. Félix Abánades holds an additional 4.353% through financial instruments (3.661% under share repurchase agreements and 0.992% linked to the incentive plan). The aggregate position considering these instruments would be 21.932%.

The percentage shareholdings shown in the above chart were calculated based on the voting rights held according to the public notices issued by the CNMV Registry of Significant Shareholdings and the total number of voting rights in Quabit Inmobiliaria, S.A. at the date of publication of this Interim Report (148,763,693).

5.3. Governing bodies

Membership of the governing bodies at the date of publication of this Interim Report was as follows:

Name	Board of Directors	Audit Committee	Appointments and Remuneration Committee
Mr. Félix Abánades López	President and Chief Executive Officer	n.a.	n.a.
Mr. Jorge Calvet Spinatsch	Vice-president and Independent Director	Chairman	Member
Mr. Alberto Pérez Lejonagoitia	Proprietary Director	Member	Member
Ms. Claudia Pickholz	Independent Director	Member	Chairman
Mr. Miguel Ángel Melero Bowen	Non-Board Member Secretary	Secretary	Secretary
Ms. Nuria Díaz Sanz	Non-Board Member Deputy Secretary	Vice Secretary	Vice Secretary

There were no changes in the governing bodies in 2018.

NOTE ON ALTERNATIVE PERFORMANCE MEASURES

In addition to the financial information presented, which was prepared in accordance with applicable International Financial Reporting Standards, this Interim Statement also includes certain Alternative Performance Measures (APMs) as defined in the guidelines for Alternative Performance Measures published by the European Securities Markets Authority on 5 October 2015 (ESMA/2015/1057) (the "ESMA Guidelines"), which took effect on 3 July 2016.

The ESMA Guidelines define an APM as "a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework."

The Quabit Group uses certain APMs, which have not been audited, to improve understanding of the Company's financial performance. The APMs should be read as additional information together with the latest audited financial statements, but they should not under any circumstances be treated as replacing for the financial information prepared under International Financial Reporting Standards. APMs may differ, in terms either of their definition or calculation, from other similar measures calculated by other companies and, therefore, they may not be comparable.

The Company understands that it has properly followed and complied with ESMA recommendations concerning APMs. Following the recommendations contained in the Guidelines, a detail of the APMs used and the reconciliation of certain management indicators with the information presented in the Financial Statements are as follows:

Financial structure ratios		Reconciliation with consolidated financial statements		
		Description	(Thousands of euros)	
			30/09/2018	30/09/2017
EBITDA	Profit/(loss) from operations plus depreciation and amortization	Profit/(loss) from operations	108	(5,060)
		Depreciation and amortization	121	1,318
		EBITDA	**229**	**(3,742)**
Gross debt	Current and non-current bank borrowings		30/09/2018	31/12/2017
		Non-current bank borrowings	11,593	15,472
		Current bank borrowings	244,370	239,456
		Gross debt	**255,963**	**254,928**
Net financial Debt	Gross financial debt minus cash and cash equivalents		30/09/2018	31/12/2017
		Gross debt	255,963	254,928
		Cash and cash equivalents	(41,961)	(37,156)
		Net financial Debt	**214,002**	**217,772**
Liquid Assets	Current liquid assets and Current financial assets		30/09/2018	31/12/2017
		Cash & others current liquid assets	(32,435)	(37,156)
		Current financial assets at fair value with change in P&L	(9,526)	-
		Liquid assets	**(41,961)**	**(37,156)**
Consolidated GAV	Gross Asset Value (GAV) is the sum of the market value of the real estate assets (inventory, real estate investments and buildings or land of the tangible fixed assets) owned by QUABIT and its subsidiaries and the holdings in joint businesses, associates and financial assets available for sale which have real estate assets. The market value is obtained from the reports by independent appraisers and excludes transaction costs.	See calculation of this figure in the table below..		
Loan to value	This is the coefficient between the net financial debt and the consolidated GAV.	See calculation of this figure in the table below..		
NAV	Net Assets Value (NAV): This is the result of the Equity attributable to shareholders of the Quabit Group parent company plus the tacit gains of the assets of the subsidiaries of the Consolidated Group and those of holdings in joint businesses, associates and available-for-sale financial assets.	See calculation of this figure in the table below..		

Gross Assets Value (GAV) (in thousand euros)	**2018.09(*)**	**2017**	**2016**
Land	363,565	334,459	248,209
Developments in progress	85,621	40,258	5,178
Equity / Fixed assets	862	862	18,350
Stock	12,840	6,254	8,196
Total market value of own assets of companies consolidated by full consolidation (1)	462,888	381,833	279,933
Value of holding in joint agreements and associates	10,291	10,291	10,087
Tacit gains on assets in joint agreements and associates	4,760	4,760	5,136
Total market value of joint agreements and associates (2)	15,051	15,051	15,223
Value of interest in other companies	1,886	2,384	3,080
Tacit gains on assets in other companies	-	-	-
Total market value of other holdings	1,886	2,384	3,080
Total market value of the assets (3)=(1)+(2)	**479,825**	**399,268**	**298,235**
Gross financial debt	255,963	254,928	205,784
Cash and other liquid assets	(41,961)	(37,156)	(4,854)
Net financial debt (4)	**214,002**	**217,772**	**200,930**
LTV (4)/(3)	**44.6%**	**54.5%**	**67.4%**

Net Asset Value (NAV): (in thousand euros)	**2018.09**	**2017**	**2016**
Consolidated Net Equity attributable to shareholders of the parent company	287,673	223,213	113,258
(+) Tacit gains on assets:			
Inventory	33,595	35,717	22,112
Investments in equity instruments	4,760	4,760	4,218
NAV on a consolidated basis	**326,028**	**263,690**	**139,589**

Net Net Assets Value (NNAV) (in thousand euros)	**2018.09**	**2017**	**2016**
NAV on a consolidated basis	**326,028**	**263,690**	**139,589**
Tax effect:			
(-)Tax effect of tacit gains on assets	(9,589)	(10,119)	(6,583)
Total Tax effect	(9,589)	(10,119)	(6,583)
NNAV on a consolidated basis	**316,439**	**253,571**	**133,006**

(*) GAV at 30th September of 2018 is an estimation made on a base of market value of the assets portfolio at 31st December of 2017, adding acquisitions by cost value and incurred costs in developments, and deducting assets sales by their market value.

Net Assets Value (NAV) adjusted *(**)* (in thousand euros)	**2018.09**	**2017**	**2016**
NAV on a consolidated basis	**326,028**	**263,690**	**139,589**
(+)Adjustment for banking cancellations provided in the business plan	42,947	44,072	56,107
NAV on a consolidated basis adjusted	**368,975**	**307,762**	**195,696**
(-)Tax effect:			
Tacit gains on assets	(9,589)	(10,119)	(6,583)
Adjustment for banking cancellations	(10,737)	(11,018)	(14,027)
Total Tax effect	**(20,325)**	**(21,137)**	**(20,609)**
NNAV on a consolidated basis adjusted *(**)*	**348,649**	**286,625**	**175,086**

Loan to Value (LTV) adjusted *(**)* (in thousand euros)	**2018.09**	**2017**	**2016**
Total Market value of assets	**479,825**	**399,268**	**298,235**
Net financial debt	**214,002**	**217,772**	**200,930**
(+)Adjustment for banking cancellations provided in the business plan	(42,947)	(44,072)	(56,107)
Net financial debt adjusted	**171,005**	**173,700**	**144,823**
LTV adjusted	**35.6%**	**43.5%**	**4.6%**

(**) Adjusted values considering debt discounts pending to apply.