

## LISTING PROSPECTUS



### Árma Real Estate SOCIMI, S.A.

#### Admission to listing of 14,423,076 New Shares of Árma Real Estate SOCIMI, S.A.

This prospectus relates to the admission to listing on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges (the “Spanish Stock Exchanges”) of 14,423,076 new ordinary shares with a nominal value of €10.00 each (the “New Shares”) of Árma Real Estate SOCIMI, S.A. (“Árma” or the “Company”), a *sociedad anónima* incorporated under the laws of Spain. The New Shares were issued pursuant to an offering (the “Offering”) to qualified investors inside and outside of Spain, including a placement in the United States to qualified institutional buyers as defined in Rule 144A (“Rule 144A”) under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The ordinary shares of the Company (the “Ordinary Shares” or “Shares”) have not been and will not be registered under the U.S. Securities Act. The Offering outside the United States was made in compliance with Regulation S under the U.S. Securities Act (“Regulation S”). Subsequent resales and transfers of New Shares are subject to certain restrictions.

**THIS PROSPECTUS IS NOT AN OFFERING DOCUMENT. IT HAS BEEN PREPARED FOR LISTING PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER TO PURCHASE NEW SHARES OR ANY OTHER SECURITIES OF THE COMPANY.**

The New Shares have been offered at a price per share of €10.40 (the “Offering Price”) and the Company has obtained gross sale proceeds of €149,999,990 in the Offering.

The placement of New Shares among qualified investors has required the exclusion of the pre-emptive subscription rights of existing shareholders, which has been approved by the extraordinary general meeting of shareholders of Árma held on 5 November 2019 in compliance with the requirements set out in article 308 of the restated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*) (the “Spanish Companies Act”).

**An investment in the Shares involves a high degree of risk. See “Risk Factors” in this Prospectus for a discussion of certain matters investors should consider prior to making an investment in the New Shares.**

The Shares are listed on the Spanish Stock Exchanges and are quoted on the Automated Quotation System of the Spanish Stock Exchanges (*Sistema de Interconexión Bursátil or Mercado Continuo*) (the “SIBE”) under the symbol “ARM”. On 14 November 2019, the closing price of the Shares was €11.00 per Share. The Company has applied for admission to listing of the New Shares on the Spanish Stock Exchanges and quotation on the SIBE (the “Admission”). The New Shares are in book entry form and clear and settle through the book-entry facilities of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (“Iberclear”), and its participating entities.

This document (the “Prospectus”) constitutes a prospectus relating to the Company and its subsidiaries (together, the “Group”) for the purposes of Article 3.3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “Prospectus Regulation”). This Prospectus has been approved as a prospectus by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“CNMV”) in its capacity as competent authority under the restated text of the Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October (*Texto refundido de la Ley del Mercado de Valores aprobado por Real Decreto Legislativo 4/2015, de 23 de octubre*) (“LMV”) and relevant implementing measures in Spain for admission of the New Shares on the Spanish Stock Exchanges.

In addition, investors will be deemed to represent and warrant (unless otherwise specifically agreed in writing with the Company) that they are not, and are not acting on behalf of, employee benefit plans, retirement accounts or other arrangements subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “Code”), or any federal, state, local or non-U.S. law or regulation that is substantially similar to the fiduciary responsibility and/or the prohibited transaction provisions of ERISA or Section 4975 of the Code to invest in the Shares and should note that the Company expects that it will be a passive foreign investment company for U.S. federal income tax purposes.

This Prospectus is not a prospectus within the meaning of Section 10 of the U.S. Securities Act.

**This Prospectus was approved and registered by the CNMV on 15 November 2019. This Prospectus is valid for 12 months following its approval. However, as this Prospectus refers to the admission of the New Shares, its validity will end upon admission to trading of such New Shares. Once this Prospectus is no longer valid, the Company will have no obligation to supplement this Prospectus in case of significant new factors, material mistakes or material inaccuracies.**

Prospectus dated 15 November 2019

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## SUMMARY

### A. INTRODUCTION AND WARNINGS

**THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THE PROSPECTUS. ANY DECISION TO INVEST IN THE ORDINARY SHARES OF THE COMPANY SHOULD BE BASED ON A CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTOR. THE INVESTOR COULD LOSE ALL OR PART OF THEIR INVESTMENT.**

**WHERE A CLAIM RELATING TO THE INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THE PROSPECTUS IS BROUGHT BEFORE A COURT IN SPAIN THE PLAINTIFF INVESTOR MIGHT, UNDER SPANISH LAW, BE REQUIRED TO BEAR THE COSTS OF TRANSLATING THE PROSPECTUS BEFORE THE LEGAL PROCEEDINGS ARE INITIATED.**

**CIVIL LIABILITY ATTACHES ONLY TO THOSE PERSONS WHO HAVE TABLED THE SUMMARY INCLUDING ANY TRANSLATION THEREOF, BUT ONLY IF THE SUMMARY IS MISLEADING, INACCURATE OR INCONSISTENT WHEN READ TOGETHER WITH THE OTHER PARTS OF THE PROSPECTUS OR IF IT DOES NOT PROVIDE, WHEN READ TOGETHER WITH OTHER PARTS OF THE PROSPECTUS, KEY INFORMATION IN ORDER TO AID INVESTORS WHEN CONSIDERING WHETHER OR NOT TO INVEST IN THE SHARES OF THE COMPANY.**

The Company is a public limited company (*sociedad anónima* or S.A.), the commercial name of the Company is “Árima” or “Árima Real Estate” and is registered with the Commercial Registry of Madrid (*Registro Mercantil de Madrid*), under volume 37,876, sheet 130, section 8, page M-67,4551 and holder of Spanish tax identification number A-88130471, LEI number 959800K5R280DP2B5694. The address and phone number of the Company are: Serrano, 47, 28001 Madrid, Spain, and +34 910 532 803, respectively. The ISIN number assigned to the Ordinary Shares is ES0105376000, while the New Shares have the provisional ISIN code ES0105376034, and will bear the same ISIN code as the Ordinary Shares from Admission.

The Prospectus was approved and registered by the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*, the “CNMV”) on 15 November 2019. Investors may contact the CNMV at the following telephone number +34 900 535 015. The Prospectus is available on the Company’s website ([www.arimainmo.com](http://www.arimainmo.com)) and on the website of the CNMV, ([www.cnmv.es](http://www.cnmv.es)). Neither the Company’s website nor any of its contents form part or are incorporated into this Prospectus, whether by reference or otherwise, except as otherwise provided herein. The CNMV has neither examined nor approved the Company’s website nor any of its contents.

Capitalised terms not defined in the Summary have the meanings defined elsewhere in the Prospectus.

### B. KEY INFORMATION ON THE ISSUER

#### B.1. Who is the issuer of the securities?

The legal name of the issuer is Árima Real Estate SOCIMI, S.A. The commercial name of the issuer is “Árima” or “Arima Real Estate”. The Company is incorporated as a public limited company (*sociedad anónima* or S.A.) in Spain under the Spanish Companies Act. It has its registered office at Serrano, 47, 28001 Madrid, Spain and with phone number +34 91 053 28 03. The Company is incorporated for an unlimited term and holds Spanish tax identification number A88130471. The Company is a listed real estate investment company (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario*) (“SOCIMI”).

The Company relies on active property management to maximize operating efficiency, profitability and value creation at the property level, mainly focusing on mispriced properties or undermanaged high-quality properties with active management opportunities, for example, through repositioning, rental extension or rental optimization. The Management Team directly undertakes value creation and property management activities, such as improving the quality of currently-held properties through investing in conservation and modernization, improving the energy efficiency of currently-held properties or renegotiating or surrendering leases. The Company could also consider acquiring properties on a forward purchase or forward funding base when this is considered to provide an opportunity, and additionally, and in order to benefit from current market conditions, the Company could also undertake selective opportunistic development projects, where there is less investor competition and where returns are expected to be greater, compensating for the risks assumed in connection with such developments.

The Company intends to source new investment opportunities primarily through the Management Team’s extensive network of relationships within the Spanish Commercial Property market, including through relationships with corporate and private landlords, brokers, domestic and international banks and family-owned real estate offices. The Management Team intends to focus on creating both sustainable income and solid capital returns for the Company with a target average Total Shareholder Return between 12% and 15% annually. In particular, since the Company’s incorporation on 13 June 2018, the Company has acquired the Habana building and the 9<sup>th</sup> and 10<sup>th</sup> floors of the María de Molina building in December 2018 and the América and Play buildings in January 2019. In addition, the Company acquired the freehold of the 5<sup>th</sup> floor and unit B of the 6<sup>th</sup> floor of the María de Molina building in February 2019, the San Agustín de Guadalix logistics hub in April 2019 and the Ramírez de Arellano building in June 2019.

The Management Team follows certain investment and leverage criteria intended to focus its investment decisions on the acquisition of commercial properties mainly in offices, located in the city centre (CBD and CBD-adjacent) in Madrid and, to a lesser extent, in Barcelona and other major logistics hubs in Spain. Properties should fit within the Company's purpose of creating a real estate portfolio capable of paying dividends in line with the applicable Spanish SOCIMI Regime requirements and generating capital returns for the Company's shareholders. As of the date of this Prospectus, the Portfolio's Gross Asset Value (GAV) is mainly concentrated in offices and, consequently, the Company derived most of its gross rental income ("GRI") from such commercial real estate category.

The following table sets forth publicly available information with respect to the principal shareholders obtained from the CNMV webpage ([www.cnmv.es](http://www.cnmv.es)) (this is, when an individual or legal entity reaches or exceeds a 3% threshold of the Company's total voting rights) of the Company prior to the Offering as disclosed by said principal shareholders to the CNMV and adjusted after the Offering, assuming that current shareholders of the Company did not subscribe for any New Shares in the Offering.

| Shareholder                               | Prior to the Offering         |   | Following the Offering   |                |
|---|-------------------------------|---|--|----------------|
|   | Number of shares <sup>7</sup> | % <sup>6</sup>  | Number of shares <sup>7</sup>  | % <sup>6</sup> |
| AFFM S.A. <sup>1</sup>                    | 505,000                       | 3.606   | 505,000  | 1.776          |
| Bank of Montreal <sup>2</sup>             | 1,042,837                     | 7.445   | 1,042,837  | 3.668          |
| Mossel International, S.L. <sup>3</sup>   | 500,000                       | 3.570   | 500,000  | 1.759          |
| Obotritia Capital KGAA <sup>4</sup>       | 500,000                       | 3.570   | 500,000  | 1.759          |
| Mistral Iberia Real Estate SOCIMI, S.A.   | 500,000                       | 3.570   | 500,000  | 1.759          |
| Rodex Asset Management, S.L. <sup>5</sup> | 1,091,300                     | 7.791   | 1,091,300  | 3.839          |
| UBS Group AG                              | 376,277                       | 2.686   | 376,277  | 1.324          |
| Ivanhoé Cambridge Holdings UK LTD         | -                             | -   | 5,769,230  | 20.293         |
| Total principal shareholders              | 9,908,367                     | <del>70.74</del> <u>70.7</u><br><del>42</del> <u>42</u> | <del>38,337,743</del> <u>10,2</u><br><del>84,644</del> <u>84,644</u> | 36.176         |
| TOTAL SHARE CAPITAL                       | 14,006,300                    | 100   | 28,429,376   | 100            |

(1) Held indirectly as management company of the Alken Fund SICAV and the Alken Capital Fund FCP/SIF.

(2) Indirectly held through Thames River Capital LLP.

(3) Mossel International, S.L. is wholly owned by Mr Héctor María Colonques Moreno.

(4) Obotritia Capital KGAA. is wholly owned by Mr Rolf Elgeti.

(5) Rodex Asset Management, S.L. is wholly owned by Mr Luis Alfonso López de Herrera-Oria.

(6) Percentages adjusted to reflect percentage over the Company's issued share capital prior to and after the Offering.

(7) Source: CNMV

The following table sets forth the publicly available information obtained from the CNMV webpage ([www.cnmv.es](http://www.cnmv.es)) with respect to the number of shares of the Company granted by financial instruments prior to the Offering as disclosed by said principal shareholders to the CNMV and adjusted ~~to reflect the number of New Shares~~ after the Offering, assuming that holders of such financial instruments of the Company did not subscribe for any New Shares in the Offering.

| Shareholder  | Prior to the Offering         |                | Following the Offering        |                |
|--|-------------------------------|----------------|-------------------------------|----------------|
|  | Number of shares <sup>4</sup> | % <sup>3</sup> | Number of shares <sup>4</sup> | % <sup>3</sup> |
| Pelham Long/Short Small Cap Master Fund Ltd <sup>1</sup> | 999,000                       | 7.068          | 999,000                       | 3,514          |
| UBS Group AG   | 1,006,410                     | 7.185          | 1,006,410                     | 3,540          |

(1) The beneficial ownership of voting rights in the Company derives from an equity contract for difference (Equity CFD) with cash settlement as set forth in the publicly available information on the CNMV's web page. Pelham Long/Short Small Cap Master Fund Ltd. is the direct holder of the financial instruments. Pelham Capital Ltd is the Investment Manager of Pelham Long/Short Small Cap Master Fund Ltd.

(2) The beneficial ownership of voting rights in the Company derives from an equity contract for difference (Equity CFD) with cash settlement as set forth in the publicly available information on the CNMV's web page.

(3) Percentages adjusted to reflect percentage over the Company's issued share capital prior to and after the Offering.

(4) Source: CNMV

As at the date of this Prospectus, the directors of the Company are the six members of the Board of Directors: Mr. Luis María Arredondo Malo (Non-executive Chairman, independent), Mr. Luis Alfonso López de Herrera-Oria (Vice-Chairman and Chief Executive Officer), Mr. Fernando Bautista Sagüés (member, independent), Mr. David Jiménez-Blanco Carrillo de Albornoz (member, independent), Mr. Cato Henning Stonex (member, independent) and Mr. Stanislas Henry (member, proprietary representing Ivanhoé Cambridge Holdings UK LTD).

Proprietary directors are non-executive directors that hold a shareholding interest equal to or greater than the threshold legally considered to be significant or that are nominated due to their status as shareholders even if their shareholding interest is below that threshold; or are directors representing the foregoing shareholders.

PricewaterhouseCoopers Auditores, S.L. domiciled at Torre PwC, Paseo de la Castellana, 259B, 28046 Madrid, Spain, holder of tax identification number (CIF) number B-79031290 and registered in the R.O.A.C. (Registro Oficial de Auditores de

Cuentas—Official Registry of Auditors) with number S0242 and in the Commercial Registry of Madrid (Registro Mercantil de Madrid) at page 87,250-1, sheet 75, volume 9,267, Book 8,054 and Section 3, is the appointed auditor of the Company.

## B.2. What is the key financial information regarding the issuer?

### Selected Consolidated Balance Sheet Information

|                                       | As at 30 September 2019 | As at 31 December 2018 |
|---------------------------------------|-------------------------|------------------------|
| (Thousand euros)                      |                         |                        |
|                                       | (limited review)        | (audited)              |
| <b>Total assets</b>                   | <b>219,195</b>          | <b>98,482</b>          |
| <b>Total equity</b>                   | <b>149,257</b>          | <b>97,088</b>          |
| <b>Net financial debt<sup>1</sup></b> | <b>26,770</b>           | <b>(57,970)</b>        |

(1) Total net financial debt is equal to the sum of non-current and current bank loans and credits and financial hedging derivatives less cash and cash equivalents.

### Selected Consolidated Income Statement Information

|   | For the nine- month<br>period ended 30<br>September 2019 | For the period from 13 June to 31<br>December 2018 |
|---|--|--|
| (Thousands euros)                           |  |  |
|   | (limited review)   | (audited)  |
| <b>REVENUE</b>                              | <b>3,890</b>   | <b>12</b>  |
| <b>RESULTS FROM OPERATING ACTIVITIES</b>    | <b>15,758</b>  | <b>1,124</b>                                       |
| <b>FINANCIAL RESULT</b>                     | <b>(477)</b>   | <b>–</b>   |
| <b>PRE-TAX RESULT</b>                       | <b>15,281</b>  | <b>1,124</b>                                       |
| <b>Income tax</b>                           | <b>–</b>   | <b>–</b>   |
| <b>PROFIT/(LOSS) FOR THE PERIOD</b>         | <b>15,281</b>  | <b>1,124</b>                                       |
| <b>Basic and diluted earnings per share</b> | <b>1.22</b>  | <b>0.33</b>  |

### Selected Consolidated Cash Flow Information

|  | For the nine -month period<br>ended 30 September 2019 | For the period from 13 June to<br>31 December 2018 |
|--|---|--|
| (Thousand euros)   |   |  |
|  | (limited review)                                      | (audited)  |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                   |   |  |
| <b>Pre-tax result for the period</b>                         | <b>15,281</b>   | <b>1,124</b>                                       |
| <b>Adjustments to profit/loss</b>                            | <b>(14,516)</b>                                       | <b>(1,619)</b>                                     |
| <b>Changes in working capital</b>                            | <b>(966)</b>  | <b>216</b>   |
| <b>Cash flow from operating activities</b>                   | <b>(201)</b>  | <b>(279)</b>                                       |
| <b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>                  |   |  |
| <b>Payments on investments</b>                               | <b>(121,168)</b>                                      | <b>(37,439)</b>                                    |
| Property, plant and equipment                                | (103)   | (65)   |
| Investment properties  | (121,065)   | (37,374)   |
| <b>Cash flow from investment activities</b>                  | <b>(121,168)</b>                                      | <b>(37,439)</b>                                    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                   |   |  |
| <b>Receivables and payments on equity instruments</b>        | <b>38,255</b>   | <b>95,964</b>                                      |
| <b>Receivables and payments on financial liabilities</b>     | <b>64,828</b>   | <b>(276)</b>                                       |
| <b>Cash flow from financing activities</b>                   | <b>103,083</b>  | <b>95,688</b>                                      |
| <b>NET INCREASE/(REDUCTION) IN CASH AND CASH EQUIVALENTS</b> | <b>(18,286)</b>                                       | <b>57,970</b>                                      |

The Company was incorporated on 13 June 2018 but did not commence its business operations, including the acquisition of properties, until after the Company's IPO in October 2018. As a result, the Company has no financial information for any period prior to 13 June 2018 and is therefore not able to compare its results of operations for the periods ended 31 December 2018 or 30

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September 2019 with any prior equivalent period of time. Given the lack of relevant historical financial information, its financial condition and results of operations as described below have not been compared with any prior equivalent period of time.

Moreover, because the Company acquired its first properties in December 2018, it has a very limited operating history with its current assets and liabilities. The composition of the Company's Portfolio has significantly changed during the reported periods, affecting the comparability of the Company's financial condition and results of operations as of and for the financial periods ended 31 December 2018 and 30 September 2019. Investors are cautioned against drawing any inferences from the Audited Consolidated Financial Statements and the Condensed Interim Consolidated Financial Statements and/or other financial data included herein given the Company's limited operating history and the fact that, as of the date of this Prospectus, certain properties in the Company's Portfolio are partially vacant and therefore not generating rental revenue and will be incurring construction and refurbishment expenses which will be capitalised (see "*Operating and Financial Review—Capital expenditures*"). The future results of the Company will depend upon its ability to derive value from the properties acquired so far and from its future investments, the Spanish economic environment and other factors described elsewhere in this Prospectus.

### **B.3. What are the key risks that are specific to the issuer?**

The most material risk factors specific to the issuer are as follows:

#### **Risks inherent to investing in a new business**

- The Company's operating history is limited and the Company may be unsuccessful in acquiring future properties, impairing its performance and ability to execute its investment strategy

#### **Risks relating to the Management Team and Board of Directors**

- The Company is reliant on the performance and expertise of the Management Team and Directors to implement the Company's investment strategy, the historical performance of the Management Team is not a guarantee of the future performance of the Company and the Employee Incentive Plan may overcompensate its beneficiaries in relation to the subsequent performance of the Company

#### **Risks specific to the Company's business**

- The Company's business may be materially adversely affected by a number of factors inherent in the rental business, property sales and management, in particular: vacancies, defaults, expenses, regulatory delays, market and other factors
- Rents received from a small number of tenants represent and in the future may represent a significant portion of the Company's total revenue
- The Company's evaluation of a potential acquisition or investment may not identify all possible risks and liabilities
- There can be no guarantee that any target returns will be achieved
- Real estate investments are relatively illiquid and the Company may dispose of investments at a lower than expected return or at a loss on such investments
- The net asset value (NAV) of the Company may fluctuate over time and there is no guarantee that the sale of a particular property will ultimately be realised at any GAV published by the Company

#### **Risks related to the financing of the Company**

- The Company's investment strategy includes the use of leverage, which may expose the Company to risks associated with borrowings, including by impairing its ability to pay dividends required under the SOCIMI regime and floating rate debt exposes the Company to risks associated with movements in interest rates

#### **Regulatory risks**

- Risks relating to the SOCIMI Regime and laws and regulations relating to real estate properties

#### **Risks relating to the general economic and political conditions**

- A deterioration of economic conditions in Spain and the EU generally could adversely affect the business of the Company including any deterioration derived from the political uncertainty in Spain and the EU

## **C. KEY INFORMATION ON THE SECURITIES**

### **C.1. What are the main features of the securities?**

The New Shares are ordinary shares of nominal value of €10.00 each.

The ISIN number assigned to the Ordinary Shares is ES0105376000, while the New Shares have the provisional ISIN code ES0105376034, and will bear the same ISIN code as the Ordinary Shares from Admission.

The 14,423,076 New Shares issued have been created pursuant to the Spanish Companies Act and rank *pari passu* in all respects with the previously existing Ordinary Shares, including with respect to the right to vote and the right to receive all dividends and other distributions declared, made or paid on the Company's share capital. Each existing Ordinary Share, including each New

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Share, carries one vote at a General Meeting of Shareholders of the Company. There are no restrictions on the voting rights of the Ordinary Shares.

Holders of the Ordinary Shares are entitled to the rights and subject to the obligations set forth in the Company's Bylaws, in particular the following rights inherent to the condition of shareholder of the Company:

- Right to attend General Meetings of Shareholders with voting rights.
- Pre-emptive rights in share capital increases via monetary contributions and for any new bonds convertible into shares.
- Right to exercise shareholder actions.
- Information rights.
- Dividend and liquidation rights.

The Company intends to maintain a dividend policy that accounts for sustainable levels of dividend distribution and which reflects the Company's view on the outlook for sustainable recurring earnings. The Company does not aim to create reserves that are not available for distribution to its shareholders other than those required by law. The Company intends to pay dividends following shareholders' approval at the proposal of the Board of Directors. In any case, the Company is a Spanish SOCIMI and aims to maintain such status. In this regard, under the Spanish SOCIMI Regime, provided that the Company obtains net earnings in any given fiscal year, it will be required to adopt resolutions for the distribution of dividends, in compliance with the conditions set out in both the SOCIMI Regime and the Spanish corporate legislation, to shareholders within the six months following the closing of such fiscal year.

In this regard, under the Spanish SOCIMI Regime, a SOCIMI will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirements, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (i.e., profits derived from rental and ancillary activities). If the relevant dividend distribution resolution were not adopted in a timely manner, the Company would lose its SOCIMI status in respect of the year to which the dividends relate.

The number of Ordinary Shares of the Company following the Offering is 28,429,376.

Immediately following Admission, the New Shares will be freely transferable under the Bylaws, but will be subject to the selling and transfer restrictions, including applicable resale and transfer restrictions under Rule 144A and Regulation S. The Ordinary Shares, including the New Shares, are represented in registered book-entry form and held through the clearance and settlement system managed by Iberclear.

The Bylaws, contain information and indemnity obligations applicable to Substantial Shareholders designed to minimize the possibility that dividends may become payable to Substantial Shareholders. In such a case, if a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder (the Board of Directors will maintain certain discretion in deciding whether to exercise this right if making such deduction would put the Company in an unfavourable position).

The Bylaws contain certain information obligations with respect to shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). Furthermore, according to the Bylaws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its shareholders resulting from the application of laws and regulations relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of the total value of any class of equity interest in the Company. The Offering and the holding of Ordinary Shares by investors may be affected by the laws or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such Ordinary Shares. Investors should consult their own advisors prior to an investment in the Ordinary Shares.

## **C.2. Where will the securities be traded?**

Application has been made to list the New Shares on on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges (the "Spanish Stock Exchanges") and to have the New Shares quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company expects the New Shares to be listed and quoted on the Spanish Stock Exchanges on or about 15 November 2019 under the ticker symbol ARM with shares expected to be effectively trading on 18 November 2018.

## **C.3. Is there a guarantee attached to the securities?**

Not applicable.

## **C.4. What are the key risks that are specific to the securities?**

The most material risk factors specific to the securities are as follows:

- The market price of the Ordinary Shares may not reflect the value of the properties of the Company and the Company's Ordinary Share price may be volatile
- There can be no guarantee that the Company will declare dividends in the future and its ability to pay dividends will depend upon its ability to generate profits available for distribution and its access to sufficient cash
- Issuances of new Ordinary Shares and substantial future sales of Ordinary Shares, or the perception that such issuances or sales could occur, may adversely affect the market price of the Ordinary Shares and the issue of new Ordinary Shares or equity-linked securities may further dilute investors' interest in the Company

## **D. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET**

### **D.1. Under which conditions and timetable can I invest in this security?**

Not applicable.

The Company issued a total of 14,423,076 New Shares in the context of the Offering (representing approximately 50.73% of the total number of Ordinary Shares following the Offering) of which 5,769,230 New Shares have been allocated to Ivanhoé Cambridge under the Subscription Agreement and 8,653,846 New Shares have been placed by the Joint Global Coordinators and Joint Bookrunners pursuant to the Placing Agreement. The Offering Price was €10.40 per New Share.

In the event that none of the Company's shareholders prior to the Offering (the "**Pre-Offering Shareholders**") subscribed for New Shares in the Offering, and assuming that the New Shares had been entirely subscribed by third party investors in the Offering, the stake of the Pre-Offering Shareholders in the Company would represent approximately 49% of the total number of Ordinary Shares following the Offering, which would represent a dilution in ownership percentage for the Pre-Offering Shareholders of approximately 51% with respect to the ownership percentage they held prior to the Offering.

The Company has received Net Proceeds from the Offering of approximately €146,254,990 (gross proceeds of €149,999,990 less total expenses in the amount of approximately €3,745,000 comprising the fees payable to the Joint Global Coordinators and Joint Bookrunners and other expenses related to the Offering). In connection with the Offering, the Joint Global Coordinators and Joint Bookrunners have received fees in the aggregate amount of approximately €2,595,000.

The Company issued a total of 14,423,076 New Shares in the context of the Offering (representing approximately 50.73% of the total number of Ordinary Shares following the Offering and 102.97% of the total number of Ordinary Shares prior to the Offering).

### **D.2. Who is the person asking for admission to trading?**

The person requesting the admission to listing of the New Shares is the Issuer (see Section B of this Summary in relation to the key information about the Issuer).

### **D.3. Why is this Prospectus being produced?**

This Prospectus constitutes a prospectus relating to the Company and its Group for the purposes of Article 3.3 of the Prospectus Regulation. This Prospectus has been approved as a prospectus by the CNMV in its capacity as competent authority under the LMV and relevant implementing measures in Spain for the admission of the New Shares on the Spanish Stock Exchanges.

The Company intends to use the Net Proceeds of the Offering to expand its existing Portfolio and enhance it through capital expenditures.

In the event that 18 months after the Admission, less than 75% of Net Proceeds have been invested or committed for investment by the Company in accordance with its investment strategy, the Board of Directors will call a General Meeting of Shareholders to be held within 45 days from the end of such 18-month period, to vote for a proposal for the Company to either extend the investment period beyond 18 months or reimburse shareholders the amounts of the Net Proceeds that have not been so invested or committed for investment by the Company (including through a distribution of reserves, a capital reduction, shares' repurchase or otherwise) or used to fund the Company's structural expenses. Only those Shareholders that are registered in the clearance and settlement system managed by Iberclear at 23:59 hours (Madrid time) on the day of approval of the reimbursement by the General Meeting of Shareholders will be entitled to receive any such reimbursement unless said approval specifies a different date and time for shareholders to be entitled to receive such reimbursement. In any case, Shareholders will only be entitled to the reimbursement approved by the relevant General Meeting of Shareholders and will not be entitled to any interest compensation from the Company as a result of the Company not being able to reach the investment commitment. In case of partial return of the Net Proceeds, the Company will continue to manage the assets held.

As of the date of this Prospectus, the Management Team has identified a pipeline of approximately €1.3 billion in properties (mainly comprised of Madrid offices), of which approximately 57% are under preliminary analysis (this is, where the Company has received certain information regarding the property but such information is either incomplete or has not yet been analysed in full by the Company) and of which approximately 43% is in an advanced analysis and negotiation phase (when sufficient information has been received, analysed and considered adequate to perform an advanced analysis of the property, or when negotiations are ongoing with a potential seller).

Furthermore, approximately 36% of the total estimated investment on the identified pipeline can be classified as Core+/Core properties (properties where minor refurbishments or changes in tenancy are expected / stabilised properties), approximately 55% as value-add properties (properties where ongoing/planned repositioning/full refurbishment programs and/or significant capex



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investment are expected), and approximately 9% as development (this is, potential properties to be built in an urbanised plot of land or properties where more than 50% of the existing building is demolished or removed and must be redeveloped).

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## RISK FACTORS

*Any investment in the Ordinary Shares is subject to a number of risks. Accordingly, prior to making any investment decision, investors should carefully consider all the information contained in this Prospectus and, in particular, the risk factors described below.*

*The risks set out below are those that the Company currently considers to be material and specific and relevant for an investor to make an informed decision and are supported by the content of this Prospectus. Any of these risks may have an adverse effect on the financial condition, business, prospects or results of operations of the Company and on the value of any investment in the Ordinary Shares and which could result in the investor losing all or part of its investment.*

*Although the Company believes the main risk factors to which it is subject are mentioned below, there may also be other additional risks and uncertainties which are not identified in the Prospectus because of their generic nature or because they are currently unknown as of the date of the Prospectus, and may have an adverse effect on the financial condition, business, prospects or results of operations of the Company and on the value of any investment in the Ordinary Shares. Such risks include, among others, those related to delays or difficulties in the deployment of the Net Proceeds of the Offering; the risk that any costs associated with potential investments that do not proceed to completion will affect the performance of the Company; risks resulting from potential joint ventures or the holding of minority stakes in respect of any investment, risks derived from circumstances where members of the Management Team or the Board of Directors, or their affiliates, have a conflict of interest with the Company with respect to any business opportunities or the hiring of certain personnel, risks derived from the Company, Directors, members of the Management Team, employees or affiliated companies' potential involvement in disputes and other legal proceedings or investigations; risks derived from losses in excess of insurance proceeds, if any, or from uninsurable events; risks derived from cybersecurity disruptions; risks derived from the Company's dependence on the performance of third-party contractors; or risks derived from the consideration of the Company as an alternative investment fund under the laws of certain EEA jurisdictions other than Spain.*

*Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. If any recipient of this Prospectus is in any doubt about any action they should take, they should consult a competent independent professional adviser who specializes in advising on the acquisition of listed securities, to carefully review the risks associated with an investment in and holding of the Ordinary Shares.*

*This Prospectus also contains forward-looking statements that involve risks and uncertainties. See section "Presentation of information and other important notices".*

*The actual results of the Company could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Prospectus. Save as required by applicable law, the Company is not obliged to, and makes no commitment to, release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Prospectus.*

*Investors should read this section in conjunction with this entire Prospectus.*

### **1. Risks inherent to investing in a new business**

#### **1.1. The Company's operating history is limited and the Company may be unsuccessful in acquiring future properties, impairing its performance and ability to execute its investment strategy**

The Company was incorporated on 13 June 2018, and as a result, investors may not have sufficient historical information to evaluate the investments that the Company has made so far or to accurately estimate the income-generating potential of the Company's properties, and the capital expenditures in connection with such properties. Since the Company's incorporation, its operations have been limited to the acquisition and management of the properties currently in the Company's property portfolio. The

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Company acquired the Habana building and the 9th and 10th floors of the María de Molina building in December 2018 and the América and Play buildings in January 2019. In addition, the Company acquired the freehold of the 5th floor and unit B of the 6th floor of the María de Molina building in February 2019, the San Agustín de Guadalix logistics hub in April 2019 and the Ramírez de Arellano building in June 2019 (collectively, the “**Portfolio**”). As a result, the Company has a very limited operating history and limited representative historical financial information on which investors can evaluate the Company’s business, financial condition, results of operations and prospects and the related merits of an investment in the Ordinary Shares

The Company intends to expand its portfolio of Commercial Property, mainly in the city centre (CBD and CBD-adjacent) in Madrid and, to a lesser extent, in Barcelona and other major logistics hubs in Spain. However, other than with respect to the properties currently in the Portfolio (as defined below), the Company has not entered into any agreements with respect to any investment opportunities. Consequently, investors in the Offering have not had the opportunity to evaluate the terms of any additional potential investment opportunity, or any financial data, to assist them in evaluating the prospects of the Company and the related merits of an investment in the Ordinary Shares.

There can be no guarantee that the Company will be successful in any negotiations to expand its portfolio of Commercial Property. As of the date of this Prospectus, the Management Team has identified certain properties comprising a pipeline of approximately €1.3 billion in properties (mainly comprised of Madrid offices), of which approximately 57% are under preliminary analysis (this is, where the Company has received certain information regarding the property but such information is either incomplete or has not yet been analysed in full by the Company) and of which approximately 43% is in an advanced analysis and negotiation phase (this is when sufficient information has been received, analysed and considered adequate to perform an advanced analysis of the property, or when negotiations are ongoing with potential seller). There can be no guarantee that the Company will be successful in its negotiations to acquire any given property, and the total cost, including opportunity cost, incurred in connection with potential acquisitions that do not proceed to completion could have a material adverse effect on the Company’s business, results of operations, financial condition and prospects.

Investment in the Shares is subject to all of the risks and uncertainties associated with a recently incorporated business, including without limitation the risk that the Company will not achieve its investment objectives, that not all capital will be invested and that the value of any investment made by the Company, and of the Ordinary Shares, could substantially decline.

## **2. Risks relating to the Management Team and Board of Directors**

### ***2.1. The Company is reliant on the performance and expertise of the Management Team and Directors to implement the Company’s investment strategy, the historical performance of the Management Team is not a guarantee of the future performance of the Company and the Employee Incentive Plan may overcompensate its beneficiaries in relation to the subsequent performance of the Company***

The Company relies on the experience, skill and judgment of the Management Team and its ability to successfully implement the investment strategy and, in particular, its ability to identify, select, and negotiate suitable investments, as well as managing and divesting such investments, and ultimately on its ability to create a property investment portfolio capable of generating shareholder returns. There can be no guarantee that the implementation of the Company’s investment strategy by the Management Team will be successful under current or future market conditions. The approach employed by the Management Team may be modified and altered from time to time, so the approach adopted by the Management Team to achieve the investment strategy of the Company in the future may differ from the approach adopted since the incorporation of the Company or that is currently expected to be used and disclosed in this Prospectus

Furthermore, this Prospectus includes certain information regarding the historical performance of the members of the Management Team and, in particular, on their commercial business experience as

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members of the management team of Axiare Patrimonio SOCIMI, S.A. (“**Axiare**”) and Prima Inmobiliaria, S.A. (“**Prima**”) (one of the first commercial real estate portfolio companies listed in Spain). However, the past performance of the Management Team is not indicative of the future performance or results of the Company. The previous experience of the members of the Management Team and the companies and ventures the members of the Management Team have advised, operated or worked for—including Axiare and Prima—may not be directly comparable with the business of the Company.

Finally, the Company relies on the expertise and experience of the Directors to supervise the Management Team when managing the Company’s affairs. Certain reserved matters require the consent of the Board of Directors, including, among other matters, any acquisition or disposal of properties where the corresponding aggregate acquisition cost or gross proceeds attributed to the Company exceeds €50 million. See section “*Board of Directors*”. The expertise and performance of the Directors, and their retention on the Board of Directors will be significant factors in the ability of the Company to achieve its investment objectives. There can be no guarantee as to the continued service the Directors and the departure of any of these individuals may have a material adverse effect on the business, financial condition, results of operations, reputation and/or prospects of the Company.

Due to their critical relevance and in order to ensure alignment with the shareholder interests, in addition to basic compensation, members of the Management Team and certain employees of the Company are entitled, pursuant to the Employee Incentive Plan, to receive a certain number of Ordinary Shares in the Company based on the net asset value (“NAV”) of the Company during a five year vesting period that started on 23 October 2018. Therefore, increases in the NAV of the Company will lead to an incentive being paid to the Beneficiaries (as defined below). In this regard, NAV growth since the Initial Admission Date has been of 8%, if such positive trend continues throughout the vesting period the Management Team could be entitled to the maximum aggregate amount of Incentive Shares that the Beneficiaries may receive during the Vesting Period (see *Management—The Management Team’s Compensation—Employee Incentive Plan*). If increases in the NAV are the result of temporary price increases in the real estate sector which are not sustained over time, it is possible that the Beneficiaries will be overcompensated in relation to the subsequent performance of the Company. Incentives that become due and payable to Beneficiaries are not subject to a reduction or claw-back as a result of any subsequent decrease in the NAV of the Company. In addition, generally, the NAV of real estate companies and the evolution of such companies’ share prices are not perfectly correlated. Accordingly, neither the Management Team’s compensation nor the Employee Incentive Plan will be directly linked to the price performance of the Company’s Ordinary Shares, and may become due and payable, or even increase, when the price performance of the Company’s Ordinary Shares is declining. For additional information on the Employee Incentive Plan, see the section “*Management —The Management Team’s Compensation—Employee Incentive Plan*”.

### **3. Risks specific to the Company’s business**

#### **3.1. *The Company’s business may be materially adversely affected by a number of factors inherent in the rental business, property sales and management, in particular: vacancies, defaults, expenses, regulatory delays, market and other factors***

The Company derives a significant portion of its revenue directly from rents received from tenants. Therefore, the Company is exposed to the following risks inherent in real estate property sales and management:

- *Vacancy*: If the Company fails to adequately manage its leased properties, including if it is unable to find or retain tenants, there is a risk that such properties will remain or become vacant. Also, the Company cannot assure that leases will be renewed or that the Company’s properties will be re-let at rental levels equal to or above the then current average of rental levels of the Company or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. The occupancy rate (excluding parking units) of the Company’s Portfolio, was 84% on 30

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September 2019 and 65% on 31 December 2018 (the latter only including the properties owned by the Company as of 31 December 2018).

- *Default:* If tenants delay or fail to pay their rental payments to the Company, this could result in a significant loss of income and additional expenses for the Company, as well as increases in bad debts and decreased property values. Moreover, such defaults by tenants may prevent the Company from increasing rents, and could result in tenants seeking any legal protection available to them, the renegotiation of tenant leases on terms less favourable to the Company or the termination of such leases.
- *Increases in operating and other expenses without a corresponding increase in turnover or tenant reimbursements:* The acquisition of real estate properties for rent requires significant upfront investments, and, consequently, increases in operating costs or other expenses or reductions in expected rental revenues from the acquired real estate properties could materially reduce the expected return on such investments. The Company's properties may not generate income sufficient to meet operating expenses, including debt servicing and capital expenditures, such as unforeseen capital expenditures. In addition, there are significant expenditures associated with an investment in real estate and with the maintenance and management of properties (including mortgage payments, real estate taxes and maintenance costs) that generally do not decline when circumstances reduce the income from the property. If rental revenues decline disproportionately to any related costs, the business, financial condition, results of operations and/or prospects of the Company could be adversely affected.
- *Regulatory delays:* Registration of transfers of real estate ownership with the Land Registries and obtaining licenses and permits from municipal authorities may sometimes be subject to long administrative delays or they may not be granted at all. As a result, there may be periods during which the Company may use certain real estate properties without being registered as the legal owner of such properties or without all of the required licenses and permits or may not be able to perform anticipated renovations in a timely manner or at all. Moreover, in some instances, the Company may be forced to forego the use of certain real estate properties as originally scheduled as a result of the foregoing.
- *Market and other factors:* Prevailing rental levels, capital value and disposal value of investment properties held or sold by the Company may be affected by factors such as an excess supply of properties, the availability of credit, the level of interest rates and changes in laws and governmental regulations (both domestic and international), including those governing real estate usage, zoning, taxes, regulatory takings, expropriations or confiscations. In addition, a general decline in demand for rental property and reductions in tenants' and potential tenants' space requirements may also affect rental levels. All of these factors are outside of the control of the Company and may reduce the attractiveness of holding property as an asset class.

Any of the aforementioned events could have a material adverse effect on the Company's business, financial condition results and/or prospects and, in particular, on the GRI of the Company. If the GRI of the Company declines, the Company may have less cash available, and the returns on its investments and ultimately the value of its properties may significantly decline.

### ***3.2. Rents received from a small number of tenants represent and in the future may represent a significant portion of the Company's total revenue***

As of the date of this Prospectus, the Company's property Portfolio is partially leased to a total of seven tenants under lease agreements (see "*Property Portfolio*"). As a result, the Company currently depends on such seven tenants for most of its revenue. The Company believes that the exposure to each tenant will be gradually reduced as a consequence of the expansion of its Portfolio. For the nine-month period ended 30 September 2019, rents received from the Company's largest tenant (i.e., €977 thousand), represented 25.12% of the Company's revenues whereas rents received from the aforementioned seven tenants (i.e., €3,890 thousand) represented 100% of the Company's total revenues.

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A downturn in the business, or the bankruptcy or insolvency of any tenant and, in particular, its seven current tenants could result in a significant loss of income, additional expenses, an increase in bad debts and decreased property value. As a result of such tenants' default, the Company may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting its investment. Sustained or otherwise material tenant defaults may also prevent the Company from increasing rents or result in lease terminations by, or reductions in rent for, other tenants under the conditions of the leases or otherwise.

In addition, adverse economic conditions affecting a particular industry of one or more of the Company's tenants could affect the financial ability of one or more of its tenants to make payments under their leases, which could cause delays in the Company's receipt of rental revenues or a vacancy in one or more of its properties for a period of time. Furthermore, there may be events or conditions affecting the Company's leased properties, such as the discovery of construction defects or developments affecting the areas where such properties are located. Any of the above may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***3.3. Competition in the real estate market may affect the ability of the Company to make appropriate acquisitions and to secure tenants at satisfactory rental levels***

The real estate sector is highly competitive and fragmented due to low barriers to entry for new companies. The Company faces competition with respect to the purchase of properties and finding creditworthy tenants for such acquired properties from (i) other Spanish publicly listed property investors, and (ii) private property investors, such as real estate developers with in-depth knowledge of the local markets or other property portfolio companies, including funds that invest nationally and internationally, institutional investors and foreign investors. The number of entities and the amount of funds competing for suitable properties has increased in recent years.

Several of the Company's direct competitors have and other potential competitors may have greater financial, technical, and marketing resources than the Company and a greater ability to source investment opportunities and borrow funds to acquire properties, and, consequently, may acquire properties at a higher price or at lower implied rates of return or otherwise on terms less favourable than those the Company may be prepared to accept. Strong competition in the Commercial Property market may cause an increase of the prices of properties available for sale and an oversupply of Commercial Properties available for rent, which could lead to lower rental prices and revenue.

There can be no assurance that the Company has been or will be successful in identifying or acquiring suitable investment opportunities. The existence and extent of competition in the commercial property market may also have a material adverse effect on the Company's ability to secure tenants for its properties at satisfactory rental levels and on a timely basis and to subsequently retain such tenants. Any inability by the Company to compete effectively against other property investors or to effectively manage the risks related to competition may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***3.4. The Company's evaluation of a potential acquisition or investment may not identify all possible risks and liabilities***

Properties that the Company has acquired or may acquire or invest in may be subject to hidden material defects, measurement errors or appraisal errors that are not apparent or otherwise known to the Company at the time of acquisition or investment. Any failure to uncover such risks or liabilities may expose the Company to substantial undisclosed or unascertained liabilities that were incurred or that arose prior to the completion of the acquisition of such properties which may have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Company. There can be no guarantee that the Company will be able to obtain contractual protection against such claims and liabilities from a seller or that it would be able to enforce such protection if obtained under contract. Any claims for recourse that the Company may have against parties from which it has purchased the relevant property may fail because of, among others, the expiration of warranty periods and the statute of limitations, the insolvency of the

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seller or lack of proof of the knowledge that the seller had or should have had regarding the corresponding defect or contingency.

**3.5. *There can be no guarantee that any target returns will be achieved***

The target Shareholder Return Rate range set out in this Prospectus (see “*Information About the Issuer—Investment Policy and Strategy*”) for investments of the Company is a target only (and for the avoidance of doubt, is not a profit forecast). There can be no guarantee that the investments of the Company will produce this level of return, or that the Company’s implementation of its investment strategy will achieve such level of return or otherwise. The actual returns achieved may vary from the target Shareholder Return Rate range and these variations may be material.

The target Shareholder Return Rate range is based on the assessment of the Company of appropriate expectations for returns on the types of investments that the Company proposes to make and its ability to enhance the return generated by those investments through active management and based on various assumptions, including assumptions relating to anticipated increases in property capital and rental values. There can be no guarantee that these assessments and assumptions will be proven correct and failure to achieve any or all of them may materially adversely affect actual returns on the assets of the Company.

**3.6. *The NAV of the Company may fluctuate over time and the Valuation Report and/or additional existing or future valuation reports could incorrectly assess the value of the Company’s properties and may not reflect the current market values of the Company’s properties.***

The Company expects the NAV to fluctuate over time according to market conditions and the performance of its properties. However, valuations of the Company’s properties may not reflect the price such individual properties can realise if they were sold in the market. The Company’s EPRA NAV as of 30 September 2019 was €10.8 per share whereas the closing price of the Company’s Shares as of 14 November 2019 was €11.0 per Share.

In calculating the NAV, the Company relies, among other things, on estimated valuations that may include information derived from third-party sources including the Valuation Report. Such valuation estimates are unaudited and may not be subject to independent verification or other due diligence. Accordingly, as a result of each of these factors, the Company’s actual NAV may fluctuate from time to time, potentially materially, and could decrease substantially. If the NAV were to decrease, this could have a material adverse impact on the price of the Ordinary Shares.

Furthermore, the success of the Company will depend significantly on its ability to assess the values of properties, both at the time of acquisition and the time of disposal. Valuations of the Company’s portfolio from time to time will also have a significant effect on the financial stability of the Company on an ongoing basis and its ability to obtain financing. The Valuation Report contains valuations on the basis of the market value of the properties comprising the Portfolio as of 30 June 2019 and is based on standard valuation principles and represents the opinions of CBRE, who prepared the report. The Valuation Report is also based on assumptions regarding the Spanish real estate market and other factors, including market performance, exit yield, occupancy rates, management fees, contingencies and the general market environment that could subsequently turn out to have been incorrect.

Should the information, estimates or assumptions used in the Valuation Report prove incorrect or inaccurate, the valuations could be substantially erroneous. In addition, the values ascribed by CBRE should not be taken as an indication of the amounts that could be obtained by the Company upon disposal of such properties, whether in the context of the sale of individual properties or the portfolio as a whole. The values assigned to the appraised properties in the Valuation Report and/or the Company’s financial information could exceed the proceeds that the Company can generate from the sale of the appraised properties. This could also apply to sales that occur on or shortly after the respective valuation date.

Accordingly, the Valuation Report does not represent the future or current actually achievable sales price of the Company’s properties. The Company cannot assure that the values of its properties will not

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decrease in future valuation reports. Valuations of the Company's properties may have a significant effect on its financial standing on an ongoing basis and on the Company's ability to obtain further financing. As a result of the above, investors are cautioned not to place undue reliance on the statements contained in the Valuation Report or any additional present or future valuation or valuation reports.

EPRA NAV and NAV are APMs, see section "*Additional Information—Alternative Performance Measures*" of this Prospectus for the description of these management measures categorised as APMs

**3.7. *Real estate investments are relatively illiquid and the Company may dispose of investments at a lower than expected return or at a loss on such investments***

Investments in property can be relatively illiquid for reasons including, but not limited to, the long-term nature of leases, commercial properties being tailored to tenants' specific requirements, varying demand for Commercial Property and the complexity and significant amount of time and cost incurred in the completion of property transactions. Such illiquidity may affect the Company's ability to vary the composition of its portfolio or dispose of properties in a timely fashion, at satisfactory prices or at all, limiting the Company's ability to modify the composition of its portfolio in response to changes in economic, property market or other conditions.

There can be no guarantee that, at the time the Company chooses to dispose of properties (whether voluntarily or otherwise), real estate market conditions will be favourable or that the Company will be able to maximize the returns on such properties. The Company may not be able to sell its property or properties quickly or on favourable terms in response to the changing economic, financial and investment conditions or changes in a property's operating performance when it otherwise may be prudent to do so. The Company also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. Additionally, the Company may be required to spend funds to correct defects or to make improvements before a property can be sold, and the Company cannot provide any assurances that it will have the funds available to correct such defects or to make such improvements. Furthermore, property market downturns may exacerbate the low liquidity of properties by reducing the number of available investors and limiting sources of funding and may lead to an increase in the supply of properties and, consequently, a fall in market prices.

Upon a sale, the Company may realise less than the value at which the property was previously recorded, which could result in a decrease in NAV and lower returns to shareholders. In addition, if the Company disposes of a property within a period of three years from completion of its acquisition, the profits arising from disposal of the property and potentially, the entire income derived from such property, including rental income, will be taxable (see risk factor "*Risks relating to the SOCIMI Regime*").

There can be no guarantee that the sale of a particular property will ultimately be realised at any published GAV or at prices that are favourable to the Company or at all and there can be no guarantee that the Company will realise anticipated returns on an investment in property refurbishment, redevelopment, renovation, maintenance or restoration. Because of the overall size of the investments, concentration in particular markets and the nature of the properties currently held and to be held in the future by the Company, the value at which its properties can be disposed of may differ, sometimes significantly, from the valuations obtained by the Management Team. In addition, the timing of disposals may also affect the values ultimately obtained, such as if the disposal takes place during a depressed stage in the real estate cycle. Consequently, the Company's inability to divest its properties or to do so at a gain, or any losses on the sale of the Company's properties, may have a material adverse effect on the business, financial condition, results of operations and profits of the Company.

GAV is an APM, see section "*Additional Information—Alternative Performance Measures*" of this Prospectus for the description of these management measures categorised as APMs



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#### 4. Risks related to the financing of the Company

##### ***4.1. The Company's investment strategy includes the use of leverage, which may expose the Company to risks associated with borrowings, including by impairing its ability to pay dividends required under the SOCIMI regime and floating rate debt exposes the Company to risks associated with movements in interest rates***

The Company uses borrowings, which are subject to certain financial and operating covenants, to grow the business, meet its cash obligations and implement its investment strategy. The Company's investment strategy contemplates the funding of investments, in part, through borrowings and/or debt issuances. The Company cannot guarantee that it will be able to obtain the necessary credit or refinance or extend its existing debt on commercially acceptable terms or at all whether due to adverse lending conditions or otherwise, which could adversely affect its ability to achieve its investment strategy. If the Company is unable to obtain credit, it may seek additional capital through the issuance of debt or equity securities to fund further acquisitions. Moreover, the Company may be forced to dispose of properties on disadvantageous terms in order to meet its debt servicing obligations or additional capital requirements.

As of 30 September 2019, the estimated sensitivity in the Group's financial costs to a 1% change (increase or decrease) in the interest rate is as follows. The amount of the Group's financial costs from fixed gross financial debt remains unchanged. The amount of the Group's financial costs from variable gross financial debt would increase by €56 thousands in the event of a 1% interest rate increase in the nine-month period ended 30 September 2019. The amount of the Group's financial costs from variable gross financial debt in the nine-month period ended 30 September 2019 would remain unchanged in the event of a 1% interest rate decrease.

To the extent the Company incurs a substantial level of indebtedness, its financial flexibility and ability to pay dividends may be reduced as a result of the need to service its debt obligations. In addition, SOCIMIs must distribute a minimum dividend each year in order to maintain SOCIMI status; such requirement limits the Company's leverage capacity as the Company must simultaneously be able to service its debt and to distribute dividends. If certain extraordinary or unforeseen events occur, including breaches of financial covenants by the Company, its borrowings and any hedging arrangements that the Company may enter into in the future may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination.

If the Company is required to repay borrowings early or is not successful in refinancing its existing debt, it may be forced to sell properties when it would not otherwise choose to do so in order to make required payments and it may be subject to pre-payment penalties. In addition, if the rental income of the portfolio declines (e.g., due to tenant defaults), the use of leverage will increase the impact of such a decline on the net income of the Company and accordingly, it may impair the Company's ability to pay dividends. Moreover, in circumstances where the value of the properties is declining, the use of leverage by the Company may depress its NAV.

A prolonged downturn in the financial markets may cause the Company to seek alternative sources of capital that are less attractive from a financing perspective and may require the Company to further adjust its business plan. These events also may make it more difficult or costly for the Company to raise capital through the issuance of new equity or the incurrence of additional secured or unsecured debt, which could materially and adversely affect the Company.

Additionally, the Company has and may incur additional debt with floating interest rates in the future. Interest rates are highly sensitive to many factors beyond the Company's control. If interest rates rise, the Company will be required to use a greater proportion of its revenues to pay interest expenses on any future floating rate debt, which may affect the ability of the Company to achieve the targeted levels of return. While the Company has hedged and intends to continue hedging, totally or partially, any interest rate exposure, any such measures may not be sufficient to protect the Company from risks associated with movements in prevailing interest rates. In addition, any hedging arrangements expose the Company to credit risk in respect of the hedging counterparty.

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Any of the foregoing events may have a material adverse effect on the business, financial condition, business, results of operations and or prospects of the Company and its ability to make distributions to shareholders.

## **5. Regulatory risks**

### ***5.1. Risks relating to the SOCIMI Regime and laws and regulations relating to real estate properties***

The Company has elected the Spanish SOCIMI status under the SOCIMI Act and, thus, it will be subject to a 0% Corporate Income Tax rate, provided that the requirements explained in “*Spanish SOCIMI regime and taxation*” below are duly fulfilled.

Investors should note that there is no guarantee that the Company will be able to maintain its SOCIMI status (whether by reason of failure to satisfy the conditions for Spanish SOCIMI status, future changes in applicable regulations or otherwise, please see “*Spanish SOCIMI regime and taxation*”). If the Company were to lose its SOCIMI status, it would have to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard Corporate Income Tax rate (currently 25%) as from the year on which any of the circumstances established for the loss of the SOCIMI status applies (except in the case of failure to adopt dividend distribution resolution or to effectively satisfy the dividends within the mandatory deadlines, with respect to which the Company must pay Corporate Income Tax at the standard rate as from the year to which the dividends relate), and would not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years. The shareholders in a company that loses its SOCIMI status are expected to be taxable as if the SOCIMI Regime had not been applicable to the Company

In such a case, if the Company is unable to maintain its SOCIMI status, the resultant consequences may have a material adverse effect on the Company’s financial condition, business, prospects or results of operations and could adversely impact the liquidity of the Ordinary Shares and their value.

Furthermore, restrictions under the Spanish SOCIMI Regime (compulsory dividend distribution policy, investment criteria and minimum period of holding of assets —as explained in “*Spanish SOCIMI regime and taxation*” below—) may limit the Company’s ability and flexibility to pursue growth through acquisition.

Please see the section “*Spanish SOCIMI regime and taxation*” in relation to the SOCIMI tax regime and the taxation of shareholders.

Additionally, the Company’s operations are subject to Spanish, regional and local laws and regulations, as currently in effect and as amended from time to time, including without limitation in respect to property ownership and use, development, zoning, health and safety requirements, waste disposal, energy consumption, stability and planning requirements and environmental compliance. In addition, the operations of the Company may be affected by regional and supranational regulatory frameworks such as EU legislation. These laws and regulations are subject to change, which may be retrospective, and often provide broad discretion to the relevant administrative authorities. The occurrence of such changes in law and regulation could adversely affect existing plans for the property, increase costs of property ownership, subject the company to sanctions or reduce the capital value of the properties and the rental income arising from the property portfolio of the Company, resulting in a material adverse effect on the Company’s business, financial condition, results of operations and/or prospects. Furthermore, applicable environmental, health, safety, stability and planning laws and regulations impose obligations and potential liabilities on the owners of real estate properties (including liabilities that were incurred or that arose prior to the acquisition of such properties) which may result in significant investigation, removal or remediation costs regardless of whether the Company caused, directly or indirectly, the relevant risk or damage or may affect the ability of the Company to sell, lease or redevelop a property, or its ability to use a property as a financial security to borrow additional funds and may in certain form the basis for liability to third persons for damages.

In such events, the Company may be exposed to material unanticipated losses and this may have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Company.

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## **5.2. *The Company may continue to be subject to liability following the disposition of its properties***

The Company may be exposed to future liabilities or obligations with respect to the properties that it sells. The Company may be required or may consider it prudent to set aside provisions for warranty claims or contingent liabilities in connection with the sale of certain properties. The Company may be required to pay damages, including litigation costs, to a purchaser to the extent that any representations or warranties made by the Company to a purchaser are found to be inaccurate, or if the Company is found to have breached any of its covenants or obligations contained in the relevant purchase agreement. In certain circumstances, it is possible that representations and warranties incorrectly given could give rise to a right by the purchaser to terminate the relevant purchase agreement in addition to the payment of damages. Further, the Company may become involved in disputes or litigation in connection with its sale of properties. Certain obligations and liabilities associated with the ownership of properties can also continue to exist notwithstanding any sale, such as certain environmental liabilities. Any claims, litigation or continuing obligations arising in connection with sold properties may subject the Company to unanticipated costs and may require the Company to devote considerable time to dealing with them. As a result, any such claims, litigation or obligations may have a material adverse effect on the business, financial condition, results of operations and profits of the Company.

## **6. Risks relating to the general economic and political conditions**

### **6.1. *A deterioration of economic conditions in Spain and the EU generally could adversely affect the business of the Company including any deterioration derived from the political uncertainty in Spain and the EU***

As of the date of this Prospectus, all of the Company's properties are located in Spain and the Company expects its future property acquisitions to be in Spain. This geographic concentration exposes the Company's operating results to events or conditions that specifically affect Spain, such as local, regional and nationwide economic, political, social, climate-related and other conditions. Therefore, adverse changes in any of these items could have a negative impact on demand for commercial properties, which, in turn, may lead to higher vacancy rates, declining market rents and declining income, which, in turn, could negatively affect the value of any properties that the Company has acquired or acquires in the future and the rental income those properties yield. A general downturn in the Spanish economy may change demand for Spanish Commercial Property in Spain and result in a decline of the attractiveness in Commercial Property in the Spanish market relative to other investment choices. For additional information regarding the development of the Spanish economy, see the "Industry Overview" section of this Prospectus.

In particular, the Spanish economy faces additional challenges due to internal factors, and the Spanish Prime Minister called a general election for 10 November 2019, after failing to form a government following the 28 April 2019 elections. Following the 10 November election, the Socialist Party (PSOE) of the prior interim Prime Minister won the highest number of seats but fell short of an absolute majority. Consequently, this lack of parliamentary majority, will require it, or the party that ends up controlling the Spanish Government, to obtain the support of other political parties to promote and approve new laws and annual national budgets, and may face similar risks to those faced by its predecessors, such as the possibility of new elections if its support is weak, as well as social and political unrest in Catalonia connected to secessionist movements. Such uncertainty may slow the pace of reforms, enactment of laws, regulations and policies, and may impact economic growth in Catalonia and in Spain more broadly. Continued political uncertainty relating to Catalonia and the inability of the Spanish parliament to form a stable government could negatively affect the Spanish Commercial Property market, and consequently the economic growth in each region where the Company intends to be present or more broadly in Spain, which could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

Additionally, external factors, such as geopolitical uncertainties (including those derived from the exit of the United Kingdom from the European Union or "Brexit" or any future Eurozone exit), volatility in

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commodity prices or a negative market reaction to central bank policies, may affect the growth of the Spanish economy and, in particular, disposable income. In particular, the full effects of Brexit are impossible to predict but may result in significant market volatility and dislocation, and adversely affect the Spanish, UK, European and global economies.

## **7. Risks relating to the Shares**

### ***7.1. The market price of the Ordinary Shares may not reflect the value of the properties of the Company and the Company's Ordinary Share price be volatile***

The market price of the Ordinary Shares may not always accurately reflect the value of the properties of the Company. Therefore, the price of the Ordinary Shares may decrease as well as increase (and investors may lose money on their investment), in response to many factors, including, among other things: (i) variations in the operating results of the Company, including as a result of changes in the independent valuations of the Company's Portfolio; (ii) the addition or departure of members of the Board of Directors and the replacement of or change in the members of the Management Team; (iii) divergence in financial results from stock market expectations; (iv) changes in stock market analyst recommendations about the Spanish Commercial Property market as a whole, the Company or any of its properties; (v) a perception that other markets may have higher growth prospects; (vi) changes in conditions affecting the general economic conditions and political environment in the geographies where the Company operates; (vii) legislative changes; and (viii) other events and factors within or outside the control of the Company.

### ***7.2. There can be no assurance that an active trading market will develop or that there will be sufficient liquidity for the Ordinary Shares***

Although the Ordinary Shares have been listed since 23 October 2018, the volume and frequency of their trading has been limited to date, and there can be no guarantee that an active trading market will develop or, if one does develop, that it will be maintained. The failure of an active trading market to develop may affect the liquidity of the Ordinary Shares. The Ordinary Shares may therefore be difficult to sell compared to the shares of companies with more liquid trading markets or with a wider shareholder base and the share price may be subject to greater fluctuation than might otherwise be the case. The value of the Ordinary Shares could fluctuate significantly and may result in investors being unable to sell Ordinary Shares at or above the Offering Price or at all.

### ***7.3. There can be no guarantee that the Company will declare dividends in the future and its ability to pay dividends will depend upon its ability to generate profits available for distribution and its access to sufficient cash***

The declaration and payment of any dividend or distribution is subject to the discretion of the Board of Directors and will depend on the availability of profits available for distribution (after fulfilling any relevant Spanish Companies Act requirements) and sufficient cash and on the approval of the shareholders, and the dividend may be discontinued or reduced at any time. Future dividends or distributions, if any, and their timing and amount, may be affected by, among other factors, the rules set out in the SOCIMI Regime (see the section "*Spanish SOCIMI regime and taxation—Spanish SOCIMI Regime—Qualification as Spanish SOCIMI—Mandatory dividend distribution*"). Accordingly, dividend or other distribution payments may change from time to time, and the Company cannot provide assurance that it will declare dividends or other distributions in any particular amounts or at all as the payment of any such dividends or other distributions will depend on the ability of the Company to generate profits available for distribution and cash flow.

There is a risk that the Company may generate profits, but not have sufficient cash to make distributions. If the Company does not have sufficient cash, it may have to borrow funds from a third party in order to fund the distribution, which would increase its finance costs and reduce its ability to borrow funds in order to finance property acquisitions and could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

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The required dividend distributions that are necessary to achieve the full tax benefits associated with qualifying as a Spanish SOCIMI can be met by approving such distribution and satisfying the dividend in kind or immediately thereafter, converting credits deriving from such dividends into share capital of the Company, provided such dividends qualify as income for tax purposes. However, any such distribution must be approved by a General Meeting of Shareholders or may not be considered as income for all shareholders. For further details on the dividend requirements of the Spanish SOCIMI Regime, see the section “*Spanish SOCIMI regime and taxation*” of this Prospectus.

***7.4. Issuances of new Ordinary Shares and substantial future sales of Ordinary Shares, or the perception that such issuances or sales could occur, may adversely affect the market price of the Ordinary Shares and the issue of new Ordinary Shares or equity-linked securities may further dilute investors’ interest in the Company***

Sales of substantial amounts of the Company’s Ordinary Shares (for instance, by significant shareholders of the Company, members of the Board of Directors and members of the Management Team or the Company through issuances of new Ordinary Shares), or the perception that such sales could occur, could adversely affect the market price for the Company’s Ordinary Shares or the Company’s ability to raise capital through future offerings of equity securities.

Pre-emptive subscription rights have been excluded for purposes of the Offering. In the future, the Company may seek to raise additional capital through further offerings of equity securities or equity-linked securities (if made on a non-pre-emptive basis or, if made on a pre-emptive basis, where shareholders elect not to take up their pre-emptive rights) that could dilute the interests of the Company’s shareholders (including upon the conversion of any convertible securities it may issue) and could have an adverse effect on the market price of the Company’s Ordinary Shares as a whole. In particular, the Company may raise such capital to meet its obligations under the Employee Incentive Plan. In any case, the maximum amount of Incentive Shares that the Beneficiaries of the Employee Incentive Plan may receive, during the five-year vesting period, will not exceed the 10% of the total Ordinary Shares of the Company issued and outstanding from time to time.

***7.5. Ivanhoé Cambridge will exercise significant influence over the Company following the Offering***

Following the Offering, Ivanhoé Cambridge holds Ordinary Shares representing approximately 20.3% of the Company’s share capital. Pursuant to the Subscription Agreement, the Company has appointed a proprietary director nominated by Ivanhoé Cambridge to its Board of Directors and Audit and Control and Appointment and Remuneration Committees and established an Investment Pipeline Committee that is composed by the members of the Management Team determined by the Board of Directors and an Ivanhoé Cambridge representative, subject to the subscription and payment by Ivanhoé Cambridge of New Shares in the amount of €60 million. Moreover, pursuant to the Subscription Agreement, in the event that Ivanhoé Cambridge holds at any time a number of Ordinary Shares of the Company representing 28.57% or more of the share capital of the Company it will be entitled to request the Board of Directors to call a general shareholders meeting to increase the number of directors of the Company to seven and to appoint a second proprietary director, and the Company’s management has undertaken to support such request both at the Board of Directors and at the General Meeting of Shareholders. Furthermore, pursuant to the Subscription Agreement, the Company has undertaken to provide Ivanhoé Cambridge the opportunity to take up its pro-rata portion of any further non-preemptive offering of Ordinary Shares or convertible bonds in terms and conditions, not less favourable than those offered to other investors. See “*Material contracts—The Subscription Agreement*”.

As a result, following the Offering, Ivanhoé Cambridge will exercise significant influence over the Company, including over matters requiring approval by a majority of shareholders, including the declaration of dividends, the election of directors, changes in the Company’s issued share capital and the adoption of amendments to its Bylaws. The interests of Ivanhoé Cambridge may differ from those of other shareholders of the Company.

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**7.6. *A current shareholder of the Company or a third-party may acquire a significant stake in the Company***

A current shareholder of the Company and/or a third party may acquire a significant number of Ordinary Shares otherwise, which could potentially reduce the free float of the Ordinary Shares that are available for trading on the open market, having an adverse effect on the liquidity of the Ordinary Shares.

In this regard, holders of a significant number of Ordinary Shares may seek control of the Company, support transactions that the Company and/or existing shareholders and investors in the Company's Ordinary Shares do not believe are favourable, and have interests that are different from those of existing shareholders and investors in the Company's Ordinary Shares. The Company may also be involved in disagreements with the holders of Ordinary Shares or other securities in the future. Such disagreements may lead to proxy contests or litigation, which may be expensive and consume management's time, involve settlements, the terms of which may not be favourable to the Company, or result in other negative consequences to the Company's business.

**7.7. *The New Shares will not be freely transferable in the United States***

Any New Shares offered and sold to investors located in the United States will be "restricted securities" (as defined in Rule 144 under the U.S. Securities Act), and such New Shares may not be reoffered, resold, pledged or otherwise transferred, except: (i) outside the United States in accordance with Rule 903 or Rule 904 under Regulation S; (ii) to a QIB in a transaction that is exempt from registration under the U.S. Securities Act and that meets the requirements of Rule 144A; (iii) pursuant to an effective registration statement under the U.S. Securities Act; (iv) in accordance with Rule 144 under the U.S. Securities Act; or (v) in another transaction not requiring registration under the U.S. Securities Act; and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

**7.8. *The Company may not impose in the Bylaws any restriction on the transferability of its Ordinary Shares, and the acquisition of Ordinary Shares by certain investors could adversely affect the Company***

Under Spanish law, the Company may not impose restrictions on the free transferability of its Ordinary Shares in its Bylaws. Accordingly, the Company cannot refuse to register a transfer of any shares in the capital of the Company in favour of a person to whom a sale or transfer of shares, or whose direct, indirect or beneficial ownership of shares, might (i) cause the Company to be required to register as an "investment company" under the U.S. Investment Company Act or to lose an exemption or status thereunder to which it might otherwise be entitled; (ii) require the Company to register under the U.S. Exchange Act or any similar legislation; (iii) disqualify the Company from being considered a "foreign private issuer" as such term is defined in Rule 3b 4(c) under the U.S. Exchange Act; (iv) result in a person holding Ordinary Shares in violation of the transfer restrictions set forth in any prospectus or offering memorandum published by the Company (including in this Prospectus), from time to time; (v) result in Ordinary Shares being owned, directly or indirectly, by Benefit Plan Investors or Controlling Persons; (vi) cause the assets of the Company to be deemed "plan assets" under the Plan Asset Regulations; (vii) cause the Company to be a "controlled foreign corporation" for the purposes of the Code; (viii) result in Ordinary Shares being owned by a person whose provision of the representations related to ERISA and the Code set forth in the Bylaws is, or is subsequently shown to be, false or misleading; (ix) result in a person becoming a Substantial Shareholder (as defined herein); or (x) otherwise result in the Company incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage. Any of the above could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

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## RESPONSIBILITY STATEMENT AND COMPETENT AUTHORITY

### Declaration of responsibility

Mr. Luis Alfonso López de Herrera-Oria, acting in the name and on behalf of the Company in his capacity as Chief Executive Officer of the Company and duly empowered pursuant to the resolutions approved by the Board of Directors held on 12 November 2019 and the resolutions adopted at the extraordinary General Meeting of Shareholders held on 5 November 2019, accepts responsibility for the information contained in this Prospectus. To the best of his knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

### Competent authority

- a) This Prospectus has been approved by the CNMV, as competent authority under the Prospectus Regulation, on 15 November 2019.
- b) The CNMV only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.
- c) Such approval should not be considered as an endorsement of the Company and the quality of the securities that are the subject of this Prospectus.



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## PRESENTATION OF INFORMATION AND OTHER IMPORTANT NOTICES

### Forward-Looking Statements

This Prospectus includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will”, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the intentions of the Company, beliefs or current expectations concerning, among other things, the results of operations, financial position, prospects, growth, target Shareholder Return Rates, investment strategy, financing strategies, prospects for relationships with tenants, liquidity of the Company’s properties and expectations for the Spanish real estate industry. Forward-looking statements may be found in the sections of this Prospectus entitled “Summary”, “Risk Factors”, “Operating and Financial Review”, “Industry Overview” “Information about the Issuer” and “Property portfolio”.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Company’s operations and the development of the markets and the industry, in which the Company operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. In addition, even if the Company’s results of operations, financial position and growth, and the development of the markets and the industry in which the Company operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments of the Company to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, Spanish real estate market conditions, industry trends, competition, changes in law or regulation, changes in taxation regimes or development planning regime, the availability and cost of capital, currency fluctuations, political and economic uncertainty and other factors discussed under section “Risk Factors”. The Company undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may occur due to any change in the Company’s expectations or to reflect events or circumstances after the date of this Prospectus, except where required by applicable law. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

This Prospectus does not contain any profit forecast or a profit estimate as defined in Commission Delegated Regulation (EU) 2019/980 of 14 March 2019.

### Market, Economic and Industry Data

This Prospectus includes certain market, economic and industry data, which were obtained by the Company from industry publications, data, and reports compiled by professional organizations and analysts, data from other external sources and internal surveys conducted by or on behalf of the Management Team. In particular, the Group includes market and industry data from the third-party sources, among others: (i) Bank of Spain, (ii) Savills-Aguirre Newman, (iii) JLL, or the (iv) CNMC, in the following sections of the Prospectus: “Information About The Issuer—Business strengths—Headroom for growth in Spain’s Property Cycle”; “Information About The Issuer—Business strengths—Robust corporate governance”; “Information About The Issuer—Axiare”; “Industry overview—Market summary”; “Industry overview—Office market in Spain”; “Industry overview—Logistic market in Spain” and “Operating and financial review—Key factors affecting the Company’s results of operations”.



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As far as the Company is aware and is able to ascertain from the information provided to it by third parties, market, economic and industry data sourced from third parties used to prepare the disclosures in this Prospectus have been accurately reproduced, and no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect.

Some of the aforementioned third-party sources may state that the information they contain has been obtained from sources believed to be reliable. However, such third-party sources may also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying such market data, statistical information and economic indicators contained in these third-party sources, the Company is unable to verify such information.

## Valuation

At the Company's request, CBRE Valuation Advisory Services, S.A. ("**CBRE**" or the "**Independent Appraiser**"), an external independent real estate appraiser with business address in Paseo de la Castellana 200, 28046 Madrid, has prepared a valuation report with respect to the Portfolio with valuations dated 30 June 2019 (the "**Valuation Report**").

No material change has occurred in the Company's properties that were the subject of such valuations that may justify a new valuation as of the date of this Prospectus. The Valuation Report is included in **Annex 1** (Valuation Report) of this Prospectus.

The Independent Appraiser has authorised the inclusion of the Valuation Report in this Prospectus and has accepted responsibility for its content vis-à-vis its addressees.

The Independent Appraiser's valuations were made using "market value" hypotheses, in accordance with the Property Appraisal and Valuation method and the Guidance Notes published by the Royal Institution of Chartered Surveyors of Great Britain (RICS), Valuation Standards, 8th edition.

"Market Value" is defined as the estimated amount at which a property should exchange on the valuation date, between a willing seller and a willing buyer and after a reasonable sales marketing period, during which both parties have acted knowledgeably, prudently and without compulsion.

The valuation methodology adopted by the Independent Appraiser in order to determine fair value was primarily the discounted cash flow method at 10 years and the income capitalisation method (reflecting net rent, capitalised expenses, etc.), in addition to verifying the information against comparable properties. The residual amount at the end of year 10 is calculated by applying a rate of return ("**Exit yield**" or "**cap rate**") to projections for net income during year 11. Cash flows are discounted at an internal rate of return in order to give the current net value. This internal rate of return is adjusted to reflect the risk associated with the investment and the assumptions adopted. Key variables are therefore income, exit yield and internal rate of return.

The income capitalisation method consists of capitalising estimated net income from each property, based on the length of the lease and reversion. This involves the capitalisation of current income over the entire period, together with the valuation of probable subsequent rentals following rent reviews or the arrangement of new rentals in each of the forecast periods, always taking current value as a basis. The yield applied to the different income categories reflects all forecasts and risks associated with cash flows and the investment. Therefore, the key variables involved in the capitalisation method are the determination of net income, the period over which it is discounted, the approximate value at which it is realised at the end of each period and the target internal rate of return used to discount cash flows.

The estimated yields depend on the type and age of the properties and their location. The properties have been valued individually, via calculations based on the lease agreements in place at the end of the financial year and, if applicable, the forecast value based on current market rents for the different areas, as well as comparable companies and completed transactions.

The valuations in the Valuation Report are based on CBRE's estimate of the market prices that could be obtained for Company's properties as of 30 June 2019. However, the valuation of property is inherently

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subjective due to the individual nature of each property. The Valuation Report has been prepared by the Independent Appraiser on the basis of certain information the Company provided to the Independent Appraiser, which has not been independently verified. See *“Risk Factors—Risks specific to the Company’s business— The Valuation Report and/or additional existing or future valuation reports could incorrectly assess the value of the Company’s properties and may not reflect the current market values of the Company’s properties. In addition, an appraisal may not be directly comparable to those given in respect of similar properties as a result of differing assumptions and methodologies.”*.

As of the date of this Prospectus, there have been no material changes in the properties since 30 June 2019.

### Currency References

Unless otherwise indicated, all references in this Prospectus to euro and € are to the lawful single currency of member states of the EU that adopt or have adopted the euro as their currency in accordance with the legislation of the EU relating to European Monetary Union and all references to U.S. dollars are to the lawful currency of the United States of America. The Company prepares its annual accounts in euro.

### Presentation of Financial Information

The Company was incorporated on 13 June 2018 and, consequently, the Company did not prepare financial statements corresponding to the financial years ended 31 December 2016 and 2017 and until 31 December 2018 it did not prepare consolidated financial statements.

The following documentation is incorporated by reference in this Prospectus:

- the Company’s audited consolidated financial statements as of, and for the period from 13 June 2018 to 31 December 2018, which have been audited by PricewaterhouseCoopers Auditores, S.L. and include the corresponding auditors’ and consolidated directors’ report (the **“Audited Consolidated Financial Statements”**) and the corresponding annual corporate governance report for the year ended 31 December 2018 together with their corresponding English translations; and
- the Company’s condensed interim consolidated financial statements as of and for the nine-month period ended 30 September 2019, which have been subject to a limited review by PricewaterhouseCoopers Auditores, S.L. and include the corresponding auditors’ limited review report (the **“Condensed Interim Consolidated Financial Statements”**) and their corresponding English translations.

The Audited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (**“IFRS-EU”**).

The Condensed Interim Consolidated Financial Statements were prepared in accordance with IAS 34 **“Interim Financial Reporting”** and should be read jointly with the Audited Consolidated Financial Statements.

Investors are strongly cautioned that the consolidated directors’ report does not contain a full description of the Company’s business, affairs or results and has not been prepared for the specific purpose of this Prospectus. Accordingly, the consolidated directors’ report should be read together with the other portions of this Prospectus, and in particular the sections of this Prospectus entitled **“Risk factors”** and **“Operating and financial review”**. Furthermore, the consolidated directors’ report includes certain forward-looking statements that are subject to inherent uncertainty (see **“Forward-looking Statements”** below). The consolidated directors’ report accompanying the Audited Consolidated Financial Statements has been neither audited nor reviewed by PwC, as described in the audit report on the Audited Consolidated Financial Statements.

The financial information included in or incorporated by reference into this Prospectus is not intended to comply with the reporting requirements of the U.S. Securities and Exchange Commission (the **“SEC”**). Compliance with such requirements would generally require the presentation of a pro forma income statement giving effect to certain significant acquisitions made by the Company since its incorporation.

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While the Prospectus includes a statement of financial position as of 30 September 2019, the section “*Information About the Issuer*” provides certain information on the properties currently comprising the Portfolio and the Valuation Report (as defined herein) provides certain valuation information on the properties comprising the Portfolio, there is limited financial information in respect of the revenues and expenses generated by the Company’s current Portfolio. This makes assessing the Company’s potential future operating results, and the related merits of an investment in the Company, difficult, and will limit the comparability of its operating results from period to period until it has a longer, more established track record.

The Company’s Audited Consolidated Financial Statements and Condensed Interim Consolidated Financial Statements, and their corresponding English translations are incorporated by reference into this Prospectus and are also available on the Company’s website, [www.arimainmo.com](http://www.arimainmo.com) and on the website of the CNMV, [www.cnmv.es](http://www.cnmv.es). Neither the Company’s website nor any of its contents form part or are incorporated into this Prospectus, whether by reference or otherwise, except as otherwise provided herein. The CNMV has neither examined nor approved the Company’s website nor any of its contents.

### **Alternative Performance Measures**

The Prospectus contains (i) management targets which are used to evaluate the potential performance of the Company and its current pipeline, such as: Internal Rate of Return, Total Shareholder Return, Yield on Cost, Loan to Value (also referred to LTV), All-In Leverage Cost or Gross Exit Yields and (ii) management measures, which are used to evaluate the Company’s overall performance, such as: Total GAV, Average GAV, NAV, NAV per share, EPRA NAV, passing annualised GRI, passing gross yield, yield on cost (each as defined in “*Additional Information—Alternative Performance Measures*”). These targets and management measures are not audited or reviewed by the Group’s independent auditors and are not measurements required by, or presented in accordance with, IFRS-EU. These management measures are not measurements of the Group’s financial performance under IFRS-EU and should not be considered as alternatives to the information that the Group included in the Audited Consolidated Financial Statements or the Condensed Interim Consolidated Financial Statements or to any performance measures prepared in accordance with IFRS-EU. Many of these management measures are based on the Group’s estimates, assumptions, calculations and expectations of future results of the Group, and there can be no guarantee that these results will actually be achieved. Furthermore, these management measures, as defined and calculated by the Company, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such information in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of the Company’s profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU.

Investors are advised to review them in conjunction with the Audited Consolidated Financial Statements and the Condensed Interim Consolidated Financial Statements incorporated by reference in this Prospectus. Accordingly, investors are cautioned not to place undue reliance on these management measures.

The Company believes that the description of these management measures that constitute Alternative Performance Measures (“APMs”) follows and complies with the “European Securities and Markets Authority Guidelines on Alternative Performance Measures” dated 5 October 2015.

### **Rounding**

Some financial information in this Prospectus has been rounded. As a result of this rounding, figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

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## Trademarks

The Company owns or has rights to certain trademarks, trade names, service marks or applicable copyright notices which it uses in connection with the operation of the Company's business. The Company asserts to the fullest extent under applicable law, its rights to its trademarks, trade names, service marks and applicable copyright notices. Solely for convenience, the trademarks, trade names, service marks or applicable copyright notices appearing in this Prospectus are listed without the applicable ®, © or ™ symbols.

## Legislation

This Prospectus refers to various statutes, directives and other legislation and regulations. Unless the contrary is specified, all such references are to the laws of Spain.

The Company is a public limited company (a sociedad anónima or S.A.) incorporated in Spain and all its assets are and are expected to be located in Spain. The rights of the shareholders are governed by Spanish law and by the Bylaws of the Company and these rights may differ from the rights of shareholders in non-Spanish companies. The Bylaws of the Company provide that disputes between the Company and its shareholders with respect to corporate matters are expressly submitted to the jurisdiction of the courts of the Company's registered address, except in those cases where applicable law requires otherwise. A majority of the current members of the Board of Directors are resident in Spain and all of the properties of the Company are expected to be located in Spain. As a result, it may be difficult for shareholders outside of Spain to serve process on or enforce foreign judgments against the Company or the Directors based on civil liabilities under their country's securities laws. In addition, Spanish or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against the Company or its Directors or executive officers in a court of competent jurisdiction in Spain or other countries.

## Investment Considerations

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the Ordinary Shares, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Typical investors in the Company are expected to be institutional and qualified investors who are looking to allocate part of their investment portfolio to the Spanish real estate market. Investors should consult their financial advisor before making an investment in the Company.

The Ordinary Shares are designed to be held over the long-term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. Any investment objectives of the Company are targets only and should not be treated as assurances or guarantees of performance.

A prospective investor should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. There is no guarantee that any appreciation in the value of the Ordinary Shares will occur or that the investment objectives of the Company will be achieved. The value of investments and any income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company.

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, accounting or regulatory matters, investment decisions or any other matter. Investors must rely upon their own representatives, including their own legal advisors and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

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## INFORMATION ABOUT THE ISSUER

### Introduction

Árma is a Spanish public limited company internally managed by a team led by Mr. Luis Alfonso López de Herrera-Oria (the “**Chief Executive Officer**” or “**CEO**”) and which is currently comprised of Mr. Fernando Arenas Liñán, Mr. Stuart William McDonald, Mr. Guillermo Fernández-Cuesta Laborde and Mr. Fabio Alen Viani (each a “**Real Estate Director**” or “**RED**”, Mr. Guillermo Fernández-Cuesta also acts as “**Deputy to the CEO**”), Ms. Chony Martín Vicente-Mazariegos (the “**Chief Financial Officer**” or “**CFO**”) and Ms. Carmen Boyero-Klossner (the “**Chief Investor Relations Officer**” or “**CIRO**”) (and together with the CEO, the REDs, the CFO and the CIRO, the “**Management Team**”). For additional information, see the section “*Management*”.

The Company has raised gross proceeds of €149,999,990 in the Offering and has applied for the New Shares to be listed on the Spanish Stock Exchanges for trading through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company is a listed real estate investment company (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario*) (“**SOCIMI**”). The Company believes it will benefit from the Spanish commercial business track record of the members of the Management Team, including their demonstrated ability to work together both through the creation and expansion of Prima (one of the first commercial real estate portfolio companies listed in Spain) and as founders of Axiare.

The Company has a limited operating history (see the section “*Historical financial information*”). The Company has engaged in limited commercial operations since its incorporation. As of the date of this Prospectus, the Company’s portfolio consisted in five fully-owned real estate properties (four office buildings and one logistics warehouse) and ownership of several floors in a prime office building in Madrid. All offices in Madrid are located both in the city centre (CBD and CBD adjacent) and in established business districts. As of 30 June 2019, the Portfolio’s aggregate market value was approximately €175.3 million. In this regard, the Valuation Report contains valuations on the basis of the market values as of 30 June 2019 of the Portfolio. No material change has occurred in the Company’s properties that were the subject of such valuations that may justify a new valuation as of the date of this Prospectus. The Valuation Report is included in **Annex 1** (Valuation Report) of this Prospectus.

For a description of the Company’s current property portfolio see Section “*Property Portfolio*” of this Prospectus.

The Company’s strategy is to expand its real estate portfolio of Commercial Property, mainly focused in offices, in Madrid and, to a lesser extent, in Barcelona and other major logistics hubs in Spain) with the aim to deliver income from rents as well as capital growth through active property management. The Company relies on active property management to maximize operating efficiency and profitability at the property level.

### Organizational Structure

Mr. Luis Alfonso López de Herrera-Oria as Chief Executive Officer (*Consejero Delegado*) leads the Management Team under the supervision of the Board of Directors.

The Management Team includes the four REDs, the CFO and the CIRO.

REDs are responsible for sourcing acquisition opportunities as well as for value creation through active (post-acquisition) property management. REDs are supported by one or more analysts on sourcing opportunities and executing transactions as well as on property management upon acquisition (which includes refurbishment, leasing and property management). REDs also monitor vacancies and lease prospects across the portfolio. This approach is designed to bring control, consistency and higher investment returns to each of the Company’s investments. The REDs also supervise any services that are outsourced in connection with each specific project.

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The CFO and the CIRO provide technical and financial support to the Company (including with respect to financing, property accounting, compliance, investor relations, public relations, communication, reporting, corporate development-related activities, and similar functions) and support the various projects managed by the REDs. Furthermore, the CFO, the Deputy to the CEO and CIRO are expected to supervise any services outsourced in connection with the Company that are not project-specific, or that are common to several projects.

Additionally, the Company intends to build an experienced team of analysts that are expected to provide support to the Management Team in their responsibilities.

Other ongoing administrative services, such as IT, legal, brokerage services, property administration, architecture and marketing, are outsourced. Also, on an *ad hoc* or as needed basis, the REDs expect to rely on third parties to perform other services, including due diligence, reporting, commercialization services and refurbishment, remodelling or redevelopment services. In selecting external service providers, the Company expects to request quotes from various reputable market participants and expects to make assessments on a project-by-project basis, taking into account the economic and technical merits and financial solvency of each prospective service provider. In case of breach of contract or unsatisfactory performance by a services provider, the relevant RED responsible for its supervision or the CFO or the CIRO (as the case may be) will propose the most adequate solution to be adopted on a case by case basis, which will generally consist in the internalization, permanent or temporary, of the service or the replacement of the service provider.

All outsourced services are of ancillary nature and aim to support all management decisions taken by the Management Team. No third party entrusted with the provision of these services will be entitled to adopt any management decision on any of the Company's properties and will limit itself to execute the ancillary services it has been contracted to perform always following the prior authorization of the Management Team.

The Company has an internal and consultative body to oversee any real estate related investments and divestments and to provide non-binding recommendations to the Board of Directors, the CEO or the duly authorised representatives of the Company, as applicable (the “**Direction and Investment Committee**”).

The Direction and Investment Committee is currently composed of seven members designated by the Board of Directors, based on their knowledge and experience in the real estate industry. The Board of Directors will designate a chairperson of the committee among its members of the committee and may designate a vice-chairperson. Additionally, the Board of Directors may modify the size of the Committee whenever the size and complexity of the Company requires it. The Board of Directors has appointed Mr. Iván Azinovic Gamo as Secretary, non-member of the Direction and Investment Committee.

The Direction and Investment Committee is currently composed of the CEO, the four REDs, the CFO, and the CIRO. The Direction and Investment Committee meets on a quarterly basis as well as when called by its chairperson or at the request of the Board of Directors, the Chairman of the Board or the CEO. The committee may engage external advisors when it deems it necessary. At least five members of the Direction and Investment Committee are required to be present at each meeting with one of the five members being either the CEO, the chairperson or the vice-chairperson.

Moreover, pursuant to the Subscription Agreement (see Section “*Material Contracts—The Subscription Agreement*”) the Company has created an Investment Pipeline Committee. The Investment Pipeline Committee is composed of certain members of the Management Team as determined by the Board of Directors. and an Ivanhoé Cambridge representative and will meet at least once per quarter and will periodically review and discuss the pipeline of investment opportunities for the Company. The Investment Pipeline Committee is of advisory nature and is meant to be a forum of discussion only without any delegated authority.



As of the date of this Prospectus, the Company has 10 full-time employees (including the members of the Management Team). Additionally, the chart below reflects the current organizational structure of the Company.



## Business Strengths

The Company believes that it has the following key strengths:

### *Unique Strategy, Filling a Gap in the Listed Market*

The Company believes that its focus on the Madrid value-added office market is a unique strategy in the current Spanish listed property market. Its target properties include high-quality properties with strong growth potential, with a focus mainly in offices, located in the city centre (CBD and CBD-adjacent) and in established business districts in Madrid. To a lesser extent, the Company may invest in similar office areas in Barcelona and also in major logistics hubs in Spain.

Other SOCIMIs operating in the market with office properties in their portfolios either have significant exposure to other countries or are diversified in different real estate sectors, making Árima the only listed pure-player in the Spanish office market. See “*Investment Criteria, Property Characteristics and Composition of the Portfolio*” below for a detailed explanation on the expected distribution of the Company’s total gross asset value for the properties that will form part of its real estate portfolio.

### *Headroom for growth in Spain’s Property Cycle*

The Company believes that the Spanish office market continues to present an attractive opportunity with respect to prime locations and other established areas.

In its fourth year of expansion, Spain’s economy continues to strengthen, with real GDP remaining above its 2018 pre-crisis peak since 2016. Furthermore, the Spanish economy recorded 2.5% growth

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year-on-year in 2018, outpacing the Eurozone and beating forecasts set at the beginning of the year (2.4% as of December 2017). Consumer confidence has gradually increased and labour market conditions have continued to improve. Unemployment fell from 26.1% in 2013 to 14.6% as of December 2018, and is expected to continue declining over the next two years, following job creation (based on new affiliates in the Social Security) of 3.6% in 2017 and 3.1% in 2018. In light of the foregoing, the Company believes that economy and the labour market in Spain are growing and that the outlook is promising. (Source: *Banco de España, Savills-Aguirre Newman, European Commission, INE, Ministerio de Trabajo, Migraciones y Seguridad Social*).

The Company believes that Madrid and Barcelona are set to drive the growth of the Spanish economy in the coming years, with favourable macro trends in both cities. Madrid's GDP grew by 3.1% in 2018 and is expected to grow by 2.8% in 2019 and 2.3% in 2020. The anticipated economic growth is expected to lead to the creation of approximately over 100,000 new jobs over the 2019-2020 period, reducing the unemployment rate to 10.8% by 2020. (Source: *Instituto Nacional de Estadística, BBVA Research*). On the other hand, Catalonia's GDP grew by 2.3% in 2018 and is expected to grow by 2.2% in 2019 and 2.0% in 2020, broadly in line with the Spanish economy. If these projections are accurate, overall GDP growth in the Catalonia region will have posted six years of expansion during the 2018-2019 period and c.130,000 new jobs are expected to be created, reducing the unemployment rate below 10% by the end of 2020. (Source: *BBVA Research*). Given the strong historical correlation between GDP growth and the performance of the office market, the Company remains optimistic about the prospects of the office market. In light of current macro-economic trends, the Company believes that the Spanish real estate market will continue to perform well in terms of capital investment by both national and international investors.

Additionally, the Company believes that Madrid remains an attractive business hub for Southern Europe, driven by a skilled labour market with relatively low cost compared with other global cities, a stable political environment and strong infrastructure.

In 2018, take-up of office space in Madrid amounted to 487,640 sqm, the second highest level in a decade, following a record year in 2017 driven by a number of transactions which involved the public sector. In Barcelona, 2018 take-up reached 356,914 sqm, which represents 8% increase relative to 2017 levels (Source: JLL).

Robust demand for office space continues to drive increases in prime rents in both Madrid and Barcelona. By the end of 2018, prime CBD rent in Madrid reached €34.50 per sqm per month (up 10.4% YoY) and €25.25 per sqm per month (up 9.8% YoY) in Barcelona (Source: JLL). As rents continue to climb, this rental growth is gradually rippling out to submarkets other than CBD. The Company believes that the low to medium-value office areas in the main Spanish cities are outdated and the model could be improved as there is significant room for high quality refurbishments that will allow the repositioning of these buildings with subsequent rent increases.

Despite the continuous rental growth observed in both cities, according to JLL there is room to capture relevant increases in rents in Madrid and Barcelona, with both cities expected to record some of the highest annual growth rates over the 2018-2022 period, with 4.5% forecast for Madrid, occupying the second spot in Europe and 3.0% for Barcelona which ranks ninth.

In addition, the Company sees an opportunity in the widespread imbalance between quality office space demand and supply in Madrid, due to the scarcity of available Grade A offices. In the fourth quarter of 2018, only 17% of immediately vacant space in Madrid was classified as Grade A. The scarcity of Grade A office space is widespread across submarkets, and is in turn reflected in vacancy levels, which stood at 2.7% or 88,121 sqm in the CBD and 0.4% or 13,289 sqm in secondary areas (Source: JLL).

***Disciplined investment strategy and pipeline in line with value creation strategy***

The Company expects to pursue acquisitions in line with its investment strategy and improve its overall returns and income stability over time.

The Company's acquisition strategy is premised on the following key considerations:



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- The Company intends to focus on quality properties that, when combined with the Company's value-added expertise, are expected to produce attractive yields in the mid-term.
  - The Company intends to primarily focus on off-market opportunities where the upside potential is higher with respect to properties sold through highly marketed processes, as described in section *"Information about the issuer—Business Strengths—Off-market transactions"*.
  - The Company targets Commercial Properties mainly offices located in the city centre (CBD and CBD-adjacent) in Madrid and, to a lesser extent, in Barcelona and other major logistics hubs in Spain, where the Company believes are liquid markets with stable occupancy and low volatility. Additionally, the Company expects to target other premium locations outside the city centre in established business districts where there is less competition and the Company expects to have greater negotiation power.
  - To the extent possible, the Company will seek properties with attractive occupancy rates and favourable tenant dynamics in an effort to ensure adequate early levels of cash flow generation and yields. The Company, however, may consider acquisitions of specific properties with low occupancy rates if the Company believes the acquisition price is attractive and that reasonable potential exists for value realisation through increased occupancy levels for the property in the short to mid term.
  - Although the Company intends to focus mainly in offices, located in the city centre (CBD and CBD-adjacent) in Madrid and, to a lesser extent, in Barcelona and other major logistics hubs in Spain, the Company may consider other key locations in Spain when investment is considered attractive based on an assessment of the property and the potential for its use and redevelopment.
  - As part of its investment screening process, the Company considers the potential for income and value enhancement that may be realised following the improved management of the property or following investments in refurbishing, reconfiguring or renovating the property. This may include improvements in design, changes in the tenant mix and other reconfigurations. This assessment is also expected to be conducted in the context of the Company's cash flow management requirements.
  - With respect to capital expenditure requirements, the Company may undertake the redevelopment of additional properties in the future, as and when appropriate opportunities arise.

The Management Team has identified a pipeline of approximately €1.3 billion in properties (mainly comprised of Madrid offices), of which approximately 57% are under preliminary analysis (this is, where the Company has received certain information regarding the property but such information is either incomplete or has not yet been analysed in full by the Company) and of which approximately 43% is in an advanced analysis and negotiation phase (when sufficient information has been received, analysed and considered adequate to perform an advanced analysis of the property, or when negotiations are ongoing with a potential seller).

Furthermore, approximately 36% of the total estimated investment on the identified pipeline can be classified as Core+/Core properties (properties where minor refurbishments or changes in tenancy are expected / stabilised properties), approximately 55% as value-add properties (properties where ongoing/planned repositioning/full refurbishment programs and/or significant capex investment are expected), and approximately 9% as development (this is, potential properties to be built in an urbanised plot of land or properties where more than 50% of the existing building is demolished or removed and must be redeveloped).

The Company expects the current pipeline to deliver solid value in the short to medium term targeting an estimated Internal Rate of Return between 12% and 15% annually and a Yield on Cost in the region of 6% while assuming approximately 50% LTV and a 2.2% All-In Leverage Cost and Gross Exit Yields in the range of 4.0% to 5.5% for offices and 6.5% to 7.0% for logistics. Internal Rate of Return, Yield on Cost, LTV, All-In Leverage Cost and Gross Exit Yields are APMs, for a definition of these indicators and their relevance, see *"Additional Information—Alternative Performance Measures"*. No assurance can be given that the Company will be successful in converting the current pipeline into acquired properties.

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### ***Management Team with proven track record in commercial real estate in Spain***

The Management Team is fully committed and has extensive experience in commercial real estate in Spain having worked for well-known participants in the Spanish real estate market, including in the creation and expansion of Prima, Rodex Asset Management, S.L. (“**Rodex**”) and, more recently, Axiare.

Each member of the Management Team has a long and successful record of creating value for shareholders through investment and management of real estate properties in Spain. In this regard, Mr. Luis Alfonso López de Herrera-Oria was executive director of Prima from 1986 to 2002 and, during this time, Prima was admitted to trading on the Madrid Stock Exchange (1988) and, by 1990, became the largest real estate company in Spain. Mr. Luis Alfonso López de Herrera-Oria was also the founder of Alza Real Estate, S.A. and served as its CEO until 17 June 2014. More recently, he served as CEO of Axiare, leading it, together with the current members of the Management Team, through a successful listing and, upon its business combination with Inmobiliaria Colonial SOCIMI, S.A. (“**Colonial**”), the management team (comprised of the same members as the Management Team) had delivered an Accumulated Total Shareholder Return of approximately 97% in approximately 3.5 years (this is, from Axiare’s initial public offering on 26 June 2014 until the end of the Colonial’s takeover bid process in respect of Axiare on 29 January 2018). Accumulated Total Shareholder Return is the Total Shareholder Return as such term is defined and calculated in Section “*Additional Information - Alternative Performance Measures*” for Axiare’s shares where the acquisition price ( $C_0$ ) for such shares is the price per share of Axiare’s initial public offering on 26 June 2014 of €9.3255 per share (this is, the issue price of the Axiare offering of €10.00 adjusted by dividends paid and capital increases) and the price at disposal ( $C_T$ ) is Colonial’s tender offer price of €18.36 per share.

The Management Team combines a balanced profile with proven deal sourcing and extensive property management capabilities. For details on the track record of the Management Team, please refer to section “*Management —The Management Team*”.

The Management Team believes it is well positioned to secure properties that meet the Company’s investment criteria based on its long track record in commercial real estate in Spain, its established network and ability to source off-market deals and also as a result of the high visibility that the Company has as a listed vehicle. The Company believes that the business insight, distinctive knowledge and familiarity with the relevant markets gathered by the Management Team throughout their experience puts the Company in an ideal position to capitalize on future opportunities presented by the market and the recovering economy in Spain.

The Management Team has recently demonstrated its ability to close complex transactions at Axiare, where they successfully structure complex transactions, bringing together various players and aligning the interests at stake. The Management Team has demonstrated an ability to work with sellers, lenders, developers and other third parties with divergent interests in a real estate transaction and is well known for its ability to negotiate and structure complex real estate transactions.

In particular, since the Company’s IPO and the First ABO, the Management Team has worked together in the creation and management of the current property Portfolio of the Company, demonstrating its ability to source deals from off-market transactions) and close complex transactions. The Management Team invested substantially all of the net proceeds of the IPO and First ABO within approximately three months of receipt, respectively.

The Management Team’s approach allows for the prompt and adequate identification of opportunities and, if they are finally incorporated within the Company’s portfolio, management of these properties by the corresponding member of the Management Team throughout the period of investment of said property within the Company. This allows them to bring their experience and knowhow to bear on each phase of a real estate transaction. The Management Team aims to follow a disciplined investment process, in line with its previous experience, with each RED being involved with all phases of the investment process, including deal sourcing, legal aspects, negotiation, tenant management, refurbishments, projects and business plans. In addition, REDs are expected to carry out investment analyses via assessment of

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opportunities for acquisitions and disposals, review of relevant legislation and regulatory requirements or initial projection of revenues or capex, as well as financial analysis and due diligence with respect to the various investment opportunities (including analysis of the key characteristics of the projects, sensitivity analysis and technical, legal, accounting and tax due diligence) that allows each of them to make a well-founded investment decision. Finally, the REDs are in charge of the real estate properties, overseeing and monitoring the delivery of each project, including its potential refurbishment, and actively seeking the best possible agreements and relations with tenants with an aim to optimize equity return.

#### ***In-depth access to potential investment opportunities***

The Management Team has extensive and long-standing relationships in the Spanish real estate market and has in-depth knowledge of deal sources, including corporate and private landlords, brokers and major domestic and international banks. These relationships and understanding of the market have enabled members of the Management Team to access both off-market and more widely marketed real estate transactions. The Company believes that the Management Team's relationships and experience provides the Company with the access and the ability to cultivate appropriate investment opportunities in line with the Company's investment criteria.

The Company aims to leverage its close relationships with local players in order to remain informed of recent developments and acquisition opportunities in the Spanish market. Each member of the Management Team is an active player in the market with significant expertise and the Company believes this allows it to access various available acquisition opportunities in the Spanish market.

Specifically, the Management Team expects to source deals from competitive and restricted processes and auctions and off-market deals. It is expected that the Company's investments will primarily be sourced through a combination of the following core avenues.

#### ***High net worth individuals and corporations***

The Management Team believes that certain high-net worth individuals and corporations intend to divest Spanish real estate properties in light of increased transaction activity in the market in order to deleverage or reduce their Spanish real estate exposure, and that a number of private investors are increasingly looking to deleverage their own balance sheets. The Management Team believes that this will likely be a source of opportunities to acquire properties in line with the Company's investment criteria.

#### ***Banking institutions, receivers and borrowers***

The extensive use of leverage in the acquisition of Spanish commercial real estate, particularly in the middle part of the last decade, and the subsequent decline in values, has left banking institutions with significant legacy exposure to Spanish commercial real estate properties. Many Spanish banks have developed divestment strategies with respect to their legacy exposure to commercial real estate properties that have not been transferred to the Spanish property management company, SAREB. This has resulted in numerous transactions between 2012 and 2018, amounting up to more than 100 billion euros of real estate backed NPL's and REO's, being Santander and BBVA the most active sellers, and international funds such as Cerberus and Blackstone, the most active buyers. Moreover, a number of non-Spanish banks that operate in the Spanish market are undertaking various initiatives to reduce their Spanish real estate exposure. The Management Team believes that these efforts should result in property acquisition and investment opportunities for the Company. Properties may become available directly from the banks divesting them, from receivers appointed to oversee properties or from borrowers who are selling under the guidance of such banks or receivers.

#### ***Institutional funds and private equity investors***

The Management Team believes that certain institutional funds, such as pension funds or life insurance companies, as well as private equity investors may seek to divest Spanish real estate properties as the Spanish real estate investment market becomes more liquid, in order to balance risks within their respective investment portfolios. The Management Team believes divestments may range from small reweighting exercises to outright exits from the Spanish real estate market. The Management Team

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believes that this will likely be a source of opportunities to acquire properties in line with the Company's investment criteria.

Funds acquiring large portfolios from banks with the aim to latter sell in smaller portfolios or asset by asset, are expected to be a significant source of opportunities in the coming years as it has been the case, throughout 2017 and 2018 with investment funds being highly active, selling individual properties acquired in recent years. This was the case, for example, with Blackstone, which sold the Cedro Building to Axiare, and Lonestar, which sold Isla Chamartín to Tristán Capital and Zaphir Asset Management. In terms of divestment, other investment funds have been active, implementing an asset rotation strategy.

#### *Off-market transactions*

All of the commercial properties that comprise the Portfolio as of the date of this Prospectus were acquired through off-market transactions. Furthermore, the Management Team believes that a number of future real estate investments will likely result from off-market deals by individuals or corporations that are not actively seeking a divestment opportunity. The Management Team has a proven track record applying a "cherry-picking" approach in off-market transactions and believes that a number of owners will be willing to sell commercial real estate properties in the event that an attractive opportunity is presented by the Management Team.

#### *Active property management strategy*

The Company undertakes an active property management approach with a view to maximising income and market valuations to further improve property yields and deliver returns to the Company's shareholders. The Company seeks to optimize its portfolio in terms of occupancies and achievable rental income. The Company applies the following key operating and management principles:

- maintaining and improving the quality of the Company's portfolio by regularly monitoring the performance of the properties;
- increasing rental occupation in order to achieve a high level of occupancy and take advantage of market recovery by maintaining and enhancing the physical condition and appearance of the Company's properties;
- improving marketability of buildings, that are in need of improvement through capital expenditures;
- optimising the net leasable area of the properties through refurbishment and architectural remodelling. The Company, if deemed necessary, expects to reconfigure each of the properties to enhance and optimize the overall net leasable area of its portfolio to increase occupancy and income generation;
- establishing direct relationships with tenants to better understand their needs and requirements to create long-term relationships with tenants with robust credit profiles. The Company believes that such enhanced relationships may lead to greater tenant retention and increase the attractiveness of the Company's properties;
- renegotiating rents at market value to maximize rental yields through a considered approach to contract terms. The Company will proactively manage lease renewals and pursue new leases to reduce vacancy periods through factors such as (i) early negotiations with tenants whose tenancies are about to expire and (ii) increasing rent on leases which are at below-market rental rates;
- developing a conscious approach to cost management, and other asset value enhancement programs such as small-scale refurbishments and renovations;
- enhancing the operating efficiency of the properties. Where possible, the Company expects to pursue operating cost reductions through improved efficiencies and cost control measures; and
- undertaking appropriate marketing, advertising and promotional efforts to raise the profile of the Company's portfolio and increase the visibility of its properties. The Company intends to improve their energy efficiency throughout its portfolio of properties with the aim to achieve environmental certificates such as LEED® or BREEAM® in most or all the property portfolio.

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The Company directly undertakes value-added property management activities, such as improving the quality of its properties through investing in their maintenance and modernization, improving their energy efficiency, and renegotiating or surrendering leases, while other activities (including IT, legal, brokerage services, property management, architecture and marketing) will be outsourced to specific service providers.

***Lean shareholder structure and implementation of best practices with respect to corporate governance***

***Efficient cost structure***

The Company relies on the customary internally managed structure of a listed company, which the Company believes is more efficient than externally managed structures used for other marketed real estate vehicles or investment platforms. The Management Team is directly bound to the Company through labour or services agreements that require each manager's personal full-time commitment to the Company on an exclusive basis, except as described under Section "*Management—The Management Team's Compensation—Other terms and conditions of agreements with Management Team—Exclusivity*", with an aim to identify and avoid possible conflicts of interest.

Furthermore, the Company's structural expenses are intended to correspond to its operating expenses and evolve with the execution of the business plan. The initial annualised running and structural expenses are expected to be approximately €5.5 million. Once the Company reaches critical mass, these running and structural expenses are targeted to converge to approximately 1% of NAV, calculated using year-end metrics of the Company based on its consolidated financial statements for the relevant year. These structural expenses include the compensation of the Board of Directors and the fixed remuneration of the Management Team and other employees of the Company and other structural operating expenses not related to the properties such as auditing costs, valuation costs, and legal and tax advice expenses.

***Alignment of interests***

Various factors contribute to the alignment of interests of the Management Team with those of shareholders. The principal factor is the Employee Incentive Plan, pursuant to which the members of the Management Team, and all remaining employees that the Company may have from time to time, are expected to receive an incentive payable in Ordinary Shares of the Company. The incentive accrues only if certain performance-based milestones are met during the vesting period, beginning on Initial Admission Date (i.e., 23 October 2018), and ending on 30 June 2024. Members of the Management Team are entitled to receive a certain number of Incentive Shares based on the Company's NAV as well as dividends distributed. The delivery of Incentive Shares will be communicated through the publication of a relevant fact notice (*hecho relevante*), when applicable, at the end of each Calculation Period. For purposes of the Employee Incentive Plan, the Shareholder Return will be calculated for the period from 1 July each year until 30 June of the following year (the "**Calculation Period**"), with the exception of the First Calculation Period, which began on the Initial Admission Date (i.e., 23 October 2018) and will end on 30 June 2020.

The beneficiaries of the Employee Incentive Plan may receive, during the five-year vesting period, an aggregate maximum amount of Incentive Shares equal to 10% of the total Ordinary Shares of the Company issued and outstanding from time to time.

Additionally, Incentive Shares delivered pursuant to the Employee Incentive Plan will be subject to a progressive lock-up ranging from 12 to 24 months from the date on which the Beneficiaries are entitled to such Incentive Shares, subject to certain rules and exceptions as further described in section "*Management —The Management Team's Compensation—Employee Incentive Plan*".

Investors should direct their attention to section "*Management —The Management Team's Compensation— Employee Incentive Plan*" for more detailed information regarding the compensation and incentives of the Management Team.

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### ***Robust corporate governance***

The Company aims to apply robust corporate governance practices and to develop corporate governance policies and procedures in compliance with the requirements of the Spanish Corporate Governance Code (*Código Unificado de Buen Gobierno*), approved by the Board of the CNMV in February 2015 (the “**Spanish Corporate Governance Code**”).

As a recently incorporated company, the Company does not fully comply with the Spanish Corporate Governance Code as of the date of this Prospectus. Nevertheless, arrangements have been put in place so the Company complies as soon as possible with such principles. For more information on the compliance of the Company with the Spanish Corporate Governance Code see the section “*Board of Directors—Internal Code of Conduct in the Securities Markets and Corporate Governance Recommendations—Corporate Governance Recommendations*”.

The Company relies on a Board of Directors composed of six Directors, four of whom are independent in accordance with the Spanish Companies Act, one proprietary Director, representing Ivanhoé Cambridge, and Mr. Luis Alfonso López de Herrera-Oria (the CEO) who has executive functions. Therefore, the percentage of independent directors as of the date of this Prospectus amounts to 67%. See section “*Board of Directors*”.

The Board of Directors is composed of a group of professionals that possess real estate, financial and legal skills and experience. The Company believes that the Directors’ strengths complement each other, creating a Board of Directors able to provide guidance to the Company and with skills that are expected to promote the Company’s growth and progress as it was proved with their contribution to the success of Axiare considering that the members of the board are the same that as in Axiare.

The Company has appointed a highly experienced Board of Directors with Mr. Luis María Arredondo Malo as Chairman and Mr. Luis Alfonso López de Herrera-Oria as Vice-Chairman and CEO. The members of the Board are well-known within the Spanish real estate market and the international investment community. Additionally, from their prior experiences they have developed considerable expertise in other areas such as financial and legal services.

The Bylaws of the Company reserve certain matters to a decision by an absolute majority of the Directors present and entitled to vote at the relevant board of directors meeting. Acquisitions and disposals or entry into binding acquisition and disposition agreements with an aggregate value in excess of €50 million are considered reserved matters.

Additionally, pursuant to the Bylaws, the Board of Directors has established an Audit and Control Committee and an Appointment and Remuneration Committee, as described under section “*Board of Directors—Board Committees*”.

### ***Strong Investment Activity Since IPO and First ABO Leading to the Creation of a High Quality and Balanced Portfolio with Significant Value Creation Potential***

In a manner consistent with the Company’s business model and strategy, the Company has strategically deployed the net proceeds of the IPO and the First ABO quickly and efficiently to acquire off-market high quality offices properties in Madrid, creating a balanced portfolio of 61,002.8 sqm GLA.

Total investment in the properties that currently comprise the Portfolio is expected to amount to €175 million, after taking into account gross acquisition price of €158 million and expected capex plan of €17 million.

The acquisitions reflect the Company’s sourcing capabilities, closing seven off-market transactions at competitive prices and at an expected attractive yield on cost of 6.7% vs. 3.5% current Madrid prime office yield (Source: *JLL*). Yield on cost is an APM, see section “*Additional Information—Alternative Performance Measures*” of this Prospectus for the description of the management measures categorised as APMs.

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All of the properties currently in the Company's Portfolio are located in Madrid, which is consistent with the Company's strategy announced at the IPO of focusing mainly on offices located in Madrid. Within Madrid, the properties are located in high quality areas of the CBD or CBD-adjacent (María de Molina and Habana) as well as established business areas in submarkets such as A2/M-30 (Ramírez de Arellano, Play and América) and major logistics hubs within Madrid's second-ring logistics market, with excellent access and communications. For information on the exact location of these properties, see section *"Property Portfolio—Specific Description of the Properties in the Portfolio"* of this Prospectus.

In addition, the Company believes that its properties provide significant upside potential, among other, through the execution of an intensive property management strategy. Each property follows a different value creation strategy, including refurbishment and redevelopment (America and Habana), leasing-up and re-leasing vacant space to maximize occupancy (Play) and consolidation of single ownership (Maria de Molina). The combination of the different strategies leads to a balanced portfolio that the Company believes has significant upside. For information on the individual strategy applicable to these properties, see section *"Property Portfolio—Specific Description of the Properties in the Portfolio"* of this Prospectus.

The Company's value creation potential is already crystallising, with average GAV of €2,878/sqm as of 30 September 2019, 14% above the average acquisition price of €2,520/sqm, and EPRA NAV per share of €10.8 as of 30 September 2019, 6.93% above EPRA NAV per share of €10.1 as of the First ABO. However, the Company believes there remains significant potential upside ahead, with current passing annualised GRI as of 30 September 2019 of €6.3 million potentially increasing up to an estimated €11.6 million as a consequence of the combination of reversionary potential (including mark-to-market of rents and maximising occupancy) and potential rental increase from capex deployment. Average GAV, EPRA NAV and annualised GRI are APMs, see section *"Additional Information—Alternative Performance Measures"* of this Prospectus for the description of these management measures categorised as APMs.

### **Investment Policy and Strategy**

The purpose of the Company is to invest primarily in Commercial Property, mainly offices located in the city centre (CBD and CBD-adjacent) in Madrid and, to a lesser extent, in Barcelona and other major logistics hubs in Spain.

The Management Team believes that there is an opportunity to build up a high-quality portfolio of commercial real estate properties with strong income and the potential to add value if actively managed. The Management Team focuses on creating an optimised portfolio composed of properties with high upside potential and properties with low-rental risk that generate recurrent income. The Company therefore considers the potential for value enhancement that can be realised following the improved management of the property through, amongst other means, repositioning or re-leasing strategies, or as result of investments in refurbishing, reconfiguring or renovating the property. The company could also consider acquiring properties on a forward purchase or forward funding base when this is considered to provide an opportunity, and additionally, and in order to benefit from current market conditions, the Company could also undertake selective opportunistic development projects, where there is less investor competition and where returns are expected to be greater, compensating for the risks assumed in connection with such developments.

The Company uses internal classifications to distinguish the properties it may invest in. This internal classification currently classifies properties as follows: Core+ properties (properties where minor refurbishments or changes in tenancy are expected), value-add properties (properties where ongoing/planned repositioning/full refurbishment programs and/or significant capex investment are expected), Core properties (this is, stabilised properties) and development (this is, potential properties to be built in an urbanised plot of land or properties where more than 50% of the existing building is demolished or removed and must be redeveloped). Due to the internal nature of these classifications such categories and their definitions may change over time.

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The Company intends to source new investment opportunities primarily through the Management Team's extensive network of relationships within the Spanish Commercial Property market, including through relationships with corporate and private landlords, brokers, domestic and international banks and family-owned real estate offices. The Management Team intends to focus on creating both sustainable income and solid capital returns for the Company with a target average Total Shareholder Return between 12% and 15% annually. Total Shareholder Return is an APM, see section "*Additional Information—Alternative Performance Measures*" of this Prospectus for the description of the management measures categorised as APMs.

#### **Investment Criteria, Property Characteristics and Composition of the Portfolio**

The Management Team follows certain investment and leverage criteria intended to focus its investment decisions on the acquisition of Commercial Properties mainly in offices, located in the city centre (CBD and CBD-adjacent) in Madrid and, to a lesser extent, in Barcelona and other major logistics hubs in Spain.

Properties should fit within the Company's purpose of creating a real estate portfolio capable of paying dividends in line with the applicable Spanish SOCIMI Regime requirements and generating capital returns for the Company's shareholders.

As of 30 September 2019, the Portfolio's GAV is mainly concentrated in offices and, consequently, the Company derived most of its GRI from such commercial real estate category. Please refer to Section "Property Portfolio" and **Annex 1** (Valuation Report) for further information in connection with the Portfolio.

It is expected that the total gross asset value of the properties comprising the Company's real estate portfolio ("**Total GAV**") will be distributed as follows (measured as at the time investment is made):

- a majority of the Total GAV (approximately 80-90%) in offices located primarily in Madrid, located in areas such as the city centre (CBD and other established districts within the city centre adjacent to the CBD) and other highly-concentrated office areas with lower competition, such as secondary areas and the periphery of Madrid and Barcelona;
- the rest of the Total GAV (approximately 10-20%) in logistics properties in the major logistics centres (Madrid, Barcelona and other major logistics hubs) and in other opportunistic investments in traditional property asset classes; and
- the focus on Madrid and, to a lesser extent Barcelona, by the Management Team is based on the perception of these cities as (i) being the major real estate markets within Spain in terms of number of companies; (ii) having relatively transparent markets, with numerous third-party reports covering these cities; and (iii) having relatively liquid markets, based on the number of real estate transactions completed in other Spanish cities.

The Company relies on active property management to maximize operating efficiency, profitability and value creation at the property level, mainly focusing on mispriced properties or undermanaged high-quality properties with active management opportunities, for example, through repositioning, rental extension or rental optimization. The Management Team directly undertakes value creation and property management activities, such as improving the quality of currently-held properties through investing in conservation and modernization, improving the energy efficiency of currently-held properties or renegotiating or surrendering leases.

Acquisitions of properties may be effected through any type of agreement and structure, including through subsidiaries, joint ventures or through the acquisition of non-performing loans and other types of financial instruments. However, the Company intends to maintain a simple structure and, to the extent possible, invest in properties through direct investment structures.

It is intended that properties acquired by the Company will be adequately insured and adequately maintained by outsourced service providers, such as architects, engineers, lawyers, property managers, and commercial agents, among others.



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Pursuant to the Spanish SOCIMI Regime, the Company is required, among other things, to conduct a Property Rental Business and comply with the following requirements: (i) the Company must invest at least 80% of its gross asset value in (a) leasable urban real estate properties, (b) land plots acquired for the development of leasable urban real property to the extent that development starts within the following three-year period as from acquisition or (c) shares of other SOCIMIs, foreign entities or subsidiaries engaged in the aforementioned activities with similar distribution requirements, and (ii) at least 80% of its net annual income must derive from rental income and from dividends or capital gains in respect of the abovementioned properties. The Company has a two-year grace period from the date of election of the Spanish SOCIMI Regime (this is, 27 September 2018) by the end of which it must comply with these requirements. In addition, the Company will have a one-year grace period to cure any non-compliance with these eligibility requirements.

When considering an investment opportunity, the Management Team analyses, among other factors: (i) opportunities to enhance the quality of the property; (ii) scope for short and medium-term value enhancement through active property management (e.g., improvement of the leasable area of the property, the lease duration and tenant profile); and (iii) properties that have elevated prospects of generating income in the short to medium term in order to support the Company's dividend policy.

Once an investment opportunity has been identified, the Management Team develops a discounted cash flow valuation model in respect of the property based on certain assumptions (market rents, purchase price, date of acquisition of the asset, disposal price, capex requirements, financing characteristics, etc.) in order to estimate the net cash flows that the investment may produce within the next five years and, ultimately, the estimated value of the asset and the estimated internal rate of return that the Management Team would target. Internal rate of return is an APM, see section "*Additional Information—Alternative Performance Measures*" of this Prospectus for the description of the management measures categorised as APMs.

### **Portfolio Approach**

The Management Team has a thorough and disciplined approach to asset acquisition and management to assess the risk profile of income streams and analysis of each capital expenditure plan (including rigorous analysis of tenant financial strength).

When evaluating a potential investment in a property for office, retail or logistic use, the Management Team takes into consideration the following elements:

- The relevant terms and conditions of the lease contracts in place: on the one hand, those affecting future cash flows (such as duration, early termination clauses, passing rents, service charges structure, rent indexation and open market rent reviews) and, on the other hand, those affecting the quality of cash flows (such as guarantees, deposits, assignment or subletting rights, expansion rights and, ultimately, the covenants offered by the tenant).
- The operational expenses associated with the building, analysing whether such expenses can be passed on to the tenants or must be considered as landlord's costs.
- The state of repair of the building and its installations, building capex budgets and expenditure calendars when necessary.
- Comparable rents and capital values in the same submarket or similar submarkets in which the property is located. This includes past and present data, as well as future trends envisaged in research reports. The Company uses this data to build its projections on future market rents applicable to existing or new contracts and on exit yield estimations.
- Market information on take-up and vacancy rates as a base to build the projections of the Company on letting vacancies and new leases.
- Market research from reputable sources on macroeconomic factors that might affect their projections, such as the Consumer Price Index and GDP growth.
- Market evidence on debt financing availability, terms and conditions (e.g., loan-to-value ratios, interest rates, formalization fees, amortization of principal and loan terms).

- The possibility of introducing to a greater or lesser extent parameters such as “technical” rotational vacancy or a contingencies line depending on the nature of the rent roll or the building or cash flow particularities.

The Management Team intends to, where appropriate, improve income profiles and add value to the Company’s property portfolio through management techniques which include:

- improving the quality of properties through investing in their conservation and modernization;
- improving the energy efficiency of properties and achieving environmental certificates, such as
- LEED® or BREEAM®;
- renegotiating or surrendering leases;
- improving lease lengths and tenant profile;
- repositioning and upgrading properties by improving the actual condition of the property applying different levels of refurbishment
- urbanistic or planning actions with the aim of changing the use of property to commercial use (offices, logistics);
- improving floor plans and space efficiency of specific properties and enhancing common areas;
- changing the tenant mix of certain properties;
- maintaining dialogue with tenants to assess their requirements, including through satisfaction surveys;
- taking advantage of planning opportunities where appropriate; and
- investing in the Company’s corporate image.

#### **Leases and tenants**

*Triple net lease.* In the Company’s triple net leases, the tenant is responsible for all costs related to the property and its operation during the lease term but the costs are often paid by the Company, as landlord, and passed through to the tenant for reimbursement to the Company. Under the lease agreement, the Company may be responsible and be required to perform or pay for certain repairs or replacements to certain structural elements of the property and its systems such as heating, air conditioning and fire safety. The tenant may have the right to terminate the lease or to a rent abatement as a result of a major casualty or condemnation affecting a significant portion of the property or due to the Company's failure to perform its obligations under the lease. As of the date hereof, the vast majority of the lease agreements entered into by the Company are triple net leases.

*Modified triple net lease.* In the Company’s modified triple net leases, the landlord is responsible for certain property related expenses during the lease term, most of the expenses are passed through to the tenant for reimbursement to the Company, as landlord. The tenant may have the right to terminate the lease or to a rent abatement as a result of a major casualty or condemnation affecting a significant portion of the property or due to the Company's failure to perform its obligations under the lease.

#### **Investment Funding**

The Company has acquired the Portfolio with funds from its IPO, the First ABO, with funds made available under the Bridge Loan Agreement (as defined in this Prospectus) signed with Caixabank that was repaid using the net proceeds of the First ABO and with funds from the Bilateral Financing Agreements. See Section “*Operating and Financial Review—Liquidity and capital resources—Borrowings*” for more information.

As of the date of this Prospectus, the Company has signed the Bilateral Financing Agreements for a total amount of €83.3 million with both floating and fixed interest rates:

- The first agreement amounts to €22.7 million and was signed with BBVA on 13 May 2019. It has a seven-year term period and a LTV of approximately 56% as of 30 September 2019. The

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financed property is the Play property located within the Cristalia Business Park in Madrid, and the loan is secured by a mortgage on such property.

- The second agreement amounts to €41.1 million and was signed with Caixabank on 17 May 2019. It has a seven-year term period and a LTV of approximately 52% as of 30 September 2019. The financed properties are the María de Molina, Habana and América buildings, and the loan is secured by a mortgage on such properties.
- The third agreement amounts to €19.5 million and was signed with Banco Santander on 31 July 2019. It has a seven-year term period and a LTV of approximately 59% as of 30 September 2019. The financed property is the Ramírez de Arellano building, and the loan is secured by a mortgage on such property.

As a general rule and unless the nature of the investment advises otherwise, the Company intends to carry out investments using proceeds from the Offering and any other subsequent issuance of the Company's Ordinary Shares, avoiding syndicated financing in order to facilitate negotiations and agreements and aims to subsequently negotiate additional long-term bilateral facilities using some of the properties in its Portfolio as collateral. In line with its funding strategy, the Company will seek to enter into further bilateral facilities with various financial entities rather than depend on a single institution.

In addition, the Company may continue to finance a portion of certain acquisitions (approximately 50% of the Total GAV and, to the extent possible and advisable, 50% of the gross asset value of each property) with debt from banks and other financial institutions, secured by mortgages on portfolio properties and pledges of the rents from such properties on an asset-by-asset basis. The Company and the Management Team intend to determine the appropriate level of borrowings on a deal-specific basis without excluding the possibility of taking on debt at the corporate level if necessary.

When implementing its investment strategy, in addition to the use of leverage, the Company considers using hedging where appropriate to mitigate interest rate risk, subject to the following principles:

- The Company targets a total leverage, represented by the Company's aggregate borrowings (net of cash) as a percentage of the most recent Total GAV of the Company, of approximately 50% of the Total GAV (subject to debt market conditions).
- Notwithstanding the foregoing, the Board of Directors may modify the Company's leverage policy (including the level of leverage) from time to time in light of then-current economic conditions, the relative costs of debt and equity capital, the fair value of the Company's properties, growth and acquisition opportunities or other factors it deems appropriate.
- Debt financing for acquisitions is assessed on a deal-by-deal basis, initially by reference to the capacity of the Company and the specific property to support leverage.

LTV is an APM, see section "Additional Information—Alternative Performance Measures" of this Prospectus for the description of these management measures categorised as APMs.

## Axiare

The Management Team, which worked together at Axiare, has proven its success and track record throughout the whole investment cycle, especially its capabilities to source off-market deals, close complex opportunities, acquire properties at attractive prices, improve quality of the buildings and its tenant base and create value for its shareholders.

Axiare Patrimonio SOCIMI, S.A. was a SOCIMI engaged in the acquisition, ownership and operation of commercial real estate properties (mainly offices, and to a lesser extent, logistics and other property classes such as retail), in Spain, mainly in Madrid and Barcelona.

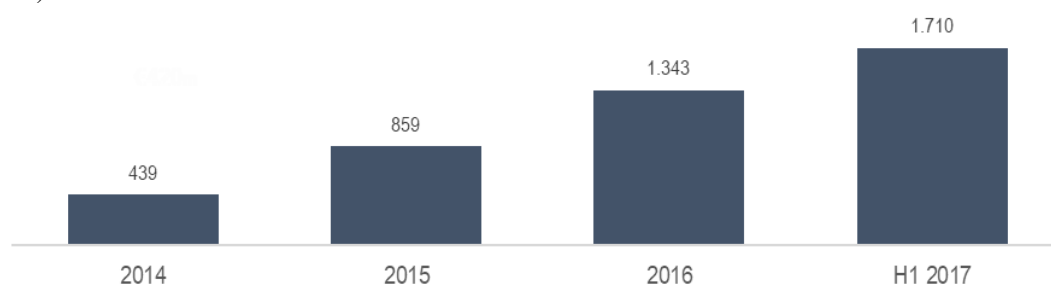
Axiare completed its IPO in June 2014, raising funds of €360 million (€10/share) to invest in the Spanish commercial real estate market through a value-added approach and implementing an active property management strategy. Axiare was the fourth SOCIMI to be listed on the Spanish Stock Exchanges.

In June 2015, after most of its IPO proceeds were invested and due to its pipeline of opportunities, Axiare carried out a share capital increase with pre-emptive rights, raising additional funds of €395 million (€11/share), demonstrating the market's trust in the commitment of the management team to shareholders' value creation. In March 2017, Axiare launched a share capital increase excluding pre-emptive subscription rights through an accelerated book-building offering to raise €93 million (€13/share) (a capital increase of 10% of its share capital before the capital increase), to keep benefiting from the momentum of the Spanish real estate market and to expand its investor base, and improve its free-float and share liquidity.

On 13 November 2017, Axiare's main shareholder at that time and direct competitor Colonial (that on October 2016 had acquired a 15% stake of Axiare at a price of €12.5 per share), launched a voluntary takeover bid for 100% of Axiare's shares at a price of €18.5 per share (adjusted to €18.36 per share after payment of a dividend), representing an implied 18.9% premium over the company's last-reported NAV. The takeover bid was accepted by shareholders representing 82% of the target shares and, as a result, was consummated. On 4 July 2018 the merger between Axiare and Colonial was registered in the Commercial Register of Madrid and Axiare's shares were delisted two days later.

At the time of Colonial's takeover bid, Axiare owned a portfolio of €1.8 billion of assets under management (44 properties), generating an annual GRI of more than €60 million a year and having a total market capitalisation of €1.5 billion. Through its successful value-added strategy, Axiare's management team achieved a NAV per share growth increase of 94.1% from its IPO price (net of transaction expenses) of €9.46 per share (Source: Axiare's relevant fact notices (*hechos relevantes*) and IPO prospectus) to the takeover bid price of €18.36 per share (Source: Colonial's tender offer prospectus) and an Average Annual Total Shareholder Return of 18.7% (compared to target of 15%), outperforming the cycle and its peers. Average Annual Total Shareholder Return is the average of the Total Shareholder Return as such term is defined and calculated in Section "Additional Information - Alternative Performance Measures" of Axiare's share price for each year since the date of admission of Axiare's shares on the Spanish Stock Exchanges until Colonial's takeover bid process on 29 January 2018 where the acquisition price (C0) for such shares is the price per share at the beginning of each year (1 January except for 2014 where such period begins on the date of admission of Axiare's shares on the Spanish Stock Exchanges) (adjusted by dividends paid and capital increases) and the price at disposal (CT) is the price per share at the end of each year (31 December except for 2018 where such period ends on the date of delisting of Axiare's shares on the Spanish Stock Exchanges and the price at disposal (CT) is Colonial's tender offer price) and where annual Total Shareholder Return for Axiare's shares on 2014 and 2018 has been annualised to adequately calculate the annual average for the period analysed.

#### **Axiare's GAV** (€ m)

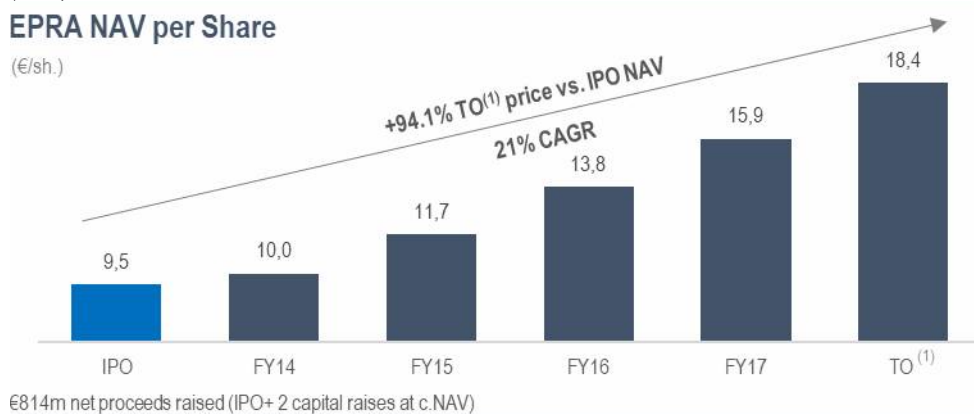


Sources: Axiare's financial statements and relevant fact notices (*hechos relevantes*).

## Axiare's EPRA NAV (€/sh)

### EPRA NAV per Share

(€/sh.)



€814m net proceeds raised (IPO+ 2 capital raises at c.NAV)

Sources: Axiare's initial public offering prospectus, financial statements and relevant fact notices (hechos relevantes).

Notes:

(1) TO means Tender Offer.

## Corporate social responsibility policy

As a listed company, Árima has developed a corporate social responsibility policy (the “**CSR Policy**”), in line with the Recommendations of the Spanish Good Corporate Governance Code. Pursuant to article 529 *ter* of the Spanish Companies Act, approval of such policy is within the non-delegable authority of the Board of Directors.

In this regard, on 25 July 2019, the Board of Directors approved a CSR Policy along the lines set out below. The CSR Policy aims to guide the Company's employees (including the Management Team) in furthering the Company's mission and vision through its core values.

- **Mission:** to generate positive returns through active management of the Company's properties, focus on value creation, tenant loyalty and environmental sustainability.
- **Vision:** to be recognised in the market for high quality, sustainability, technology, asset profitability, stability and operative and professional excellence.
- **Values:** the Company aims to promote the practice of the highest professional and ethical standards, including solid corporate governance practices. The Company's core values include:

- (i) best practices;
- (ii) sustainability;
- (iii) innovation;
- (iv) close relationship with tenants;
- (v) innovation;
- (vi) commitment;
- (vii) quality;
- (viii) agility;

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- (ix) discipline; and
  - (x) experience.

#### *Best practices*

The Company aims to act in accordance with the best practices based on:

- ethical and professional conduct in carrying out its businesses to promote free market practices and fair competition, reject any kind of illegal or fraudulent procedure, and prevent and fight any corrupt act.
- compliance with legal and tax obligations collaborating with regulatory bodies and manage a suitable and the necessary non-financial risk oversight mechanisms to avoid any negative impact in the profitability and/or reputation of the Company.
- reliability, completeness and transparency of information provided to third parties while promoting active communication channels with its main stakeholders in order to identify concerns and expectations.

#### *Innovation*

In a constantly changing environment, the Company firmly aims to include innovative features in its properties in order to improve tenant experience and satisfaction, fostering close relationships. Innovation and new technologies will help the Company enhance its relationships with tenants. The main objectives of this approach are continuous improvement, attraction of investments, retention of tenants, trend analysis, cost reduction and improvement of knowledge-sharing capacity.

#### *Sustainability*

The Company aims to promote sustainability in all stages of its properties' useful lives. This approach is based in three key pillars:

- establishing sustainability targets that use international standards as a reference.
- employing procedures and technologies that help achieve objectives and enhance asset performance from an environmental perspective; and
- involvement of all relevant agents in the good functioning of properties from the moment of their incorporation into the Company's portfolio.

The level of sustainability is assessed through internationally recognised certification programs such as Leadership in Energy and Environmental Design (LEED®) and BREEAM® (Building Research Establishment Environmental Assessment Method), which are among the most prestigious environmental certifications available in the real estate sector both at a national and at an international level.

The Company's property management policies are expected to include: (i) a sustainable procurement policy; (ii) a waste management policy; (iii) an efficiency policy in connection with plumbing equipment; (iv) an internal air quality management policy; and (v) sustainability policies to be included in agreements with tenants.

#### *Certifications of excellence*

Most members of the Management Team hold key and internationally renowned certifications in the sector including those issued by RICS and CFA. These certifications are linked to commitment with ethics, best practices and professional integrity.

Since March 2019, the Company enjoys the status 'Regulated by RICS' (Royal Institution of Chartered Surveyors), and practises RICS' globally recognised ethical and professional standards. To enjoy this status, at least 50% of the Management Team has to be Member of RICS (over 85% Árima's Management Team is a member). Being Regulated by RICS also requires to fully comply with RICS' Rules of Conduct for firms, made by the Regulatory Board of the Royal Institution of Chartered Surveyors, The Rules focus on RICS' regulatory goals and adopt five principles of better regulation (Proportionality, Accountability,

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Consistency, Targeting and Transparency). These Rules provide a strong foundation for RICS and for the firms it regulates, helping to protect the public and uphold the reputation of the profession.

Additionally, the Company is an EPRA member since December 2018. The Company aims to become part of the EPRA index, which would procure a higher degree of visibility in the European market, enhancing the Company's reputation and improving its close relationships with investors, shareholders and analysts. Some investment funds specialised in real estate properties limit their investments to companies included in the EPRA index.

Additionally, the Company plans to promote employee training to develop their professional skills which is expected to impact both the quality of the Company's workforce and retain talent.

#### *Social Action*

The Company will aim to take part in social projects in order to contribute to the improvement of society and local communities, mainly in the following fields: (i) education and sport, to reinforce the pillars of the society; (ii) charity, to improve the conditions of the needy; and (iii) heritage conservation, to preserve patrimony over generations. Likewise, it will aim to generate positive impacts on society by developing its own activities (like refurbishment and environmental enhancement), by creating sustainable and decent employment and by giving priority to local suppliers to develop local community.

#### *Collaboration with business schools*

The Company will target to establish collaborative relationships with business schools in order to incorporate interns. These types of arrangements help improve student employability and professional development, by providing them an opportunity to acquire applicable knowledge and skills.

#### *Stakeholders*

The Company will encourage the development of stable and active communication channels with its main stakeholders in order to identify concerns and expectations, including with the Company's shareholders and investors, clients, employees, supervisory bodies and public entities, property managers, suppliers, local community members, financial entities and members of the media.

## PROPERTY PORTFOLIO

### General Description of the Property Portfolio

As of the date of this Prospectus, the Company's portfolio consisted of five fully-owned real estate properties (four office buildings and one logistics warehouse) and ownership of several floors in a prime office building in Madrid.

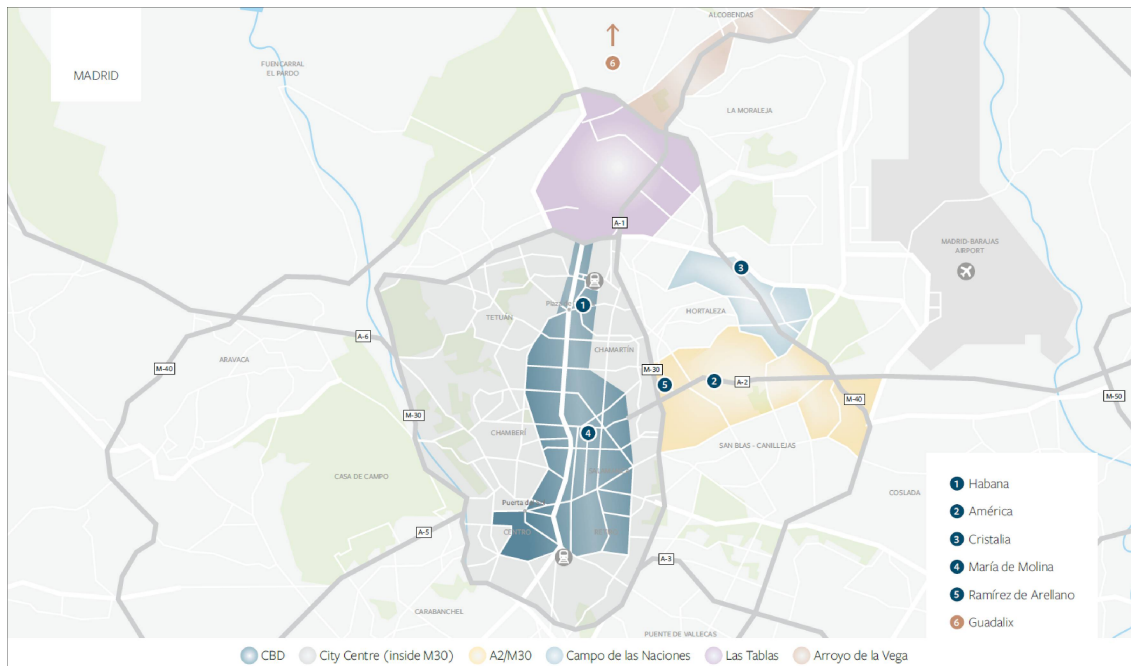
The aggregate gross acquisition price of the Portfolio (including transaction costs and expenses) was €157.9 million and the aggregate net acquisition price (excluding transaction costs and expenses) was €153.7 million.

As of 30 June 2019, the Portfolio's aggregate market value was approximately €175.3 million. In this regard, the Valuation Report contains valuations on the basis of the market value of these assets as of 30 June 2019. No material change has occurred in the Company's properties that were the subject of such valuations that may justify a new valuation as of the date of this Prospectus. The Valuation Report is included in **Annex 1** (Valuation Report) of this Prospectus.

All references to market value of the properties in the Portfolio in this Section of the Prospectus refer to the value ascribed to each property on the valuation date in the Valuation Report.

Unless otherwise stated, the information in this Prospectus about the Portfolio is provided as of 30 September 2019, as set out above.

The office properties currently comprising the Portfolio are located in the CBD or established business areas of Madrid or in Madrid's second-ring logistics market. The following map of Madrid shows the locations of the properties that currently comprise the Company's Portfolio:



As of 30 September 2019, the Company's Portfolio was comprised of five fully-owned real estate properties (four office buildings and one logistics warehouse) and ownership of several floors in a prime office building in Madrid, as described above, including 491 interior parking units and 93 exterior parking units, amounting to approximately €175.3 million Total GAV and 61,002.8 sqm GLA.



Total investment in the properties that currently comprise the Portfolio is expected to amount to €175 million, after taking into account gross acquisition price of €158 million and expected capex plan of €17 million.

All of the properties currently in the Company's Portfolio are located in Madrid, which is consistent with the Company's strategy, announced at the IPO and the First ABO, of focusing mainly on offices located in Madrid. Within Madrid, the properties are located in high quality areas of the CBD or CBD-adjacent (María de Molina and Habana) as well as established business areas in submarkets such as A2/M-30 (Play and America) and major logistics hubs within Madrid's second-ring logistics market, with excellent access and communications. For information on the exact location of these properties, see "*Specific Description of the Properties in the Portfolio*" below.

In addition, the Company believes that its properties provide significant upside potential due to their intensive property management requirements. Each property follows a different value creation strategy, including full refurbishment and redevelopment (America and Habana buildings), leasing-up and re-leasing vacant space to maximize occupancy (Play building) and consolidation of single ownership (María de Molina building). The combination of the different strategies leads to a balanced portfolio that the Company believes has significant upside. For information on the individual strategy applicable to these properties, see "*Specific Description of the Properties in the Portfolio*" below.

The following table provides information about the properties in the Company's Portfolio as of 30 September 2019:

|   |               |
|---|---------------|
|   |               |
| Gross Acquisition Price (€)                     | 157.9 million |
| Net Acquisition Price (€)*                      | 153.7 million |
| Market Value (as of 30 June) (€) <sup>(1)</sup> | 175.3 million |
| GLA (sqm) <sup>(1)</sup>                        | 61,002.8      |
| Parking (units)                                 | 584           |
| Passing annualised GRI (€) <sup>(2)</sup>       | 6.3 million   |
| Passing Gross Yield <sup>(1)</sup>              | 4.12%         |
| Expected Yield on Cost <sup>(2)</sup>           | 6.7%          |

(1) Information extracted from the Valuation Report.

(2) See section "Additional Information—Alternative Performance Measures" for the description of these management measures categorised as APMs.

\* Excluding acquisition costs.

### ***Summary Information for each Property***

The following table provides information about the properties the Company owned as part of its Portfolio as of 30 September 2019:

| # | Property | Location                           | Property type | Parking (units) | GLA (sqm) <sup>1</sup> | Date of acquisition | Occupancy rate (%) | Secured by Mortgage |
|---|----------|------------------------------------|---------------|-----------------|------------------------|---------------------|--------------------|---------------------|
| 1 | Habana   | Fray Bernardino Sahagún 24, Madrid | Offices       | 55              | 4,236                  | 21/12/2018          | 100                | Yes                 |

|              |                         |  |               |     |                    |  |                        |     |
|--------------|-------------------------|--|---------------|-----|--------------------|--|------------------------|-----|
| 2            | América                 | Josefa Valcárcel 42, Madrid            | Offices       | 193 | 9,391              | 29/01/2019   | 74                     | Yes |
| 3            | Play                    | Vía de los Poblados 3, Madrid          | Offices       | 202 | 10,928             | 29/01/2019   | 67                     | Yes |
| 4            | María de Molina         | María de Molina 39, Madrid             | Offices       | 24  | 3,995 <sup>2</sup> | 21/12/2018 (9th and 10th floors)<br>28/02/2019 (5th floor and unit B of the 6th floor) | Partially <sup>3</sup> | Yes |
| 5            | San Agustín de Guadalix | C/Cancheras 9, San Agustín de Guadalix | Logistics hub | n/a | 25,694             | 12/04/2019   | 100                    | No  |
| 6            | Ramírez de Arellano     | C/Ramírez de Arellano, 21, Madrid      | Offices       | 110 | 6,759              | 28/06/2019   | 100                    | Yes |
| <b>Total</b> |                         |  |               | 584 | 61,003             |  |                        |     |

(1) Information extracted from the Valuation Report.

(2) GLA for the 9th floor, 10th floor, 5th floor and unit B of the 6th floor of the María de Molina building.

(3) As of the date of this Prospectus, the 9th, 10th and 5th floors are not leased, while unit B of the 6th floor is currently leased to Promusicae together with six interior parking units and four exterior units

### ***Ownership regime***

As of the date of this Prospectus, the Company owns the freehold (i.e., it owns the property outright as opposed to holding only a surface right over a limited period of time) of all of its properties in the Portfolio.

With respect to the María de Molina building, as of the date of this Prospectus the Company only owns the freehold of the 9th, 10th floors, 5th floor and unit B of the 6th floor and twenty parking units located in the basement of the building, plus four exterior parking units.

### **Specific Description of the Properties in the Portfolio**

#### **a) Habana property**

##### *Description*

The Habana office building is located in Fray Bernardino Sahagún 24, in one of the best and most coveted districts of Madrid (Chamartín district). The building has approximately 4,236 sqm of GLA above ground level and 2,103 sqm below ground level with 43 underground and 12 external parking units.

##### *Acquisition rationale and strategy*

Off-market free-standing office building with an occupancy rate of 100%, with floor plants, according to RICS standards,

|   |  |
|---|--|
|   | <p>ranging between 876 sqm and 1,059 sqm on floors located in the semi-basement and up to second floor, and a third floor of 197 sqm. Located in Madrid's CBD and acquired through a sale and leaseback operation. The Company intends to upgrade the property to a Grade A office space upon the termination of the current lease (expected to expire on 31 December 2020, subject to two automatic one-year extension periods unless terminated by either party in advance). Upon completion of this redevelopment project, the Company expects to lease the property at a prime rent taking into consideration both the achieved planned upgrade in quality and its prime location.</p> |
| <i>Area and access</i>                    | <p>This property is accessible by car from the M- 30 orbital motorway that encircles Madrid and from the principal A-1 motorway, the main artery between Madrid and Northern Spain (Madrid-Burgos-Bilbao). There are also multiple public transportation connections from the Plaza de Castilla bus and metro station, including Lines 1, 9 and 10 of the Madrid Metro and from the Chamartín train station, one of the most important train stations of the Madrid commuter rail network that also links the capital with the northern territories of Spain.</p>  |
| <i>Main tenants</i>                       | <p>TEA Cegos, S.A.</p>   |
| b) América property                       |  |
| <i>Description</i>                        | <p>The América office building is located in Josefa Valcárcel 42, within the established business area of Madrid's A2 highway. The building has approximately 9,391 sqm of GLA with nine floors and 193 parking units.</p> <p>The binding agreement for the acquisition of the building was signed on 26 December 2018 and the acquisition was completed on 29 January 2019.</p>   |
| <i>Acquisition rationale and strategy</i> | <p>Off-market opportunity with an occupancy rate of approximately 74% in an established submarket area of Madrid with potential to be repositioned to a Grade A office building. The Company intends to execute a redevelopment project beginning in 2020 upon termination of the current leases. Upon completion of the building's full refurbishment, the Company expects to lease the property at a prime rent taking into consideration both the planned upgrade and its location in a well-established submarket of Madrid.</p>   |
| <i>Area and access</i>                    | <p>This property is visible and accessible by car from the M-30 ring road motorway that encircles Madrid and from the principal A-2 motorway, the main artery between Madrid and Northeastern Spain (Madrid-Zaragoza-Barcelona), with quick access to the airport and where the construction of a new metro line (línea 11) has already been approved.</p>   |
| <i>Main tenants</i>                       | <p>Audiovisual Española 2000, S.A. y Planeta Corporación, S.L.</p>   |
| c) Play property                          |  |

|   |   |
|---|---|
| <i>Description</i>                        | <p>The Play office building is a modern Grade A office building with 10,928 sqm GLA and 202 parking units, located within the Cristalia Business Park in Madrid's Campo de las Naciones submarket. The Company owns the freehold of the entire building.</p>  |
|   | <p>On 26 December 2018, the Company signed the binding agreement for the acquisition of the building and on 29 January 2019 the Company completed the acquisition.</p>  |
| <i>Acquisition rationale and strategy</i> | <p>Highly efficient, free-standing Leed Gold office building located in the established Cristalia Business Park, in Campo de las Naciones. The building is partially occupied (67% occupancy) with a strong tenant roster. The Company is under advanced negotiations with some potential tenants. The Company intends to re-negotiate the existing leases and lease all vacant office spaces on the back of the property's attractive reversionary potential.</p>  |
| <i>Area and access</i>                    | <p>The property is located at Calle Vía de los Poblados 3, Madrid, in Cristalia Business Park in the Campo de las Naciones area in the Hortaleza district of Madrid, which is midway between the airport (approximately 10 minutes) and the CBD (approximately 15 minutes). The Campo de las Naciones area has evolved into one of Madrid's main office submarkets outside the CBD. The location has a good level of amenities and services.</p> <p>The Play office building benefits from easy access. The Campo de las Naciones area is visible and directly accessible by car from the M-40 ring road motorway (exit 5) that encircles Madrid from the M-11 (exit 3). There are also multiple public transportation connections between the Campo de las Naciones submarket and Plaza Castilla in the northern part of Madrid's CBD, including the Line 4 Metro station San Lorenzo, which is approximately six minutes walking distance from the building. Urban bus routes serving this area are T11 line (Mar de Cristal-Cristalia) next to the premises, 87 and N2 lines which are approximately three minutes walking distance from the premises.</p> |
| <i>Main tenants</i>                       | Aegon   |
| d) María de Molina property               |   |
| <i>Description</i>                        | <p>The Company owns the freehold of the 9th, 10th and 5th floors and unit B of the 6th floor of the building located in María de Molina 39, with 3,994.86 sqm GLA (this is 22% of the building's total GLA above ground) and 24 parking units located in the basement of the building, plus four exterior parking units.</p>  |
| <i>Acquisition rationale and strategy</i> | <p>Office building with a multi-ownership structure located in Madrid's prime CBD, with over 1,000 sqm per floor. The Management Team believes the building enjoys a prime</p>  |

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location, access to transport and excellent signage potential. The building's reposition potential and its prime location are the main drivers of the Company's value-added proposal for this property which the Company believes can benefit from prime rents. In line with this strategy, the Company is currently performing certain refurbishment works in connection with the María de Molina property.

*Area and access*

Located in Madrid's CBD, the property has good access both by private and public transportation. This property is visible and directly accessible by car from the M-30 orbital motorway that encircles Madrid and from the principal A-2 motorway, the main artery between Madrid and Northeastern Spain (Madrid-Zaragoza-Barcelona). There are also multiple public transportation connections from the Avenida de América bus and metro station, including Lines 4, 6, 7 and 9 of the Madrid Metro, which is located approximately 5 minutes' walking distance from the building.

*Main tenants*

As of the date of this Prospectus, the 9th, 10th and 5th floors are not leased, while unit B of the 6th floor is currently leased to Promusicae together with six interior parking units and four exterior units. The Company expects to lease the vacant space at prime rents due to its quality and location.

e) San Agustín de Guadalix logistics facility

*Description*

The Company owns the freehold of a cold storage warehouse facility, with 25,694 sqm GLA, with 1,220 sqm dedicated to office space and 24,474 sqm to warehouse space (including a basement equipped with a cold chamber of 3,035 sqm). The warehouse space is divided into different cold chambers with different temperatures depending on the products stored. The facility also has 29 docking ports for the loading and unloading of goods.

*Acquisition rationale and strategy*

Modern and up-to-date refrigerated warehouse facility fully leased to Grupo Eroski Distribucion, S.L.U through a long-term lease agreement and with a high initial yield. The facility is of strategic importance for the tenant, as it is used to distribute a significant portion of its fresh goods and meat to Madrid, La Coruña, León, Vizcaya, Zaragoza, Balearic Islands and Málaga and was acquired at a price under the estimated cost of reposition of the facility. The Company's strategy is focused on maximizing the property's value through the implementation of a value-added strategy. In this regard, the Company is already in negotiations with the tenant to implement significant improvements in the facility.

*Area and access*

The facility is located at km 32 of the A1 motorway, the main artery between Madrid and Northern Spain (Madrid-Burgos-Basque Country) in the district of San Agustín

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de Guadalix and is, therefore, situated approximately 30 km from the center of Madrid and of 11 km from the M-50 orbital motorway that encircles Madrid, which grants the facility an easy access to the city and the region of Madrid as well as to the north of Spain and France. The facility is located directly in the A1 motorway exit enabling immediate access from the motorway and giving it a high visibility.

*Main tenants*

Grupo Eroski Distribucion, S.L.U.

f) *Ramírez de Arellano property*

*Description*

The Ramírez de Arellano office building is located in Ramírez de Arellano 21, within the established business area of Madrid's A2 highway. The Ramírez de Arellano office building is a modern office building with approximately 6,759 sqm and 110 underground parking units. The Company owns the freehold of the entire building.

*Acquisition rationale and strategy*

Off-market opportunity of a high-quality office building designed by renown Spanish architect Rafael de la Hoz and fully leased to Arat Inmuebles (Sonae Group) for an initial term of three-years and 11 months (three years and 2 months of the initial term were remaining as of the date the Company acquired this property). The building is in an established submarket area of Madrid with a "very good" certification granted by BREEAM. Pursuant to the terms of the lease agreement, the rent is to be revised in 2022 pursuant to the first renewal and on 2025 pursuant to the second renewal. The rent revision is not subject to any limit or condition and the Company may establish any rent it considers aligned with then-prevailing market conditions. In the event the tenant opts out upon the first or the second renewal, it is contractually bound to pay a certain amount to the Company for such non-renewal. The building has eight floors of dedicated office space with the basement reserved for parking. The Ramírez de Arellano office building is a modern and high-quality building designed by one of Spain's most renowned architects with wide open spaces and high ceilings that set it aside in terms of design and quality compared to other office spaces of the A2-M30 submarket business area. The Company intends to carry out only minor refurbishment activities due to the building already having a level of quality deemed adequate by the Company. The Company will seek to adequately manage the building and conclude a satisfactory outcome in the negotiation of the renewal in 2022.

*Area and access*

This property is visible and accessible by car from the M-30 ring road motorway that encircles Madrid and from the principal A-2 motorway, the main artery between Madrid and

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Northeastern Spain (Madrid-Zaragoza-Barcelona), with quick access to the airport and easy subway access through lines four (Arturo Soria and Avenida de la Paz) and seven (Barrio de la Concepción).

*Main tenants*

Arat Inmuebles (Sonae Group).

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## MATERIAL CONTRACTS

### The Subscription Agreement

On 1 November 2019, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Ivanhoé Cambridge Holdings UK LTD (“**Ivanhoé Cambridge**”) an investment subsidiary of Ivanhoé Cambridge Inc., a global real estate company, vertically integrated in Canada, that develops and invests in high-quality real estate properties including alongside strategic partners and major real estate funds.

Pursuant to the Subscription Agreement, Ivanhoé Cambridge undertook to subscribe and pay for, and Árima undertook to issue and deliver to Ivanhoé Cambridge, New Shares for an aggregate investment amount of €60,000,000 and at a maximum subscription price of €10.4 per share.

Such New Shares were issued by Árima in the context of the Offering for an aggregate amount of €100,000,000 approved by the extraordinary General Meeting of Shareholders of the Company (the “**EGM**”) held on 5 November 2019, on second call and was upsized to an aggregate amount of €149,999,990 on the basis of the authority delegated by the ordinary General Meeting of Shareholders of the Company held on 21 March 2019 (the “**Capital Increase**”). Pursuant to the Subscription Agreement Árima issued and allotted to Ivanhoé Cambridge 5,769,230 New Shares (the “**Cornerstone Shares**”) in such Capital Increase at the Offering Price of €10.4 per share.

Ivanhoé Cambridge’s commitment was subject to the satisfaction of certain conditions precedent which have all been fulfilled as of the date of this Prospectus including, among others:

- Approval of the Capital Increase by the Company’s EGM and of the execution and implementation thereof by the Board of Directors;
- Appointment of a person nominated by Ivanhoé Cambridge as proprietary director of the Company’s Board of Directors by means of the co-optation system (*cooptación*) and as a member of both the Remuneration and Appointments Committee and the Audit and Control Committee;
- Amendment of the Company’s Board of Directors Regulations to provide that the amendment of Árima’s existing business shall require the affirmative vote of five of the six directors.
- Setting up an Investment Pipeline Committee (including the Chief Executive Officer and other members of the Company’s management team and one member nominated by Ivanhoé Cambridge) which will periodically review and discuss the pipeline of investment opportunities for the Company (provided that such committee will be a forum of discussion only without any delegated authority).

Ivanhoé Cambridge’s interest in the Company after Completion of the Offering is of 20.3%. of the Company’s share capital and voting rights.

Pursuant to the Subscription Agreement, in the event that Ivanhoé Cambridge holds at any time a number of shares of the Company representing 28.57% or more of the share capital of the Company Ivanhoé Cambridge will be entitled to request an increase of the number of directors of the Company from six to seven directors and appoint a second proprietary director. The management of the Company shall support such request both at the Board of Directors and at the relevant General Meeting of Shareholders.

Pursuant to the Subscription Agreement, Ivanhoé Cambridge will be entitled to participate in any non-preemptive offering of newly issued shares or convertible bonds of the Company, and subscribe its pro-rata portion of such offering under the same terms and conditions as any other investors.



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The Subscription Agreement will be terminated, among others, where Ivanhoé Cambridge's stake is reduced below: (i) 12.5% of the share capital of the Company for a period of three consecutive months, or (ii) 10% of the share capital of the Company for a period of two consecutive months.

Pursuant to the engagement letter entered into between the Company and Kempen on 20 September 2019, in consideration for the services of Kempen in connection with the placing of the Cornerstone Shares with Ivanhoé Cambridge, the Company will pay to Kempen a placing commission equal to 2.15% of gross proceeds contributed by Ivanhoé Cambridge (this is, the total subscription amount subscribed for the New Shares before deduction of any fees, expenses and other withholdings generated by Ivanhoé Cambridge's subscription of the Cornerstone Shares).

### **The Placing Agreement**

The Placing Agreement was entered into between the Company and the Joint Global Coordinators and Joint Bookrunners on 13 November 2019. Under the Placing Agreement, the Joint Global Coordinators and Joint Bookrunners agreed to use their reasonable endeavours to procure subscribers for 8,653,846 New Shares (the "**Placing Shares**") at the Offering Price (the "**Placing**"). The Sizing Agreement in relation to the Offering was entered into on 14 November 2019. Under the Sizing Agreement, the Company agreed the final number of New Shares of the Offering with the Joint Global Coordinators and Joint Bookrunners, which was announced through the publication of a relevant fact notice (*hecho relevante*).

In consideration for the services of the Joint Global Coordinators and Joint Bookrunners in connection with the Placing, and provided the Placing Agreement becomes unconditional and is not terminated in accordance with its terms, the Company shall pay to the Joint Global Coordinators and Joint Bookrunners a placing commission equal to 1.25% of the value of the Offering Price multiplied by the Placing Shares (the "**Base Commission**"). As an exception, the Company and the Joint Global Coordinators and Joint Bookrunners have agreed that, if Placing Shares are allocated to certain specific investors, the Base Commission related to such Placing Shares shall correspond exclusively to one of the respective Joint Global Coordinators and Joint Bookrunners. In addition, the Company may in its sole discretion elect to pay to the Joint Global Coordinators and Joint Bookrunners a discretionary commission of up to 1.75% of the value of the Offering Price multiplied by the Placing Shares (the "**Discretionary Commission**").

The Company also agreed to pay the fees, costs and expenses of the Joint Global Coordinators and Joint Bookrunners in connection with or incidental to the Placing and Admission.

The Company will also pay additional fees to Kempen in relation to the entering into of the Subscription Agreement (see "*The Subscription Agreement*" above).

### **Lock-up**

See section "*The Offering*" for a discussion of all lock-up arrangements.

### **Services agreement with Mr. Luis Alfonso López de Herrera-Oria**

The Company has entered into a services agreement with its CEO, Mr. Luis Alfonso López de Herrera-Oria. For details of this Agreement, please refer to section "*Management —The Management Team's Compensation—Other terms and conditions of agreements with Management Team*".

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## INDUSTRY OVERVIEW

### Market Summary

The following summary focuses on real estate market activity in the office and logistics sectors in Madrid and Barcelona.

***Economic growth has encouraged demand from tenants and investment. This growth is expected to continue. GDP in Madrid and Barcelona is higher than the national average and job creation continues on a positive trend and is anticipated to continue going forward.***

In 2018, the Spanish economy grew by 2.5%, outperforming most of its European counterparts. Spanish economic growth is underpinned by more balanced foundations than prior to the economic crisis that started in 2008, with internal and external demand now as the primary drivers of growth. According to the Bank of Spain, Spanish GDP is expected to grow by approximately 2.0% in 2019, driven by growth in exports, consumption and investment, as was the case in 2018. Despite a decline in the economic growth rate, from 3.1% in 2017 to 2.5% in 2018, Spain is expected to continue having one of the highest growth rates in Europe in 2019. (Source: *Banco de España, Savills-Aguirre Newman, European Commission, INE, Ministerio de Trabajo, Migraciones y Seguridad Social*).

According to social security data, job creation increased by 3.6% in 2017 and 3.1% in 2018, and this trend is expected to continue in the coming years. (Source: *Ministerio de Trabajo, Migraciones y Seguridad Social*).

Madrid and Barcelona are expected to drive the growth of the Spanish economy in the coming years, with favourable macroeconomic trends in both cities. Madrid's GDP grew by 3.1% in 2018 and is expected to grow by 2.8% in 2019 and 2.3% in 2020. The anticipated economic growth is expected to result in the creation of approximately 100,000 new jobs over the 2019-2020 period, reducing the unemployment rate in Madrid to 10.8% in 2020. (Source: *Instituto Nacional de Estadística, BBVA Research*).

Catalonia's GDP grew by 2.4% in 2018 and is expected to grow by 2.5% in 2019 and 2.0% in 2020, broadly in line with the Spanish economy. If these projections are accurate, overall GDP growth in the Catalonia region will have posted six years of expansion and, between 2018 and 2019, 130,000 new jobs are expected to be created, reducing the unemployment rate to 9.5% by the end of 2019 (Source: *BBVA Research*).

The Company believes that in 2019 the Spanish real estate sector will experience another year of increased activity. Low interest rates, high liquidity and the potential offered by the sector continue to make the Spanish real estate sector an appealing alternative to other markets or products.

***Based on recent experience, companies are increasingly aware that the quality and philosophy of the work environment is fundamental. Likewise, landlords recognize that providing top notch, efficient, modern and sustainable working space is key to securing the most desirable tenants. Such space continues to be in limited supply as the majority of existing buildings require upgrading.***

The lack of high-quality space has driven rents up for quality properties in areas that are well connected by transport. By the end of the first three quarters of 2019, prime CBD rents climbed by 2.0% in Madrid and by 4.5% in Barcelona in real terms year-to-date ("YTD"), to €36.0 per sqm per month and €27.0 per sqm per month, respectively. Both cities continue on the recovery path that began in 2014. (Source: *JLL*).

In Madrid, the CBD, with a vacancy rate of 4.5%, suffers from a lack of supply. In Barcelona's CBD, the vacancy rate fell to 1.5% in the third quarter of 2019, in line with the trend observed over the past few years, due to low levels of market supply. Other areas of Madrid and Barcelona are experiencing a lack of supply and have low vacancy rates as reflected in Madrid's secondary vacancy rate of 3.4% and

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Barcelona's city centre vacancy rate of 2.0%. Vacancy rates are expected to continue to decline in 2019 as a result of a continued lack of high-quality properties. Furthermore, given the lack of large, quality offices, in various areas there has been an increase in the number of pre-let transactions, an unusual development in the office market in Spain. Although in recent months a number of buildings have become operational, these have not introduced new vacancies in the market as these projects were mostly pre-let. Forecasts continue along the same lines, as many projects due to be delivered are already partially or fully pre-let. (Source: *Savills-Aguirre Newman, JLL*).

The aforementioned imbalance of supply and demand has meant that rental growth has been very restrained. While rents in Barcelona are reaching peak levels of the previous cycle (currently €27.0 per sqm) Prime rents in Madrid are still below those levels (€36.0 per sqm, compared to a pre-2008 crisis peak of €45.0 per sqm in Q3 2019). Asking rents continue to increase in the best buildings in the CBD area as vacancy rate continue to be at low level despite an increased supply of quality buildings in prime locations (Source: *Savills-Aguirre Newman, JLL*). Rents in consolidated submarkets are also increasing although in these areas they are still significantly below previous cycle peaks. Additionally, rents in both Madrid and Barcelona continue to be significantly lower relative to other major cities and are expected to see some of the sharpest increases in Europe over the next few years.

According to JLL, Madrid rents are expected to experience annual growth of approximately 2.9% between 2019 and 2023. Barcelona rents are expected to record the third highest annual growth among European cities, with annual growth of 4.0% between 2019 and 2023. (Source: *JLL*).

***According to Árima's analysis, which is based on information provided by various real estate consultants, demand is expected to outweigh supply for larger requirements in CBD areas. The Company expects firms to fill this demand by looking to submarkets outside the CBD.***

Investors have generally been attracted to Spain by higher returns and this interest has pushed rental yields lower.

The yield contraction that began at the end of 2013 in prime European markets spread to other markets in 2014. Despite yields being at all-time lows, high market liquidity, the European Central Bank's ongoing loose monetary policy and the drive for alternative investment opportunities squeezed prime yields even further in 2017. Although yields in Madrid and Barcelona started to stabilise in 2017, there were record low yields of 3.5% and 3.75%, respectively, in the third quarter of 2019, with Barcelona recovering from a brief period of political instability (Source: *JLL*).

Given the sharp decline in yields and the fact that they stand at record-low levels, the Company believes it is unlikely that yields will tighten further in the Madrid and Barcelona's CBD, aided by low interest rates, which the Company expects to remain low in the mid-term.

In the Barcelona market, the initial yield has continued to gradually tighten over the last few months. With a greater margin of adjustment compared to Madrid, yields have continued to decrease due to high investor interest, lower vacancy and a healthy level of take-up.

## **Office market in Spain**

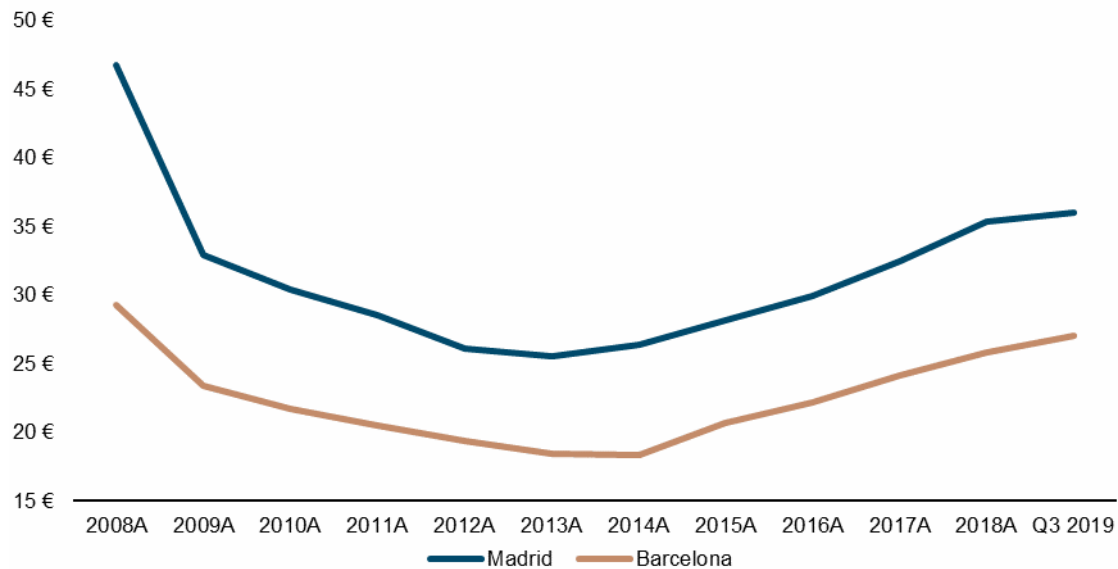
### ***Overview of the offices market in Madrid and Barcelona***

Strong economic fundamentals and healthy employment growth continue to drive demand for office space in Madrid and Barcelona. Take-up in Madrid and Barcelona is estimated to be approximately 949,413 sqm in 2019. In Madrid, 2018 take-up reached 487,640 sqm. Although lower than take-up in 2017, which reached a record 560,221 sqm due to several transactions by the public sector, 2018 take-up levels are the second highest since 2008 and 2% and 5% above the 10-year and 5-year averages, respectively. In Barcelona, 2018 take-up reached 356,914 sqm, which represents an 8% increase relative to 2017 levels and is estimated to be 372,232 sqm in 2019 (Source: *JLL*).

Robust demand for office space continues to drive the increase in prime rents in both Madrid and Barcelona. Prime CBD rents in Madrid reached €36.0 per sqm per month in the third quarter of 2019, up 2.0% YTD and up 40.9% relative to 2013 levels in real terms. A similar trend has been observed in Barcelona, where prime CBD rent was €27.0 per sqm per month by the third quarter of 2019, representing an increase of 4.5% YTD and 46.4% compared to 2013 levels in real terms (Source: *JLL*). As rents continue to climb, rental growth is gradually expanding to submarkets outside CBD.

#### Prime CBD Rents – Adjusted for Inflation

€/sqm/month

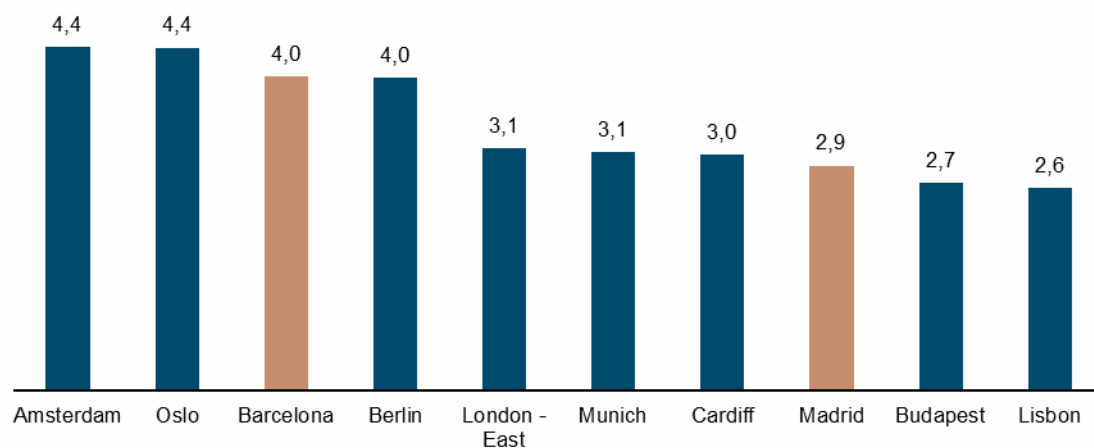


Source: *JLL*

The Spanish office market continues its path to returning to pre-2008 crisis rental price levels. Rental growth rates in Barcelona and Madrid, over the 2019-2023 period, are expected to be among the highest in Europe, with a 4.0% forecast for Barcelona and 2.9% forecast for Madrid, which would rank them third and eighth, respectively, among Europe's top ten highest growth cities.

#### Top 10 European Cities Average Annual Expected Rental Growth

(%) 2019-2023

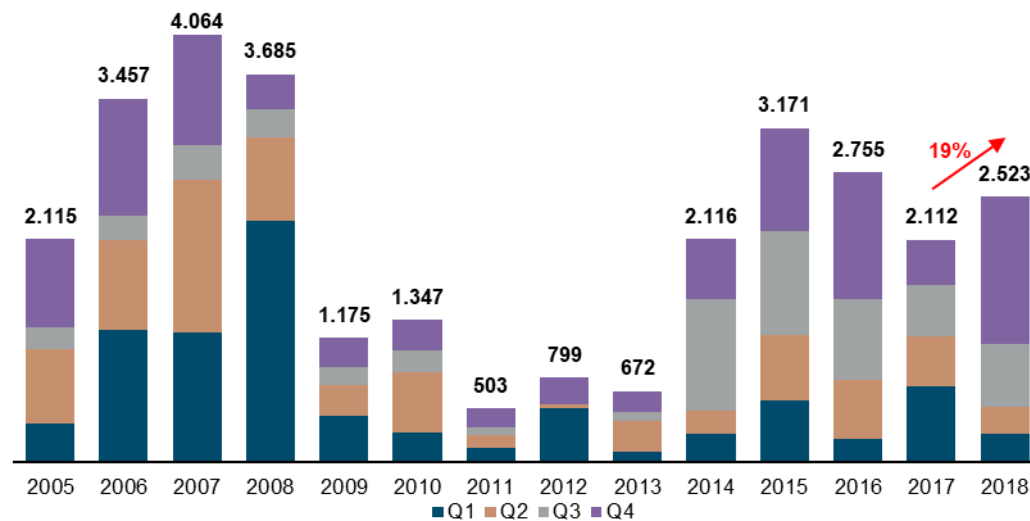


Source: *JLL*

In terms of investment, confidence in the Spanish economy, combined with upbeat rental forecasts, continue to encourage investors to deploy capital into the Spanish office market. Of the total €7.8 billion investment in Spanish commercial real estate in 2018, approximately one third was concentrated in the office sector. Excluding corporate deals, total investment in office real estate amounted to more than €2.5 billion, representing a 19% YoY increase. Investments until October 2019 in the Spanish office volume accumulated to c. €2,500 million, representing a 25% year-on-year increase (Source: *JLL, Savills-Aguirre Newman*). Almost all of these investment in Spain's office sector in 2018 and 2019YTD went to Madrid and Barcelona. Furthermore, it is expected that investment levels will continue to be strong and new representative investments will be closed before year end in both cities. In both markets the total invested volume is expected to reach €4,000 million at the end of 2019 (Sources: *JLL, Savills-Aguirre Newman*)

#### Spanish Office Market Investment Volumes

€ MM



#### Madrid office market

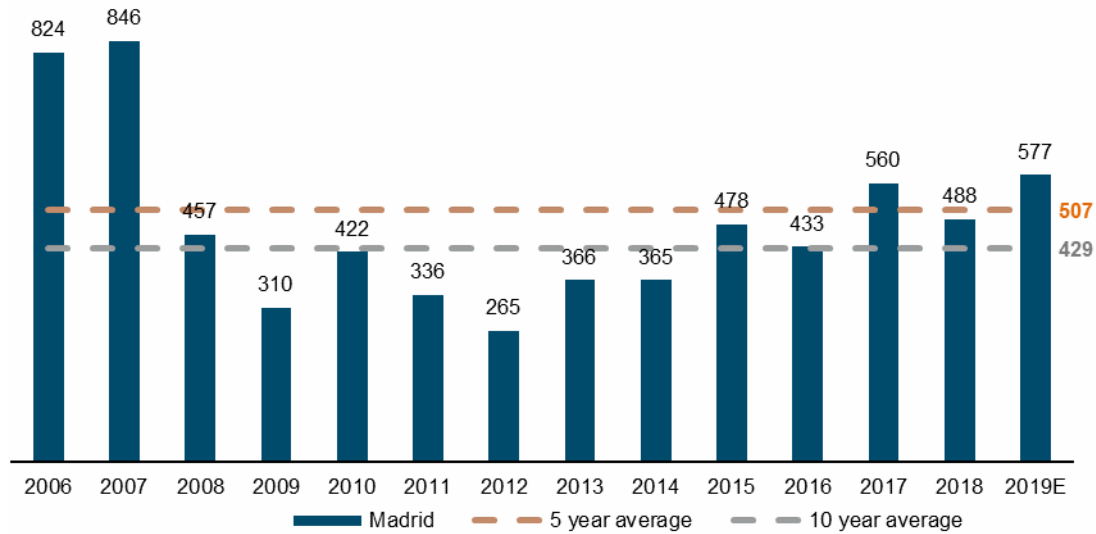
##### Robust office take-up

During 2018, office take-up in Madrid reached 487,640 sqm. Although lower than take-up in 2017, which reached a record 560,221 sqm due to several transactions by the public sector, 2018 take-up levels are the second highest since 2008 and 2% and 5.0% above the 10-year and 5-year averages, respectively. (Source: *JLL*). Take-up activity has been particularly strong in Madrid, with over 150,000 sqm let in the third quarter of 2019, making it the best third quarter since 2007. (Source: *JLL*).

The accumulated take-up of office space until October 2019 was up 13% year-on-year with more than 515,200 sqm (38.8% higher than the historical average take-up up to Q3). Total take-up in 2019 is expected to be 577,180 sqm. (Source: *JLL, Savills Aguirre Newman*).

### Madrid Historical Take-Up Evolution

'000 sqm



Source: JLL

In terms of availability, over 127,000 sqm of new supply and refurbished office space is expected to come on the market in 2019. During 2019, almost 65% of the total space that entered the market was already committed. In between the period of 2020 and 2021, vacant stock that will enter the market is evenly split into 50% new and 50% refurbished projects (Source: JLL, Savills Aguirre Newman).

#### Limited availability across submarkets

The overall market vacancy rate in Madrid currently stands at 8.7%. However, vacancy varies significantly depending on submarkets with the CBD and city centre submarkets showing markedly lower percentages.

For instance, according to JLL, the CBD had a vacancy rate of 4.5% as of the third quarter of 2019 (with Savills Aguirre Newman even stating that prime vacancy rate levels are reaching 2.6% in urban areas), and secondary Madrid having a vacancy rate of 3.4%. This lack of supply, particularly with regard to large floorplates is leading tenants to direct their attention towards secondary areas, where they can find quality space due to greater availability of refurbished and updated offices. (Source: JLL). The vacancy rate inside the M-30 in Madrid stood at 4.05% as of Q3 2019. (Source: Savills Aguirre Newman)

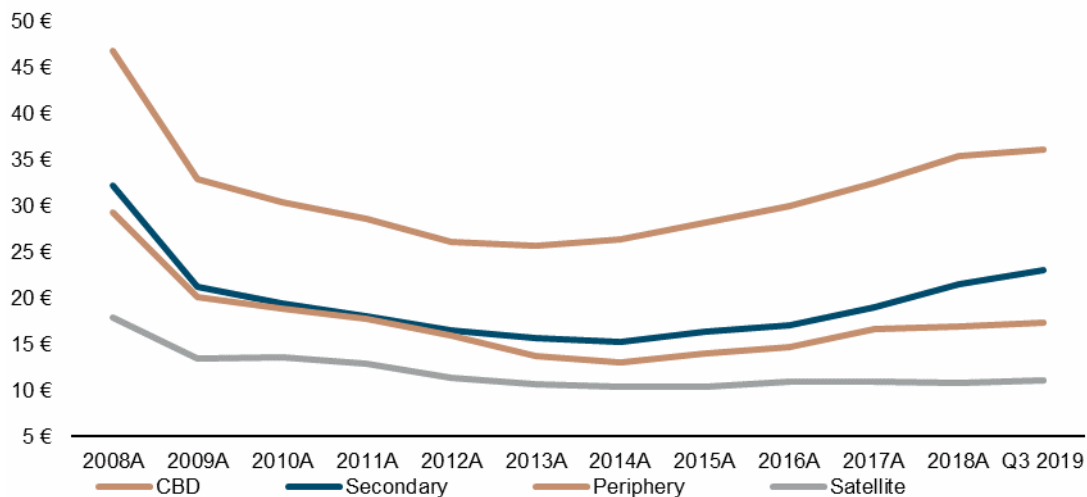
#### Rents continue to increase

Healthy demand, coupled with the lack of quality space available in Madrid, continues to push rents upwards. In 2019, prime CBD rents increased by 2.0% YTD to €36.0 at Q3 2019 per sqm per month, continuing the path to rental recovery started in 2014, increasing by nearly 40.9% since 2013 in real terms. (Source: JLL)

Rental growth has already expanded to secondary areas and is gradually expanding to other submarkets. During the third quarter of 2019, real rental levels in secondary and periphery areas increased by 7.1% and 2.2% YTD, respectively, to €23.0 per sqm per month and €17.25 per sqm per month, respectively, while rental levels in satellite areas increased by 2.4% YTD to €11.0 per sqm per month. (Source: JLL).

### Madrid Historical Rents By Submarket – Adjusted for Inflation

€/sqm/month



Source: JLL

The expected average increase for rental levels in Madrid for the coming four years is approximately 2.9% per year, placing the city within the top ten cities for rental growth in Europe. (Source: JLL).

#### Mismatch between demand and supply for Grade A office space

There is a significant imbalance in Madrid between demand for quality office space and supply, due to the scarcity of available Grade A offices. As a result of the imbalance between supply and demand, yields remain under pressure. Yields could still register some adjustments in prime areas outside of the M-30 ring road as well as secondary areas within and outside of the M-30. (Source: Savills-Aguirre Newman).

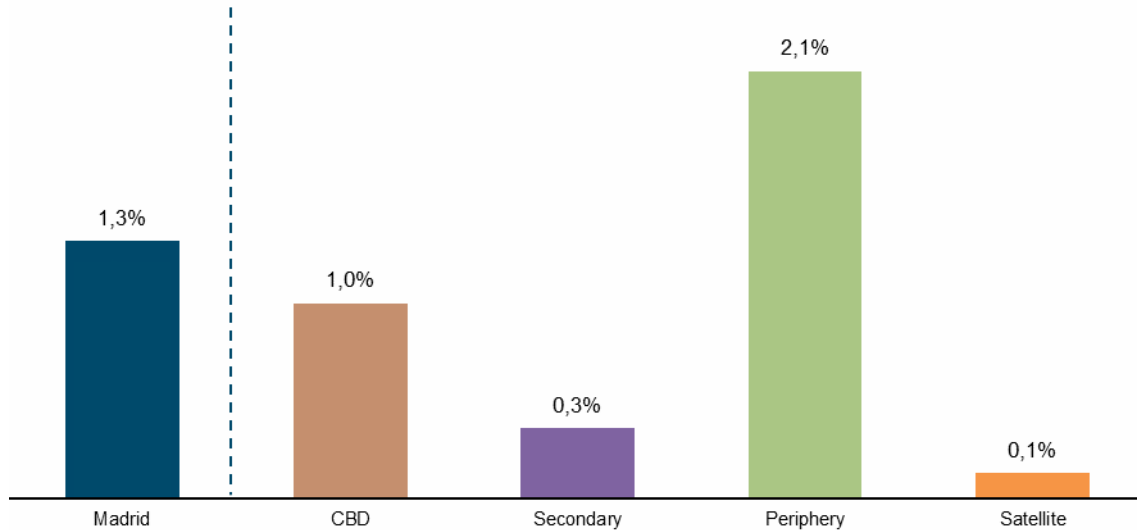
As of Q3 2019, only 18% of immediately vacant space in Madrid was classified as Grade A. The lack of Grade A office space is widespread across submarkets, and is especially acute in secondary areas inside the M-30 ring road where much of the existing vacant space is outdated and in need of modernisation. (Source: JLL).

Source: JLL

This lack of quality space is reflected in Grade A vacancy levels, which stand at 1.0% in the CBD and as low as 0.34% in secondary areas.

#### Grade A Vacancy by Submarket

%



Source: JLL

#### Investment and yields

Investment continues to be robust. Both national and international investors have been active since 2014, with international investors considering Madrid as one of Europe's most attractive investment destinations. In 2018, investment in offices in Madrid amounted to €1.5 billion. (Source: JLL).

Up until October 2019, 38 assets have been transacted in a total of 10 portfolios. Highlights from these transactions are the sale of Atamira's portfolios, two portfolios of Blackstone and the divestment of Meridia. (Source: Savills Aguirre Newman).

Core buildings in prime locations are attracting strong competition and sharp yields. Yields in Madrid are at record lows, with the prime yield at 3.5% as of the third quarter of 2019. (Source: JLL).

#### Barcelona office market

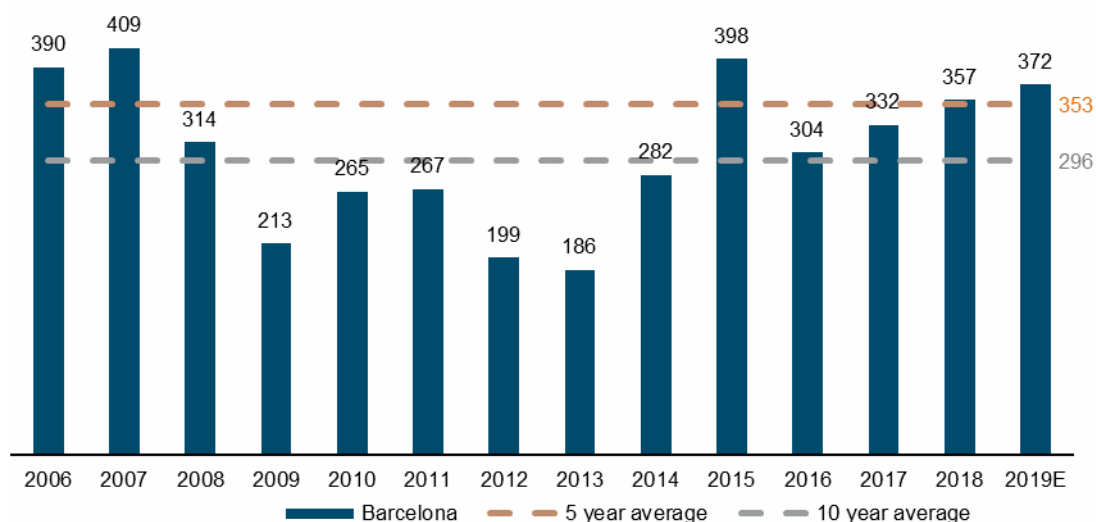
##### Take-up remains healthy

Despite the uncertainty around the potential impact of the political situation in Catalonia, demand for office space remained robust. Take-up totalled 356,914 sqm in 2018, up 8% YoY and 7% and 27% higher than the 5 and 10-year averages, respectively. The lack of space in the CBD and city centre has shifted occupier demand towards the new business areas and the periphery. Overall outlook for 2019 indicates that demand will remain robust, at similar levels as in 2018 (Source: JLL).

#### Barcelona Historical Take-up Evolution

'000 sqm





Source: JLL

The lack of supply has led to many tenants securing appropriate space via pre-lets, which are contracts between a tenant and a landlord that permit the tenant to agree to lease a building before construction is finished. In Barcelona, a total of more than 55,000 sqm of new and refurbished office space is expected to enter the market in 2019 including completions YTD (Source: JLL).

#### Declining vacancy rates

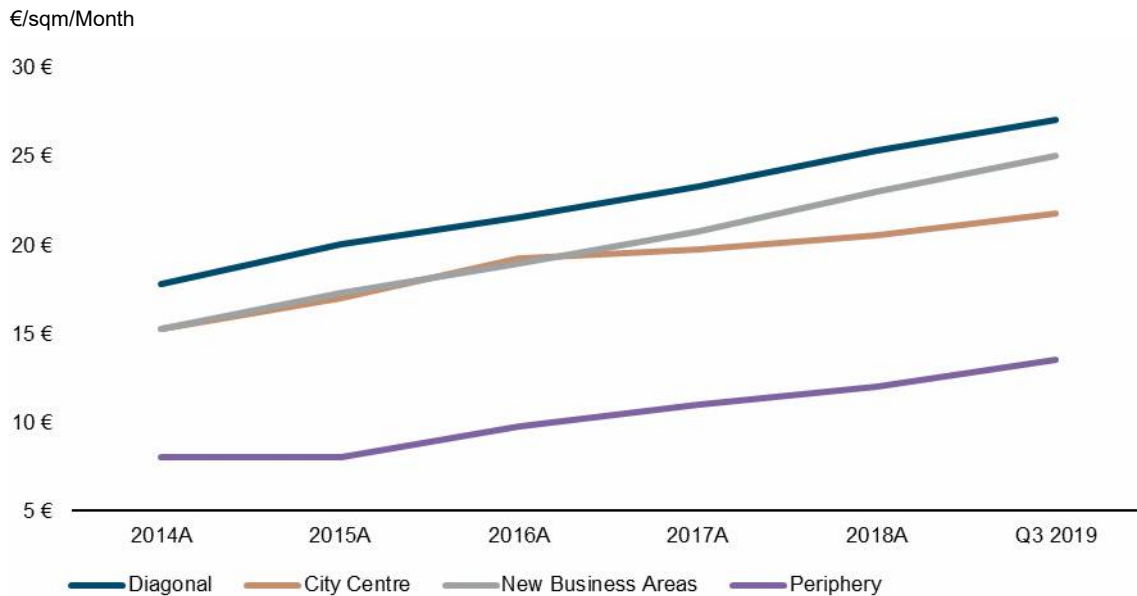
Strong demand and pressure from current pre-let deals continues to push vacancy rates downwards, with the average Barcelona office vacancy rate falling from 6.7% as of the second quarter of 2018 to 5.7% in the fourth quarter of 2018 to 4.9% in Q3 2019 (Source: JLL).

Lack of supply in the city centre, where occupancy is above 98% in the traditionally prime areas such as Paseo de Gracia and Avenue Diagonal, two main arteries in Barcelona, has led tenants to seek out new business areas such as area 22@, where vacancy rates stood at 4.3% in Q3 2019 (Source: JLL).

#### Rents

Barcelona prime CBD rents have risen by approximately 4.5% YTD and 46.3% since 2013 in real terms to €27.00 per sqm as of Q3 2019. Rental growth has become more pronounced in other submarkets since 2017, driven by the lack of quality space in the CBD, which is not expected to be resolved over the course of 2019 as properties under construction or refurbishment are generally already pre-let. (Source: JLL).

#### Barcelona Rents by Submarket – Adjusted for Inflation



Source: JLL

The expected average increase for rental levels in Barcelona for the coming four years is approximately 4.0% annually, placing the city third within the top ten cities for rental growth in Europe. (Source: JLL).

While investment volumes in Barcelona were affected by political uncertainty in 2017, investor confidence returned in 2018. Total investment in Barcelona offices reached €1,015 million until October 2019, representing an increase of 63% compared to the volume signed in the whole of 2018. Prime office yields have tightened after a brief expansion due to increased investor confidence following a period of political instability in 2017, reaching record lows of 3.75%. (Source: JLL, Savills Aguirre Newman ).

## Logistics market in Spain

### Overview of the logistics market in Spain

#### *Supply-demand imbalance driven by the Spanish economic recovery and e-commerce effect*

The Spanish logistics sector is one of the most attractive segments within the Spanish real estate market, particularly for international investors (Source: JLL). The Spanish economic recovery of the past few years, particularly in terms of consumptions, together with an expansion of e-commerce, have resulted in a significant lack of supply for quality properties in the main logistics markets, reaching extremely low vacancy rates in certain locations (such as Barcelona), while demand for such spaces has increased. A high number of logistics operators have been unable to secure high-quality properties of appropriate size that are equipped with the most advanced technical specifications. This situation has boosted the investment appetite of international investors, seeking to capture the value creation potential derived from these market conditions, leading to investment levels exceeding historical peaks and the emergence of new players seeking investment opportunities in the logistics segment. Moreover, the lack of quality has encouraged investment in development projects, both through turnkey agreements (preferred by operators as a way of ensuring that the final product meets their needs) and through the development of speculative projects, given the widespread unsatisfied demand. Although Madrid and Barcelona remain the principal logistics markets, Seville, Malaga, Zaragoza and Valencia are seen as attractive, particularly by e-commerce tenants, for their strategic locations.

For these reasons, the Company believes the logistics segment has become one of Spain's most appealing investment targets. Underpinned by the country's macroeconomic prospects, investors with high liquidity have sought higher returns in this sector, which has, in turn, led to significant yield contraction.

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### *Investment reaching peak levels for second consecutive year*

Investor appetite in the logistics sector in Spain remains high, with €1.41 billion invested in 2018, matching the all-time peak reached in 2017, with 35 transactions executed in 2018, compared to 28 in 2017 (Source: *JLL*). Unlike in previous years, investors have begun targeting other secondary markets such as Valencia, Zaragoza, Bilbao, Malaga and Seville, among others, in addition to traditional top-tier logistics markets such as Madrid and Barcelona. In first three quarters of 2019, the amount invested in logistics reached €1,170 million, 46% higher relative to the same period in 2018, anticipating that the investment volume for the whole of 2019 could exceed the peak reached the previous year (Source: *JLL*).

Strong interest by international investors in the logistics market is mainly driven by higher operating returns, improved financing conditions, shorter maturity periods required to exit in this particular market segment and strong demand for premium properties in Spain's main logistics markets. According to the Company, this positive trend in investment volume is expected to continue, driven by an expected readjustment of the portfolio of several market players and asset rotation policies of certain SOCIMIS (e.g., Lar España sold its whole logistics portfolio to Blackstone in July 2018 for €120 million; Colonial sold its logistics portfolio to Prologis in August 2019). International funds stand out as the most active players in the logistics market, with Asia being one of the main sources of funds.

### *Contraction of yields with expansion in rents*

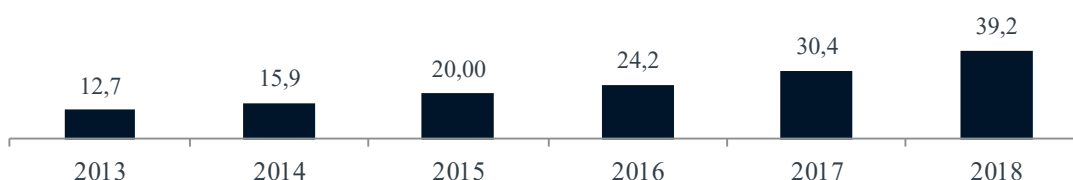
As a result of this strong investment volume, driven by significant investment interest by international players and coupled with rents, yields continued to contract as of the end of 2018 in prime locations of Madrid (down to 5.0%) and Barcelona (down to 5.15%). After a stable first half of the year in Madrid and a slight decrease in Barcelona, in the third quarter yields went down to 4.75% in both markets due to the solid investment pressure (Source: *JLL*).

On the other hand, prime rents have remained stable during first half of 2019, with a slight uptick in Madrid in the third quarter. Although there could be slight increases by the end of the year, rents are forecasted to remain significantly lower than 2008 levels. (Source: *JLL*).

### *E-commerce effect*

E-commerce has emerged as a disruptive factor in the traditional logistics model as a consequence of a transformation in consumer habits. From 2013 to 2018, e-commerce revenues in Spain increased at a CAGR of 25% to approximately €39.2 billion in 2018 (Source: *CNMC*), driven mainly by improvements in economic outlook, consumer confidence in online shopping, corporate investment in the commercialization of e-commerce and intense marketing campaigns (Source: *JLL*).

### **Evolution of trade volume of e-commerce in Spain (in €billion)**



Source: *CNMC*

The expansion of e-commerce platforms is having a significant effect on the logistics sector. Consumers are demanding faster delivery times, leading to logistics' operators seeking larger distribution properties with national reach and urban distribution platforms in medium to large cities. This is in contrast to the

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traditional model, in which the distribution chain was limited to few logistics centres spread across Spain and customers settled for longer delivery times. In this sense, e-commerce operators accounted for 25% and 18% of total logistics take-up registered in 2017 in Madrid and Catalonia respectively (Source: *Deloitte*).

### ***Madrid Logistics Market***

#### ***Supply***

Despite the addition of approximately 388,000 sqm of new logistics space in 2018, current stock is largely outdated and considered unfit for “Grade A” tenants (Source: *JLL, Deloitte*). Among the new supply expected to come on the market in Madrid during the final part of the year, approximately 242,430 sqm are currently under construction, 37% of which is already pre-let, while the remaining 63% is comprised of speculative development (Source: *JLL*).

Overall vacancy rates in Madrid have increased slightly during the first three quarters of 2019, due to the completion of new projects amounting to 517,114 new sqm in Madrid region. According to JLL, vacancy levels increased to 6.6% in Q3 2019, from 3.8% at the end of 2018. The improvement in market conditions is encouraging many players to develop or participate in turnkey projects, while speculative space is being taken on delivery as tenants expand and secure better space. In this context, Madrid’s first and third ring comprises the bulk of available space in the region, while vacancy in Madrid’s second ring is minimal (Source: *JLL*).

#### ***Demand***

2018 was a record year for the logistics segment in Madrid in terms of take-up, reaching an historical peak of approximately 934 thousand sqm, representing a +17% annual increase. Total accumulated take-up for 9 months 2019 was approximately 436 thousand sqm, 30% less than take-up recorded in the same period of the previous year, mainly due to the significant big transactions that took place in H1 2018 (6 transactions above 20,000 sqm). Although take-up levels in the first three quarters of 2019 did not reach forecasted figures, a more active and dynamic demand for the final part of the year is expected, in line with the solid figures recorded in Q3 2019 (Source: *JLL*). Among the main new contracts signed were an approximately 100 thousand sqm lease by Carrefour in Azuqueca de Henares and an approximately 22 thousand sqm lease by Logisfashion in Cabanillas del Campo (Source: *JLL*).

On the other hand, rents have remained stable in the first half of 2019, upticking in the third quarter of the year to €4.25 - €5.40 per sqm inside Madrid’s first ring (Source: *JLL*).

### ***Barcelona Logistics Market***

#### ***Supply***

Barcelona currently stands out for its very low supply of available logistics space, with vacancy rates of 3.1% as of the end of 2018. In the first 9 months of 2019, vacancy rates slightly increased up to 3.2%, due to the completion of 89,523 sqm of new projects. As of September 2019, 106,825 sqm were under construction and expected to be delivered in 2019, 95% of which comprised leased projects and 5% of which were speculative developments. (Source: *JLL*). This historical lack of logistics space, coupled with the strong demand by logistics operators has boosted alternative areas within the region, specifically Martorelles and Sant Esteve de Sesrovires. As an example of this trend, SEGRO, a global leading logistics investment company, has recently developed a new, modern 34,000 sqm logistics park of in Martorelles.

#### ***Demand***

In 2018, Barcelona registered an all-time peak take-up of 661,000 sqm, representing approximately a 44% increase YoY and slightly higher than the 659,000 sqm take-up peak registered in 2016. On this basis, prime rents have remained stable between €5.75 and €6.75 per sqm at 2018 year end, reflecting the lack of existing supply. (Source: *JLL*). In the first 9 months of 2019, take-up amounted to 475,000 sqm, 8.7%

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higher than in the same period of 2018, boosted by various transactions with significant size that took place in Q1 2019. Relevant leasing transactions included 96,000 sqm lease in ZAL by Decathlon and 20,000 sqm in Parets del Vallès by ALC (Source: JLL).

New leasing contracts are expected to be signed in Q4 2019 through turnkey projects or pre-letting contracts, due to the lack of available space and the reduced development of Class A properties that fulfil operators' needs.

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## SPANISH SOCIMI REGIME AND TAXATION

### Spanish SOCIMI Regime

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current Spanish law in respect of the current SOCIMI Regime. The SOCIMI Regime was enacted originally in October 2009 and was amended at the end of 2012. The amendments introduced in 2012 improved the regime and facilitated the incorporation of the first SOCIMI during the second half of 2013. This summary is based on the key aspects of the Spanish SOCIMI Regime as they apply to the Company. Investors should seek their own advice in relation to taxation matters.

#### **Overview**

The SOCIMI Regime is intended to facilitate attracting new sources of capital to the Spanish real estate rental market. It follows similar legislation adopted in the UK and other European countries, as well as a long-established real estate investment trusts regime in the United States. Some of the primary aims of these types of regimes are to minimize tax inefficiency of holding real estate through corporate ownership by removing corporate taxation at the level of the SOCIMI, as well as to promote rental activities and professional management of these types of businesses.

Provided certain conditions and tests are satisfied (see the section "*Qualification as Spanish SOCIMI*"), a SOCIMI generally does not pay Spanish Corporate Income Tax on the profits deriving from its activities –technically, it is subject to a 0% Corporate Income Tax rate–. Instead, profits must be distributed and such income could then be subject to taxation.

Under the Spanish SOCIMI Regime, a SOCIMI will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirements, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (i.e., profits derived from rental and ancillary activities). If the relevant dividend distribution resolution were not adopted in a timely manner, the SOCIMI would lose its SOCIMI status in respect of the year to which the dividends relate.

#### ***Qualification as Spanish SOCIMI***

In order to qualify for the Spanish SOCIMI Regime, a SOCIMI must satisfy certain conditions. A summary of the material conditions is set out below.

##### *Trading requirement*

SOCIMIs must be listed on a regulated market or multilateral trading facility in Spain or in other European Union or EEA member state uninterruptedly for the entire tax period. This trading requirement must be met during the whole fiscal year (without interruption) in which the special SOCIMI Regime is applicable.

##### *Purpose of the SOCIMI / Minimum share capital*

SOCIMIs must take the form of a listed public limited company, such as a *sociedad anónima*, with a minimum share capital of €5 million. Furthermore, the SOCIMI's shares must be in registered form, nominative and only one single class of shares is permitted. Since the Ordinary Shares are represented in nominative book-entry form, this requirement is met.

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A SOCIMI must have as its main corporate purpose:

- the acquisition and refurbishment of urban real estate for rental purposes;
- the holding of shares of other (a) SOCIMIs, (b) foreign entities that have the same corporate purpose of a SOCIMI and that shall be subject to a similar dividend distribution regime (“**foreign REITs**”), and (c) Spanish and foreign entities whose main corporate purpose is investing in real estate for developing rental activities and that shall be subject to equal dividend distribution regime and investment and income requirements as set out in the SOCIMI Act and which share capital is fully owned by SOCIMIs or foreign REITs and that do not hold participations in other companies (“**Qualifying Subsidiaries**”); or
- the holding of shares in real estate collective investment funds.

Qualifying Subsidiaries that are non-resident entities must be resident in countries with which Spain has a treaty or agreement providing for an exchange of tax information.

SOCIMIs are allowed to carry out other ancillary activities that do not fall under the scope of their main corporate purpose. However, such ancillary activities must not exceed 20% of the assets or 20% of the revenues of the SOCIMI in each financial year, in accordance with the minimum qualifying assets and qualifying income tests described below.

#### *Restrictions on investments*

At least 80% of the SOCIMI’s assets must be invested in:

- urban real estate property to be leased;
- land plots acquired for the development of urban real estate property to be leased afterwards, provided that the development of such property starts within three years as from the acquisition date;
- participations in Qualifying Subsidiaries (see section “*Purpose of the SOCIMI / Minimum share capital*”); or
- participations in real estate collective investment funds.

The Spanish General Directorate of Taxes (the “**DGT**”) has confirmed that the assets should be measured on a gross basis, disregarding depreciation or impairments, in accordance with Spanish Royal Decree of November 16, 2007, approving the Spanish General Accounting Plan (*Plan General de Contabilidad*), which sets forth the Spanish generally accepted accounting principles (“**Spanish GAAP**”).

In the event that a SOCIMI has subsidiaries that are deemed to be a part of the same group of companies for Spanish corporate law purposes, the calculation of this 80% threshold will be made on a consolidated basis according to Spanish GAAP. For these purposes, the group of companies would be integrated exclusively by SOCIMIs and other Qualifying Subsidiaries described in section “*Purpose of the SOCIMI / Minimum share capital*”.

There are no asset diversification requirements.

#### *Restrictions on income*

At least 80% of a SOCIMI’s net annual income must derive from the lease of qualifying assets (as described in section “*Restrictions on investments*”), or from dividends distributed by Qualifying Subsidiaries and real estate collective investment funds and companies.

The DGT considers that the annual income should be measured on a net basis, taking into consideration direct income expenses and a pro rata portion of general expenses. These concepts should be calculated in accordance with Spanish GAAP.

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Lease agreements between related entities would not be deemed a qualifying activity and therefore, the rental income deriving from such agreements cannot exceed 20% of a SOCIMI's income.

Capital gains derived from the sale of qualifying assets are in principle excluded from the 80%/20% net income test. However, if a qualifying asset is sold before it is held for a minimum three-year period (as described below), then (i) such capital gain would compute as non-qualifying revenue; and (ii) such gain would be taxed at the standard Corporate Income Tax rate (25%); furthermore, the entire income, including rental income, derived from such asset also would be subject to the standard Corporate Income Tax rate.

#### *Minimum holding period*

Qualifying assets must be held by a SOCIMI for a three-year period from (i) the acquisition of the asset by the SOCIMI, or (ii) the first day of the financial year when the company became a SOCIMI if the asset was held by the Company before becoming a SOCIMI. In case of urban real estate, the holding period requires that these assets are actually rented for at least three years; the period of time during which the asset is on the market for rent (even if vacant) is taken into account up to one year.

In addition, SOCIMIs benefit from the application of a 95% Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*) relief in relation to the acquisition of residential real estate properties intended for letting (or plots of land for the development of housing intended for letting), provided that, in both cases, the minimum holding period of such assets referred to above is complied with.

#### *Mandatory dividend distribution*

Under the current Spanish SOCIMI Regime, a SOCIMI is required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirements, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (e.g., profits derived from rental and ancillary activities). If the relevant dividend distribution resolution was not adopted in a timely manner, a SOCIMI would lose its SOCIMI status in respect of the year to which the dividends relate.

The SOCIMIs must agree the dividend distributions of a given fiscal year within the six months following the closing of the fiscal year; those dividends must be effectively distributed within the month following the distribution agreement.

#### *Leverage*

A SOCIMI is not subject to a specific limitation on indebtedness.

General tax limitations (such as tax deduction of financial expenses and annual depreciation, carrying-forward of tax losses, and tax credits) should have no practical impact provided that the SOCIMI is taxed at a 0% Corporate Income Tax rate if all the SOCIMI Regime requirements are met.

#### *Sanctions*

The loss of SOCIMI status would trigger adverse consequences for the Company. Causes for such loss of status are:

- delisting;



- substantial failure to comply with its information and reporting obligations, unless such failure is remedied by preparing fully compliant annual accounts which contain certain required information in the following year;
- failure to adopt a dividend distribution resolution or to effectively satisfy the dividends within the deadlines described under the section “*Spanish SOCIMI regime and taxation—Spanish SOCIMI Regime—Qualification as Spanish SOCIMI—Mandatory dividend distribution*”. In this case, the loss of SOCIMI status would have effect in the financial year in which the profits not distributed were obtained;
- waiver of the SOCIMI Regime by the Company; and,
- failure to meet the requirements established in the SOCIMI Act unless such failure is remedied within the following fiscal year. However, the failure to observe the minimum holding period of qualifying assets would not give rise to the loss of SOCIMI status, but (i) the assets would be deemed non-qualifying assets; and (ii) income derived from such assets would be taxed at the standard Corporate Income Tax rate (currently 25%).

Should the Company lose its SOCIMI status, it would not be eligible to reapply for the SOCIMI Regime during the following three years. In such case, the Company would have to pay Corporate Income Tax at the standard Corporate Income Tax rate (currently 25%), as from the year on which any of the abovementioned circumstances applies (except in the case of failure to adopt dividend distribution resolution or to effectively satisfy the dividends within the mandatory deadlines, with respect to which the Company must pay Corporate Income Tax at the standard rate as from the year to which the dividends relate), and will not be able to elect for the SOCIMI Regime for the following three fiscal years. The shareholders in a company that loses its SOCIMI status are expected to be subject to taxes as if the SOCIMI Regime had not been applicable to the Company.

Furthermore, in the event of non-compliance with information obligations, penalties between €1,500 and €30,000 are established depending on the kind of information not provided.

### **Spanish tax considerations**

The following summary is a general description of certain tax considerations relating to the acquisition, ownership and disposition of the Ordinary Shares.

It does not constitute tax advice and does not purport to be a complete analysis of all tax considerations relating to the Company or the Ordinary Shares, as applicable, whether in Spain or elsewhere, and does not deal with the tax consequences applicable to all categories of investors (such as look-through entities), some of which might be subject to special rules. Furthermore, this summary does not take into account the regional special tax regimes in force in the Basque Country and Navarre, or the regulations adopted by the Spanish Autonomous Regions.

Investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Shares.

This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. As a result, this description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

As used in this particular section “*Spanish tax considerations*”, the term “Spanish Shareholder” means a beneficial owner of Shares: (i) who is an individual or corporation resident for tax purposes in Spain; or (ii) who is an individual or corporation not resident for tax purposes in Spain but whose ownership of shares is effectively connected with a permanent establishment in Spain through which such holder carries on or has carried on business or with a fixed base in Spain from which such holder performs or has performed independent personal services; and (iii) that does not hold 5% or more of the Ordinary Shares.

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As used in this particular section “*Spanish tax considerations*”, the term “Non-Spanish Shareholder” means a beneficial owner of the Ordinary Shares: (i) who is an individual or corporation resident for tax purposes in any country other than Spain; and (ii) whose ownership of shares is not effectively connected with a permanent establishment in Spain through which such holder carries on or has carried on business or with a fixed base in Spain from which such holder performs or has performed independent personal services; and (iii) that does not hold 5% or more of the Ordinary Shares.

Also potential investors should note that the appointment by an investor in the Ordinary Shares, or any person through which an investor holds the Ordinary Shares, of a custodian, collection agent or similar person in relation to such Shares in any jurisdiction may have tax implications. Shareholders should consult their own tax advisors in relation to the tax consequences for them of any such appointment.

#### ***Taxation of entities qualifying for the SOCIMI Regime***

SOCIMIs and Spanish-resident Qualifying Subsidiaries may elect to apply the SOCIMI Regime. The election to apply the SOCIMI Regime must be adopted by the entity’s shareholders, and the Spanish tax authorities must be notified of such election prior to the last quarter of the financial year when the SOCIMI Regime is expected to apply. Such election will remain applicable until the Company waives its applicability. The Company applied for the SOCIMI Regime pursuant to the General Meeting of Shareholders resolution of 26 September 2018 through proper notification to the Spanish tax authorities of such election.

An entity eligible for the legal regime applicable to SOCIMIs (the “**SOCIMI Regime**”) may apply for the special tax regime even if when the election is made such entity does not meet some of the eligibility requirements, provided that it meets such requirements within two years (as from the date the corresponding election is approved by the General Meeting of Shareholders). However, in accordance with the criteria of the Spanish tax authorities, there are some requirements that must be met at the time of opting for the application of the Spanish SOCIMI Regime, in particular those relating to the mandatory dividend distribution, the main corporate purpose and the nominative nature of the shares. In addition, such entity will have a one-year grace period to cure any non-compliance with certain eligibility requirements

#### ***Corporate Income Tax (“CIT”)***

Generally, all income received by a SOCIMI is taxed under CIT at a 0% rate. Nevertheless, rental income and capital gains stemming from qualifying assets being sold prior to the end of the minimum holding period (three years) would be subject to the standard CIT rate (currently 25%).

Furthermore, a special levy regime applies to dividends paid by the SOCIMI to domestic or foreign Substantial Shareholders. The SOCIMI must assess and pay a 19% Corporate Income Tax in respect of gross dividends distributed if the beneficiary of the dividends: (i) holds at least 5% of the shares of the SOCIMI, and is either exempt from any tax on the dividends or subject to tax on the dividend received at a rate lower than 10% (a “**Substantial Shareholder**”) or (ii) if the Substantial Shareholder does not timely provide the SOCIMI with the information necessary to verify whether the relevant shareholder is subject to tax on the dividend received at a rate equal to or higher than 10% taxation on dividends distributed by the SOCIMI (the “**10% Test**”) (see “

*Description of share capital—Company’s indemnity from Substantial Shareholder’s CIT liability and shareholders’ reporting obligation*”). The DGT issued two binding rulings (CV3308-14 and CV0323-15) indicating that the 10% Test to be carried out in order to identify Substantial Shareholders shall be focused on the tax liability arising from the dividend income considered individually, taking into account (a) exemptions and tax credits affecting the dividends received by the shareholder, and (b) those expenses incurred by the shareholder which are directly linked to the dividend income (e.g., fees paid in relation to the management of the shareholding in the relevant SOCIMI distributing the dividends, or financial expenses (interest) deriving from the financing obtained to fund the acquisition of the shares of the

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relevant SOCIMI). According to these rulings, the tax treatment applicable to other items of income that may be obtained by the shareholder should not be taken into account. In addition, the DGT has confirmed that the withholding tax levied on a dividend payment (including any Non-Resident Income Tax liability) should also be taken into consideration by the shareholder for assessing this 10% threshold.

The above-mentioned special levy will be considered an expense for the Company thus reducing the profits distributable to Shareholders.

**The Bylaws contain information and indemnity obligations applicable to Substantial Shareholders (as defined in this Prospectus) designed to minimize this possibility and mitigate its potential consequences for the Company. In such a case, if a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder (the Board of Directors will maintain certain discretion in deciding whether to exercise this right if making such deduction would put the Company in an unfavourable position). These measures may not be effective. If these measures are ineffective, the payment of dividends to a Substantial Shareholder may generate an expense for the Company (since it may have to pay a 19% Corporate Income Tax on such dividend) and, thus, may result in a loss of profits for the rest of the shareholders.**

### ***Spanish Resident Individuals***

#### *Taxation on dividends*

According to the Spanish Personal Income Tax Law (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) (“**PIT Law**”), income received by a Spanish Shareholder in the form of dividends, shares in profits, consideration paid for attendance at shareholders’ meetings, income from the creation or assignment of rights of use or enjoyment of the shares and any other income received in his or her capacity as shareholder is subject to tax as capital income.

Gross capital income is reduced by any administration and custody expenses (but not by those incurred in individualised portfolio management); the net amount is included in the relevant Spanish Shareholder’s savings taxable base and taxed at 19% for taxable income up to €6,000; 21% for taxable income between €6,000.01 and €50,000 and 23% for taxable income in excess of €50,000. No exemptions are allowed.

The payment to Spanish Shareholders of dividends or any other distribution made by a SOCIMI is subject to a withholding tax at the then applicable withholding tax rate (currently 19%). Such withholding tax is creditable from the PIT payable (*cuota líquida*); if the amount of tax withheld is greater than the amount of the net PIT payable, the taxpayer is entitled to a refund of the excess withheld in accordance with the PIT Law.

#### *Taxation on capital gains*

Gains or losses recorded by a Spanish Shareholder as a result of the transfer of shares in the SOCIMI qualify for the purposes of the PIT Law as capital gains or losses and are subject to taxation according to the general rules applicable to capital gains. The amount of capital gains or losses is equal to the difference between the shares’ acquisition value (plus any fees or taxes incurred) and the transfer value, which is the listed value of the share as of the transfer date or, if higher, the agreed transfer price, less any fees or taxes incurred.

Capital gains or losses arising from the transfer of shares held by a Spanish Shareholder are included in such Spanish Shareholder’s capital income corresponding to the period when the transfer takes place; any gain resulting from such compensation is taxed at 19% for taxable income up to €6,000; 21% for taxable income between €6,000.01 and €50,000 and 23% for taxable income in excess of €50,000.

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Capital gains arising from the transfer of shares are not subject to withholding tax on account of PIT. Losses arising from the transfer of shares admitted to trading on certain official stock exchanges will not be treated as capital losses if securities of the same kind have been acquired during the period between two months before and two months after the date of the transfer which originated the loss. In these cases, the capital losses are included in the taxable base upon the transfer of the remaining shares of the taxpayer. No tax credits for avoidance of double taxation are allowed.

#### *Spanish Wealth Tax*

Individual Spanish Shareholders are subject to Spanish Wealth Tax on all their assets (such as the Ordinary Shares) for financial year 2018. Spanish Wealth Tax is imposed on the net wealth of each individual taxpayer, ranging from 0% to 3.75% depending on the region of residence (e.g., Madrid establishes a 100% tax relief), the kind of assets owned (certain assets are exempt from taxation) and the net wealth of the taxpayer (this tax is progressive).

From 2019 onwards, a general 100% tax relief will apply, and individual taxpayers will be released from formal and filing obligations, unless the application of this tax relief is postponed or eliminated.

#### *Spanish Inheritance and Gift Tax*

Individuals resident in Spain for tax purposes who acquire shares by inheritance or gift will be subject to the Spanish Inheritance and Gift Tax (“IGT”) in accordance with the IGT Law (Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones) (“IGT Law”), without prejudice to the specific legislation applicable in each autonomous region. The tax rate, after applying all relevant factors, ranges from 0% to 81.6% depending on the region, the amount of the gift or inheritance, the net wealth of the heir or donee and the kinship with the deceased or the donor.

#### *Spanish Transfer Tax*

Subscription, acquisition and transfers of shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such subscription, acquisition and transfers.

### ***Spanish Corporate Resident Shareholders***

#### *Taxation on dividends*

Dividends from a SOCIMI or a share of the Company’s profits received by corporate Spanish Shareholders (or by NRIT taxpayers who operate, with respect to their participation in the Company, through a permanent establishment in Spain), less any expenses inherent to holding the shares, are included in their CIT (or NRIT) taxable base. The standard CIT (or NRIT) tax rate is currently 25%. No tax credits or participation exemption for the avoidance of double taxation may apply, due to the application of the SOCIMI regime by the Company.

Finally, CIT taxpayers (and NRIT taxpayers who operate, with respect to their participation in the Company, through a permanent establishment in Spain) are subject to withholding tax on dividends at a 19% rate. Such withholding tax will be deductible from the net CIT (or NRIT) payable, and if the amount of tax withheld is greater than the amount of the net CIT payable, the taxpayer will be entitled to a refund of the excess withheld in accordance with the CIT Law.

#### *Taxation on capital gains*

The gain or loss arising on transfer of the shares or from any other change in net worth relating to the shares are included in the tax base of CIT taxpayers, or of NRIT taxpayers who operate through a permanent establishment in Spain, in accordance with the CIT or NRIT Laws; such gain is taxed generally at a rate of 25%.

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No tax credits or participation exemption for the avoidance of double taxation may apply, due to the application of the SOCIMI Regime by the Company.

Capital gains deriving from the disposal of the Ordinary Shares are not subject to withholding tax.

#### *Spanish Wealth Tax*

Not applicable.

#### *Spanish Inheritance and Gift Tax*

In the event of acquisition of the Ordinary Shares free of charge by a CIT taxpayer, the income generated for the latter will be taxed according to the CIT rules, the IGT not being applicable.

#### *Spanish Transfer Tax*

Subscription, acquisition and transfers of shares will be exempt from Transfer Tax (Impuesto sobre Transmisiones Patrimoniales) and Value Added Tax. Additionally, no Stamp Duty is levied on such subscription, acquisition and transfers.

### ***Non-Spanish Shareholders***

#### *Taxation on dividends*

Dividends distributed to Non-Spanish Shareholders not acting through a permanent establishment in Spain are subject to Non-Resident Income Tax (“**NRIT**”), at the then applicable withholding tax rate (currently 19%).

This standard rate can be reduced or eliminated as per the application of the EU Parent-Subsidiary Directive as the SOCIMI may qualify for its application according to the DGT criterion. The application of the EU Parent-Subsidiary withholding tax exemption requires the fulfilment of certain requirements. In addition, such exemption includes an anti-abuse provision by virtue of which the withholding tax exemption will not be applicable where the majority of the voting rights of the parent company are held directly or indirectly by individuals or entities who are not resident in a EU Member State or in a EEA Member State with which Spain has ratified an effective exchange of tax information in the terms set forth in Law 36/2006 of 29 November. This anti-abuse provision should not apply where the EU or EEA parent company proves that its incorporation and its operative respond to valid economic reasons and to substantive economic activities.

Shareholders resident in certain countries may be entitled to the benefits of a convention for the avoidance of double taxation (“**DTC**”), in effect between Spain and their country of tax residence. Such Shareholders may benefit from a reduced tax rate under an applicable DTC with Spain, subject to the satisfaction of any conditions specified in the relevant DTC, including providing evidence of the tax residence of the shareholder by means of a certificate of tax residence duly issued by the tax authorities of the country of tax residence of the shareholder or, as the case may be, the equivalent document specified in the Spanish Order which further supplements the applicable DTC. In general, the U.S.-Spain DTC provides for a tax rate of 15% on dividends.

According to the Order of the Ministry of Economy and Competitiveness of 13 April 2000, upon distribution of a dividend, the Company or its paying agent will withhold an amount equal to the tax amount required to be withheld according to the general rules set forth above, transferring the resulting net amount to the depository. For this purpose, the depository is the financial institution with which the relevant Shareholder has entered into a contract of deposit or management with respect to the Company’s shares held by such Shareholders. If the shareholder provides timely evidence (a certificate of tax residence issued by the relevant tax authorities of the shareholder’s country of residence stating that, for the records of such authorities, the shareholder is a resident of such country within the meaning of the relevant DTC, or as the case may be, the equivalent document regulated in the Order which further develops the applicable DTC) of the shareholder’s right to obtain the DTC reduced rate or an exemption,

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it will immediately receive the excess amount withheld, which will be credited to the shareholder. In the case of U.S. persons, IRS Form 6166 will satisfy this certificate requirement. For these purposes, the relevant certificate of residence must be provided before the tenth day following the end of the month in which the dividends were paid. The tax certificate is generally valid only for a period of one year from the date of issuance.

If this certificate of tax residence, or as the case may be, the equivalent document referred to above, is not provided within this time period, the shareholder may subsequently obtain a refund of the amount withheld in excess from the Spanish tax authorities, following the standard refund procedure.

#### *Spanish Quick Refund Procedure*

According to the Order dated 13 April 2000 of the Ministry of Economy and Finance, upon distribution of a dividend, the Company, directly or through its paying agent, will withhold from the dividend an amount equal to the tax required to be withheld according to the general rules set forth in relation to NRIT (i.e., applying the current general withholding tax rate -19%-) and will transfer the net dividend to the custodian entities.

The custodian entities are the financial institutions with which the Shareholders have entered into a custodian or management agreement with respect to the Ordinary Shares. If the custodian is resident, domiciled or represented in Spain and it timely provides the Company with evidence of the Shareholder's right to obtain the DTC reduced rate or exemption, the Company will immediately transfer, directly or through its paying agent, to the custodian entity the surplus amount withheld in respect of such Shareholder. For these purposes, the relevant certificate of tax residence must be provided before the tenth day following the end of the month in which the dividends were paid. To satisfy this requirement, Shareholders must provide a certificate of tax residence issued by the relevant tax authorities of the Shareholder's country of residence stating that, to the best knowledge of such authorities, the Shareholder is, for tax purposes, a resident of such country within the meaning of the relevant DTC or, if applicable, an equivalent document provided for in the Order applicable to such DTC. This tax certificate is, as a general rule, valid only for a period of one year from the date of issue. Immediately after, the custodian entity should pay the Shareholder the amount withheld in excess of the applicable rate under the relevant DTC received from the Company.

If this certificate of tax residence or, if applicable, the equivalent document referred to above, is not provided within this time period or if the depository of the Shareholder is not resident, domiciled or represented in Spain, the Shareholder may subsequently obtain a refund of the excess amount withheld from the Spanish tax authorities, following the Standard Refund Procedure established by Royal Decree 1776/2004, dated 30 July 2004, and an Order dated 17 December 2010, as described below.

#### *Spanish Standard Refund Procedure*

If the certificate of tax residence or, if applicable, the equivalent document referred to above, is not provided within this time period or if the custodian entity of the Shareholder is not resident, domiciled or represented in Spain, the Shareholder may subsequently obtain a refund from the Spanish tax authorities of the excess amount withheld, following the standard refund procedure established by Royal Decree 1776/2004, of 30 July 2004, and an Order dated 17 December 2010.

For this purpose, the Shareholder should file:

- (i) the applicable Spanish tax form (i.e., currently Form 210);
- (ii) the certificate of tax residence or equivalent document referred to above;
- (iii) documentary evidence of the Spanish tax withheld by the Company; and
- (iv) documentary evidence of the bank account in which the excess amount withheld should be paid.

For the purposes of this standard refund procedure, a Shareholder would need to file a Form 210 (together with the corresponding documentation) from the 1st February following the year in which the NRIT was withheld, and up to the four-year period after the end of the corresponding filing period in which the Company reported and paid such withholding taxes. The Spanish tax authorities must make the refund within the six-month period after the filing of the refund claim. If such period elapses without the Shareholder receiving the corresponding refund, the Shareholder would be entitled to receive interest for late payment on the amount of the refund claimed.

For further details, Shareholders should consult their tax advisors.

#### *Taxation on capital gains*

Capital gains derived from the transfer or sale of the Ordinary Shares are deemed income arising in Spain, and, therefore, are taxable in Spain at a general tax rate of 19%. The current U.S.-Spain DTC does not prohibit Spain from taxing such capital gains on U.S. persons.

Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses against capital gains. No tax credits for avoidance of double taxation are allowed.

Nevertheless, capital gains derived from the Ordinary Shares obtained by Non-Spanish Shareholders holding a percentage lower than 5% in the Company will be exempt from taxation in Spain, providing the shareholder is tax resident in a country which has entered into a DTC with Spain which provides for exchange clause information (such as the U.S.-Spain DTC). This exemption is not applicable to capital gains obtained by a Non-Spanish Shareholder acting through a country or territory that is defined as a tax haven by Spanish regulations.

#### *Spanish Wealth Tax*

For the financial year 2018, unless an applicable DTC provides otherwise, individuals not resident in Spain are subject to Spanish Wealth Tax (under Spanish Law 19/1991) on property and rights in excess of certain amounts located in Spain, or which can be exercised within the Spanish territory (such as the Ordinary Shares).

From 2019 onwards, a general 100% tax relief will apply, and individual taxpayers will be released from formal and filing obligations, unless the application of this tax relief is postponed or eliminated.

#### *Spanish Inheritance and Gift Tax*

Unless otherwise provided under an applicable DTC, transfers of shares upon death and by gift to individuals not resident in Spain for tax purposes are subject to Spanish Inheritance and Gift Tax (Spanish Law 29/1987) if the shares are located in Spain (as is the case with the Ordinary Shares) or the rights attached to such shares are exercisable in Spain. The effective tax rate, after applying all relevant factors, ranges between 0% and 81.6% for individuals, depending on the tax residence, the amount of the gift or inheritance, the net wealth of the heir or donee and the kinship with the deceased or the donor.

#### *Spanish Transfer Tax*

Subscription, acquisition and transfers of shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such subscription, acquisition and transfers.

#### *Summary of dividend withholding taxes*

| Applicable tax             | Kind of shareholder                  | DTC applicable | Withholding rate | Certificate of tax residence needed |
|----------------------------|--------------------------------------|----------------|------------------|-------------------------------------|
| Corporate Income Tax (CIT) | Spanish-resident entity or permanent | N/A            | 19%              | -                                   |

|                 |                        |     |     |   |
|-----------------|------------------------|-----|-----|---|
|                 | establishment in Spain |     |     |   |
| Personal Income | Spanish-resident       | N/A | 19% | - |
| Tax (PIT)       | individual SOCIMI      | N/A | 0%  | - |

| Non-Resident Income Tax (NRIT)   | Individual or entity* non-resident in Spain (not acting through a permanent establishment in Spain) | Yes | Rate established by the DTC (some of them establish a specific rate for SOCIMIs and REITs) | For the purpose of applicable DTC |
|--|---|-----|--|-----------------------------------|
| (*) Look-through entities shall evidence tax residence and compliance of any relevant requirements at the level of their shareholders if they want to mitigate 19% withholding tax. Specific exemption might eventually apply for companies resident in the European Union (or the EEA) that comply with the requirements of the Parent-Subsidiary Directive. Please see “Spanish SOCIMI regime and taxation—Spanish Resident Individuals—Taxation on dividends”, “Spanish SOCIMI regime and taxation—Spanish Corporate Resident Shareholders—Taxation on dividends” and “Spanish SOCIMI regime and taxation—Non-Spanish Shareholders—Taxation on dividends” |   |     |  |                                   |



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## Certain U.S. Federal Income Tax Considerations

The following are certain U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of New Shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire the New Shares. This discussion applies only to a U.S. Holder that acquires New Shares in the Offering and will hold them as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax and Medicare contribution tax consequences and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding New Shares as part of straddle, conversion transaction or integrated transaction;
- persons whose "functional currency" for U.S. federal income tax purposes is not the U.S. dollar;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;
- persons that own or are deemed to own 5% or more of the Company's stock by vote or value; or
- persons holding the New Shares in connection with a trade or business conducted outside the United States.

If a partnership holds the New Shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. Partnerships holding the New Shares and partners in such partnerships should consult their tax adviser as to the particular U.S. federal income tax consequences to them of the ownership and disposition of the New Shares.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

A "U.S. Holder" is a beneficial owner of the New Shares that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

U.S. Holders are urged to consult their tax advisers as to the tax consequences of owning and disposing of New Shares in their particular circumstances, including the effect of any U.S. state, local or non-U.S. tax laws.

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## Taxation of New Shares

### *PFIC Status*

Based on the manner in which the Company operates its business, the Company believes that it was a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes for its most recent taxable year and the Company expects to be a PFIC for the current taxable year and in the foreseeable future and the remainder of this discussion so assumes.

In general, a non-U.S. corporation will be a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income. Passive income generally includes interest, rents, dividends, royalties and certain gains.

The Company may hold, directly or indirectly, equity interests in subsidiaries or other entities which are PFICs (collectively “Lower-tier PFICs”). Under attribution rules, U.S. Holders will be deemed to own their proportionate shares of Lower-tier PFICs and will be subject to U.S. federal income tax according to the PFIC rules described below on (i) certain distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the U.S. Holder held such shares directly, even though the U.S. Holder did not receive the proceeds of those distributions or dispositions directly.

A U.S. Holder that owns New Shares or, as discussed above, is deemed to own shares of a Lower-tier PFIC, will generally be subject to adverse tax treatment. Generally, gain recognised on a disposition (including, under certain circumstances, a pledge) of New Shares by the U.S. Holder, or on an indirect disposition of shares of a Lower-tier PFIC, will be allocated ratably over the U.S. Holder’s holding period for the New Shares. The amounts allocated to the taxable year of disposition will be taxed as ordinary income. The amounts allocated to each other taxable year will be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as applicable, and an interest charge will be imposed on the resulting tax liability for each such year. The total amount of gain or loss will equal the difference between the U.S. Holder’s tax basis in the New Shares disposed of and the amount realised on disposition, in each case as determined in U.S. dollars. U.S. Holders that are accrual method taxpayers should consult their tax advisers as to whether they may be required to recognize foreign currency gain or loss as a result of fluctuations in the foreign exchange rate between the date of the sale of the New Shares and the settlement date. Any gain or loss with respect to the New Shares will be U.S. source gain or loss for foreign tax credit purposes.

To the extent that any distribution received by a U.S. Holder on its New Shares (or a distribution by a Lower-tier PFIC that is deemed to be received by a U.S. Holder) exceeds 125% of the average of the annual distributions received (or deemed received) during the preceding three years or the U.S. Holder’s holding period, whichever is shorter, the distribution will be subject to taxation in the same manner as gains as described in the preceding paragraph.

If the Company is a PFIC for any year during which a U.S. Holder owns New Shares, the Company will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder holds the New Shares, even if the Company ceases to meet the threshold requirements for PFIC status.

If the New Shares are “regularly traded” on a “qualified exchange,” a U.S. Holder may make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described above. The New Shares will be treated as “regularly traded” in any calendar year in which more than a *de minimis* quantity of the New Shares are traded on a qualified exchange on at least 15 days during each calendar quarter. If a U.S. Holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the New Shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any

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excess of the adjusted tax basis of the New Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the New Shares will be adjusted to reflect the income or loss amounts recognised. Any gain recognised on the sale or other disposition of New Shares will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the mark-to-market election, distributions paid on New Shares will be treated as discussed under "*Taxation of Distributions*" below. U.S. Holders will not be able to make a mark-to-market election with respect to shares of a Lower-tier PFIC, if any, because such shares will not trade on any stock exchange. U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances.

The Company does not intend to provide U.S. Holders with the information necessary to make a qualified electing fund election, which if available could materially affect the tax consequences of owning and disposing of the New Shares.

A U.S. Holder that owns New Shares during any year in which the Company is a PFIC generally must file annual reports on an Internal Revenue Service ("IRS") Form 8621, generally with the U.S. Holder's federal income tax return for that year.

U.S. Holders should consult their tax advisers concerning the Company's PFIC status for any taxable year and the tax considerations relevant to an investment in a PFIC.

### ***Taxation of Distributions***

Subject to the PFIC rules described above, distributions paid on New Shares (including the amount of any Spanish taxes withheld therefrom), other than certain pro rata distributions of shares, generally will be treated as dividends to the extent paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not maintain calculations of the Company's earnings and profits under U.S. federal income tax principles, it is expected that distributions will be reported to U.S. Holders as dividends.

Dividends will be treated as foreign-source income for foreign tax credit purposes and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Non-corporate U.S. Holders should expect that dividends paid to them will not be "qualified dividend income" and therefore will not be taxable at a favourable rate. Dividends will be included in a U.S. Holder's income on the date of receipt. The amount of any dividend paid in euros will be the U.S. dollar value of the dividend calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt, and any such gain or loss will be U.S. source ordinary income or loss.

Subject to applicable limitations, Spanish income taxes withheld from dividends on New Shares at a rate not exceeding any applicable rate under the Treaty generally will be creditable against the U.S. Holder's U.S. federal income tax liability (see section "*Spanish SOCIMI Regime and Taxation—Spanish Tax Considerations—Non-Spanish Shareholders—Taxation on dividends*" for a discussion of how to obtain the Treaty rate). Spanish taxes withheld in excess of any applicable rate under the Treaty will not be eligible for credit against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a credit, a U.S. Holder may elect to deduct such Spanish taxes in computing its taxable income, subject to applicable limitations. An election

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to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year.

***Information Reporting and Backup Withholding***

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting requirements and backup withholding unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders who are individuals (and certain specified entities) may be required to report information relating to the New Shares or non-U.S. accounts through which the New Shares are held, subject to certain exceptions. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the New Shares.

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## CERTAIN BENEFIT PLAN INVESTOR CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Ordinary Shares by an “employee benefit plan” (within the meaning of Section 3(3) of ERISA) that is subject to Title I of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the Code or provisions under any Similar Law, and entities whose underlying assets are deemed to include “plan assets” of any such employee benefit plan account or arrangement (each, a “**Plan**”). This summary is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Ordinary Shares on behalf of, or with the assets of, any employee benefit plan, consult with their counsel to determine whether such employee benefit plan is subject to Title I of ERISA, Section 4975 of the Code or any Similar Laws.

Section 3(42) of ERISA provides that the term “plan assets” has the meaning assigned to it by such regulations as the U.S. Department of Labor (the “**Department**”) may prescribe. The Department has prescribed Regulation Section 2510.3-101, as modified by Section 3(42) of ERISA (the “**Plan Asset Regulations**”), that generally provide that when a Plan subject to Title I of ERISA or Section 4975 of the Code (each, an “**ERISA Plan**”) acquires an equity interest in an entity that is neither a “publicly-offered security” (as defined in the Plan Asset Regulations) nor a security issued by an investment company registered under the U.S. Investment Company Act, the ERISA Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by “Benefit Plan Investors” is not significant or that the entity is an “operating company,” (as defined in the Plan Asset Regulations). For purposes of the Plan Asset Regulations, equity participation in an entity by Benefit Plan Investors will not be significant if they hold, in the aggregate, less than 25% of the total value of any class of equity interests of such entity, excluding equity interests held by any person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the entity or who provides investment advice for a fee (direct or indirect) with respect to such assets, and any “affiliates” (as defined in the Plan Asset Regulations) of such person. Section 3(42) of ERISA provides, in effect, that for purposes of the Plan Asset Regulations, the term “Benefit Plan Investor” means an ERISA Plan or an entity whose underlying assets are deemed to include “plan assets” under the Plan Asset Regulations (for example, an entity 25% or more of the total value of any class of equity interests of which is held by Benefit Plan Investors and which does not satisfy another exception under the Plan Asset Regulations).

It is anticipated that (i) Ordinary Shares will not constitute “publicly offered securities” for purposes of the Plan Asset Regulations, (ii) the Company will not be an investment company registered under the U.S. Investment Company Act and (iii) the Company may not qualify as an operating company within the meaning of the Plan Asset Regulations. Accordingly, the Company will prohibit ownership by Benefit Plan Investors in the Ordinary Shares through deemed representations from its investors. However, no guarantee can be given that investment by Benefit Plan Investors in the Ordinary Shares will not be “significant” for purposes of the Plan Asset Regulations.

### Plan Asset Consequences

If the Company’s assets were deemed to be “plan assets” of an ERISA Plan whose assets were invested in the Company, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Company, and (ii) the possibility that certain transactions that the Company, or its respective affiliates might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions

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under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded. A non-exempt prohibited transaction, in addition to imposing potential liability upon fiduciaries of the ERISA Plan, may also result in the imposition of an excise tax under the Code upon a “party in interest” (as defined in ERISA), or “disqualified person” (as defined in the Code), with whom the ERISA Plan engages in the transaction. In addition, if the Company’s assets were deemed to be “plan assets”, the Company’s management, various providers of fiduciary or other services to the Company and any other parties with authority or control with respect to the Company’s assets may be considered fiduciaries of such Benefit Plan Investors under ERISA or Section 4975 of the Code or otherwise parties in interest or disqualified persons by virtue of their provision of such services. Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to Title I of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws. Fiduciaries of such plans should consult with their counsel before purchasing or holding any Ordinary Shares. Because of the foregoing, the Ordinary Shares may not be purchased or held by any person investing assets of any Plan.

### **Representation and Warranty**

In light of the foregoing, by accepting any Ordinary Shares (or any interest therein), each purchaser and transferee will be deemed to have represented and warranted that it is not, and is not acting on behalf of, any Plan.

### **Provisions Included in Bylaws**

The Bylaws contain certain information obligations with respect to shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). Moreover, the Company will have the ability to request from any shareholder or beneficial owner of Ordinary Shares such information as the Company considers necessary or useful to determine whether any such person is subject to a special legal regime applicable to pension funds or benefit plans. Subject to applicable law, if any such shareholder or beneficial owner fails to comply with such information obligations, the Company will be entitled to impose a penalty on such shareholder or beneficial owner in an amount equal to the proportional part of the book value of the Company (in accordance with the most recent audited and published balance sheet of the Company) represented by the shares of the breaching shareholder or beneficial owner, which may be offset with any dividends payable by the Company to such shareholder. Furthermore, according to the Bylaws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its shareholders resulting from the application of laws and regulations relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of the total value of any class of equity interest in the Company.

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## USE OF PROCEEDS

The Company has received Net Proceeds from the Offering of approximately €146,254,990 (gross proceeds of €149,999,990 less total expenses in the amount of approximately €3,745,000 comprising the fees payable to the Joint Global Coordinators and Joint Bookrunners and other expenses related to the Offering). In connection with the Offering, the Joint Global Coordinators and Joint Bookrunners have received fees in the aggregate amount of approximately €2,595,000.

The Company intends to use the Net Proceeds of the Offering to expand its existing Portfolio and enhance it through capital expenditures.

In the event that 18 months after the Admission, less than 75% of Net Proceeds have been invested or committed for investment by the Company in accordance with its investment strategy, the Board of Directors will call a General Meeting of Shareholders to be held within 45 days from the end of such 18-month period, to vote for a proposal for the Company to either extend the investment period beyond 18 months or reimburse shareholders the amounts of the Net Proceeds that have not been so invested or committed for investment by the Company (including through a distribution of reserves, a capital reduction, shares' repurchase or otherwise) or used to fund the Company's structural expenses. Only those Shareholders that are registered in the clearance and settlement system managed by Iberclear at 23:59 hours (Madrid time) on the day of approval of the reimbursement by the General Meeting of Shareholders will be entitled to receive any such reimbursement unless said approval specifies a different date and time for shareholders to be entitled to receive such reimbursement. In any case, Shareholders will only be entitled to the reimbursement approved by the relevant General Meeting of Shareholders and will not be entitled to any interest compensation from the Company as a result of the Company not being able to reach the investment commitment. In case of partial return of the Net Proceeds, the Company will continue to manage the assets held.

For additional information, see the section *"Information about the issuer—Investment Policy and Strategy"*

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## DIVIDEND POLICY

The Company intends to maintain a dividend policy that accounts for sustainable levels of dividend distribution and which reflects the Company's view on the outlook for sustainable recurring earnings. The Company does not aim to create reserves that are not available for distribution to its shareholders other than those required by law. The Company intends to pay dividends following shareholders' approval at the proposal of the Board of Directors. In any case, the Company is a Spanish SOCIMI and aims to maintain such status. In this regard, under the Spanish SOCIMI Regime, the Company will be required to adopt resolutions for the annual distribution of dividends, in compliance with the conditions set out in both the SOCIMI Regime and the Spanish corporate legislation, to shareholders within the six months following the closing of each fiscal year. For more detail, see the section "*Spanish SOCIMI regime and taxation—Spanish SOCIMI Regime—Qualification as Spanish SOCIMI—Mandatory dividend distribution*".

Only those Shareholders that are registered in the clearance and settlement system managed by Iberclear at 23:59 hours (Madrid time) on the day of approval of a dividend distribution will be entitled to receive such dividend distribution unless said approval specifies a different date and time for shareholders to be entitled to receive such dividends. Dividends will be received in respect of the Ordinary Shares owned at such time. Pursuant to the SOCIMI Regime and the Bylaws, the payment date of the dividends will take place in the month after the dividend distribution is approved by the Company's Shareholders' Meeting or Board of Directors.

The record date criterion referred to above is intended to allow the Company to timely identify Substantial Shareholders (as defined in section "*Spanish SOCIMI regime and taxation*") before making a dividend distribution to them. According to the Bylaws, any shareholder must give notice to the Board of Directors of any acquisition of Ordinary Shares which results in such shareholder holding 5% or more of the Company's share capital. In such case, if the dividends to be paid to said Substantial Shareholder are either exempt from tax or subject to tax at a rate lower than the 10% Test (as defined and explained in section "*Spanish SOCIMI regime and taxation*"), the Company is required, under the SOCIMI Regime, to pay a 19% Spanish CIT of the gross dividends distributed. Likewise, the said 19% CIT of gross dividends will also be applied if the Substantial Shareholder fails to provide enough evidence on the compliance with the 10% Test. For additional information on the shareholding reporting obligation see the section "*Description of share capital—Company's indemnity from Substantial Shareholders' CIT liability and shareholders' reporting obligation*". The payment of such special levy will be deemed as an expense for the Company, to be reduced from the profits to be distributed to shareholders. Additionally, the Bylaws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders who do not meet the 10% Test. The Board of Directors is entitled to deduct an amount equivalent to the tax expenses the Company incurs on such dividend payment from the amount to be paid to said Substantial Shareholder.

Dividends distributed by the Company may be subject to Spanish withholding tax, although certain exemptions, reduced tax rates or refunds may be applicable in certain circumstances, as explained in "*Spanish SOCIMI regime and taxation—Spanish Resident Individuals—Taxation on dividends*".

In any event, the Company's ability to pay dividends in the future will also depend on the performance and/or prospects of the Company's business, own capital structure and financing needs, general and capital market conditions, and other factors that the Board of Directors and shareholders may deem relevant at the time, as well as the applicable legal restrictions.



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The Company's expectations in relation to dividends, distributable reserves, business performance and market conditions are subject to numerous assumptions, risks and uncertainties, which may be beyond the Company's control. For a discussion of risks faced by the Company's business, see the section "*Risk Factors*".

#### **Spanish SOCIMI regime and taxation on dividends under Spanish law**

The Company is a Spanish SOCIMI and, as such, the Company has a tax efficient corporate structure with the consequences for shareholders described in section "*Spanish SOCIMI regime and taxation*". Provided certain conditions and tests are satisfied, as a Spanish SOCIMI, the Company will not pay Spanish corporate taxes on the profits deriving from its activities. These conditions and tests are discussed in section "*Spanish SOCIMI regime and taxation*".

The Spanish Companies Act requires that each company allocates at least 10% of its net income each year to a legal reserve until the balance of such reserve is equivalent to at least 20% of such issued share capital. A legal reserve is not available for distribution to its shareholders except upon liquidation. As of 31 December 2018, the Company's legal reserve had not reached the legally-established minimum.

Under current tax legislation, any distributions made in the future will be subject to tax under Spanish law. See section "*Spanish SOCIMI regime and taxation*" for a discussion of certain aspects of taxation of dividends.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Company's liquidity, capitalisation and indebtedness as of 30 September 2019 on an actual basis and as adjusted for the net proceeds from the placement of the New Shares.

As of the date of this Prospectus, all debts with credit entities are guaranteed as described in further detail in Section "Operating and financial review—Liquidity and capital resources—Borrowings" of the Prospectus.

The Company has not had any contingent liabilities as of 30 September 2019 or 31 December 2018.

The Company believes that its working capital currently available, together with the working capital that the Company expects to generate are sufficient to meet the Company's business needs for the 12 months following the date of this Prospectus.

|  | As of 30<br>September 2019<br>(limited review) | Adjustments for<br>the Net<br>Proceeds of the<br>Offering | As adjusted (as<br>of 30<br>September<br>2019) |
|--|--|---|--|
| (Thousand euros)   |  |   |  |
| <b>Liquidity</b>   |  |   |  |
| Cash and cash equivalents                                  | 39,684   | 146,255   | 185,939  |
| <b>Total liquidity</b>                                     | <b>39,684</b>                                  | <b>146,255</b>  | <b>185,939</b>                                 |
| <b>Debt</b>  |  |   |  |
| Non-current and Current Bank loans and credits             | 65,087   | -   | 65,087   |
| Financial hedging derivatives                              | 1,367  | -   | 1,367  |
| <b>Total financial debt</b>                                | <b>66,454</b>                                  | <b>0</b>  | <b>66,454</b>                                  |
| <b>Total net financial debt<sup>(1)</sup></b>              | <b>26,770</b>                                  | <b>(146,255)</b>  | <b>(119,485)</b>                               |
| <b>Equity</b>  |  |   |  |
| Share capital  | 140,063  | 144,231   | 284,294  |
| Share premium  | -  | 5,769   | 5,769  |
| Reserves   | (4,233)  | (3,745)   | (7,978)  |
| Treasury shares  | (487)  | -   | (487)  |
| Profit for the period                                      | 15,281   | -   | <del>15,281</del> 15,281                       |
| Reserve hedging  | (1,367)  | -   | (1,367)  |
| <b>Total equity</b>  | <b>149,257</b>                                 | <b>146,255</b>  | <b>295,512</b>                                 |
| <b>Total capitalisation and indebtedness<sup>(2)</sup></b> | <b>176,027</b>                                 | <b>-</b>  | <b>176,027</b>                                 |

(1) Total net financial debt is equal to the sum of non-current and current bank loans and credits and financial hedging derivatives less cash and cash equivalents.

(2) Total capitalisation and indebtedness is equal to the sum of total net financial debt and total equity.

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## HISTORICAL FINANCIAL INFORMATION

The tables below set forth the Company's consolidated balance sheet, consolidated income statement, consolidated statements of changes to equity and consolidated cash flow statement as of the dates and for the periods indicated. The below financial information should be read in conjunction with the information set forth under section "*Presentation of information and other important notices*" of this Prospectus and the Audited Consolidated Financial Statements and Condensed Interim Consolidated Financial Statements and their corresponding English translations incorporated by reference into this Prospectus.

The figures presented in the income statement, the statement of changes in equity and statement of cash flows for the periods between 13 June and 30 September 2018 correspond to stand-alone, unconsolidated figures of the Company, as Árima became a group of companies in December 2018 when its subsidiary was first incorporated.

The following tables should be read in conjunction with "*Presentation of Financial Information*", "*Operating and Financial Review*" and the Audited Consolidated Financial Statements and the Condensed Interim Consolidated Financial Statements and the related notes thereto incorporated by reference in this Prospectus.

## CONSOLIDATED BALANCE SHEET

| (Thousand euros)                                 | As at 30 September 2019<br>(limited review) | As at 31 December 2018<br>(audited) |
|--|---|-------------------------------------|
| <b>ASSETS</b>                                    |   |                                     |
| <b>NON-CURRENT ASSETS</b>                        |   |                                     |
| Property, plant and equipment                    | 125   | 63                                  |
| Investment properties                            | 175,566                                     | 39,975                              |
| Other non-current financial assets               | 1,067                                       | -                                   |
| <b>Total non-current assets</b>                  | <b>176,758</b>                              | <b>40,038</b>                       |
| <b>CURRENT ASSETS</b>                            |   |                                     |
| Trade receivables and other accounts receivables | 2,597                                       | 369                                 |
| Trade receivables for sales and services         | 774   | 12                                  |
| Other accounts receivable                        | 1,323                                       | -                                   |
| Personnel  | 3   | -                                   |
| Other credits held with Public Authorities       | 497   | 357                                 |
| Prepayments for current assets                   | 156   | 105                                 |
| Cash and cash equivalents                        | 39,684                                      | 57,970                              |
| Cash and banks                                   | 39,684                                      | 57,970                              |
| <b>Total current assets</b>                      | <b>42,437</b>                               | <b>58,444</b>                       |
| <b>Total assets</b>                              | <b>219,195</b>                              | <b>98,482</b>                       |
| <b>EQUITY AND LIABILITIES</b>                    |   |                                     |
| <b>EQUITY</b>                                    |   |                                     |
| Share capital                                    | 140,063                                     | 100,063                             |
| Reserves   | (4,233)                                     | (3,553)                             |
| Treasury shares                                  | (487)                                       | (546)                               |
| Profit/(loss) for the period                     | 15,281                                      | 1,124                               |
| Hedging transactions                             | (1,367)                                     | -                                   |
| <b>Total equity</b>                              | <b>149,257</b>                              | <b>97,088</b>                       |
| <b>NON-CURRENT LIABILITIES</b>                   |   |                                     |
| Bank loans and credits                           | 64,928                                      | -                                   |
| Financial hedging derivatives                    | 1,367                                       | -                                   |
| Other non-current financial liabilities          | 1,166                                       | -                                   |
| <b>Total non-current liabilities</b>             | <b>67,461</b>                               | <b>-</b>                            |
| <b>CURRENT LIABILITIES</b>                       |   |                                     |
| Bank loans and credits                           | 159   | -                                   |
| Trade and other payables                         | 2,318                                       | 1,394                               |
| Commercial creditors and other payables          | 875   | 764                                 |
| Other current debts                              | 37  | -                                   |
| Other debts with Public Authorities              | 1,406                                       | 630                                 |
| <b>Total current liabilities</b>                 | <b>2,477</b>                                | <b>1,394</b>                        |
| <b>Total liabilities</b>                         | <b>69,938</b>                               | <b>1,394</b>                        |
| <b>Total equity and liabilities</b>              | <b>219,195</b>                              | <b>98,482</b>                       |

## CONSOLIDATED INCOME STATEMENT

|   | For the nine- month<br>period ended 30<br>September 2019 | For the period from 13 June<br>to 31 December 2018 | For the period from<br>13 June 2018 to 30<br>September 2018 |
|---|--|--|---|
| (Thousand euros)  | (limited review)   | (audited)  | (unaudited)   |
| Revenue   | 3,890  | 12   | –   |
| Changes in fair value of investment properties                            | 15,033   | 1,621  | –   |
| Personnel expenses  | (1,483)  | (321)  | –   |
| Other operating expenses  | (1,642)  | (186)  | (221)   |
| Gains/(losses) on disposal of fixed assets                                | (33)   | –  | –   |
| Depreciation of property, plant and equipment                             | (7)  | (2)  | (2)   |
| <b>RESULTS FROM OPERATING ACTIVITIES</b>                                  | <b>15,758</b>  | <b>1,124</b>                                       | <b>(223)</b>  |
| Financial income  | –  | –  | –   |
| Financial expenses  | (477)  | –  | –   |
| <b>FINANCIAL RESULT</b>   | <b>(477)</b>   | <b>–</b>   | <b>–</b>  |
| <b>PRE-TAX RESULT</b>   | <b>15,281</b>  | <b>1,124</b>                                       | <b>(223)</b>  |
| Income tax  | –  | –  | –   |
| <b>PROFIT/(LOSS) FOR THE PERIOD</b>                                       | <b>15,281</b>  | <b>1,124</b>                                       | <b>(223)</b>  |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO<br/>THE PARENT COMPANY'S OWNERS</b> |  |  |   |
| Basic and diluted earnings per share                                      | 1.22   | 0.33   | –   |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | For the nine-month period ended 30 September 2019 |                |                  |                       |                 |                |
|--|---|----------------|------------------|-----------------------|-----------------|----------------|
|  | Thousand Euros                                    |                |                  |                       |                 |                |
|  | Share capital                                     | Reserves       | Hedging reserves | Profit for the period | Treasury shares | Total          |
|  | (limited review)                                  |                |                  |                       |                 |                |
| <b>BALANCE AS AT 1 January 2019</b>                                  | <b>100,063</b>                                    | <b>(3,553)</b> | –                | <b>1,124</b>          | <b>(546)</b>    | <b>97,088</b>  |
| Profit for the period  | –   | –              | –                | 15,281                | –               | 15,281         |
| Other comprehensive income for the period                            | –   | –              | (1,367)          | –                     | –               | (1,367)        |
| <b>Total comprehensive income for the period</b>                     | –   | –              | <b>(1,367)</b>   | <b>15,281</b>         | –               | <b>13,914</b>  |
| Share capital increase   | 40,000  | (1,822)        | –                | –                     | –               | 38,178         |
| Other movements  | –   | 1,124          | –                | (1,124)               | –               | –              |
| Other results in treasury shares                                     | –   | 18             | –                | –                     | 59              | 77             |
| <b>Total transactions with owners, recognised directly in equity</b> | <b>40,000</b>                                     | <b>(680)</b>   | –                | <b>(1,124)</b>        | <b>59</b>       | <b>38,255</b>  |
| <b>BALANCE AT 30 September 2019</b>                                  | <b>140,063</b>                                    | <b>(4,233)</b> | <b>(1,367)</b>   | <b>15,281</b>         | <b>(487)</b>    | <b>149,257</b> |
|  | For the period from 13 June to 30 September 2018  |                |                  |                       |                 |                |
|  | Thousand Euros                                    |                |                  |                       |                 |                |
|  | Share capital                                     | Reserves       | Hedging reserves | Profit for the period | Treasury shares | Total          |
|  | (unaudited)                                       |                |                  |                       |                 |                |
| <b>BALANCE AS AT 13 June 2018</b>                                    | –   | –              | –                | –                     | –               | –              |
| Profit for the period  | –   | –              | –                | (223)                 | –               | (223)          |
| Other comprehensive income for the period                            | –   | –              | –                | –                     | –               | –              |
| <b>Total comprehensive income for the period</b>                     | –   | –              | –                | <b>(223)</b>          | –               | <b>(223)</b>   |
| Share capital increase   | 63  | (2)            | –                | –                     | –               | 61             |
| Other results in treasury shares                                     | –   | –              | –                | –                     | –               | –              |
| <b>Total transactions with owners, recognised directly in equity</b> | <b>63</b>   | <b>(2)</b>     | –                | –                     | –               | <b>61</b>      |
| <b>BALANCE AT 30 September 2018</b>                                  | <b>63</b>   | <b>(2)</b>     | –                | <b>(223)</b>          | –               | <b>(162)</b>   |
|  | For the period from 13 June to 31 December 2018   |                |                  |                       |                 |                |
|  | Thousand Euros                                    |                |                  |                       |                 |                |
|  | Share capital                                     | Reserves       |                  | Profit for the period | Treasury shares | Total          |
|  | (audited)   |                |                  |                       |                 |                |
| <b>BALANCE AS AT 13 June 2018</b>                                    | –   | –              |                  | –                     | –               | –              |
| Profit for the period  | –   | –              |                  | 1,124                 | –               | 1,124          |
| Other comprehensive income for the period                            | –   | (3,553)        |                  | –                     | –               | (3,553)        |
| <b>Total comprehensive income for the period</b>                     | –   | <b>(3,553)</b> |                  | <b>1,124</b>          | –               | <b>(2,429)</b> |
| Share capital increase   | 100,063   | –              |                  | –                     | –               | 100,063        |
| Treasury shares transactions   | –   | –              |                  | –                     | (546)           | (546)          |
| <b>Total transactions with owners, recognised directly in equity</b> | <b>100,063</b>                                    | –              |                  | –                     | <b>(546)</b>    | <b>99,517</b>  |
| <b>BALANCE AT 31 December 2018</b>                                   | <b>100,063</b>                                    | <b>(3,553)</b> |                  | <b>1,124</b>          | <b>(546)</b>    | <b>97,088</b>  |

## CONSOLIDATED CASH FLOW STATEMENT

| (Thousand euros)   | For the nine<br>-month<br>period ended<br>30<br>September<br>2019<br><br>(limited<br>review) | For the period<br>from 13 June to<br>31 December<br>2018<br><br>(audited) | For the period<br>from 13 June<br>2018 to 30<br>September<br>2018<br><br>(unaudited) |
|--|--|---|--|
|  |  |   |  |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                     |  |   |  |
| <b>Pre-tax result for the period</b>                           | <b>15,281</b>  | <b>1,124</b>  | <b>(223)</b>   |
| <b>Adjustments to profit/loss</b>                              | <b>(14,516)</b>  | <b>(1,619)</b>  | <b>2</b>   |
| Depreciation of property, plant and equipment                  | 7  | 2   | 2  |
| Financial expenses   | 477  | -   | -  |
| Changes in fair value of investment properties                 | (15,033)   | (1,621)   | -  |
| Profit/(losses) on disposal of fixed assets                    | 33   | -   | -  |
| <b>Changes in working capital</b>                              | <b>(966)</b>   | <b>216</b>  | <b>(11)</b>  |
| Debtors and other receivables                                  | (902)  | (369)   | (54)   |
| Other current assets   | (51)   | (105)   | -  |
| Creditors and other payables                                   | (329)  | 690   | -  |
| Other current liabilities                                      | 217  | -   | -  |
| Other non-current assets and liabilities                       | 99   | -   | 43   |
| <b>Cash flow from operating activities</b>                     | <b>(201)</b>   | <b>(279)</b>  | <b>(232)</b>   |
| <b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>                    |  |   |  |
| <b>Payments on investments</b>                                 | <b>(121,168)</b>   | <b>(37,439)</b>   | <b>(65)</b>  |
| Property, plant and equipment                                  | (103)  | (65)  | (65)   |
| Investment properties  | (121,065)  | (37,374)  | -  |
| <b>Cash flow from investment activities</b>                    | <b>(121,168)</b>   | <b>(37,439)</b>   | <b>(65)</b>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                     |  |   |  |
| <b>Receivables and payments on equity instruments</b>          | <b>38,255</b>  | <b>95,964</b>   | <b>61</b>  |
| Issue of equity instruments                                    | 38,178   | 96,510  | 61   |
| Acquisition of treasury shares                                 | (348)  | (555)   | -  |
| Disposal of treasury shares                                    | 425  | 9   | -  |
| <b>Receivables and payments on financial liabilities</b>       | <b>64,828</b>  | <b>(276)</b>  | <b>276</b>   |
| Financial borrowings   | 95,021   | -   | -  |
| Financial payments   | (30,000)   | -   | -  |
| Paid interests   | (193)  | -   | -  |
| Debts with special feature                                     | -  | (276)   | 276  |
| <b>Cash flow from financing activities</b>                     | <b>103,083</b>   | <b>95,688</b>   | <b>337</b>   |
| <b>NET INCREASE/REDUCTION IN CASH AND CASH<br/>EQUIVALENTS</b> | <b>(18,286)</b>  | <b>57,970</b>   | <b>40</b>  |
| <b>Cash and cash equivalents at beginning of period</b>        | <b>57,970</b>  | <b>-</b>  | <b>-</b>   |
| <b>Cash and cash equivalents at end of period</b>              | <b>39,684</b>  | <b>57,970</b>   | <b>40</b>  |

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## OPERATING AND FINANCIAL REVIEW

The following discussion should be read in conjunction with the information set forth under “*Historical Financial Information*”, the Audited Consolidated Financial Statements and the Condensed Interim Consolidated Financial Statements.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. The Company’s future results could differ materially from those discussed or implied below. Factors that could cause or contribute to such differences include, without limitation, those discussed in “*Risk Factors*”, “*Information about the Issuer*” and elsewhere in this Prospectus.

References to the “nine-month period ended 30 September 2019” when referring to financial data, refer to the period from 1 January 2019 to 30 September 2019. References to the “period ended 31 December 2018” when referring to financial data, refer to the period from 13 June 2018 through 31 December 2018.

### Overview

The purpose of the Company is to invest primarily in Commercial Property, mainly offices located in the city centre (CBD and CBD-adjacent) in Madrid and, to a lesser extent, in Barcelona and other major logistics hubs in Spain.

For further information on the Company’s business strategy, Portfolio and investment strategy, see “*Information about the Issuer*” of this Prospectus.

### Key factors affecting the Company’s results of operations

Company’s results of operations are affected by a number of factors, including the following:

#### ***Macroeconomic market conditions***

The rental income and market value of the Company’s real estate portfolio depend to a significant degree on general macroeconomic and market factors. The Spanish economy has experienced a positive recovery since the height of the real estate sector crisis: year-on-year GDP growth was 3.0% and 2.5% in 2017 and 2018, respectively, and GDP is expected to grow by 2.0% and 1.7% in 2019 and 2020, respectively, higher than the average for current EU economies of 1.5% and 1.7% in 2019 and 2020, respectively (sources: the Bank of Spain and the European Commission). Although this improvement has had a positive effect on the Spanish Commercial Property market in general, there can be no guarantee that this growth of the Spanish economy (or that of the Spanish regions where the Company is and/or intends to be present) or the general recovery of the Spanish Commercial Property market will be sustained. Economic growth in Spain may vary by region and locality, and no assurance can be given that each of the Company’s properties will benefit equally from any positive national economic growth.

The Commercial Property market is cyclical in nature and is affected by the economic environment as a whole. Therefore, apart from the economic conditions in Spain, the operating and financial performance of the Company may be, to a certain extent, affected by EU and global financial conditions given changes in global trends may affect local market dynamics. The Company’s results of operations and the availability of investment opportunities are affected by the cyclical nature of the Commercial Property industry. Although current macroeconomic conditions are favourable, the Company cannot predict whether these trends will continue or improve. Given the cyclical nature of the real estate industry, downturns and valuation adjustments are likely to occur again in the future which could materially adversely affect the Company’s results of operations.



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For a specific description of the risks derived from macroeconomic market conditions, see Section “*Risk Factors—Risks relating to the general economic and political conditions—A deterioration of economic conditions in Spain and the EU generally could adversely affect the business of the Company including any deterioration derived from the political uncertainty in Spain and the EU*” of this Prospectus.

#### ***Impact of interest rate changes and cost of financing***

Changes in interest rates and in risk premium affect the Company’s business in a number of ways. Interest rates and risk premiums affect capitalisation and discount rates, which in turn influence the fair value of its properties. Moreover, lower interest rates in the regions in which the Company operates tend to increase demand for properties, resulting in higher acquisition costs but lower interest expenses. Conversely, rising interest rates lead to less favourable financing terms and may negatively affect the sale of properties.

In addition, changes in interest rates affect the Company’s cost of financing. They affect the conditions at which the Company may obtain fixed rate financing and affect interest payment obligations under any floating rate debt obligations. A portion of the Company’s business is debt-financed, according to the leverage criteria described in “*Information about the Issuer—Investment Funding*” and several of the Bilateral Financing Agreements carry interest at floating interest rates. The Company expects to depend on the availability of debt financing and its results of operations may be materially affected by financing costs going forward.

As of 30 September 2019, the estimated sensitivity in the Group’s financial costs to a 1% change (increase or decrease) in the interest rate is as follows. The amount of the Group’s financial costs from fixed gross financial debt remains unchanged. The amount of the Group’s financial costs from variable gross financial debt would increase by €56 thousands in the event of a 1% interest rate increase in the nine-month period ended 30 September 2019. The amount of the Group’s financial costs from variable gross financial debt in the nine-month period ended 30 September 2019 would remain unchanged in the event of a 1% interest rate decrease.

For a specific description of the risks derived from the impact of interest rate changes and cost of financing on the Company, see Section “*Risk Factors—Risks related to the financing of the Company—The Company’s investment strategy includes the use of leverage, which may expose the Company to risks associated with borrowings, including by impairing its ability to pay dividends required under the SOCIMI regime and floating rate debt exposes the Company to risks associated with movements in interest rates*” of this Prospectus.

#### ***Portfolio size and occupancy and rental rates***

The Company’s level of GRI is a material factor affecting the Company’s income. The amount of GRI earned depends primarily on the Company’s ability to maintain the occupancy rates of leased space and to lease currently available or acquired space and space available from unscheduled lease terminations and on its ability to maintain or increase rental rates. If the occupancy rates of the Company’s properties were to decrease, whether due to a decrease in demand for commercial real estate or due to certain of the Company’s properties being unavailable for occupancy for a period of time (due to required maintenance, redevelopment or other reasons), this could cause a reduction in the Company’s rental income. Conversely, an increase in occupancy rates would generally have a positive impact on the Company’s rental income (subject to stability in other factors such as the total number of real estate assets and rental rates of the Company). Significant changes in the Company’s levels of rental income result primarily from property acquisitions, which affect the size of the total portfolio of the Company and may have an impact on the average GRI per square meter. The Company’s rental income is dependent on the Company’s ability to attract tenants and increase or maintain rental rates.

The occupancy rate (excluding parking units) of the Company’s Portfolio, was 84% on 30 September 2019 and 65% on 31 December 2018 (the latter only including the properties owned by the Company as of 31 December 2018).

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For a specific description of the risks derived from the Company's business, see Section "*Risks Factors—Risks specific to the Company's business*" of this Prospectus.

### ***Investment in the Company's real estate Portfolio***

The Company has invested, and plans to continue investing, in the acquisition of new properties as well as the refurbishment of properties in its Portfolio. Some of the Company's properties require refurbishment or development before they can generate rental income, and there may be delays between the timing of the Company's investments and income being received from such properties. Furthermore, properties that are already generating rental income could experience interruptions in the generation of such income if additional refurbishments or developments were to be executed. The Company's investments in connection with its Portfolio, as well as the contribution to the revenue of its real estate business in the future, may be less or more than the amounts currently expected or described in this Prospectus. See "*Forward-Looking Statements*" in this Prospectus. The Company is in the process of analysing and preparing certain refurbishment plans in connection with the Habana and America properties. Additionally, the Company is currently performing certain refurbishment works in connection with the María de Molina property.

Changes in the Company's Portfolio, which may be affected by the capital expenditures undertaken by the Company, may have a significant effect on the Company's Total GAV and financial results. As indicated below in "*—Considerations regarding the comparability of the Company's financial condition and results of operations*", the Company acquired the 9th and 10th floors in the María de Molina building and the Habana property in December 2018. During the first half of 2019, the Company acquired the remaining properties currently comprising its Portfolio. The Company intends to continue making capital expenditures, both as part of the Company's capital expenditures plan in respect of its existing property Portfolio or as otherwise needed with respect to its existing properties, and with respect to any properties that the Company may acquire in the future.

For a specific description of the risks derived from the investment in the Company's real estate Portfolio, see Section "*Risks Factors—Risks specific to the Company's business—Competition in the real estate market may affect the ability of the Company to make appropriate acquisitions and to secure tenants at satisfactory rental levels*"; "*Risks Factors—Risks specific to the Company's business—The Company's evaluation of a potential acquisition or investment may not identify all possible risks and liabilities*"; "*Risks Factors—Risks specific to the Company's business—There can be no guarantee that any target returns will be achieved*"; and "*Risks Factors—Risks specific to the Company's business—Real estate investments are relatively illiquid and the Company may dispose of investments at a lower than expected return or at a loss on such investments*" of this Prospectus.

### ***Property values and valuation***

The value of the real estate properties that comprise the Company's Portfolio has a significant effect on the Company's financial performance, both in terms of the valuation of its real estate properties reflected in its financial statements and the prices that the Company will be able to achieve upon the sale of any real estate property. Furthermore, any changes to fair value are recorded on the Company's income statement.

The Company's NAV is based on the most recent valuation of its real estate properties on a consolidated basis. Valuations of its consolidated real estate properties are intended to be made as of each 30 June and 31 December.

The Company engages external, independent appraisers to value the Company's real estate properties at each relevant reporting date, in accordance with the RICS valuation standards. However, real estate valuation is inherently subjective, in part because all real estate valuations are made on the basis of assumptions which may not prove to be accurate and in part because of the individual nature of each real estate property.

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The Company may seek to dispose of real estate properties from time to time. The price which the Company will be able to realise upon the sale of any real estate properties will depend on, amongst other things, market conditions at the time of the sale, and may not always correspond with the most recent valuation of such properties. The price achieved by the Company upon the sale of a property will affect both its income during the financial reporting period in which the property is sold and the amount of proceeds that the Company has available to reinvest in its business or distribute to shareholders.

For a specific description of the risks derived from the Property values and valuation, see Section “*Risks Factors—Risks specific to the Company’s business—The NAV of the Company may fluctuate over time and the Valuation Report and/or additional existing or future valuation reports could incorrectly assess the value of the Company’s properties and may not reflect the current market values of the Company’s properties*” of this Prospectus.

#### ***Size and composition of the Company’s Portfolio***

The Company acquired its first properties in December 2018. The Company’s revenue depends significantly on the number of properties owned by the Company, as well as the type and quality of such properties. In respect of lettable properties, the rental rates received by the Company on a particular property will depend on a number of factors, including the property’s size, location, surrounding area, use and condition. Properties of a higher quality or in premium locations generally command higher acquisition prices but also achieve higher rental rates when leased to tenants. Additionally, properties which represent redevelopment opportunities generally command relatively lower acquisition costs but require additional costs in respect of redevelopment, after which the Company would typically expect rental rates on such properties to increase. The growth of the Company’s business going forward will depend significantly on its ability to identify and acquire suitable properties that fit its business strategy and will contribute additional rental or other income, but do not require disproportionate costs.

#### **Considerations regarding the comparability of the Company’s financial condition and results of operations**

The Company was incorporated on 13 June 2018 but did not commence its business operations, including the acquisition of properties (with its first properties being acquired in December 2018, as stated below), until after the Company’s IPO in October 2018. As a result, the Company has no financial information for any period prior to 13 June 2018 and is therefore not able to compare its results of operations for the periods ended 31 December 2018 or 30 September 2019 with any prior equivalent period of time. Given the lack of relevant historical financial information, its financial condition and results of operations as described below have not been compared with any prior equivalent period of time.

Moreover, because the Company acquired its first properties in December 2018, it has a very limited operating history with its current assets and liabilities. The composition of the Company’s Portfolio has significantly changed during the reported periods, affecting the comparability of the Company’s financial condition and results of operations as of and for the financial periods ended 31 December 2018 and 30 September 2019. Investors are cautioned against drawing any inferences from the Audited Consolidated Financial Statements and the Condensed Interim Consolidated Financial Statements and/or other financial data included herein given the Company’s limited operating history and the fact that, as of the date of this Prospectus, certain properties in the Company’s Portfolio are partially vacant and therefore not generating rental revenue and will be incurring construction and refurbishment expenses which will be capitalised (see “—*Capital expenditures*”). The future results of the Company will depend upon its ability to derive value from the properties acquired so far and from its future investments, the Spanish economic environment and other factors described elsewhere in this Prospectus.

Furthermore, the financial information included in or incorporated by reference to this Prospectus is not intended to comply with the reporting requirements of the SEC. Compliance with such requirements would generally require the presentation of a pro forma income statement giving effect to certain

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significant acquisitions the Company has made since its incorporation. In addition, since the Company's intention is to continue expanding its portfolio of Commercial Property in the future, the information included herein regarding its current Portfolio may not be indicative of its future business, financial condition or results of operations. The timing of the Company's acquisition of real estate properties and any delays in when such properties begin to generate rental income may affect its revenue and operating profit, which may make comparisons between periods difficult. Furthermore, properties that are already generating rental income could experience interruptions in the generation of such income if additional refurbishments or developments were to be executed.

### **Critical accounting policies**

The Audited Consolidated Financial Statements, Interim Consolidated Financial Statements and the accompanying notes contain information that is relevant to the discussion and analysis of the Company's results of operations and financial condition set forth below. The preparation of the Audited Consolidated Financial Statements requires the Company's management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Estimates are evaluated based on available information and experience. Actual results could differ from these estimates under different assumptions or conditions.

For a detailed description of the Company's significant accounting policies, see Note 2 to the Audited Consolidated Financial Statements and the Consolidated Interim Financial Statements. The accompanying notes to the Audited Consolidated Financial Statements and Interim Consolidated Financial Statements are incorporated by reference to this Prospectus.

### ***Fair value of investment properties***

Twice a year (i.e., 30 June and 31 December), the Company carries out an assessment of the fair value of each property, taking into account the latest independent valuations in order to determine the value of each property within a range of acceptable fair value estimates.

The best evidence of the fair value of investment properties in an active market is the price of similar assets. When making such judgements, the Company uses a series of sources, including (i) current prices in an active marketplace of different kinds of properties in varying states of repair and different locations, adjusted to reflect differences with the Company's own assets; (ii) recent prices paid for properties in other, less active marketplaces, adjusted to reflect changes in economic conditions since the transaction date; and (iii) discounted cash flows based on estimates resulting from the terms and conditions contained in current lease contracts and, where possible, evidence of the market prices of similar properties in the same location, through the use of appropriate discount rates.

### ***Investment properties***

Property that is held in order to obtain long-term rent or capital gains or both and is not occupied by Group companies is classified as investment property. Investment properties include office buildings, logistics warehouses and other items owned by the Company. Investment property also includes property that is under construction or being developed for future use as investment property.

Investment properties are initially valued at cost, including related transaction costs and financing costs, if applicable. Following their initial entry, investment properties are accounted for at fair value. The fair value of investment property reflects, among other things, income from leasing and other assumptions that market players would take into account when valuing the property under current market conditions. Calculation of the fair value of such items is described in Note 6 to the Audited Consolidated Financial Statements. Subsequent expenses are capitalised at the asset's book value only when it is likely that future profits associated with these expenses will flow to the Company and the item's cost can be reliably measured. Any remaining costs are entered in the income statement when they are incurred. When part of

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an investment property is replaced, the book value of the replaced part is written down. Any changes to fair value are recorded on the Company's income statement.

### ***Revenue recognition***

Income is stated at the fair value of the consideration to be received and it represents the amounts to be collected for the revenues during the ordinary course of the Company's activities, less returns, discounts, rebates and VAT.

The Company provides leasing services. The income received from the leasing of property is entered as it accrues, and when the Company offers incentives to its tenants, the cost of the incentive is entered during the lease period on a linear basis, as a reduction in rental income. The costs associated with each rental payment are entered as an expense.

Interest income is entered using the effective interest method. When the value of a receivable is impaired, the Company reduces the book amount to its recoverable amount, which is calculated as the estimated future cash flow discounted at the original effective interest rate of the instrument, and the receivable is continuously updated as interest income.

### **Principal balance sheet line items**

The following is a brief description of certain captions in the Company's consolidated balance sheet:

#### ***Investments properties***

Property that is held in order to obtain long-term rent or capital gains or both and is not occupied by Group companies is classified as investment property. Investment properties include office buildings, logistics warehouses and other items owned by the Company. Investment property also includes property that is under construction or being developed for future use as investment property.

For information on the Company's real estate portfolio, see Section "*Property Portfolio*" of this Prospectus.

#### ***Cash and cash equivalents***

Cash and cash equivalents refers to the line item on the balance sheet that reports the value of the Company's assets that are cash or can be converted into cash immediately.

#### ***Bank loans and credits***

Bank loans and credits refers to the line item on the balance sheet that reports the value of the debts and other liabilities held by financial institutions against the Company.

For information on the Company's bank loans and credits, see "*Borrowings*" below.

#### ***Share capital***

Share capital is reported by a company on its balance sheet in the shareholder's equity section. For more information on the evolution of the Company's share capital, see Section "*Description of Share Capital*" of this Prospectus.

### **Principal income statement line items**

The following is a brief description of certain captions in the Company's consolidated income statement:

#### ***Revenue***

Revenue consists mainly of rent pursuant to lease agreements signed with the Company's tenants.

### ***Change in fair value of investment properties***

Change in fair value of investment properties consists of the change in fair value over a property's purchase price including capitalised expenses or prior-period-end fair value, as applicable.

### ***Personnel expenses***

Personnel expenses consists of wages, salaries and similar items, including employee benefit expenses and long-term incentive plans for key management.

### ***Other operating expenses***

Other operating expenses mainly consists of costs that the Company assumes with respect to its properties and other external services that the Company contracts.

### ***Gains/(losses) on disposal of fixed assets***

The transfer of the registered office of the Company from Fernando el Santo to Calle Serrano has led to an asset disposal (property, plant and equipment).

### ***Depreciation***

Depreciation consists of depreciation on the Company's property, plant and equipment, which excludes its investment properties.

### ***Financial expenses***

Financial expenses consist of costs derived from bank indebtedness agreements, borrowings from third parties and other financial expenses.

## **Overview of results of operations for the nine-month period ended 30 September 2019**

|   | Thousands Euros                                 |   |
|---|---|---|
|   | Nine-month period<br>ended 30 September<br>2019 | For the period from 13<br>June 2018 to 30<br>September 2018 |
|   | (limited review)                                | (unaudited)   |
| Revenue   | 3,890   | -   |
| Changes in fair value of investment properties                            | 15,033  | -   |
| Personnel expenses  | (1,483)   | -   |
| Other operating expenses  | (1,642)   | (221)   |
| Gains/(losses) on disposal of fixed assets                                | (33)  | -   |
| Depreciation of property, plant and equipment                             | (7)   | (2)   |
| <b>RESULTS FROM OPERATING ACTIVITIES</b>                                  | <b>15,758</b>                                   | <b>(223)</b>  |
| Financial income  | -   | -   |
| Financial expenses  | (477)   | -   |
| <b>FINANCIAL RESULT</b>   | <b>(477)</b>                                    | <b>-</b>  |
| <b>PRE-TAX RESULT</b>   | <b>15,281</b>                                   | <b>(223)</b>  |
| Income tax  | -   | -   |
| <b>PROFIT/(LOSS) FOR THE PERIOD</b>                                       | <b>15,281</b>                                   | <b>(223)</b>  |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO<br/>THE PARENT COMPANY'S OWNERS</b> |   |   |
| Basic and diluted earnings per share                                      | 1.22  | -   |

### ***Revenue***

Revenue amounted to €3,890 thousand in the nine-month period ended 30 September 2019 from the rental income of the Portfolio properties of the Company during the period. As of the date of this Prospectus,

certain properties in the Company's Portfolio are partially vacant and therefore not generating rental revenue (see "*Property Portfolio*").

#### ***Change in fair value of investment properties***

Change in fair value of investment properties amounted to €15,033 thousand in the nine-month period ended 30 September 2019 due to an increase in the appraised value at 30 June 2019 of the properties purchased by the Company compared with their purchase prices including capitalised expenses. In this regard, fair value as of 30 September 2019 is determined based on the valuations as of 30 June 2019 contained in the Valuation Report.

#### ***Personnel expenses***

Personnel expenses amounted to €1,483 thousand in the nine-month period ended 30 September 2019 principally due to the salaries and wages. The Company had 10 employees on average during the nine-month period ended 30 September 2019.

#### ***Other operating expenses***

Other operating expenses amounted to €1,642 thousand in the nine-month period ended 30 September 2019 principally due to external services that the Company contracted related to its operations, including supplies, auditing, insurance, corporate office lease, communications, notary fees and other services.

#### ***Financial expenses***

Financial expenses amounted to €477 thousand in the nine-month period ended 30 September 2019 due to expenses in connection with the Bridge Loan Agreement and Bilateral Financing Agreements. See "*Liquidity and capital resources—Borrowings.*"

#### ***Profit for the period***

As a result of the factors described above, profit for the nine-month period ended 30 September 2019 amounted to €15,281 thousand.

### **Overview of results of operations for the period ended 31 December 2018**

|  | Thousands Euros                                       |
|--|---|
|  | For the period from 13<br>June to 31 December<br>2018 |
|  | (audited)   |
| Revenue  | 12  |
| Changes in fair value of investment properties | 1,621   |
| Personnel expenses                             | (321)   |
| Other operating expenses                       | (186)   |
| Depreciation of property, plant and equipment  | (2)   |
| <b>RESULTS FROM OPERATING ACTIVITIES</b>       | <b>1,124</b>  |
| Financial income                               | -   |
| Financial expenses                             | -   |
| <b>FINANCIAL RESULT</b>                        | <b>-</b>  |
| <b>PRE-TAX RESULT</b>                          | <b>1,124</b>  |
| <b>Income tax</b>                              | <b>-</b>  |
| <b>PROFIT FOR THE PERIOD</b>                   | <b>1,124</b>  |

**EARNINGS PER SHARE ATTRIBUTABLE TO**

***Revenue***

Revenue amounted to €12 thousand in the period ended 31 December 2018 due to rental income of the properties in the property portfolio of the Company during the period.

***Change in fair value of investment properties***

Change in fair value of investment properties amounted to €1,621 thousand in the period ended 31 December 2018 due to the increase in appraised value at 31 December 2018 of the two properties purchased by the Company in December 2018 compared with their purchase prices including capitalised expenses.

***Personnel expenses***

Personnel expenses amounted to €321 thousand in the period ended 31 December 2018 principally due to the salaries and wages. The Company had 14 employees on average during the period ended 31 December 2018.

***Other operating expenses***

Other operating expenses amounted to €186 thousand in the period ended 31 December 2018 principally due to expenses related to the Company's operations, including review and audit work, communications and other services.

***Profit for the period***

As a result of the factors described above, profit for the period ended 31 December 2018 amounted to €1,124 thousand.

**Liquidity and capital resources**

The Company's business is capital-intensive, and the Company expects to have significant liquidity and investment requirements in order to finance and grow its business.

***Liquidity***

To date, the Company's liquidity needs have been met largely from the proceeds of its IPO (net proceeds of €96,503 thousand), the First ABO (net proceeds of €38,178 thousand) as well as from the Bilateral Financing Agreements and, previously, the Bridge Loan Agreement (that had a principal amount of €30,000 thousand). At 30 September 2019, the Company had a total of €39,684 thousand in cash available while at 31 December 2018, the Company had a total of €57,970 thousand in cash available.

The Company will continue to need significant cash resources following the Offering, principally to acquire additional properties and, to a lesser extent, meet its debt service requirements and fund its operating expenses.

Moreover, consistent with its strategy, the Company acquired the Portfolio with funds from its IPO, the First ABO and with funds made available under the Bridge Loan Agreement (repaid using the net proceeds of the First ABO) as well as with funds from the Bilateral Financing Agreements, and aims to continue to negotiate long-term bilateral facilities using some of the properties in its Portfolio as collateral. In line with its funding strategy, the Company signed the Bilateral Financing Agreements and it intends to enter into additional bilateral facilities with various financial entities rather than depend on a single institution. For further information, see "Information About the Issuer" in this Prospectus. As the Company seeks financing for a property, the credit institutions providing the financing and the Company typically consider the reasonableness of the loan-to-value ratio of the given property, the ability of the



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property to generate sufficient cash flow to service the financing costs of the debt and the length of the maturities of the financing agreements, with respect to which the Company seeks to have long-term maturities.

The Company expects to require significant levels of external finance to fund its capital requirements going forward.

### ***Borrowings***

The Company has signed the Bilateral Financing Agreements, with an average annual interest of 1.39% as of 30 September 2019. Interest rates under the Bilateral Financing Agreements are both floating (representing 71% of total debt as of 30 September 2019 under the Bilateral Financing Agreements) and fixed (representing 29% of total debt as of 30 September 2019 under the Bilateral Financing Agreements) for a total principal amount of €83.3 million:

- The first agreement amounts to €22.7 million and was signed with BBVA on 13 May 2019. It has a seven-year term period and a LTV of approximately 56% as of 30 September 2019. The financed property is the Play property located within the Cristalia Business Park in Madrid, and the loan is secured by a mortgage on such property.
- The second agreement amounts to €41.1 million and was signed with Caixabank on 17 May 2019. It has a seven-year term period and a LTV of approximately 52% as of 30 September 2019. The financed properties are the María de Molina, Habana and América buildings, and the loan is secured by a mortgage on such properties.
- The third agreement amounts to €19.5 million and was signed with Banco Santander on 31 July 2019. It has a seven-year term period and a LTV of approximately 59% as of 30 September 2019. The financed property is the Ramírez de Arellano building, and the loan is secured by a mortgage on such property.

LTV is an APM, see section “Additional Information—Alternative Performance Measures” of this Prospectus for the description of these management measures categorised as APMs.

Below is a summary of the main terms and conditions of the Bilateral Financing Agreements, taken as a whole. The terms and conditions described below may not apply to each and all of the Bilateral Financing Agreements.

- (i) *Drawdowns*: certain amounts under the Bilateral Financing Agreements may only be drawn down once the Company satisfies certain requirements.
- (ii) *Collateral*: in addition to mortgages over the relevant properties of the Company, the Company has granted (and/or committed to grant, where applicable) pledges over certain other assets (rents received from the tenant of the corresponding property and any other rights over the corresponding lease agreement) of the Company.
- (iii) *Undertakings*:
  - (a) Financial covenants: The Company is subject to covenants related to compliance with certain financial ratios (including loan-to-value and debt-service-coverage ratios) which are revised on an annual basis.
  - (b) Other covenants: The Company is subject to certain non-financial and reporting undertakings vis-à-vis the lenders, such as the delivery of a financial covenants compliance certificate within 180 days following the closing of each financial year.

- (iv) *Early termination:* The Bilateral Financing Agreements provide for various early termination events, including upon: (i) default, (ii) breach of certain undertakings, (iii) breach of representations and warranties of the Company, (iv) cross-default; (v) change of control and (vi) certain changes in management. The Offering will not trigger any material change of control termination event.
- (v) *Repayment:* The Bilateral Financing Agreements provide for various repayment events, including as a result of the sale of certain Company assets.

In addition, on 9 April 2019 the Company repaid the Bridge Loan Agreement dated 28 January 2019 between Caixabank, as lender, and the Company, as borrower, for a principal amount of €30 million.

The amount recorded under the heading “Financial hedging derivatives” in the balance sheet correspond to the valuation of the derivative financial instruments as of 30 September 2019. The effective part of the changes in the fair value of derivatives that are designated and classified as hedges is recognized in the hedge reserve within “equity”.

The amount recorded under the heading “Other non-current financial liabilities ” in the balance sheet includes the deposits made by the Company’s tenants pursuant to the terms of their leases.

At 30 September 2019 and 31 December 2018, the value of financial liabilities with a specific maturity date or with a maturity date falling within a specific year was as follows:

#### At 30 September 2019

|                               | Thousand of Euros<br>(limited review) |      |      |       |       |                     |        |
|-------------------------------|---------------------------------------|------|------|-------|-------|---------------------|--------|
|                               | Financial liabilities                 |      |      |       |       |                     |        |
|                               | 2020                                  | 2021 | 2022 | 2023  | 2024  | Subsequent<br>years | Total  |
| <b>Debts:</b>                 |                                       |      |      |       |       |                     |        |
| Debts with credit entities    | 159                                   | -    | -    | -     | 3,320 | 62,985              | 66,464 |
| Financial hedging instruments | -                                     | -    | -    | -     | 201   | 1,166               | 1,367  |
| <b>Trade payables:</b>        |                                       |      |      |       |       |                     |        |
| Trade and other payables      | 875                                   | -    | -    | -     | -     | -                   | 875    |
| Other financial liabilities   | 37                                    | -    | -    | 1,166 | -     | -                   | 1,203  |
|                               | 1,071                                 | -    | -    | 1,166 | 3,521 | 64,151              | 69,909 |

#### At 31 December 2018

|  | Thousand of Euros<br>(audited) |      |      |      |      |                     |       |
|--|--------------------------------|------|------|------|------|---------------------|-------|
|  | Financial liabilities          |      |      |      |      |                     |       |
|  | 2019                           | 2020 | 2021 | 2022 | 2023 | Subsequent<br>years | Total |

**Trade payables:**

|                          |     |   |   |   |   |   |     |
|--------------------------|-----|---|---|---|---|---|-----|
| Trade and other payables | 764 | - | - | - | - | - | 764 |
|                          | 764 | - | - | - | - | - | 764 |

The debts shown in the previous break downs are expressed at their nominal value.

**Cash flow analysis**

The following table sets forth the Company's consolidated cash flow information for the nine-month period ended 30 September 2019.

|  | For the nine-month<br>period ended 30<br>September 2019<br>(limited review)<br>(thousands of euros) |
|--|---|
| Cash and cash equivalents at beginning of period | 57,970  |
| Cash flow used in operating activities           | (201)   |
| Cash flow used in investment activities          | (121,168)   |
| Cash flow from financing activities              | 103,083   |
| Cash and cash equivalents at end of period       | 39,684  |

The following table sets forth the Company's consolidated cash flow information for the period ended 31 December 2018.

|  | For the period<br>ended 31 December<br>2018<br>(audited)<br>(thousands of euros) |
|--|--|
| Cash flow used in operating activities     | (279)  |
| Cash flow used in investment activities    | (37,439)   |
| Cash flow from financing activities        | 95,688   |
| Cash and cash equivalents at end of period | 57,970   |

**Cash flow used in operating activities**

Total net cash used in operating activities was €201 thousand in the nine-month period ended 30 September 2019 mainly due to the adjustment of €15,033 thousand for changes in fair value of investment properties, an increase in tax assets of €140 thousand and an increase in trade and other receivables of €762 thousand, and a decrease of €64 thousand related to other assets and liabilities.

Total net cash used in operating activities was €279 thousand in the period ended 31 December 2018 mainly due to changes in the fair value of the properties in the amount of €1,621 thousand, a tax asset of €357 thousand and a reduction of €105 thousand in other current assets, partially offset by an increase of €690 thousand related to creditors and other payables.

**Cash flow used in investment activities**

Total net cash flow used in investment activities was €121,168 thousand in the nine-month period ended 30 September 2019 mainly as a result of investments of €121,065 thousand in the properties acquired by the Company during the period as well as the investment of €103 thousand in property, plant and equipment.

Total net cash flow used in investment activities was €37,439 thousand in the period ended 31 December 2018 mainly due to investments of €37,374 thousand in the investment properties acquired by the Company during the period as well as the investment of €65 thousand in property, plant and equipment.

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### *Cash flows from financing activities*

Total net cash flows from financing activities was €103,083 thousand in the nine-month period ended 30 September 2019 mainly due to receipt of the net proceeds of the First ABO and receipt of €95,021 thousand in connection with the Bridge Loan Agreement and the Bilateral Financing Agreements, totally offset by the repayment of €30,000 thousand outstanding under the Bridge Loan Agreement.

Total net cash flows from financing activities was €95,688 thousand in the period ended 31 December 2018 mainly due to receipt of the net proceeds of €96,503 thousand from its IPO, partially offset by the operations with treasury shares in the amount of €546 thousand related to the Company's liquidity agreement with JB Capital Markets and the repayment of the equity loan entered into by the Company with Rodex Asset Management, S.L. of €276 thousand during the period. For additional information, see "Related-Party Transactions" in this Prospectus.

### *Cash and cash equivalents at end of period*

As a result of the factors described above, cash and cash equivalents at the end of the nine-month period ended 30 September 2019 amounted to €39,684 thousand.

As a result of the factors described above, cash and cash equivalents at the end of the period ended 31 December 2018 amounted to €57,970 thousand.

### **Capital expenditures**

The Company's capital expenditures consist primarily of investments made in its properties for refurbishments and renovations designed to increase their future profitability. These investments are made to ensure that its properties remain at a high standard, potentially leading to increases in value.

### **Off-statement of financial position arrangements**

As of the date of this Prospectus, the Company does not have any off-statement of financial position arrangements.

### **Risk management**

#### ***Credit risk***

The Company analyses the credit risk of its new tenants before offering them lease agreements. Credit risk mainly arises from deposits made with the relevant organizations, financial derivatives and receivables for sales and revenues, as well as receivables.

The credit risk controls of the Company set out the required credit quality of the Company's tenants, taking into consideration their financial situation, past experience and other factors. Individual credit limits are established on the basis of internal and external ratings, in accordance with the limits established by the Company's Board of Directors. The use of credit limits is regularly reviewed. The Company believes that it does not have any material concentration of credit risk.

#### ***Liquidity risk***

Cash flow forecasts are carried out by the Company's finance department, which monitors the Company's liquidity requirements in order to ensure that it has sufficient cash to meet its operational needs while maintaining sufficient available liquidity at all times to ensure that it does not breach its financial obligations.

#### ***Interest rate risk***

The Company is exposed to interest rate risk originating from its financial borrowings as two of the three Bilateral Financing Agreements have a floating rate interest. Borrowings issued at floating rates expose the Company to interest rate risk on cash flow. As of 30 September 2019, the Company had €46,809 thousand of debt at floating rates outstanding under these Bilateral Financing Agreements. The Company

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has entered into two interest rate swaps and may enter into future hedging operations to minimize the interest rate risk. As of 31 December 2018, the Company had no debt outstanding.

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## MANAGEMENT

### The Management Team

The following table includes the members of the Management Team as of the date of this Prospectus, and is followed by a summary of biographical information of each member.

| Name                                   | Position                                       | Term                      |
|--|--|---------------------------|
| Mr. Luis Alfonso López de Herrera-Oria | Chief Executive Officer (CEO)                  | Indefinite <sup>(1)</sup> |
| Ms. Chony Martín Vicente-Mazariegos    | Chief Financial Officer (CFO)                  | Indefinite                |
| Ms. Carmen Boyero-Klossner             | Chief Investors Relations Officer (CIRO)       | Indefinite                |
| Mr. Guillermo Fernández-Cuesta Laborde | Real Estate Director (RED) & Deputy to the CEO | Indefinite                |
| Mr. Fernando Arenas Liñán              | Real Estate Director (RED)                     | Indefinite                |
| Mr. Stuart William McDonald            | Real Estate Director (RED)                     | Indefinite                |
| Mr. Fabio Alen Viani                   | Real Estate Director (RED)                     | Indefinite                |

- (1) The services agreement of Mr. Luis Alfonso López de Herrera-Oria is for an indefinite term. However, it will be automatically terminated in the event that he ceases to be Chief Executive Officer of the Company, subject to the applicable termination payments described below. In that regard, Mr. Luis Alfonso López de Herrera-Oria will stand for re-election as a director of the Company in the annual General Meeting of Shareholders to be held on or before 30 June 2021.

### Historical Performance of the Management Team

The Management Team has experience in providing comprehensive real estate advisory services, including sourcing, execution and property management to a wide variety of real estate investors including international, local institutional investors and family-owned real estate offices. This experience in phases of real estate transactions is expected to allow the Management Team to rapidly identify potential business opportunities. Additionally, the expertise of the Management Team in structuring complex transactions is expected to allow the Company to continue to access real estate opportunities in potential off market transactions. The Company expects to continue securing new business from competitive auctions, restricted auctions and off market deals.

The Management Team, collectively, has over 17 years' individual experience on average. The historical performance of the members of the Management Team is principally concentrated within:

- (i) Prima where Mr. Luis Alfonso López de Herrera-Oria, Ms. Chony Martín Vicente-Mazariegos, Mr. Guillermo Fernández-Cuesta Laborde, Mr. Fernando Arenas Liñán and Mr. Stuart William McDonald worked from 1986 to 2002, 1998 to 2002, 2001 to 2004, 1998 to 2002 and 2002 to 2005, respectively;
- (ii) Rodex where Mr. Luis Alfonso López de Herrera-Oria, Mr. Guillermo Fernández-Cuesta Laborde and Mr. Fabio Alen Viani worked from 2002 through the present, 2004 to 2014 and 2014 to 2015, respectively,
- (iii) Axiare where Mr. Luis Alfonso López de Herrera-Oria, Ms. Chony Martín Vicente-Mazariegos, Mr. Guillermo Fernández-Cuesta Laborde, Mr. Fernando Arenas Liñán and Mr. Stuart William

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McDonald worked since the company was founded in 2014 to 2018, and Mr. Fabio Alen Viani and Ms. Carmen Boyero-Klossner from 2015 to 2018; and

- (iv) Hines, where Mr. Fernando Arenas Liñán, Mr. Stuart William McDonald, and Mr. Fabio Alen Viani worked from 2004 to 2012, 2005 to 2014, and 2007 to 2014 respectively.

### **Biographical information**

Brief biographical details of the members of the Management Team are as follows:

#### ***Mr. Luis Alfonso López de Herrera-Oria, RICS (Born in August 1956)***

Mr. Luis Alfonso López de Herrera-Oria is the Chief Executive Officer of the Company since its inception. Mr. Luis Alfonso López de Herrera-Oria has more than 30 years of experience in the real estate sector. He was the Chief Executive Director of Axiare from 2014 to 2018. He was executive director of Prima from 1986 to 2002 and, during this time, Prima was admitted to trading on the Madrid Stock Exchange (1988) and, by 1990, became the largest real estate company in Spain. In 2002, he founded Rodex with a small team of former members of Prima. In 2007, the main business of Rodex was transferred to Alza Real Estate, S.A., where, he served as the Chief Executive Officer and non-executive Director until 17 June 2014. Mr. Luis Alfonso López de Herrera-Oria has been also an independent advisor to funds such as Falcon II Real Estate and CBRE, and former advisor to iAdvise Partners, EAFI, S.L. He holds an Economics Sciences B.A. degree and is a fellow of the Royal Institution of Chartered Surveyors (RICS).

#### ***Ms. Chony Martín Vicente-Mazariegos, RICS (Born in December 1974)***

Ms. Martín Vicente-Mazariegos is the Chief Financial Officer of the Company since its inception. Ms. Martín Vicente-Mazariegos has more than 20 years of experience in Finance, focusing on the Real Estate sector. Ms. Martín Vicente-Mazariegos was the Chief Financial Officer of Axiare from 2014 to 2018. Furthermore, she was Director of Investor Relations of Axiare from 2014 to 2016. From 1998 to 2002, she worked at Prima as part of Mr. Luis Alfonso López de Herrera-Oria's team. Later, she joined Redevco Retail España, S.L.U. as Financial Director with responsibility over Spain, Portugal and Italy. Redevco Retail España, S.L.U. is a Spanish subsidiary of Redevco, B.V., a Dutch company that manages a €7.5 billion European portfolio, specialising in retail property. She holds a degree in Business Administration and Economic Sciences from Universidad Complutense of Madrid and has also attended various management programs at IESE, ESADE and IMD, with a special focus in Management and Board of Directors. Ms. Chony Martín Vicente-Mazariegos is professor in the Instituto de Empresa (IE) and a member of the Royal Institution of Chartered Surveyors (RICS).

#### ***Mr. Guillermo Fernández-Cuesta Laborde, RICS (Born in February 1975)***

Mr. Fernández-Cuesta Laborde is one of the REDs and Deputy to the CEO at the Company since its inception. He has more than 20 years of experience in the real estate industry. Mr. Fernández-Cuesta Laborde was Real Estate Director and Deputy to the CEO at Axiare from 2014 to 2018. From 1999 to 2001, he was an analyst at Hiller Parker (currently, CBRE Real State, S.A). From 2001 to 2004, Mr. Fernández-Cuesta Laborde was a real estate manager at Prima and, since 2004, he has served as real estate director of Rodex, which transferred its main business to Alza Real Estate, S.A. in 2007. Once at Alza Real Estate, S.A., he became the Real Estate and Investment Director and Deputy to the CEO. Mr. Fernández-Cuesta Laborde holds a Business Administration B.A. (major in Finance) from the Universidad Alcalá de Henares of Madrid and a Business Administration B.A. (major in International Trade) from the South Bank University of London. Mr. Fernández-Cuesta Laborde also holds a Real Estate Management MSc from the South Bank University of London and is a member of the Royal Institution of Chartered Surveyors (RICS).

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***Mr. Fernando Arenas Liñán (Born in November 1964)***

Mr. Arenas Liñán is one of the REDs of the Company since its inception. He has more than 25 years of experience in the real estate industry. Mr. Arenas Liñán was Real Estate Director at Axiare from 2014 to 2018. From 1990 to 1995, Mr. Arenas Liñán was the Director of the National Agency Department of Richard Ellis, S.A. (currently, CBRE Real State, S.A). From 1995 to 1998, Mr. Arenas worked at the Distressed Real Estate Branch of Banco Santander Group. From 1998 to 2002, Mr. Arenas Liñán served as Property Director of Prima and, from 2002 to 2004, as Acquisitions Director of Tishman Speyer Properties España, S.L. From 2004 to 2012, Mr. Arenas Liñán joined Hines Interests España Investments, S.L. where he served as CEO starting in 2009. In 2013 Mr. Arenas Liñán was involved in the SAREB valuation on the part of CBRE and, since the fall of 2013, he has served as investment director of Talus Real Estate. Mr. Arenas Liñán holds a law degree from the Universidad Autónoma of Madrid and an MBA from Madrid Business School and the University of Houston.

***Mr. Stuart William McDonald, RICS (Born in November 1968)***

Mr. McDonald is one of the REDs at the Company since its inception. He has more than 25 years of experience in the real estate industry. Mr. McDonald was Real Estate Director at Axiare from 2014 to 2018. Between 1993 and 1998, Mr. McDonald served as valuation executive for the UK's Valuation Office Agency in London. From 1998 to 2002, Mr. McDonald was an associate director of Knight Frank in Madrid and, from 2002 to 2005, he was the real estate director of Prima. From 2005, Mr. McDonald served as an investment and acquisition director at Hines Interests España Investments, S.L., Fivor Innova, S.L. and HREIS Innova, S.L. Mr. McDonald holds a Modern Languages B.A. from the University of Exeter (UK) and a Property Valuation and Management postgraduate diploma from Sheffield Hallam University (UK). Mr. McDonald has been a member of the Royal Institution of Chartered Surveyors since 1996 and currently sits on the RICS Board in Spain.

***Mr. Fabio Alen Viani, RICS (Born in March 1974)***

Mr. Alen Viani is one of the REDs of the Company since its inception. He has more than 12 years of experience in the real estate industry. Mr. Alen Viani was Real Estate Director at Axiare from 2015 to 2018. Mr. Alen Viani served as fund manager for Inversafei SA SGIIC from 2001 to 2006 and for Lloyds Investment España SGIIC, SA from 2006 to 2007. Mr. Alen Viani joined Hines in 2007 where he served as analyst, and as investment and asset management associate, for its subsidiaries in Spain, until 2014. From 2014 to 2015, Mr. Alen Viani served as real estate director of Rodex. Mr. Alen Viani holds a Business Administration B.A. (major in Finance) from the Universidad Complutense of Madrid and he has also attended a program on Risk and Investment Analysis on Project Finance at Instituto de Estudios Bursátiles (IEB). Mr. Alen Viani is a Certified European Financial Analyst and member of the European Federation of Financial Societies (EFFAS). Mr. Alen Viani is a member of the Royal Institution of Chartered Surveyors (RICS).

***Ms. Carmen Boyero-Klossner, CFA (Born in August 1977)***

Ms. Boyero-Klossner is the Chief Investor Relations Officer at the Company since its inception. She brings over 16 years of international business experience with expertise in investment banking and corporate development. Ms. Boyero-Klossner was the Investor Relations Officer at Axiare from 2015 to 2018. Prior to joining Axiare, she has worked as Senior Equity Research Analyst in a top-ranked, London-based equity research team at Lehman Brothers and Nomura, covering a universe of companies with an aggregated market cap in excess of \$200 billion. Prior to that, she worked as Strategy Manager at Swisscom, the largest telecom operator in Switzerland. Ms. Boyero-Klossner holds a MSc. in Telecommunications Engineering from Polytechnic University of Madrid and an MBA from London Business School. She also holds an executive education certificate on Leadership and Corporate Boards from UCLA Anderson School of Management. She is a Chartered Financial Analyst (CFA), and member



of the CFA Institute since 2013, and also member of the Royal Institution of Chartered Surveyors (RICS) since 2019.

### Managerial positions and shareholdings of the members of the Management Team

The following table sets out all entities in which the members of the Management Team have been appointed as members of the administrative, management or supervisory bodies or in which they have held shareholdings at any time during the five year period preceding the date of this document, indicating whether or not each person is still a member of such bodies or holds any shares in any such entities.

| <u>Director</u>                        | <u>Company<sup>(1)</sup></u>   | <u>Position/Title</u>                        | <u>Sector</u>              | <u>In office</u> | <u>Shareholding</u> |
|--|--|--|----------------------------|------------------|---------------------|
| Mr. Luis Alfonso López de Herrera-Oria | Axiare Patrimonio SOCIMI, S.A.                                       | Chief Executive Officer                      | Real Estate                | No               | No                  |
|  | Alza Real Estate, S.A. <sup>(2)</sup>                                | Managing Director and non-executive director | Real Estate                | No               | No                  |
|  | Inmuebles y Construcciones de Golf de Ibiza, S.A. <sup>(3)</sup>     | Sole Director                                | Leisure                    | No               | No                  |
|  | Valdemera Agropecuaria, S.L. <sup>(4)</sup>                          | Non-executive director                       | Land                       | No               | No                  |
|  | Rodex Asset Management, S.L. <sup>†(5)</sup>                         | Sole Director                                | Real Estate                | Yes              | Yes                 |
|  | Agrodesarrollos Integrados, S. L. <sup>†(6)</sup>                    | Sole Director                                | Agricultural               | Yes              | Yes                 |
|  | Inmodesarrollos Integrados, S.L. <sup>†(6)</sup>                     | Legal representative                         | Agricultural               | Yes              | Yes                 |
|  | Puerto Feliz, S.A. <sup>(7)</sup>                                    | Legal representative                         | Real Estate                | Yes              | Yes                 |
|  | La Felician, S.A. <sup>(8)</sup>                                     | Sole Director                                | Agricultural               | Yes              | Yes                 |
|  | Heracles Proyectos y Promociones Inmobiliarias, S.A. <sup>†(9)</sup> | Sole Director                                | Real Estate                | Yes              | Yes                 |
|  | Alza Residencial Getafe, S.L. <sup>(10)</sup>                        | Sole Director                                | Real Estate                | No               | No                  |
|  | Ricart Parc Central, S.L.U. <sup>(10)</sup>                          | Sole Director                                | Real Estate                | No               | No                  |
|  | Alza Parque Tecnológico, S.L.U. <sup>(10)</sup>                      | Managing Director<br>Sole Director           | Real Estate<br>Real Estate | No<br>No         | No<br>No            |
|  | Alza parque logístico, S.L.U.  | Sole Director                                | Real Estate                | No               | No                  |
|  | Golf de Ibiza, S.L.U. <sup>(10)</sup>                                | Sole Director                                | Real Estate                | No               | No                  |
|  | Alza Residencial, S.L. <sup>(10)</sup>                               | Sole Director                                | Real Estate                | No               | No                  |
|  |  | Managing Director                            | Real Estate                | No               | No                  |

| <b>Director</b>                        | <b>Company<sup>(1)</sup></b>   | <b>Position/Title</b>                        | <b>Sector</b> | <b>In office</b> | <b>Shareholding</b> |
|--|--|--|---------------|------------------|---------------------|
| Mr. Luis Alfonso López de Herrera-Oria | Axiare Patrimonio SOCIMI, S.A.                                       | Chief Executive Officer                      | Real Estate   | No               | No                  |
|  | Alza Real Estate, S.A. <sup>(2)</sup>                                | Managing Director and non-executive director | Real Estate   | No               | No                  |
|  | Inmuebles y Construcciones de Golf de Ibiza, S.A. <sup>(3)</sup>     | Sole Director                                | Leisure       | No               | No                  |
|  | Valdemera Agropecuaria, S.L. <sup>(4)</sup>                          | Non-executive director                       | Land          | No               | No                  |
|  | Rodex Asset Management, S.L. <sup>†(5)</sup>                         | Sole Director                                | Real Estate   | Yes              | Yes                 |
|  | Agrodesarrollos Integrados, S. L. <sup>†(6)</sup>                    | Sole Director                                | Agricultural  | Yes              | Yes                 |
|  | Inmodesarrollos Integrados, S.L. <sup>†(6)</sup>                     | Legal representative                         | Agricultural  | Yes              | Yes                 |
|  | Puerto Feliz, S.A. <sup>(7)</sup>                                    | Legal representative                         | Real Estate   | Yes              | Yes                 |
|  | La Felician, S.A. <sup>(8)</sup>                                     | Sole Director                                | Agricultural  | Yes              | Yes                 |
|  | Heracles Proyectos y Promociones Inmobiliarias, S.A. <sup>†(9)</sup> | Sole Director                                | Real Estate   | Yes              | Yes                 |
|  | Alza Residencial Getafe, S.L. <sup>(10)</sup>                        | Sole Director                                | Real Estate   | No               | No                  |
|  | Ricart Parc Central, S.L.U. <sup>(10)</sup>                          | Sole Director                                | Real Estate   | No               | No                  |
|  |  | Managing Director                            | Real Estate   | No               | No                  |
|  | Alza Parque Tecnológico, S.L.U. <sup>(10)</sup>                      | Sole Director                                | Real Estate   | No               | No                  |
|  | Alza parque logístico, S.L.U.  | Sole Director                                | Real Estate   | No               | No                  |
|  | Golf de Ibiza, S.L.U. <sup>(10)</sup>                                | Sole Director                                | Real Estate   | No               | No                  |
|  | Alza Residencial, S.L. <sup>(10)</sup>                               | Sole Director                                | Real Estate   | No               | No                  |
|  |  | Managing Director                            | Real Estate   | No               | No                  |
|  | Tolus Capital, S.L.U. <sup>(10)</sup>                                | Sole Director                                | Real Estate   | No               | No                  |
|  | Promotora José Luis Casso 72, S.L. <sup>(10)</sup>                   | Sole Director                                | Real Estate   | No               | No                  |
| Ms. Chony Martín Vicente-Mazariegos    | Axiare Patrimonio SOCIMI, S.A.                                       | Chief Financial Officer                      | Real Estate   | No               | No                  |
| Mr. Guillermo Fernández-Cuesta Laborde | Axiare Patrimonio SOCIMI, S.A.                                       | Real Estate Director and Deputy to the CEO   | Real Estate   | No               | No                  |

|                             |  |  |                              |          |           |
|-----------------------------|--|--|------------------------------|----------|-----------|
|                             | Alza Real Estate, S.A.                           | Managing Director and non-executive director | Real Estate                  | No       | No        |
| Mr. Fernando Arenas Liñán   | Hola Bob, S.L.<br>Axiare Patrimonio SOCIMI, S.A. | Shareholder<br>Real Estate Director          | Drone airline<br>Real Estate | No<br>No | Yes<br>No |
| Mr. Stuart William McDonald | Axiare Patrimonio SOCIMI, S.A.                   | Real Estate Director                         | Real Estate                  | No       | No        |
| Mr. Fabio Alen Viani        | Axiare Patrimonio SOCIMI, S.A.                   | Real Estate Director                         | Real Estate                  | No       | No        |
| Ms. Carmen Boyero-Klossner  | Axiare Patrimonio SOCIMI, S.A.                   | Chief Investors Relations Officer            | Real Estate                  | No       | No        |

Notes:

† Personal asset-holding companies (*sociedades patrimoniales*).

- (1) While some of these companies are in the real estate business, none of them is a direct competitor of the Company in the sense that their activities are not dedicated to owning and operating commercial properties in Madrid and Barcelona for rental purposes.
- (2) Mr. Luis Alfonso López de Herrera-Oria resigned from his position as Managing Director of Alza Real Estate, S.A. on 17 June 2014 and sold his minority stake in such company (less than 1% through Rodex Asset Management, S.L.) in January 2016. Alza Real Estate, S.A. is a company listed on the Barcelona Stock Exchange and its main activity is residential real estate construction and development.
- (3) Mr. Luis Alfonso López de Herrera-Oria was the representative of the sole director of Inmuebles y Construcciones de Golf de Ibiza, S.A., whose main activity is the operation of a golf club in Ibiza (the golf course being its main asset).
- (4) Mr. Luis Alfonso López de Herrera-Oria holds a non-executive independent directorship in Valdemera Agropecuaria, S.L. He does not own any shares in the company. Valdemera Agropecuaria, S.L. owns land, mostly rural, in the surroundings of Madrid.
- (5) Rodex is a personal asset-holding and property management company wholly owned by Mr. Luis Alfonso López de Herrera-Oria. Rodex has undertaken not to carry out any activities that could be considered as competing with the activities of the Company or to render any services to third parties that could be deemed competitors of the Company while Mr. Luis Alfonso López de Herrera-Oria is significant shareholder, employee, service provider, director or CEO of the Company and Rodex.
- (6) Agrodesarrollos Integrados, S.L. (which owns rural land for agricultural production in the region of Ciudad Real and is wholly owned by Mr. Luis Alfonso López de Herrera-Oria) is the sole director of Inmodesarrollos Integrados, S.L. (which is a personal asset-holding company wholly owned by Mr. Luis Alfonso López de Herrera-Oria) and is represented by Mr. Luis Alfonso López de Herrera-Oria.
- (7) Mr. Luis Alfonso López de Herrera-Oria owns 78.88% and is the representative of the sole director of Puerto Feliz, S.A., which is inactive but owns a contribution agreement for the construction of a port in the Canary Islands.
- (8) Mr. Luis Alfonso López de Herrera-Oria is the sole director of La Feliciania, S.A., which owns rural land for agricultural production in the region of Ciudad Real.
- (9) Mr. Luis Alfonso López de Herrera-Oria is the sole director of Heracles Proyectos y Promociones Inmobiliarias, S.A., which is a personal asset-holding company wholly owned by Mr. Luis Alfonso López de Herrera-Oria.
- (10) Mr. Luis Alfonso López de Herrera-Oria was representative of the sole director of these entities (and CEO in the case of Alza Residencial, S.L. and Ricart Parc Central, S.L.U.) and held, through Rodex a 30% stake in Alza Residencial Getafe, S.L. and Promotora José Luis Casso 72, S.L. On 11th February 2015, Mr. Luis Alfonso López de Herrera-Oria (through Rodex Asset Management, S.L.) sold his stake in both companies.

## Shareholdings of the members of the Management Team after the Offering

The members of the Management Team (including the CEO) are shareholders of the Company. Following the Company's Initial Public Offering and the First ABO, the members of the Management Team held, directly or through their respective controlled companies, an aggregate amount of approximately 10% of the share capital of the Company prior to the issuance of the New Shares and have been diluted to approximately 5% of the share capital of the Company after the issuance of the New Shares. The Management Team believes its significant investment in the Company further contributes to the alignment of its interests with those of the Company's other shareholders.

## The Management Team's Compensation

The Company has sought to structure a compensation policy and incentive payment plans for the members of the Management Team that provide a balance between incentivising high-level performance and

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aligning their interests with those of the Shareholders. The members of the Management Team are dedicated full time and on an exclusive basis to the Company (except as described under section “—*Other terms and conditions of agreements with Management Team—Exclusivity*”) and have entered into indefinite employment contracts with the Company with the exception of Mr. Luis Alfonso López de Herrera-Oria, who has entered into an indefinite services agreement with the Company as executive director and CEO-member of the Management Team.

The members of the Management Team do not receive any additional remuneration from Group companies and are not the beneficiaries of any pension plans maintained by the Group.

#### ***Fixed Remuneration and Bonus***

Members of the Management Team are entitled to receive an annual gross fixed salary (or fees, in the case of Mr. Luis Alfonso López de Herrera-Oria) (the “**Fixed Remuneration**”) by way of a fixed amount that will be paid monthly as contemplated in the employment or service agreements, as applicable, that each member of the Management Team has entered with the Company.

During 2018 the Management Team (including the CEO) received €218,159.70 as total remuneration under their employment or services agreement.

As of the date hereof, following the General Shareholders’ Meeting held on 5 November 2019 approving a modification of the Company’s remuneration policy the total annual amount of Fixed Remuneration payable per annum to the members of the Management Team (including the CEO) of the Company is of approximately two million euros (€2,000,000) per annum. Additionally, the Management Team (including the CEO) may be entitled to an annual bonus representing of up to a maximum of 150% of their respective Fixed Remuneration (the “**Bonus**”). The Bonus for each year will be proposed by the Appointments and Remuneration Committee and approved by the CEO, based on objectives and operational metrics established annually by the Appointments and Remuneration Committee and approved by the Board of Directors (that may be referred to investment sourcing and completion, refurbishment projects, revenues, management efficiency or other matters relevant to the good management of the business of the Company), provided, however, that any Bonus payable to the CEO shall also be approved by the Board of Directors.

In this regard, on 20 September 2019, following the proposal of the Appointments and Remuneration Committee, the Board of Directors approved a bonus in favour of the Management Team of 15% of each member’s annual gross fixed salary (or fees, in the case of Mr. Luis Alfonso López de Herrera-Oria) initially set forth in the IPO prospectus for a total aggregate amount of €299,400 and an additional Bonus of up to 30% of each member’s annual gross fixed salary (or fees, in the case of Mr. Luis Alfonso López de Herrera-Oria), as initially set forth in the IPO prospectus, for a total aggregate amount of up to €598,800 which will become effective upon Completion of the Offering.

#### ***Employee Incentive Plan***

The incentive under the employee equity incentive plan (the “**Employee Incentive Plan**”) was approved by the shareholders of the Company in the General Meeting of Shareholders held on 26 September 2018 and adjusted by the General Meeting of Shareholders held on 5 November 2019, and will be payable in Ordinary Shares of the Company which may be both treasury and/or newly issued Ordinary Shares (the “**Incentive Shares**”) (or, as further described below under “*Calculation and Payment*”, in cash) to the members of the Management Team and to all remaining employees that the Company may have from time to time (the “**Beneficiaries**”) in order to retain them duly motivated and aligned with the shareholders’ interest on an annual basis during a vesting period starting on the date of the initial admission of the Company’s Ordinary Shares to trading on the Spanish Stock Exchanges (i.e., 23 October 2018) and ending on 30 June 2024 (the “**Vesting Period**”). Other incentive plans will be implemented after the expiration of the Vesting Period subject to the approval of the prior applicable corporate authorizations by the General Meeting of Shareholders of the Company.

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The Employee Incentive Plan has been designed to incentivize and reward Beneficiaries for generating returns to the Shareholders of the Company: (i) in the ordinary course of business; and, if applicable, (ii) upon a Liquidation Event (as defined below).

The Employee Incentive Plan does not apply to the members of the Board of Directors other than the CEO in his condition as member of the Management Team.

This section contains management measures, which are used to evaluate the Company's overall performance such as: NAV and EPRA NAV (each as defined in "*Additional Information—Alternative Performance Measures*").

#### *Relevant Calculation Terms*

For the purposes of (i) the determination of whether the hurdles for the vesting of Incentive Shares have been met under the Employee Incentive Plan and (ii) if applicable, the calculation of the amount of Incentive Shares to be delivered to Beneficiaries, the following terms shall have the meanings set forth below:

- The return to Shareholders for a given Calculation Period is equivalent to the sum of (i) the change in the NAV of the Company during such Calculation Period less the net proceeds of any issuance of Ordinary Shares during such Calculation Period; and (ii) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such Calculation Period (the combined total of (i) and (ii), the "**Shareholder Return**").
- The "**Calculation Period**" shall be the period for which the Shareholder Return shall be calculated for purposes of the Employee Incentive Plan, comprising from 1 July each year until 30 June of the following year.
- The "**First Calculation Period**" shall be the period starting on the Initial Admission Date (23 October 2018) and ending on 30 June 2020.
- "**NAV**" is the net asset value of the Company, adjusted to include properties and other investment interests at fair value, which will be calculated semi-annually by the Company in accordance with applicable market standard methodologies (such as IFRS-EU or EPRA NAV) based on the most recent valuation of the real estate properties of the Company (prepared as disclosed below) and approved by the Board of Directors. Valuations of the real estate properties of the Company will be performed as of 30 June and 31 December each year by a suitable independent qualified RICS accredited appraiser to be appointed by the Audit and Control Committee. The first external valuation took place as of 31 December 2018 followed by a subsequent valuation on 31 January 2019 (to appraise the real estate assets acquired after 31 December 2018) and the Valuation Report (to appraise the real estate assets acquired as of 30 June 2019). The Valuation Report is attached to this Prospectus in **Annex 1**. Valuations of the real estate properties will be made in accordance with the appropriate sections of the RICS Red Book at the date of valuation. This is an internationally accepted basis of real estate valuation.
- "**Initial NAV**" is the net proceeds of the IPO (i.e., the aggregate value of all of the Ordinary Shares issued pursuant to the Initial Public Offering after deduction of commissions and expenses payable by the Company relating to the Initial Public Offering which amounted to approximately €96,503,000).
- The "**Shareholder Return Rate**" for a given Calculation Period is the Shareholder Return for such Calculation Period divided by, in respect of the First Calculation Period, the Initial NAV and, in respect of subsequent Calculation Periods, the NAV of the Company as of the last day of the immediately preceding Calculation Period, expressed as a percentage.
- The "**Relevant High Water Mark**" for a given Calculation Period is the higher of (i) the Initial NAV, and (ii) the NAV as of the last date of the most recent Calculation Period in respect of which

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the Incentive was payable (adjusted to include total dividends paid during such Calculation Period and exclude the net proceeds of any issuance of Ordinary Shares during such Calculation Period).

#### *Key Hurdles*

The Beneficiaries will be entitled to receive Incentive Shares in respect of a given Calculation Period if both of the following two key hurdles are met:

- a) the Shareholder Return Rate for such Calculation Period exceeds 10% (the extent that the Shareholder Return Rate is above 10% being the “**Shareholder Return Outperformance Rate**”); and
- b) the Relevant High Water Mark for such Calculation Period is exceeded by the sum of (A) the NAV of the Company on the last day of such Calculation Period less the net proceeds of any issuance of Ordinary Shares during such Calculation Period or during any preceding Calculation Period since the most recent Calculation Period in respect of which an Incentive was payable and (B) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such Calculation Period or in any preceding Calculation Period since the most recent year in respect of which an Incentive was payable (the amount (if any) by which such sum exceeds the Relevant High Water Mark, divided by the Relevant High Water Mark for such Calculation Period and expressed as a percentage, being the “**High Water Mark Outperformance Rate**” for such Calculation Period).

If the above hurdles are met in respect of a Calculation Period, the Beneficiaries will be entitled to receive a number of Incentive Shares representing a percentage over the total Ordinary Shares of the Company issued as of the last day of such Calculation Period, equal to the lesser of (x) 20% of the Shareholder Return Outperformance Rate for such Calculation Period and (y) 20% of the High Water Mark Outperformance Rate for such Calculation Period.

The maximum aggregate amount of Incentive Shares that the Beneficiaries may receive during the Vesting Period is an amount representing in the aggregate 10% of the total Ordinary Shares of the Company issued and outstanding from time to time. Therefore, the maximum shareholder dilution expected as a consequence of the Employee Incentive Plan would be 10%.

#### Examples

*These are examples only and there are not Shareholder Return forecasts. There can be no assurance that the Shareholder Return referred to in the examples can or will be met and they should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on these examples in deciding whether to invest in the Ordinary Shares. In addition, prior to making any investment decision, investors should carefully consider the risk factors described in Section “Risk Factors” of the Prospectus.*

Set out below are three examples.

- a) If the Shareholder Return Rate for a given Calculation Period is 10%, the Shareholder Return Outperformance Rate would be 0% (as the Shareholder Return Rate does not exceed 10%) and the Beneficiaries would receive no Incentive Shares for that Calculation Period.
- b) If the Shareholder Return Rate for a given Calculation Period is 15%, the Shareholder Return Outperformance Rate would be 5% (being the excess of 15% above 10%). In this case, assuming that the High Water Mark Outperformance Rate is also 5%, the Beneficiaries would receive Incentive Shares representing  $(20\% \times 5\%) = 1\%$  of the total Ordinary Shares of the Company issued as of the last day of such Calculation Period.
- c) If the Shareholder Return Rate for a given Calculation Period were 20%, the Shareholder Return Outperformance Rate would be 10% (being 10% the excess of 20% above 10%). However, if the High Water Mark Outperformance Rate was only 2% (for example, if there has been a decrease in

the NAV in a prior Calculation Period), the Beneficiaries would receive Incentive Shares representing  $(20\% \times 2\%) = 0.4\%$  of the total Ordinary Shares of the Company issued as of the last day of such Calculation Period.

The example below is intended to clarify the adjustment mechanisms relating to payments of dividends and issuances of new Ordinary Shares during a given Calculation Period in the calculation of the Incentive Shares, as well as to provide further clarity as to when the requirements for the vesting of the Incentive Shares would be met.

#### **Example of Incentive calculation under the Employee Incentive Plan**

| Item | Concept  | First Calculation Period | Second Calculation Period |
|------|--|--------------------------|---------------------------|
| 1    | NAV, BoP   | 100.0                    | 112.0                     |
| 2    | NAV Growth   | 12.0                     | 15.7                      |
| 3    | Dividends Paid   | 0.0                      | 5.6                       |
| 4    | Capital Increase Proceeds  | 0.0                      | 40.0                      |
| 5    | NAV, EoP   | 112.0                    | 167.7                     |
| 6    | NAV EoP, Adjusted  | 112.0                    | 133.3                     |
| 7    | Relevant High Water Mark   | 100.0                    | 112.0                     |
| 8    | Shareholder Return   | 12.0                     | 21.3                      |
| 9    | Shareholder Return Rate  | 12.0%                    | 19.0%                     |
| 10   | High Water Mark Outperformance Rate  | 12.0%                    | 19.0%                     |
| 11   | Shareholder Return Outperformance Rate   | 2.0%                     | 9.0%                      |
| 12   | Incentive Vested:  | Yes                      | Yes                       |
| 13   | Number of Incentive Shares: % of total Ordinary Shares of the Company issued as of the last day of such Calculation Period | 0.4%                     | 1.8%                      |

#### **Explanation of Calculation terms**

| Item | Concept        | Explanation  |
|------|----------------|--|
| 1    | NAV, BoP       | BoP=Beginning of Calculation Period.<br>In First Calculation Period: Initial NAV (assumed to be 100 for the sake of clarity)<br>In Second Calculation Period: same as NAV, EoP (Item n° 5) for First Calculation Period                                    |
| 2    | NAV Growth     | Change in the NAV of the Company during Calculation Period less Capital Increase Proceeds during Calculation Period<br>In the First Calculation Period: assumed to be 12% of Item n° 1<br>In the Second Calculation Period: assumed to be 14% of Item n° 1 |
| 3    | Dividends Paid | Dividends paid to shareholders during Calculation Period<br>In First Calculation Period: assumed to be 0<br>In Second Calculation Period: assumed to be 5.6  |

|    |  |  |
|----|--|--|
| 4  | Capital Increase Proceeds  | <p>Net proceeds of capital increases disbursed during Calculation Period</p> <p>In First Calculation Period: assumed no Capital Increase In Second Calculation Period: assumed Capital Increase with net proceeds of 40</p> <p>This is intended to showcase how a capital increase would be treated in terms of the Shareholder Return calculation</p>   |
| 5  | NAV, EoP   | <p>EoP=End of Calculation Period Sum of Items n° 1+ 2 + 4</p> <p>For Incentive calculation purposes NAV, EoP takes into account NAV BoP plus NAV Growth and Capital Increases Proceeds during the Calculation Period</p>   |
| 6  | NAV EoP, Adjusted  | <p>Sum of Items n° 5 + 3 less Item n° 4</p> <p>NAV EoP, Adjusted includes Dividends Paid and excludes Capital Increase Proceeds and is used for the purposes of determining the High Water Mark (Item n° 7) and the Shareholder Return Rate (Item n° 8).</p>   |
| 7  | Relevant High Water Mark   | <p>Higher of:</p> <p>(i) the Initial NAV (for this example, 100), and</p> <p>(ii) Item n° 6 for the most recent Calculation Period in respect of which an Incentive was payable</p> <p>Item n° 7 represents the Relevant High Water Mark that will be applicable in the Calculation Period (e.g. for First Calculation Period, Initial NAV (i.e., 100); for Second Calculation Period, Item 6 of First Calculation Period (i.e., 112.0); for Third Calculation Period, it will be Item 6 of Second Calculation Period (i.e.,133.3); etc.).</p> |
| 8  | Shareholder Return   | Sum of Items n° 2 + 3 (NAV Growth plus Dividends Paid)   |
| 9  | Shareholder Return Rate  | Item n° 8 / Item n° 1 (Shareholder Return divided by NAV, BoP, the latter being the same as NAV, EoP for prior Calculation Period)   |
| 10 | High Water Mark Outperformance Rate  | <p>Item n° 6 less the Relevant High Water Mark divided by the Relevant High Water Mark</p> <p>Relevant High Water Mark is calculated according to the Explanation of Item n° 7</p>   |
| 11 | Shareholder Return Outperformance Rate   | The excess of Item n° 9 above the hurdle (10%)   |
| 12 | Incentive Vested:  | If both Items n° 10 and n° 11 are positive, Incentive will be payable; otherwise, it will not be payable   |
| 13 | Number of Incentive Shares: % of total Ordinary Shares of the Company issued as of the last day of such Calculation Period | <p>If Incentive is payable, it will consist of a number of new ordinary shares equal to a percentage of the total Ordinary Shares of the Company issued as of the last day of such Calculation Period. This percentage will be the lesser of:</p> <p>20% of Item n° 11</p> <p>20% of Item n° 10</p>  |

#### *Auditor Report Indicative Model*

The calculation of the Employee Incentive Plan described in this Prospectus and approved by the shareholders of the Company, will be verified by the Auditor of the Company at the end of each Calculation Period pursuant to an agreed-upon procedures report to be issued at such time, on the basis of



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the interim financial statements of the Company as of 30 June of each year, with the exception of the First Calculation period that will end on 30 June 2020.

An indicative model of the report that will be required by the Management to be issued by the Auditor of the Company on the calculation of the incentive plan is shown below.

XYZ, S.A.

*Agreed-upon procedures report on the calculation of the number of incentive shares to be distributed under the share-based incentive plan dated DD/MM/YYYY.*

*AGREED-UPON PROCEDURES REPORT*

DD/MM/YYYY

XYZ, S.A.

For the attention of Mr. AAA

*In accordance with our engagement letter dated DD July YYYY we have carried out the procedures agreed with you, which are described below, on the calculation of the number of incentive shares to be delivered to the members of the Management Team and to the remaining employees of the Company (the “Beneficiaries”) under the share-based incentive plan granted to the Beneficiaries and approved by the shareholders of the Company on DD/MM/YYYY (Appendix I). That calculation is attached as Appendices II and III together with the explanatory notes on the calculation and its determination. The preparation and content of the document included in Appendices II and III are the responsibility of the Chief Financial Officer acting on behalf of the Management Team of XYZ, S.A.*

*On DD July YYYY a limited review report was issued on the interim financial statements of XYZ, S.A. in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information performed by the Independent Auditor of the Company. A limited review of the interim financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with applicable audit legislation in Spain and therefore does not allow us to ensure that all important matters which might have been identified in an audit have come to our attention. Accordingly, we did not express an audit opinion on the reviewed interim financial statements.*

*The Chief Financial Officer acting on behalf of the Management Team of XYZ, S.A. is responsible for the interpretation of the share-based incentive plan granted to the Beneficiaries approved by the shareholders of the Company on DD/MM/YYYY which served as a basis for the calculation, preparation and content of the document on the calculation of the number of shares to be delivered to the Beneficiaries under the aforementioned incentive plan, and the explanatory notes on the calculation, a document which is similarly the responsibility of the Chief Financial Officer acting on behalf of the Management Team of XYZ, S.A.*

*Our work does not include an evaluation regarding whether the criteria used to obtain the calculations contained in Appendices II and III, prepared in accordance with the definitions and interpretation of the Chief Financial Officer acting on behalf of the Management Team of XYZ, S.A. contained in the accompanying explanatory notes, are appropriate for the purpose pursued by the users of this report.*

Our work on the calculation of the number of incentive shares to be granted to Beneficiaries under the share-based incentive plan granted to the Beneficiaries approved by the shareholders of the Company on DD/MM/YYYY and explanatory notes on their calculation and determination attached hereto was carried out in accordance with professional standards generally accepted in Spain applicable to agreed-upon engagements. On an agreed-upon procedures engagement, it is the reader of the report who draws his own conclusions in light of the findings reported to him. Similarly, it is the person to whom the report is addressed who is responsible for the sufficiency of the procedures performed for the purposes pursued. Accordingly, we assume no responsibility whatsoever for the sufficiency of the procedures applied.

Procedures applied and results obtained

1. The calculation was obtained at 30 June YYYY relating to the percentage of shares to be distributed to Beneficiaries based on the share-based incentive plan approved by the shareholders of the Company and set out in the IPO Prospectus and the prospectuses for any subsequent capital increases, prepared by the Chief Financial Officer acting on behalf of the Management Team of XYZ, S.A., as included in **Appendices II and III**.

2. The reviewed interim financial statements for the nine-month ended 30 September YYYY and YYYY-I of XYZ, S.A. were obtained.

3. The computation of the incentive plan was verified to ensure that it was calculated as described in the explanatory notes and **Appendices II and III**. For the purposes of this calculation, the following aspects were verified:

- The market value of the assets included in the calculation was reviewed to ensure that it agrees with the valuation report issued by the independent appraiser, VVVV, at 30 June YYYY in which the advances are valued assuming full ownership as a finished property, according to the company's instructions.

- The calculation of the amount of net financial debt was reviewed, verifying that it results from the sum of the data included under cash and banks in the interim consolidated financial statements at 30 June YYYY less financial data taken from those financial statements.

- With respect to other adjustments:

The values of "Other assets and other liabilities" were reviewed to ensure that they agree with the interim financial statements at 30 June YYYY.

The accuracy and reasonableness of total dividends paid in that calculation period were reviewed. The conclusion drawn is that there has been no other form of remuneration nor distribution between shareholders.

4. The arithmetic accuracy of the calculations to arrive at the figure of shares to be delivered was verified.

5. A letter of representations was obtained from the Chief Financial Officer acting on behalf of the Management Team.

As a result of the application of the procedures indicated above, no noteworthy matters have come to our attention.

As an agreed-upon procedures engagement does not constitute an audit of the accompanying information, we do not express an audit opinion on it and nor do we express any assurance on such information taken as a whole. Had we carried out additional procedures on such information, other facts or matters might have come to our attention that we would have reported to you.

This report has been prepared solely for the use of the Company in relation to the calculation of the number of incentive shares to be delivered to Beneficiaries under the share-based incentive plan approved by the General Meeting of Shareholders of DD/MM/YYYY and may not be used for any other

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*purpose or distributed to third parties except the members of the Board Directors. Our maximum liability to XYZ, S.A. for damages resulting from misconduct or negligence by us in the rendering of these services was established in our engagement letter dated DD/MM/YYYY. In no event will we accept liability to any persons other than those to whom this report is addressed.*

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#### *Calculation and Payment*

Except for the first incentive payable under the Employee Incentive Plan, the number of Incentive Shares will be calculated annually as of the last day of the most recently elapsed Calculation Period, representing a percentage of the total Ordinary Shares of the Company issued as of the last day of such Calculation Period. The first incentive under the Employee Incentive Plan will be calculated as of the last day of the First Calculation Period, representing a percentage of the total Ordinary Shares of the Company issued as of last day of such Calculation Period.

The Company's financial department headed by the CFO will make the corresponding calculations of the Incentive Shares to be delivered annually pursuant to Employee Incentive Plan. These calculations will be verified by the auditor of the Company at the end of each Calculation Period pursuant to an agreed-upon procedures report to be issued at such time, on the basis of the interim financial statements of the Company as of 30 June of each year and on the basis of an independent appraiser's valuation report. Once verified they shall be submitted to the Appointments and Remuneration Committee which shall review and, if deemed, appropriate shall submit such calculations to the approval of the Board of Directors. The Board of Directors will approve the incentive payable under the Employee Incentive Plan concurrently with the approval by the Board of Directors of the financial statements of the Company as of 30 June of each year. This date of approval shall constitute the date on which the relevant Beneficiary was entitled to the corresponding Incentive Shares (the "**Date of Accrual**").

The Incentive Shares payable in each year of the Vesting Period will be allocated to the Beneficiaries as follows: 50% of the relevant Incentive will be allocated to the CEO -that he may dispose of it as he deems convenient- and any remaining Incentive will be allocated among the rest of the Beneficiaries at the discretion of the CEO, such allocation to be ratified by the Appointments and Remuneration Committee.

The Board of Directors will make all arrangements to deliver the Incentive Shares, if any, to the Beneficiaries as soon as practicable thereafter and may use, subject to the required approvals, any of the procedures and mechanisms available by law to complete such delivery, including without limitation the issue of new shares, the purchase of treasury shares or entering into agreements with third parties. In lieu of paying the incentive under the Employee Incentive Plan through the delivery of the Incentive Shares, the Board of Directors may opt, in the event of: (i) the Company not having enough treasury shares to deliver the Incentive Shares to be delivered to the Beneficiaries under the Employee Incentive Plan; or (ii) upon a Liquidation Event; for the total or partial payment of the incentive through a cash payment to the Beneficiaries. Such cash payment in the case of (i) above shall be equal to the relevant amount which would be necessary (after deduction of any taxes applicable thereto) to subscribe for the corresponding number of newly issued Incentive Shares or to acquire existing Incentive Shares from the Company. In this regard, the Company will establish the mechanisms necessary to guarantee the subscription by the Beneficiaries of the corresponding number of newly issued Incentive Shares or to acquire existing Incentive Shares from the Company. The share price used to determine this cash payment shall be: in the case of (i) above the closing price of the Company's Ordinary Shares on the Spanish Stock Exchanges at close of trading of the day the incentive is approved by the Company; and in the case of (ii) as detailed in the section detailing the Liquidation Events below. Any such cash shall not be considered net proceeds of any issues of Ordinary Shares for the purposes of calculating Shareholder Return.

The delivery of Incentive Shares will be communicated through the publication of a relevant fact notice (*hecho relevante*). The Beneficiaries may elect to receive the Incentive Shares to which they are entitled through an entity controlled by them provided that they assume for the benefit and at the satisfaction of the Company the lock-up obligations set out below.

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The Company may grant loans to the Beneficiaries to finance any tax burden associated with the payment of the Incentive.

#### *Lock-up*

The Incentive Shares to be delivered to each Beneficiary shall be subject to lock-up *vis-à-vis* the Company. In this regard, the Incentive Shares will be subject to a progressive lock-up from the Date of Accrual. During this progressive lock-up, there shall be no disposal of the Incentive Shares by each such Beneficiary as follows:

- a) 1/3 of such Incentive Shares shall not be disposed prior to 12 months from the Date of Accrual;
- b) 1/3 of such Incentive Shares shall not be disposed prior to 18 months from the Date of Accrual; and
- c) 1/3 of such Incentive Shares shall not be disposed prior to 24 months from the Date of Accrual.

In general, disposals after the corresponding lock-up periods need not be communicated to the Company unless otherwise required by law or by the Internal Code of Conduct in the Securities Markets. See section “*Board of Directors—Internal Code of Conduct in the Securities Markets*”.

This lock-up shall not apply in the following events:

- (i) disposal of Incentive Shares effected to fund the payment or discharge by any Beneficiary of any tax liability arising in connection with any acquisition of Incentive Shares by such Beneficiary;
- (ii) disposal of Incentive Shares in connection with a takeover or sale of the Company that is recommended by the Board of Directors or if any Beneficiary is required by law to dispose of such Incentive Shares;
- (iii) disposal of Incentive Shares by any Beneficiary following the termination of the employment or services agreement (as applicable) of such Beneficiary by the Company (save in the case when the Company has elected to terminate such agreement due to gross misconduct); and
- (iv) to a disposal of Incentive Shares made in the last year of the Vesting Period; therefore, those Incentive Shares received by the Beneficiaries during the last year of the Vesting Period will not be subject to any lock-up.

Any distributions or dividends attributable to Incentive Shares held by any Beneficiary declared and paid during the lock-up period shall be paid to and for the benefit of such Beneficiary.

In case of termination of the employment or services agreement (as applicable) with any Beneficiary, the Company will have the right to exercise a share purchase option over the Incentive Shares delivered to, or subscribed or acquired by, such Beneficiary that are subject to the lock-up, at the following price:

- (i) at the market value of the Company’s Ordinary Shares at the moment of the termination if the termination is due to death, absolute permanent disability, retirement or unfair dismissal (as such term is used in the Spanish Workers’ Statute); or,
- (ii) the lower of the market value of the shares or the offering price of the shares, if the termination is due to voluntary resignation or a fair disciplinary dismissal.

#### *Liquidation Events*

Pursuant to the Employee Incentive Plan, in the event of (i) liquidation of the Company approved by its Shareholders, or (ii) a takeover of the Company or a sale of Ordinary Shares of the Company that results in the taking of a control position by any party (as the term “control” is used in Royal Decree 1066/2007, of 27 July, of regime applicable to public takeovers (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*)) in both cases before the end of the Vesting Period (each a “**Liquidation Event**”), the Beneficiaries will be entitled to receive as indicated below Incentive Shares (which will not be subject to any lock-up) or, as further described below, a cash amount,

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representing a percentage over the total issued Ordinary Shares of the Company equal to the lesser of (a) 20% of the annualised Shareholder Return Outperformance Rate and (b) 20% of the annualised High Water Mark Outperformance Rate; provided that, for purposes of the calculation and payment of this Incentive, the following particularities will apply:

- a) the higher of (i) the liquidation value of the Company or the price offered for the equity of the Company in the takeover or sale, as applicable, and (ii) the NAV of the Company as of the last day of the relevant Calculation Period, shall be used as NAV of the Company as of the last day of the relevant Calculation Period for purposes of the calculation of the Shareholder Return, the Shareholder Return Rate, the Shareholder Return Outperformance Rate and the High Water Mark Outperformance Rate;
- b) the relevant Calculation Period shall be deemed to have ended on the date the liquidation was approved by the shareholders of the Company or the takeover or sale was accepted by a majority of the shareholders of the Company, as applicable;
- c) Consequently, the excess over 10% of the Shareholder Return Rate that is used as a key hurdle to determine if a Beneficiary is entitled to receive Incentive Shares for said Calculation Period shall be calculated on an annualised basis (e.g., if the Calculation Period for the Liquidation Event is of six months, the Shareholder Return Rate must be in excess of 4.88% to comply with the key hurdle); and
- d) calculation and payment under the Employee Incentive Plan shall be made as soon as reasonably practicable after the last day of the relevant Calculation Period.

In the event of termination with fair cause (*causa justificada*) of the employment or services agreement (as applicable) with any Beneficiary prior to the end of the relevant Vesting Period, such Beneficiary will no longer be entitled to any incentive under the Employee Incentive Plan in respect of any Calculation Period that ends after such termination.

If the Company determines (acting reasonably) that delivering any or all of the Incentive Shares to any Beneficiary on any relevant date is materially prejudicial to the Company for any reason, including as a result of any applicable law which prevents the delivery of Ordinary Shares on that date or if the delivery of Ordinary Shares to such Beneficiary would result in (i) such Beneficiary being required to make a mandatory offer to the shareholders of the Company pursuant to the applicable Spanish takeover rules or other applicable law, or (ii) the Company or such Beneficiary breaching the applicable Spanish takeover rules, or (iii) such Beneficiary becoming beneficially entitled to or controlling, directly or indirectly, at least 10% of the share capital or voting rights in the Company (despite such Beneficiary having used reasonable endeavours to dispose of sufficient Incentive Shares, where permitted by law, to avoid this occurring), or (iv) the Company breaching any applicable listing rules), then the Company shall instead pay any incentive under the Employee Incentive Plan to such Beneficiary in cash, in an amount equal to the result of applying the percentage that Incentive Shares that are not delivered for the abovementioned reasons represents of the NAV of the Company used in the calculation of the relevant incentive. Such Incentive Shares or cash, as the case may be, will not be subject to any lock-up arrangement and will not be subject to any re-investment obligation in the Company's shares.

The delivery of Incentive Shares upon the occurrence of a Liquidation Event together with any other Incentive Shares delivered pursuant to the Employee Incentive plan during the Vesting Period shall not exceed in the aggregate a maximum of 10% of the total Ordinary Shares of the Company issued and outstanding from time to time.

Additionally, if the Company determines (acting reasonably) that structuring the Incentive other than through the delivery of Incentive Shares and other than in cash (e.g., through warrants, stock options, etc.) may be more beneficial to the Company or to the Beneficiaries (including, for taxation purposes), then the Company may structure the Incentive in such other manner.

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If any change in the share capital of the Company arising from a reorganization, restructuring, scheme of reconstruction or arrangement, consolidation, subdivision, bonus issue, share buy-back or other capital reorganization or restructuring (a “**Capital Restructuring**”) occurs during any year which the Company or the Beneficiaries believe (acting reasonably) that the calculation or the amount of the Incentive (if any) payable will change in respect of that or any subsequent year having regard to the basis of calculation of the Incentive, the Company and the Beneficiaries shall negotiate in good faith to agree an appropriate adjustment to the calculation of the Incentive payable in respect of that or any subsequent year. If a dispute or difference arises between the Company and the Beneficiaries in relation to the effect (if any) of a Capital Restructuring on any calculation of the Incentive or in relation to what adjustment (if any) is appropriate, which they cannot resolve by mutual agreement within two months of the matter first being notified by one party to the other in writing, the matter shall be referred to an independent expert for determination.

Upon the expiration of the Employee Incentive Plan on 30 June 2024 a new incentive plan shall be approved in compliance with the Bylaws of the Company that provide that subsequent incentive plans for Directors or members of the Management Team payable in shares of the Company shall be approved by the General Meeting of Shareholders with the prior favourable report of the Board of Directors approved by a qualified majority consisting of all directors except one (i.e., in a Board of Directors of five members, the favourable report shall be approved by four directors; in a Board of Directors of six members, the favourable report shall be approved by five directors; and so on).

***Other terms and conditions of agreements with Management Team***

As mentioned above, the members of the Management Team have entered into employment contracts with the Company, with the exception of Mr. Luis Alfonso López de Herrera-Oria, who has entered into a services agreement with the Company due to his dual role as member of the Board and CEO (thus a member of the Management Team).

A brief description of some of the main terms and conditions of such agreements follows:

***Term***

The employment agreements of the members of the Management Team (other than Mr. Luis Alfonso López de Herrera-Oria) with the Company are for an indefinite term. The employment agreements can be terminated at any time by the members of the Management Team or the Company at their election with one-month prior written notice to the Company.

The services agreement that Mr. Luis Alfonso López de Herrera-Oria has entered with the Company is for an indefinite term but will be automatically terminated in the event that Mr. Luis Alfonso López de Herrera-Oria ceases to be the Chief Executive Officer of the Company, subject to the applicable termination payments described below in sections “—*Payments on termination*” and “—*Minimum stay of the CEO*”. Mr. Luis Alfonso López de Herrera-Oria has been appointed Director of the Company for a term of three years, after which term he may be re-elected by the General Meeting of Shareholders to serve for an unlimited number of terms. Once the Minimum Stay Period (as defined below) has elapsed, the services agreement may be terminated at any time by Mr. Luis Alfonso López de Herrera-Oria by giving three-month prior written notice to the Company.

***Exclusivity***

Except as indicated below, during the term of their respective employment or services agreements (as applicable) with the Company, the members of the Management Team shall work exclusively and on a full-time basis for the Company and may not render services to any parties other than the Company except with the Company’s prior consent.

This exclusivity commitment will not prevent the CEO (a) from continuing to hold the non-executive directorships listed as such under section “*Management—Managerial positions and shareholdings of the*

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*members of the Management Team*”, (b) from holding additional non-executive directorships in other companies (up to a maximum of three) provided that the CEO obtains the prior consent of the Board of Directors, and (c) from holding executive directorships in his personal asset-holding companies (*sociedades patrimoniales*) (which as of the date of this Prospectus are those listed as such under section “*Management —Managerial positions and shareholdings of the members of the Management Team*”) and developing the corresponding functions in these companies, to the extent that any of the above (i) does not interfere with the CEO’s responsibilities towards the Company and (ii) is not in breach of the CEO’s non-compete commitments towards the Company.

Additionally, any other member of the Management Team may hold a position, whether remunerated or not, in any other company provided that they obtain the prior consent of the CEO and the Board of Directors, and provided that such positions do not represent direct or indirect competition with the Company.

#### *Non-compete*

The members of the Management Team have agreed that, during the term of their respective employment or services agreements (as applicable) with the Company, they will not directly or indirectly (including, but not limited to, in their condition as partners, controlling persons, employees, agents, consultants, officers or directors of any company) compete with the business and activities conducted and to be conducted by the Company, with the only exceptions regarding Mr. Luis Alfonso López de Herrera-Oria’s existing commitments as non-executive director of Rodex described in footnote (5) of the table included in section “*Management —Managerial positions and shareholdings of the members of the Management Team*”.

#### *Non-solicitation*

The members of the Management Team have agreed that, during the term of their respective employment or services agreement (as applicable) with the Company and during two years after termination thereof, they will not, without the Company’s prior written consent, directly or indirectly (including, but not limited to, in their condition as partners, controlling persons, employees, agents, consultants, officers or directors of any company), (i) solicit or entice away or in any manner attempt to persuade any client or customer, or prospective client or customer, of the Company to discontinue or diminish his, her or its relationship or prospective relationship with the Company, or (ii) hire or solicit, recruit, induce, entice, influence, or encourage any employee of the Company to leave the Company.

#### *Payments on termination*

Upon termination of the Management Team’s services or employment agreements, without just cause (that is, unfair dismissal, as such term is defined in the Spanish Workers’ Statute (*Real Decreto Legislativo 2/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Estatuto de los Trabajadores*)) or when the employment agreement is terminated by the Company or the member of the Management Team within six months following, in the case of the CEO’s services agreement: (i) a corporate reorganization (*modificación estructural*) pursuant to the Spanish Companies Act, (ii) a takeover of the Company or a sale of Ordinary Shares of the Company that results in a change of control (as the term “control” is used in Royal Decree 1066/2007, of 27 July, of regime applicable to public takeovers (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*)); or, in the case of the rest of the members of the Management Team employment agreements: (a) the appointment of a new CEO that is not made pursuant to the voluntary resignation of the current CEO; (b) a company succession (*sucesión de empresa*) as such term is defined in article 44 of the Spanish Workers’ Statute (*Real Decreto Legislativo 2/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Estatuto de los Trabajadores*); (c) a change of control of the Company (as the term “control” is used in Royal Decree 1066/2007, of 27 July, of regime applicable to public takeovers (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de*

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*adquisición de valores*) regardless of whether such change of control is due to a takeover; or (d) a change in the content and planning of the Company's business; then the member of the Management Team will be entitled to a severance payment equal to two years of the salary received by such Beneficiary during the twelve months immediately preceding such termination. This salary includes the Fixed Remuneration, any Bonus and the highest incentive payment, if more than one, payable under the Employee Incentive Plan, in each and every case, received during the twelve months immediately preceding such termination.

Additionally, these agreements include the obligation to notify the other party in the event of a unilateral termination of the agreement without just cause. Should any party fail to comply with this obligation, such party will compensate the other party, as applicable; with an amount equal to the portion of the CEO's annual Fixed Remuneration or the Management Team's salary corresponding to the period of time where such party was in breach of this obligation.

#### *Minimum stay of the CEO*

Under the services agreement with the Company, Mr. Luis Alfonso López de Herrera-Oria has committed to remain with the Company for a period of at least five years ending on 23 October 2023 (five years upon the admission to listing of the Company's Ordinary Shares pursuant to its Initial Public Offering) (the "**Minimum Stay Period**").

Should Mr. Luis Alfonso López de Herrera-Oria terminate his services agreement with the Company without just cause before the end of the Minimum Stay Period, the Company will be entitled to receive compensation from him equivalent to the Fixed Remuneration that he would have been entitled to receive during the time remaining of the Minimum Stay Period.

If prior to the end of the Minimum Stay Period, Mr. Luis Alfonso López de Herrera-Oria terminates his role as CEO of the Company, or his appointment as CEO is not renewed or his services agreement is otherwise terminated by the Company, he will be entitled to receive compensation from the Company equivalent to the Fixed Remuneration that he would have been entitled to receive during the remaining time of the Minimum Stay Period, with a minimum total compensation of two years that will be calculated in the same terms as those indicated on the Section "*Payment on termination*" for the rest of the Management Team. The amount of this compensation will reduce on a euro-per-euro basis the termination payment indicated on the Section "*Payment on termination*" that he may be entitled to receive in such event, if any. This compensation shall not apply in the case of termination with just cause.

#### *Other benefits*

The members of the Management Team are entitled (and other selected employees the Company may have, from time to time, may also be entitled) to additional benefits including a company car, health and life insurance and may be entitled in the future to other benefits such as pension plans, in any case, approved by the Board of Directors at the proposal of the Appointments and Remuneration Committee.

Without prejudice to the mercantile nature of his services contract, Mr. Luis Alfonso López de Herrera-Oria will also be entitled to any additional social benefits foreseen in the collective bargaining agreement applicable to the Company, if any, and in any of the Company's practices or policies applicable to the Company's employees, including, but without limit to, pension plans.

#### *D&O insurance policy*

The Company maintains a directors and officers ("**D&O**") insurance policy that protects both the members of the Board of Directors and of the Management Team of the Company from liabilities incurred as a result of actions taken in their official capacity as managers, up to an aggregate limit of €15 million. In any case, the Company intends to review the terms and conditions of this policy each year in order to adapt them as the Company grows.



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## Conflicts of Interest

Pursuant to the Internal Code of Conduct in the Securities Markets of the Company, the Board of Directors, at its meeting on 26 September 2018, has appointed Mr. Iván Azinovic Gamo, the Secretary non-Director of the Board of Directors, as supervisor of compliance with the Internal Code of Conduct in the Securities Markets:

- the members of the Management Team shall inform the supervisor of compliance with the Internal Code of Conduct in the Securities Markets, once designated, of any possible conflicts of interest with the Company or any of its subsidiaries (if any) affecting such member of the Management Team as a result of his/her family relationships, personal estate or any other reason;
- the supervisor of compliance with the Internal Code of Conduct in the Securities Markets shall keep a register of all conflicts of interests communicated, which will be made public if and to the extent required by applicable regulations; and
- the Company will not disclose additional information on the conflicted transaction or situation to the member of the Management Team affected by the conflict of interest and such member of the Management Team may not participate or influence any decision to be adopted with respect to the conflicted transaction or situation and shall abstain from accessing any confidential information affecting such conflict of interest.

For these purposes, a “conflict of interest” shall be any situation in which the personal interest of the member of the Management Team or related parties (including close family, controlled entities or fiduciaries) conflicts or may conflict, directly or indirectly, with the interest of the Company or its subsidiaries (if any).

The supervisor of compliance with the Internal Code of Conduct in the Securities Markets appointed by the Board of Directors shall keep a register of all such transactions, which will be made public if and to the extent required by applicable regulations. Also, such transactions shall be approved by the Board of Directors with a favourable report from the Audit and Control Committee, except in those cases where the amount of the transaction does not exceed 1% of the annual revenue of the Company and the transaction is effected pursuant to standard conditions generally applied to customers and at market conditions.

The supervisor of compliance with the Internal Code of Conduct in the Securities Markets will be sufficiently qualified and will be appointed by, and report directly to, the Board of Directors and the Audit Committee. The supervisor of compliance may be assisted by any persons who may be deemed necessary or convenient to perform his/her duties.

Furthermore, members of the Management Team may not pursue, for their own or their related parties’ benefit, business opportunities that are being considered by the Company unless the Company has decided to abandon such opportunities and they have prior authorization of the Board and a favourable report from the Audit and Control Committee. For these purposes, “business opportunity” shall be any opportunity to make an investment or commercial transaction derived or known as a result from his/her position within the Company or through the use of the Company’s means or information or in circumstances that reasonably lead to assume that such opportunity was being offered to the Company.

Although the employment or services agreements (as applicable) entered into by the Company with each member of the Management Team include exclusive professional dedication provisions, such agreements contain exceptions with respect to certain directorships in other companies currently held by the CEO and, in respect of any other member of the Management Team, permit appointments to other offices, subject to prior consent by the CEO and the Board of Directors and provided that such appointments do not result in a conflict of interest with the Company and do not interfere with the responsibilities toward the Company. The aforementioned companies where the CEO currently holds directorships may operate in the real estate sector, but the Company does not consider these companies to be direct competitors that could materially affect its business. Moreover, such employment or service agreements contain non-compete and

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non-solicitation commitments, which apply during the term of such agreements and for two years after termination thereof. Nevertheless, the Company cannot assure that the abovementioned clauses will be sufficient to avoid current or future conflicts of interest.

Any of the members of the Management Team or any person connected with them may, from time to time, act as director, investor or be otherwise involved in other investment vehicles (including investment vehicles that have investment strategies similar to the Company), which may also be purchased or sold by the Company, subject to the applicable provisions governing such conflicts of interest both in law and the internal regulations of the Company. Although procedures have been put in place to manage conflicts of interest, any of the members of the Management Team or their connected persons may have potential conflicts of interest with the Company.

If the Company does not adequately manage a conflict of interest affecting a member of the Management Team, it may fail to act in the best interest of the shareholders of the Company, and therefore, the business, financial condition, results of operations and profits of the Company could be adversely affected.

Other than as set out in this Prospectus, there are no potential conflicts of interest between any duties owed by the members of the Management Team to the Company and their private interests or other duties. These conflicts may arise, among other reasons, in relation to the members of the Management Team's respective additional managerial positions and shareholdings but, in any event, if a conflict of interest arises in connection with a particular transaction, the provisions of the Internal Code of Conduct in the Securities Markets would apply.

#### **Family relationships**

There are no family relationships and no "close relatives" (as this term is defined in applicable regulations for related party transactions and, in particular, in Order EHA/3050/2004, of 15 September 2004, on information to be disclosed by listed companies regarding related party transactions) among the members of the Management Team, or the directors and members of the Management Team.

#### **No convictions and other negative statements**

To the best of the Company's knowledge, none of the members of the Management Team have, in the five years preceding the date of this Prospectus: (i) been convicted in relation to fraudulent offences; (ii) acted as directors of entities affected by bankruptcy, receivership or liquidation, (iii) been publicly incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies); or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer of securities or from acting in the management or conduct of the affairs of any issuer.

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## BOARD OF DIRECTORS

Spanish corporate law is mainly regulated by the restated text of the Spanish Companies Act, which is the principal legislation under which the Company operates. In order to adapt the Company to the provisions of the Spanish Companies Act applicable to issuers of shares listed on the Spanish Stock Exchanges, to the Spanish Corporate Governance Code and to the best practices of listed companies, the Board of Directors (the “**Board of Directors**”), at its meeting held on 26 September 2018, approved (i) the regulations that govern the Board of Directors (the “**Board of Directors Regulations**”) and (ii) the Internal Code of Conduct in the Securities Markets (*Reglamento Interno de Conducta en los Mercados de Valores*) (the “**Internal Code of Conduct in the Securities Markets**”), which are effective as of the date of this Prospectus. Additionally, on the same date, the shareholders of the Company approved (a) a new restated text of the bylaws (the “**Bylaws**”), and (b) the regulations that govern the General Meeting of Shareholders (the “**General Meeting of Shareholders Regulations**”), which are effective as of the date of this Prospectus. Likewise, on the same date, the shareholders of the Company acknowledged the approval of the Board of Directors Regulations, as well as the Internal Code of Conduct in the Securities Markets approved by the Board of Directors.

### Board of Directors

Spanish corporate law provides that the board of directors of a Spanish incorporated company is responsible for the management, administration and representation of the Company in all matters concerning its business, subject to the provisions of such company’s bylaws (*estatutos*), except for those matters expressly reserved for the General Meetings of Shareholders.

The Bylaws and the Board of Directors Regulations provide for a Board of Directors consisting between five and seven members.

On 5 November 2019, the General Meeting of Shareholders agreed to increase the current number of board members by one, fixing it at six, within the maximum and minimum limit set in Bylaws and the Board of Directors Regulations. Accordingly as of the date of this Prospectus, there are six Directors on the Board of Directors in accordance with the resolution passed by the shareholders of the Company on 26 September 2018 and the resolution passed by the Board of Directors on 12 November 2019, all of whom, except Mr. Luis Alfonso López de Herrera-Oria (the CEO), are non-executive Directors and are each, except the CEO and Mr. Stanislas Henry, considered independent pursuant to the Spanish Companies Act. Mr. Luis Alfonso López de Herrera-Oria is not considered to be independent as he has executive responsibilities. Mr. Stanislas Henry is not considered to be independent as he is a proprietary director appointed as member of the Board of Directors on behalf of the shareholder Ivanhoé Cambridge Holdings UK LTD pursuant to the Subscription Agreement (see Section “*Material Contracts—The Subscription Agreement*”).

The Company’s Board of Directors has delegated all its powers in favour of the CEO, except for those that refer to matters that are reserved to the Board of Directors and, therefore, cannot be delegated in accordance with the Bylaws and applicable Spanish law.

Additionally, some members of the Management Team have been granted general powers of attorney in connection with the day-to-day management of the business of the Company.

### Directors

The Board of Directors is currently composed of six directors.

The Directors have substantive expertise in real estate investment, management, accounting, finance, mergers & acquisitions and regulation. The following table sets forth, as of the date of this Prospectus, the

current composition of the Board of Directors, and is followed by a summary of professional background of each such member:

| Name  | Title                                    | Member of Board of Directors since | Term Expires                     | Shareholder represented | Category/status |
|---|--|------------------------------------|----------------------------------|-------------------------|-----------------|
| Mr. Luis María Arredondo Malo                 | Non-executive Chairman                   | 26 September 2018                  | 26 September 2021                | No                      | Independent     |
| Mr. Luis Alfonso López de Herrera-Oria        | Vice-Chairman<br>Chief Executive Officer | 26 September 2018                  | 26 September 2021                | No                      | Executive       |
| Mr. Fernando Bautista Sagüés                  | Member                                   | 26 September 2018                  | 26 September 2021                | No                      | Independent     |
| Mr. David Jiménez-Blanco Carrillo de Albornoz | Member                                   | 26 September 2018                  | 26 September 2021                | No                      | Independent     |
| Mr. Cato Henning Stonex                       | Member                                   | 26 September 2018                  | 26 September 2021                | No                      | Independent     |
| Mr. Stanislas Henry                           | Member                                   | 12 November 2019                   | 12 November <del>2019</del> 2022 | Yes                     | Proprietary     |

The Board of Directors, at its meeting on 26 September 2018, appointed Mr. Iván Azinovic Gamo as the Secretary non-Director of the Board of Directors exercising its powers of co-option

The Board of Directors, at its meeting on 12 November 2019, appointed Mr. Stanislas Henry as a member of the Board of Directors by means of the co-option system (following a report from the Appointment and Remuneration Committee) and as a member of both the Remuneration and Appointments Committee and the Audit and Control Committee, in each case at the proposal of the Appointment and Remuneration Committee and following a report from said Committee.

As the current independent directors of the Company overlap with the former independent directors of Axiare, the Company will compute the twelve year limitation period to qualify as an independent director for its current directors from the date of their initial appointment in Axiare.

Proprietary directors are non-executive directors that hold a shareholding interest equal to or greater than the threshold legally considered to be significant or that are nominated due to their status as shareholders even if their shareholding interest is below that threshold; or are directors representing the foregoing shareholders.

All members of the Board of Directors have designated the registered address of the Company as their professional address for the purpose of this Prospectus.

### Biographical information

Brief biographical details of the Non-Executive Directors are as follows:

#### ***Mr. Luis María Arredondo Malo (Born in January 1943)***

Luis Maria Arredondo Malo is Civil Engineer and holds the Professional Merit Medal from the Chamber of Civil Engineers. He also holds a degree in Senior Business Management P.A.D.E from the IESE Business School (University of Navarra). Between 1969 and 1975 he worked in the Spanish Ministry of Public Works as a Project Engineer. He was, between 1975 and 1978, General Director of the construction company S.A.C.R.A., dependent on the Belgian Group C.F.E. In 1980 and until 1988 he was General Director of the Real Estate Corporation Hispamer (CIH) and Managing Director of the Building Society of Madrid and Province, S.A., (EMPSA). In 1988 and until 1994 he was Chief Executive Officer

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(CEO) of Inmobiliaria Zabálburu, S.A., a listed company on the Spanish stock market. In that period, the society became a company with a fast and constant growth. Between 1994 and 2006 he was CEO of Inmobiliaria Urbis position he held concurrently with that of President during 2006, a company that, in that period, reached a market value of 3,400 million euros. Between 2006 and 2013 he was President and CEO of Santander Global Property, the asset-holding company of Banco Santander, with large international projects in cities such as Madrid, Sao Paulo, Mexico D.F., Monterrey, Miami, and Berlin. Between 2014 and 2018 he was Chairman of the Board of Directors of Axiare Patrimonio, one of the largest listed SOCIMIs on the Spanish Stock Exchanges, recently acquired by Inmobiliaria Colonial.

***Mr. Fernando Bautista Sagüés (Born in October 1957)***

Mr. Fernando Bautista Sagüés is a non-executive independent director of the Company. He holds a Law Degree from the Universidad de Deusto and a graduate degree in Economic and Business Sciences from the Instituto Católico de Dirección de Empresas (ICADE) and is a member of the Madrid Bar Association since 1981. Mr. Fernando Bautista Sagüés became a partner of the law firm J & A Garrigues in 1989 and, after its merger with Arthur Andersen, he became a partner of Arthur Andersen Worldwide in 1996. Two years later, in 1998, Mr. Fernando Bautista Sagüés was appointed partner of Freshfields. Between 2014 and in 2018 he was non-executive independent director of Axiare. Currently Mr. Fernando Bautista Sagüés advises as an independent lawyer on matters regarding corporate and finance law, is director of Abante Asesores, S.A. and is the secretary of the Sustainable Development Committee of the Board of Directors of Iberdrola, S.A.

***Mr. David Jiménez-Blanco Carrillo de Albornoz (Born in May 1963)***

Mr. David Jiménez-Blanco Carrillo de Albornoz is a non-executive independent director of the Company. He holds a degree in Economic and Business Sciences from CUNEF. Mr. Jiménez-Blanco worked at Goldman Sachs International between 1995 and 2006, being responsible for the European Industrial Clients Group and the investment banking teams in Spain and Portugal. Between 2006 and 2009 Mr. Jiménez-Blanco was the President of Merrill Lynch Capital Markets España, S.A., Sociedad de Valores, in his role as Head of Investment Banking and Global Markets in Spain and Portugal and member of the EMEA Investment Banking Operating Committee. Between 2010 and 2013 he was a partner at BK Partners, a management firm mainly focused in direct investment in Mexico, and between 2013 and 2016 he was Group Chief Financial Officer of World Duty Free SpA, a company listed in Milan. Between 2014 and 2018 he was non-executive independent director of Axiare. Currently, Mr. Jimenez-Blanco is Chief Restructuring Officer at Abengoa, S.A., and a non-executive director and Lead Independent Director at Bolsas y Mercados Españoles, S.A.

***Mr. Cato Henning Stonex (Born in December 1963)***

Mr. Cato Henning Stonex is a non-executive independent director of the Company. He holds a BSC (Econ) from the London School of Economics and Political Science. From 2006 to 2016 he served as a governor and in 2016 was appointed as an Emeritus Governor. Cato Henning Stonex is a director of LSE Ideas (a think tank) and is a member of the Endowment Investment Committee. Mr. Cato Henning Stonex joined Morgan Grenfell & Co in 1986 where he became a European Government Bond trader. In 1989, he joined J.Rothschild Administration as a fund manager. In 1996 he was a founding partner of Taube Hodson Stonex. In 2016 Taube Hodson Stonex was merged with Global Asset Management. In 2017 Cato Henning Stonex founded Partners' Investment Company. He served as an independent non-executive director of Axiare from 2017 to 2018.

***Mr. Stanislas Henry (Born in May 1965)***

Mr. Stanislas Henry is a non-executive proprietary director of the Company. He is a French citizen and resident, holding an MBA from INSEAD (1996). He is presently Vice President Principal at Ivanhoé Cambridge Europe where he heads all Strategic Partnerships in Europe. He started his career in Corporate Finance in the Paribas Group from 1988 to 1995, holding positions in subsidiaries of this group in Paris

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(Project and media financing), London (LBO financing) and New York (European desk). He then worked five years in GE Capital and GE Real Estate in London and Paris in Business Development functions, contributing to the growing presence of GE in the European Real Estate markets (in France, in the UK, in Spain and in Italy). After one year in the M&A and Treasury functions of Allianz France (ex AGF), he joined Credit Agricole Group where he headed the M&A activities in the real estate sectors from 2002 until 2008 within CA CIB. He finally joined Amundi Real Estate, the Asset Management subsidiary of Credit Agricole Group, where he created the department of Institutional Real Estate funds, developing this activity until it reached €12 billion of assets under management. He is with Ivanhoé Cambridge since May 2019.

**Directors' managerial positions and shareholdings**

The following table sets out all entities in which the members of the Board of Directors have been appointed as members of administrative, management or supervisory bodies, or in which they have held partnership positions at any time during the five-year period preceding the date of this Prospectus, indicating whether or not each person is still a member of any such bodies or holds any shares in any such entities.

| <b>Director</b>                               | <b>Company<sup>(1)</sup></b>           | <b>Position/Title</b>           | <b>Sector</b>               | <b>In office</b> | <b>Shareholding</b> |
|---|--|---------------------------------|-----------------------------|------------------|---------------------|
| Mr. Luis María Arredondo Malo <sup>(2)</sup>  | Axiare                                 | Non-executive director          | Real Estate                 | No               | No                  |
|   | Nieve de Andalucía, S.A.               | Chief Executive Officer         | Real Estate                 | Yes              | Yes                 |
|   | Castellar Ingenieros, S.L.             | Sole Administrator              | Real Estate                 | Yes              | Yes                 |
|   | Rústica Consolación, S.L.              | Chairman and Executive Director | Manufacture of oil and fats | Yes              | Yes                 |
|   | Olivarera del Condado, S.A.            | Non-executive director          | Manufacture of oil and fats | Yes              | Yes                 |
|   | Aljaral, S.A.                          | Chairman                        | Real Estate                 | Yes              | Yes                 |
|   | Parquing 86, S.A.                      | Director                        | Transportation              | No               | Yes                 |
|   | Axiare                                 | Non-executive director          | Real Estate                 | No               | No                  |
| Mr. Fernando Bautista Sagüés                  | Iberdrola, S.A. <sup>(3)</sup>         | Secretary (non-director)        | Energy                      | Yes              | No                  |
|   | Abante Asesores, S.A                   | Director                        | Financial Services          | Yes              | Yes                 |
| Mr. David Jiménez-Blanco Carrillo de Albornoz | Axiare                                 | Non-executive director          | Real Estate                 | No               | No                  |
|   | Bolsas y Mercados Españoles, S.A.      | Non-executive director          | Financial                   | Yes              | Yes                 |
|   | World Duty Free, SpA                   | Chief Financial Officer         | Retail                      | No               | No                  |
|   | Abengoa, S.A. <sup>(4)</sup>           | Chief Restructuring Officer     | Energy                      | Yes              | No                  |
|   | Gawa Capital Partners, S.L.            | Director                        | Financial                   | Yes              | Yes                 |
| Mr. Cato Henning Stonex                       | Axiare                                 | Non-executive director          | Real Estate                 | No               | No                  |
|   | Partners Investment Company LLP        | Director                        | Finance                     | Yes              | Yes                 |
|   | Partners Investment Company (2017) Ltd | Director                        | Finance                     | Yes              | Yes                 |
|   | Alblemarle Shipping Investment LLP     | Director                        | Shipping                    | Yes              | Yes                 |
|   | Axcent Partners LLP                    | Designated Member               | Finance                     | Yes              | Yes                 |
|   | CHS Ventures Ltd                       | Director                        | Finance                     | Yes              | Yes                 |
|   | Hardicott Shoot LLP                    | Designated Member               | Agriculture                 | Yes              | Yes                 |
|   | Roundwood Partners LLP                 | Designated Member               | Fine Art                    | Yes              | Yes                 |
|   | CS Ventures Ltd                        | Director                        | Finance                     | Yes              | Yes                 |
|   | Cato Stonex Ltd                        | Director                        | Finance                     | Yes              | Yes                 |
|   | Petworth Art LLP                       | Designated Member               | Fine Art                    | Yes              | Yes                 |
|   | John Chapman Ltd                       | Director                        | Consumer Goods              | Yes              | Yes                 |
|   | Westmoreland                           | Director                        | Consumer                    | Yes              | Yes                 |

|                     |                    |           |            |  |     |     |
|---------------------|--------------------|-----------|------------|--|-----|-----|
| Mr. Stanislas Henry | Spirits Ltd        |           |            | Goods  |     |     |
|                     | Obotritia          | Capital   | Director   | Finance  | Yes | Yes |
|                     | KGaA               |           |            |  |     |     |
|                     | Taube              | Hodson    | Director   | Finance  | Yes | Yes |
|                     | Stonex             | Partners  |            |  |     |     |
|                     | (UK) Ltd           |           |            |  |     |     |
|                     | Taube              | Hodson    | Designated | Finance  | Yes | Yes |
|                     | Stonex             | Partners  | Member     | (designated member)                                |     |     |
|                     | LLP                |           |            |  |     |     |
|                     | Buck's             | Club      | Director   | Licensed clubs                                     | Yes | Yes |
|                     | Limited            |           |            |  |     |     |
|                     | Sloane             | Residents | Director   | Residents  | Yes | Yes |
|                     | Limited            |           |            | property management                                |     |     |
| Mr. Stanislas Henry | Deutsche Konsum    |           | Director   | German retail properties                           | Yes | Yes |
|                     | GAM Unit Trust     |           | Director   | Trust Management                                   | No  | No  |
|                     | Management Company |           |            |  |     |     |
|                     | THSP Limited       |           | Director   | Activities of financial services holding companies | Yes | Yes |
|                     | French             | Wholesale | Director   | Regulated Fund Management                          | No  | No  |
|                     | Properties - FWP   |           |            |  |     |     |
|                     | French             | Wholesale | Director   | Regulated Fund Management                          | No  | No  |
|                     | Stores – FWS       |           |            |  |     |     |
|                     | Amundi             | Re        | Director   | Regulated Fund Management                          | No  | No  |
|                     | Novation           | Lupa      |            |  |     |     |
|                     | Fund               |           |            |  |     |     |
|                     | Amundi             |           | Director   | Regulated Fund Management                          | No  | No  |
|                     | Immobilier         |           |            |  |     |     |
| Mr. Stanislas Henry | Novation           | Sante     |            |  |     |     |
|                     | Oppci              |           |            |  |     |     |
|                     | Oppci Vivaldi      |           | Director   | Regulated Fund Management                          | No  | No  |
|                     | Oppci Les Miroirs  |           | Director   | Regulated Fund Management                          | No  | No  |
|                     | Kart SBS           |           | Director   | Regulated Fund Management                          | No  | No  |
|                     | Oppci Sogecar      |           | Director   | Regulated Fund Management                          | No  | No  |
|                     | Irame              | Capital   | Director   | Regulated Fund Management                          | No  | No  |
|                     | Partner            |           |            |  |     |     |



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Notes:

- (1) *While some of these companies are in the real estate business, unless otherwise indicated none of them is a direct competitor of the Company in the sense that their activities are not dedicated to investing in rental commercial properties.*
- (2) *Mr. Luis María Arredondo Malo has informed the Company that he is currently non-executive director of Santander Real Estate, S.A., SGIIC, the managing company of the real estate investment fund Santander Banif Inmobiliario, FII and the real estate investment companies Promociones Lladero, S.I.I., S.A., Santander Ahorro Inmobiliario 1, S.I.I., S.A. and Santander Ahorro Inmobiliario 2, SII, S.A., which mainly invest in residential properties for rental. On 26 September, 2018, the Company's Shareholders' Meeting, pursuant to article 230.1 of the Spanish Companies Act, authorised Mr. Luis María Arredondo Malo to continue holding the position of non-executive director in said managing company. In any event, if a conflict of interest were to arise in connection with a particular transaction, the provisions of the Board of Directors Regulations and the Internal Code of Conduct in the Securities Markets would apply.*
- (3) *Mr. Fernando Bautista Sagüés has been appointed secretary (non-director) of the Sustainable Development Committee of the Board of Directors of Iberdrola, S.A.*
- (4) *Mr. David Jiménez-Blanco Carrillo de Albornoz currently Chief Restructuring Officer of Abengoa, S.A.*

### **Directors' share ownership in the Company**

As of the date of this Prospectus, Rodex, which is controlled by Mr. Luis Alfonso López de Herrera-Oria, held 1,091,300 Shares, which represented 7.791%, of the issued share capital of the Company prior to the Offering and 3.839% following the Offering.

As of the date of this Prospectus, Mr. Cato Henning Stonex holds a non-controlling stake at Partners Investment Company, LLP, a company that holds 80,006 Shares which represented less than 1%, of the issued share capital of the Company both prior to and following the Offering

As of the date of this Prospectus no other member of the Board of Directors holds any share ownership or right to acquire any share ownership in the Company.

### **Board Committees**

In compliance with the Bylaws and the Board of Directors Regulations, the Board of Directors at its meeting held on 26 September 2018, approved the creation of an Audit and Control Committee (the “**Audit and Control Committee**”), and an Appointments and Remuneration Committee (the “**Appointments and Remuneration Committee**”) which are governed by the Bylaws and the Board of Directors Regulations. The following is a brief description of the principal characteristics of the committees of the Board of Directors.

In fulfilling their duties, the committees of the Board of Directors are entitled to (i) access any corporate records they consider necessary; (ii) seek the cooperation and advice of members of the Directors; and (iii) retain the services of external professionals when the committee considers such services necessary to obtain advice or independent counsel which may not be adequately obtained internally.

The following is a brief description of the principal characteristics of the committees of the Board of Directors, which conforms to the Bylaws and the Board of Directors Regulations.

#### ***Audit and Control Committee***

The composition, responsibilities and rules of the Audit and Control Committee are governed by the Bylaws and the Board of Directors Regulations.

The Audit and Control Committee shall have between three and five members appointed by the Board of Directors among its members, following proposals from the Appointments and Remuneration Committee, all of whom must be external Directors and the majority of whom must be independent Directors. Members of the Audit and Control Committee serve for a term of up to three years and may be re-elected to serve for an unlimited number of terms of the same duration. The members of the Audit and Control Committee, and in particular, the Chairman, must be appointed taking into account his or her knowledge, aptitudes and experience in accounting, audit, finance, internal control and risk management matters. The

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role of Secretary of the Audit and Control Committee will be carried out by the Secretary of the Board of Directors.

The Chairman of the Audit and Control Committee, who must be an independent Director, can serve for a maximum term of three years, and may only be re-elected as Chairman at least one year after his or her removal, without prejudice to his or her continuation as member of the Audit and Control Committee.

As of the date of this Prospectus, in accordance with the resolutions passed by the Board of Directors on 26 September 2018 and 12 November 2019, the members of the Audit and Control Committee are as follows:

| Name  | Date of appointment | Category    | Title                     |
|---|---------------------|-------------|---------------------------|
| Mr. David Jiménez-Blanco Carrillo de Albornoz | 26 September 2018   | Independent | Chairman of the Committee |
| Mr.. Cato Henning Stonex                      | 26 September 2018   | Independent | Member                    |
| Mr. Stanislas Henry                           | 12 November 2019    | Proprietary | Member                    |

The Secretary of the Board of Directors is the secretary of the Audit and Control Committee, with no voting rights.

The Audit and Control Committee will be responsible for the following matters (together with any others that may be attributed to the Audit and Control Committee by law, the Bylaws and the Board of Directors Regulations):

- responding to any questions that Shareholders may raise at the General Meeting of Shareholders in relation to matters attributed to the Audit and Control Committee;
- with regard to the external auditor:
  - (i) making proposals to the Board of Directors for the selection, appointment, re-election and replacement of the external auditor (who will need to be a reputable international auditing firm), as well as the conditions of its engagement;
  - (ii) regularly receiving information from the external auditor on the audit plan and the results of its execution, and verifying that senior management takes its recommendations into account;
  - (iii) ensuring the independence of the external auditor and, to this effect, ensuring that the Company informs the CNMV of the change of auditor as a relevant fact notice (*hecho relevante*), and encloses it to a declaration on the eventual existence of disagreements with the outgoing auditor and, if they existed, their content, and that, in the event of resignation of the external auditor, examines the circumstances motivating such resignation.
  - (iv) The Audit and Control Committee shall liaise with the auditors in order to become aware of any factor which may affect the auditor's independence, so that they are examined by the Audit and Control Committee, as well as any other factors arising out of the audit process, and any other communications with the auditors required by law or by relevant regulations. In any case, the Audit and Control Committee shall receive from the auditors, on an annual basis, written confirmation of their independence vis-à-vis the Company or related-parties, as well as information on additional services of any kind provided to the Company or said related-parties by the auditors, or by the persons or parties related to them pursuant to the Spanish Law 22/2015 on Accounts Audit of 20 July (Ley 22/2015, de 20 de julio, de Auditoría de Cuentas);
  - (v) favouring that the Company's auditor takes on the audit, where applicable, of the companies within the Company's group;

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- (vi) in the case of the resignation of an external auditor, to examine the circumstances that may have caused it;
  - (vii) ensuring that the remuneration of the External Auditor is appropriate for its dedication, but without compromising its independence;
  - (viii) ensuring that the external auditor keeps an annual meeting with the Board of Directors to report on the tasks performed and the accounting of risk situations of the Company; and
  - (ix) ensuring that the Company and the auditor follow the applicable regulations on the provision of services other than audit services, the limits on the concentration of the auditor's business and other regulation on auditor's independence.
- issuing on an annual basis, prior to the issuance of the accounts' audit report, a report setting out the committee's views on the auditor's independence. This report shall, in any case, comment on the provision of additional services referred to in paragraph (iii) above;
  - overseeing the effectiveness of internal control, risk management systems, where applicable, and that the direction of the Company's internal audit services seeks for the proper functioning of the information and internal control systems, in particular with regards to the process of full preparation of the financial information related to the Company and, where applicable, to its group. The person responsible for the internal audit function shall present to the Audit and Control Committee his or her annual working plan and report directly any incidents in the development of the plan, as well as submit a report on his or her activities at the end of each exercise. The Audit and Control Committee will discuss with the accounts auditor or the audit entities the major weaknesses in the internal control detected in the audit process;
  - taking an active part in the formulation of the risk strategy and its material management decisions;
  - knowing and periodically reviewing the financial information process and the risk management and control systems related the Company's relevant risks so that these are adequately identified, managed and made known, ensuring the independence and effectiveness of the internal audit function, proposing the selection, appointment, re-election and dismissal of the internal audit service responsible, as well as the budget of such service, receiving periodical information on its activities and verifying that senior management takes into account the conclusions and recommendations of its reports.
  - informing the Board of Directors in advance with regards to:
    - (i) the financial information that, given its listed character, the Company shall make public periodically, overseeing the process of preparation and the filing of said information and ensuring that the intermediate accounts are prepared following the same accounting criteria as the annual accounts as well as, with this purpose, considering a limited review of the Company's external auditor;
    - (ii) the creation or acquisition of a stake in entities with a special corporate purpose or domiciled in countries or territories considered as tax havens, as well as any other transaction or operation of similar nature which, due to its complexity, could undermine the group's transparency;
    - (iii) related-party transactions, use by Directors and members of the Management Team of corporate assets and business opportunities; and
    - (iv) proposals to amend the Board of Directors Regulations;
  - approving the appointment of, and supervising the services provided by, the RICS external appraiser (who will need to be a reputed international firm) in connection with the valuation of the Company's real estate properties to be conducted as of 31 December in each year;

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- receiving from the employees, in a confidential albeit non-anonymous manner, and in written form, any communications on potentially relevant possible irregularities, especially financial and accounting ones, that they might become aware of within the Company or the companies within its group;
  - issuing the reports and proposals set out in the Bylaws and in the Board of Directors Regulations as well as any other requested by the Board or the Chairman of the Board of Directors;
  - ensuring compliance with the internal codes of conduct and corporate governance rules;
  - supervising the communication strategy and relations with shareholders and investors, including small and medium shareholders;
  - reviewing the corporate responsibility policy of the Company, ensuring that is aimed at value creation;
  - supervising of strategy and corporate social responsibility practices and evaluation of their compliance;
  - supervising and evaluating processes associated with different interest groups;
  - evaluating all matters relating to non-financial risks of the Company, including operational, technological, legal, social, environmental, political and reputational; and,
  - coordinating the report non-financial information and diversity, in accordance with the applicable regulations and international reference standards.

In accordance with the Bylaws and the Board of Directors Regulations, the Audit and Control Committee shall meet on a quarterly basis to review the periodic financial information that must be submitted to the relevant stock market authorities and the information the Board of Directors must approve and include in its annual public documentation. In addition, the Audit and Control Committee shall meet at the request of any of its members, and every time its Chairman considers it necessary. In any case, the Audit Committee's Chairman will call a meeting whenever the Board of Directors or its Chairman requests the preparation of a report or the adoption of a proposal. Meetings of the Audit and Control Committee shall be duly convened when a majority of the members attend in person or by proxy. The resolutions of the Audit and Control Committee shall be adopted by the majority of its members attending in person or by proxy. In the event of a tie, the Chairman of the Audit and Control Committee shall have a casting vote.

All the resolutions adopted by the Audit and Control Committee shall be drawn-up in the minutes, which the entire Board of Directors shall be informed of, and a copy of the minutes shall be forwarded or submitted to all the members of the Board of Directors.

#### ***Appointments and Remuneration Committee***

The composition, responsibilities and rules of the Appointments and Remuneration Committee are governed by the Bylaws and the Board of Directors Regulations.

The Appointment and Remuneration Committee shall have between three and five members, all of whom must be external directors and the majority of whom must be independent directors. Directors who are members of the Appointment and Remuneration Committee will carry out their role while they still hold the position of Director, unless otherwise agreed by the Board of Directors. At least one of the members of the Appointment and Remuneration Committee must have experience in remuneration matters.

The Chairman of the Appointments and Remuneration Committee must be selected by the Board of Directors from among the independent members of the Committee.

As of the date of this Prospectus, in accordance with the resolutions passed by the Board of Directors on 26 September 2018 and 12 November 2019, the members of the Appointments and Remuneration Committee are as follows:

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| <b>Name</b>                  | <b>Date of appointment</b> | <b>Category</b> | <b>Title</b>              |
|------------------------------|----------------------------|-----------------|---------------------------|
| Mr. Fernando Bautista Sagüés | 26 September 2018          | Independent     | Chairman of the Committee |
| Mr. Cato Henning Stonex      | 26 September 2018          | Independent     | Member                    |
| Mr. Stanislas Henry          | 12 November 2019           | Proprietary     | Member                    |

The Secretary of the Board of Directors, who has no voting rights, is the secretary of the Appointment and Remuneration Committee.

The primary purpose of this committee is to assist, inform and put proposals to the Board of Directors in relation to the matters attributed to it by law, the Bylaws, or the Board of Directors. In particular, the Appointments and Remuneration Committee is responsible for the following matters:

- setting out criteria for the composition of the Management Team of the Company and the selection of directors and informing the Board of Directors in relation to gender diversity and qualifications of candidates;
- setting a target for the representation of the gender that is less well represented on the Board of Directors and develop guidelines on how to achieve that target;
- assessing the skills, knowledge and experience required on the Board of Directors. For this purpose, it shall define the functions and skills required of candidates that should fill each vacancy and shall assess the time and commitment required of them so that he or she can perform his or her function adequately. Any Director might suggest the Appointments and Remunerations to consider potential candidates to fill vacancies as directors, should such potential candidates be considered adequate;
- examining and organising the succession of the Chairman of the Board of Directors and the first executive of the Company and, where applicable, making recommendations to the Board of Directors so that such succession is conducted in an orderly and planned manner;
- making recommendations to the Board of Directors for the appointment of independent directors, whether through co-option by the Board or for submission to the General Meeting of Shareholders, and for the re-election or removal of such directors by the General Meeting of Shareholders;
- reporting on proposals for the appointment of the other directors, whether through co-option by the Board or for submission to the General Meeting of Shareholders, and on proposals for the re-election or removal of such other directors by the General Meeting of Shareholders;
- informing about the appointment of the Secretary and, as the case may be, of the Vice-Secretary of the Board of Directors;
- making proposals to the Board of Directors regarding the appointment of the members of the Audit and Control Committee;
- making sure that, when vacancies arise in the Board of Directors, the selection processes do not have any implicit bias which obstruct the selection of women to the Board of Directors and that the Company intentionally seeks and includes within the possible candidates women who meet the professional profile that is sought, informing the Board of any matters regarding gender diversity;
- receiving the information Directors need to provide regarding the professional duties they have besides the Company and taking care of the questions the Directors need to pose to the Appointment and Remuneration Committee before accepting any management post or position in the management bodies of any other company or entity;

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- annual verification of the character (independent, proprietary, executive or other) each Director should have;
  - reporting to the Board on proposals for the appointment or dismissal of managerial employees and the basic terms of their contracts, including any associated compensation or indemnity payments relating to any eventual dismissal, following a request from the chief executive officer (if any);
  - making proposals to the Board of Directors for the policy on the remuneration of Directors, executive officers (or managerial employees who report directly to the Board), executive committee or Chief Executive Officer, as well as the individual remuneration and other contractual terms of executive officer, ensuring and monitoring compliance;
  - ensuring the observance of the remuneration policy of the Company and, in particular, in connection with the remuneration policy of the Board of Directors, the distribution among Directors of the per diem allowances approved by the Shareholders of the Company and the individual remuneration of the executive directors, as well as all the other conditions of their contracts, and presenting to the Board of Directors, at the request of the Chairman of the Appointment and Remuneration Committee, any proposals concerning remuneration policies affecting the Management Team and the basic conditions of their contracts, including, if applicable, the proposal and calculation of the shares of the Company to be delivered to the Management Team in accordance with the incentive plans of the Company in which they participate;
  - periodically reviewing the remuneration policy for Directors and Management Team, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and members of the Management Team of the Company;
  - ensuring that no conflict of interest jeopardizes the quality or independence of any external advice the committee engages;
  - verifying the information about remuneration of Directors and members of the Management Team contained in the corporate documents, including the annual report on remuneration of directors;
  - controlling the fulfilment by the directors of their duties, in particular with regards to situations of conflict of interest and related-party transactions; and
  - preparing and submitting to the Board of Directors the annual report regarding the functioning of the Board of Directors, the performance of the Chairman or, as the case may be, of the CEO or first executive, as well as the functioning of the Appointment and Remuneration Committee.

The Appointments and Remuneration Committee shall consult the Chairman of the Board of Directors and the Company's first executive in matters related to the executive directors and senior managers.

The Appointment and Remuneration Committee shall meet at least once a year, and at the request of any of its members and every time its Chairman convenes a meeting. In any case, the Chairman of the Appointment and Remuneration Committee will call a meeting of the Appointments and Remuneration Committee whenever the Board of Directors or its Chairman requests the preparation of a report or the adoption of a proposal.

Meetings of the Appointment and Remuneration Committee shall be duly convened when a majority of the members attend in person or by proxy. The resolutions of the Appointment and Remuneration Committee shall be adopted by the majority of its members attending in person or by proxy. In the event of a tie, the Chairman of the Appointment and Remuneration Committee shall have a casting vote.

All the resolutions adopted by the Appointment and Remuneration Committee shall be drawn-up in the minutes, which the entire Board of Directors shall be informed of, and a copy of the minutes shall be forwarded or submitted to all the members of the Board of Directors.

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## Remuneration

Pursuant to the Bylaws and the regulations of the Board, non-executive independent Directors, as members of the Board of the Company, shall be entitled to receive per diem allowances for any meetings which they attend consisting of a fixed annual amount per Director to be set by the General Meeting of Shareholders. The General Meeting of Shareholders can also decide when or for what reason such amount can be reviewed and/or updated periodically as it did on 5 November 2019 as described below. Additionally, the Company may purchase insurance policies to cover any risks associated with its Directors. Executive directors (currently, only the CEO) and proprietary directors will not be entitled to receive per diem allowances or any other remunerations as members of the Board. However, the CEO in his condition as member of the Management Team, is entitled to the Fixed Remuneration, Bonus and Employee Incentive Plan described in this Prospectus.

The table below provides details of the remuneration to which each non-executive Director is entitled as of the date of this Prospectus, as disclosed in the remuneration policy for the years 2019, 2020 and 2021 approved by the General Meeting of Shareholders held on 21 March 2019 and modified upwards by the General Meeting of Shareholders held on 5 November 2019:

| <b>Director</b>                                    | <b>Per Diem Allowances<br/>(annual)<sup>1</sup></b> |
|--|---|
| Mr. Luis María Arredondo Malo.....                 | €125,000  |
| Mr. Fernando Bautista Sagüés .....                 | €100,000  |
| Mr. David Jiménez-Blanco Carrillo de Albornoz..... | €100,000  |
| Mr. Cato Henning Stonex .....                      | €100,000  |

<sup>1</sup> The previous amount of annual per diem allowances approved by the General Meeting of Shareholders held on 21 March 2019 was of €75,000 for the Chairman of the Board of Directors and of €60,000 for any other independent member of the Board of Directors.

During 2018, each independent non-executive Director received €10,000 as per diem allowances, except for the chairman, who received €12,000 as per diem allowances, whereas the CEO received €57,000 as fixed remuneration under his services agreement. The CEO did not receive any bonus under his services agreement but the Company paid an additional €5,000 to the CEO as compensation for not providing him with a company vehicle during 2018. Furthermore, the General Meeting of Shareholders held on 21 March 2019 voted favourably on the annual directors' remuneration report for the year ended 31 December 2018.

The CEO's annual fixed remuneration under his services agreement is of €600,000 and may be entitled to an annual bonus starting on 2019 as the Board of Directors may determine.

The members of the Board of Directors do not receive any additional remuneration from Group companies, are not the beneficiaries of any pension, incentive or similar plans maintained by the Group and do not have any indemnity clauses upon termination of their appointment.

### *D&O insurance policy*

The Company maintains a D&O insurance policy that protects both the members of the Board of Directors and of the Management Team of the Company from liabilities incurred as a result of actions taken in their official capacity as managers, up to an aggregate limit of €15 million. In any case, the Company intends to review the terms and conditions of this policy each year in order to adapt them as the Company grows.

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## **Internal Code of Conduct in the Securities Markets and Corporate Governance Recommendations**

### ***Internal Code of Conduct in the Securities Markets***

The Company has approved a defined and transparent set of rules and regulations for corporate governance which is compliant with all applicable Spanish governance standards except as mentioned below in “*Corporate Governance Recommendations*” in relation to certain recommendations which, as of the date of the Prospectus, are not met.

On 26 September 2018, the Board of Directors adopted the Internal Code of Conduct in the Securities Markets (*Reglamento Interno de Conducta en los Mercados de Valores*) currently in force. The Internal Code of Conduct in the Securities Markets is in line with MAR. The Internal Code of Conduct in the Securities Markets applies to, among other persons, all members of the Board of Directors, senior management and employees who have access to inside information, as defined under MAR, and to the external advisors when they handle such information.

The Internal Code of Conduct in the Securities Markets, among other things:

- a) regulates the conduct of the directors and managers with regard to the treatment, use and disclosure of inside information;
- b) establishes the restrictions on, and conditions for, the dealing on the securities of the Company or other financial instruments referencing them by persons subject to the Internal Code of Conduct in the Securities Markets and by those who possess inside information;
- c) provides that persons subject to the Internal Code of Conduct in the Securities Markets shall not engage in market manipulation with respect to the securities of the Company or other financial instruments referencing them; and
- d) regulates dealings by the Company in its own shares.

The Board of Directors, at its meeting on 20 December 2018, appointed Mr. Sebastián Suárez Vilardi, as supervisor of compliance with the Internal Code of Conduct in the Securities Markets. Notwithstanding this, the ultimate responsibility of supervising the compliance of Internal Code of Conduct in the Securities Markets belongs to the Audit and Control Commission.

### ***Corporate Governance Recommendations***

The Spanish Companies Act sets out certain legal provisions related to corporate governance mandatorily applicable to Spanish companies listed on the Spanish Stock Exchanges. The Company believes that it complies with the requirements of the Spanish Companies Act.

Additionally, the Spanish Corporate Governance Code sets out certain recommendations on corporate governance to be considered (on a “*comply or explain*” basis) by the companies listed on the Spanish Stock Exchanges.

The Company believes that it substantially complies with the recommendations of the Spanish Corporate Governance Code. The Company is committed to follow strict corporate governance policies and it intends to adapt the practices of the Company to all the recommendations contained in the Spanish Corporate Governance Code. However, as of the date of this Prospectus, the corporate governance practices depart from these recommendations in the following aspects:

- Recommendation 5 is not fulfilled. This recommendation provides that the board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation and that when a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation. In this regard, the board of directors proposed to both the General Meeting of Shareholders held on 5



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November 2019 and on 21 March 2019 the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% without complying with the aforementioned recommendation.

- Recommendation 7 is not fulfilled. This recommendation provides that the Company should broadcast its General Meetings of Shareholders live on the corporate website. This recommendation is being analysed by the Company but has not been implemented yet.
- Recommendation 40 is not fulfilled. This recommendation provides that listed companies should have a unit in charge of the internal audit function, under the supervision of the Audit and Control Committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the Board's non-executive chairman or the chairman of the Audit and Control Committee. An internal audit unit will be created whenever the size and complexity of the Company requires it.
- Recommendation 41 is not fulfilled. This recommendation sets forth the main responsibilities of the person in charge of the unit in charge of the internal audit function. The Company has no internal unit (as stated in Recommendation 40), therefore, it cannot comply with this recommendation.
- Recommendation 46 is not fulfilled. This recommendation provides that listed companies should have a unit in charge of risk control and management function, under the supervision of the Audit and Control Committee. The Company has no internal unit yet, due to the Company's short operating history. An internal unit will be created whenever the size and complexity of the Company requires it.
- Recommendation 62 is not fulfilled. This recommendation provides that regarding the shares or options or rights over shares corresponding to the remuneration systems, the directors may not exercise the options or rights until after a term of a minimum of three years since its attribution. The Employee Incentive Plan provides the following scheme for lock up: 1/3 of Incentive Shares shall not be disposed prior to 12 months from the Date of Accrual, 1/3 of Incentive Shares shall not be disposed prior to 18 months from the Date of Accrual and 1/3 of Incentive Shares shall not be disposed prior to 24 months from the Date of Accrual allowing for the exercise of such options before the minimum of three years since its attribution as stated in this recommendation.
- Recommendation 63 is not fulfilled. This recommendation provides that listed companies should include provisions in the contractual arrangements subscribed with directors in order to allow the companies to claw-back variable components of remuneration when payment was not aligned with the director's actual performance or based on data subsequently found to be misstated. The Company has not included any such clause in the contractual arrangement subscribed with its CEO.

Moreover, as of the date of this Prospectus, recommendations 2, 11, 19, 20, 24, 34, 37, 38 and 48 are not applicable to the Company.

The Board of Directors prepares an annual corporate governance report and such report is submitted to the shareholders for information purposes. These reports are announced through the publication by the Company of a relevant fact notice (*hecho relevante*) and are reproduced in the management reports (*informe de gestión*) of the individual and consolidated audited financial statements of the Company.

The Company is committed to following strict corporate governance policies.

### **Conflicts of Interest**

The Spanish Companies Act and the Board of Directors Regulations generally prohibit Directors from voting at Board of Directors meetings or meetings of committees of the Board on any resolution concerning a matter in which they have a direct or indirect interest which conflicts or may conflict with the interests of the Company. Directors may not be counted in the quorum in relation to resolutions on

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which they are not entitled to vote. The Directors, other than Mr. Luis Alfonso López de Herrera-Oria (the CEO), are independent in connection with the Company.

Therefore, the Directors are required to avoid situations which could give rise to a conflict between their duties to the Company and their private or other interests, unless they have obtained the Company's consent.

In particular, pursuant to articles 228 and 229 of the Spanish Companies Act, the directors (and related parties to directors) should abstain from:

- a) carrying out transactions with the Company, excluding ordinary transactions, of limited amount and undertaken in standard conditions applicable to all customers;
- b) using the name of the Company or its capacity as director to unduly influence private transactions;
- c) using corporate assets, including confidential information on the Company, for private purposes;
- d) taking advantage of business opportunities of the Company;
- e) obtaining advantages or compensations from third parties other than the Company associated with their position unless they are a mere compliment; and
- f) carrying out activities, on their own or on behalf of third parties, which may compete with the Company or which could put the director in a permanent conflict with the interest of the Company.

Each member of the Board of Directors is required to report to the Board of Directors any circumstances that may give rise to a conflict of interest, direct or indirect, with the Company. Members of the Board of Directors should abstain from engaging in commercial or professional transactions which may give rise to a conflict of interest, without having first informed and received approval from the Board of Directors, which shall request a report from the Audit and Control Committee. Such authorization shall not be necessary for transactions entered into with the Company if all of the following conditions are met in respect of the relevant transactions: a) the transaction is entered into pursuant to an agreement with standard conditions applied to a wide range of clients; b) the transaction is entered into for a price generally applied by the party acting as supplier; and c) the transaction does not exceed 1% of the Company's annual turnover. Such authorization shall be granted by the General Meeting of Shareholders when the size of the relevant transaction exceeds from 10% of the Company's assets.

As of the date of this Prospectus, the Chairman of the Board of Directors holds several directorships in companies that may operate in the real estate sector. Nevertheless, the Company does not consider these companies to be direct competitors that could materially affect its business.

Any of the Directors or any person connected with them may, from time to time, act as director, investor or be otherwise involved in other investment vehicles (including investment vehicles that have investment strategies similar to the Company), which may also be purchased or sold by the Company, subject to the applicable provisions governing such conflicts of interest both in law and the internal regulations of the Company. Although procedures have been put in place to manage conflicts of interest, any of the Directors or their connected persons may have potential conflicts of interest with the Company.

Other than as set out in this Prospectus, there are no potential conflicts of interest between any duties owed by the members of the Board of Directors to the Company and their private interests or other duties. These conflicts may arise, among other reasons, in relation to the members of the Board of Directors' respective additional managerial positions and shareholdings but, in any event, if a conflict of interest arises in connection with a particular transaction, the provisions of the Board of Directors Regulations and the Internal Code of Conduct in the Securities Markets would apply. All conflicts of interest involving directors will be disclosed in the financial statements.

In any event, each member of the Board of Directors must recuse him or herself from attending discussions and casting its vote (including by way of proxy vote) regarding matters in which they (or a related party, as defined in applicable law) have a direct or indirect conflict of interest.

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In event that a situation of conflict of interest may reasonably create a structural and permanent conflict between the involved director and the Company or its subsidiaries (if any), such director will then lack the required suitability and capacity to remain in office and shall therefore resign from office.

Furthermore, the rules of conflicts of interests and related transactions described in section “*Management —Conflicts of Interest*” also apply to the Directors of the Company.

#### **Family relationships**

There are no family relationships and no “close relatives” (as this term is defined in applicable regulations for related party transactions and, in particular, in Order EHA/3050/2004, of 15 September 2004, on information to be disclosed by listed companies regarding related party transactions) among the Directors, or the Directors and members of the Management Team.

#### **No convictions and other negative statements**

To the best of the Company’s knowledge, none of the members of the Board of Directors have, in the five years preceding the date of this Prospectus: (i) been convicted in relation to fraudulent offences; (ii) acted as directors of entities affected by bankruptcy, receivership or liquidation, (iii) been publicly incriminated or sanctioned by statutory or regulatory authorities (including designated professional bodies); or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer of securities or from acting in the management or conduct of the affairs of any issuer.

#### **Internal controls**

The Board of Directors (specifically, through the Audit and Control Committee) acknowledges it is responsible for overseeing the efficiency of the system of internal control and risk management of the Company in order to safeguard the Company’s assets. It is a Reserved Matter of the Board of Directors to define the risk control and management policy identifying the main risks of the Company and setting up and monitoring the appropriate internal risk control and information systems, with the aim of ensuring its future viability and competitiveness by taking the most relevant decisions for its development.

Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

#### **Control of Financial Information System and Risk Control and Management Policy**

The Company intends to use its best efforts to adopt policies and develop procedures to implement the best practices in the market to control the Company’s financial information, taking into account the recommendations and procedures regarding control of financial information set by the CNMV (*Sistema de Control Interno de Información Financiera* or SCIIF). The Company intends to implement the SCIIF as soon as reasonably possible within the next year.

## PRINCIPAL SHAREHOLDERS

### METER MISMOS CAMBIOS AL RESUMEN

The Company's issued share capital prior to the Offering amounted to €140,063,000, divided into a single series of 14,006,300 ordinary shares, with a nominal value of €10.00 each. In the context of the Offering, 14,423,076 New Shares with a nominal value of €10.00 were issued, resulting in a post-Offering share capital of €284,293,760.

The following table sets forth publicly available information with respect to the principal shareholders obtained from the CNMV webpage ([www.cnmv.es](http://www.cnmv.es)) (this is, when an individual or legal entity reaches or exceeds a 3% threshold of the Company's total voting rights) of the Company prior to the Offering as disclosed by said principal shareholders to the CNMV and adjusted after the Offering, assuming that current shareholders of the Company did not subscribe for any New Shares in the Offering.

| Shareholder                               | Prior to the Offering         |                                   | Following the Offering  |        |
|---|-------------------------------|-----------------------------------|---|--------|
|   | Number of shares <sup>7</sup> | % <sup>6</sup>                    | Number of shares <sup>7</sup>   | %      |
| AFFM S.A. <sup>1</sup>                    | 505,000                       | 3.606                             | 505,000   | 1.776  |
| Bank of Montreal <sup>2</sup>             | 1,042,837                     | 7.445                             | 1,042,837   | 3.668  |
| Mossel International, S.L. <sup>3</sup>   | 500,000                       | 3.570                             | 500,000   | 1.759  |
| Obotritia Capital KGAA <sup>4</sup>       | 500,000                       | 3.570                             | 500,000   | 1.759  |
| Mistral Iberia Real Estate SOCIMI, S.A.   | 500,000                       | 3.570                             | 500,000   | 1.759  |
| Rodex Asset Management, S.L. <sup>5</sup> | 1,091,300                     | 7.791                             | 1,091,300   | 3.839  |
| UBS Group AG                              | 376,277                       | 2.686                             | 376,277   | 1.324  |
| Ivanhoé Cambridge Holdings UK LTD         | -                             | -                                 | 5,769,230   | 20.293 |
| Total principal shareholders              | 9,908,367                     | <del>70.74</del><br><u>70.742</u> | <del>38,337,743</del><br><u>38,337,743</u><br><u>10</u><br><u>284,644</u> | 36.176 |
| TOTAL SHARE CAPITAL                       | 14,006,300                    | 100                               | 28,429,376  | 100    |

(1) Held indirectly as management company of the Alken Fund SICAV and the Alken Capital Fund FCP/SIF.

(2) Indirectly held through Thames River Capital LLP.

(3) Mossel International, S.L. is wholly owned by Mr Héctor María Colonques Moreno.

(4) Obotritia Capital KGAA. is wholly owned by Mr Rolf Elgeti.

(5) Rodex Asset Management, S.L. is wholly owned by Mr Luis Alfonso López de Herrera-Oria.

(6) Percentages adjusted to reflect percentage over the Company's issued share capital prior to and after the Offering.

(7) Source: CNMV

The following table sets forth the publicly available information obtained from the CNMV webpage ([www.cnmv.es](http://www.cnmv.es)) with respect to the number of shares of the Company granted by financial instruments prior to the Offering as disclosed by said principal shareholders to the CNMV and adjusted to reflect the number of New Shares after the Offering, assuming that holders of such financial instruments of the Company did not subscribe for any New Shares in the Offering.

| Shareholder  | Prior to the Offering         |                | Following the Offering        |                |
|--|-------------------------------|----------------|-------------------------------|----------------|
|  | Number of shares <sup>4</sup> | % <sup>3</sup> | Number of shares <sup>4</sup> | % <sup>3</sup> |
| Pelham Long/Short Small Cap Master Fund Ltd <sup>1</sup> | 999,000                       | 7.068          | 999,000                       | 3,514          |
| UBS Group AG   | 1,006,410                     | 7.185          | 1,006,410                     | 3,540          |

(1) The beneficial ownership of voting rights in the Company derives from an equity contract for difference (Equity CFD) with cash settlement as set forth in the publicly available information on the CNMV's web page. Pelham Long/Short Small Cap Master Fund Ltd. is the direct holder of the financial instruments. Pelham Capital Ltd is the Investment Manager of Pelham Long/Short Small Cap Master Fund Ltd.

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- (2) The beneficial ownership of voting rights in the Company derives from an equity contract for difference (Equity CFD) with cash settlement as set forth in the publicly available information on the CNMV's web page
  - (3) Percentages adjusted to reflect percentage over the Company's issued share capital prior to and after the Offering..
  - (4) Source: CNMV

### **Change of control of the Company**

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

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## DILUTION

In the event that none of the Company's shareholders prior to the Offering (the "**Pre-Offering Shareholders**") subscribed for New Shares in the Offering, and assuming that the New Shares had been entirely subscribed by third party investors in the Offering, the stake of the Pre-Offering Shareholders in the Company would represent approximately 49% of the total number of Ordinary Shares following the Offering, which would represent a dilution in ownership percentage for the Pre-Offering Shareholders of approximately 51% with respect to the ownership percentage they held prior to the Offering.

The table below sets forth the increase in the number of Ordinary Shares as a result of the Offering.

|                 | Prior to the Offering | %   | After the Offering | %   |
|-----------------|-----------------------|-----|--------------------|-----|
| Existing Shares | 14,006,300            | 100 | 14,006,300         | 49  |
| New Shares      | -                     | -   | 14,423,076         | 51  |
| <b>Total</b>    | 14,006,300            | 100 | 28,429,376         | 100 |

Furthermore, the Company may decide to carry out additional share capital increases in the future. In the event that share capital increases were effected, Shareholders could be diluted were they not to exercise their pre-emptive subscription rights or in the event such share capital increases exclude pre-emptive subscription rights for existing shareholders in accordance with Spanish law.

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## RELATED PARTY TRANSACTIONS

As of the date of this Prospectus, the Group has no balances or outstanding amounts under any agreements or contracts that it believes would merit consideration as related party transactions.

In June and September 2018, the former majority shareholder (Rodex Asset Management, S.L.) converted creditor balances into two participating loans amounting to €276 thousand. As reported in the Company's Audited Consolidated Financial Statements these loans granted by Rodex (the “**Rodex Equity Loan**”) were repaid by the Company in November 2018.

See Note 18 to the Audited Consolidated Financial Statements for additional information.

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## DESCRIPTION OF SHARE CAPITAL

The following summary provides information concerning the share capital of the Company and briefly describes certain significant provisions of the Bylaws (*estatutos sociales*) and other internal regulation as well as Spanish corporate law, the Spanish Companies Act, Spanish Act 3/2009 on Structural Amendments of Private Companies (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*), the LMV and Royal Decree 878/2015 on clearing, settlement and registry of negotiable securities in book-entry form, and transparency requirements for issuers of securities admitted to trading on an official secondary market (*Real Decreto 878/2015, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*).

This summary does not purport to be complete and is qualified in its entirety by reference to the Bylaws and other internal regulations as well as the Spanish Companies Act and other applicable laws and regulations. Copies of the Bylaws are available for information purposes at the principal headquarters of the Company and on the Company's website ([www.arimainmo.com](http://www.arimainmo.com)). For more information on where to find the available information see the section "Available information". Neither the Company's website nor any of its contents form part or are incorporated into this Prospectus, whether by reference or otherwise, except as otherwise provided herein. The CNMV has not examined or approved the Company's website or any of its contents.

### General

The Company is a public limited company (*sociedad anónima* or *S.A.*) registered with the Commercial Registry of Madrid (*Registro Mercantil de Madrid*), under volume 37,876, sheet 130, section 8, page M-67,4551 and holder of Spanish tax identification number A-88130471, LEI number 959800K5R280DP2B5694, incorporated for an unlimited term pursuant to a notarised public deed of incorporation granted before the public notary Mr. Luis de la Fuente O'Connor, under number 1,080 of his protocol on 13 June 2018 having its registered address at Serrano, 47, 28001 Madrid, Spain and with phone number +34 91 053 28 03.

The Company was originally incorporated as Árima Real Estate, S.L. As a preparatory step for its IPO, on 25 July 2018 the Company: (i) was converted into a Spanish public limited company changing from Árima Real Estate, S.L. to Árima Real Estate, S.A.; and (ii) its share capital was increased from €3,000 divided into 300 ordinary shares with a nominal value of €10.00 each to €63,000 divided into 6,300 ordinary shares with a nominal value of €10.00 each. Following the IPO, the Company's share capital increased by €100,000,000 resulting in a total share capital of €100,063,000. In the First ABO, the Company's share capital increased by €40,000,000 resulting in a total share capital of €140,063,000 after the First ABO. Also, upon the election of the SOCIMI special tax regime on 27 September 2018 the Company's name subsequently changed to Árima Real Estate SOCIMI, S.A.

As of the date of this Prospectus, the Company has a single subsidiary: Árima Real Estate Investments, S.L.U.

The Company's corporate purpose is as follows:

- a) The acquisition and promotion of urban real estate properties for leasing thereof.
- b) Holding of shares in the share capital of other SOCIMIS or in other entities non-resident within the Spanish territory that have the same corporate purpose as those and that are subject to a special regime similar to that established for the SOCIMI companies in terms of mandatory, legal or statutory policies regarding profit distribution.



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- c) Holding shares in the share capital of other entities, whether resident or not within the Spanish territory, whose main corporate purpose is the acquisition of urban real estate properties for leasing and that are subject to the same regime established for SOCIMI companies in terms of mandatory, legal or statutory policies regarding profit distribution and that fulfil the investment requirements referred to in article 3 of the SOCIMI Act.
  - d) Holding shares in Real Estate Collective Investment Institutions that are regulated by Law 35/2003 of 4 November, on Collective Investment Institutions.

In addition, the Company may also conduct other complementary activities, which jointly represent less than twenty percent (20%) of the Company's income in each tax period (including, without limitation, real estate transactions other than those mentioned in the foregoing paragraph a) to d)) or those that may be considered ancillary in accordance with the applicable law at any time.

The Company was originally incorporated with a share capital of €3,000, divided into 300 ordinary shares with a nominal value of €10.00 each. Upon its conversion into a public limited company (*sociedad anónima* or *S.A.*) the Company's share capital increased by €60,000. Following the IPO, the Company's share capital increased by €100,000,000 resulting in a total share capital of €100,063,000. In the First ABO, the Company's share capital increased by €40,000,000 resulting in a total share capital of €140,063,000 after the First ABO.

Following the Offering, the issued share capital of the Company amounts to €284,293,760, divided into a single series of 28,429,376 registered shares in book-entry form, with a nominal value of €10.00 each. The ISIN number assigned to the Ordinary Shares is ES0105376000, while the New Shares have the provisional ISIN code ES0105376034, and will bear the same ISIN code as the Ordinary Shares from Admission, as allocated by the Spanish National Agency for the Codification of Securities (*Agencia Nacional de Codificación de Valores Mobiliarios*), an entity dependent upon the CNMV. All of the Ordinary Shares are fully subscribed and paid-up.

The Ordinary Shares are represented by book-entries and the entity responsible for maintaining the corresponding accounting records is Iberclear, with registered address at Plaza de la Lealtad 1, 28014 Madrid, Spain.

On 21 March 2019, the shareholders of the Company adopted the resolutions authorising the Board of Directors to (i) acquire treasury shares, directly by the Company or indirectly by the Company's subsidiaries (if any), within five years from the date of said resolution, in the maximum amount permitted by the applicable legislation, (ii) increase the share capital of the Company within five years from the date of said resolution, in a maximum amount of 50% of the total share capital of the Company immediately before the Offering, further authorising the Board of Directors to disapply pre-emptive subscription rights of shareholders, and (iii) issue bonds within five years from the date of said resolution, convertible into new shares of the Company representing up to 50% of the total share capital of the Company, further authorising the Board of Directors to disapply pre-emptive subscription rights of shareholders in respect of issues of bonds convertible into shares.

On 5 November 2019, the shareholders of the Company acting at the extraordinary General Meeting of Shareholders, adopted the resolutions authorising the Board of Directors to carry out the share capital increase with exclusion of pre-emptive subscription rights in a maximum amount of €100,000,000 authorising the Board of Directors by means of the issuance of up to 10,000,000 new Ordinary Shares with a nominal value of €10 per new Ordinary Share. This capital increase was upsized to an aggregate amount of €149,999,990 by means of the issuance of 14,423,076 new Ordinary Shares with a nominal value of €10 per new Ordinary Share on the basis of the authority delegated by the General Meeting of Shareholders of the Company held on 21 March 2019.

As of the date of this Prospectus, the Company's treasury shares (*autocartera*) amount to 33,897 treasury shares, which represent 0.12% of its share capital.

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On 6 November 2018, the Company entered into a liquidity contract with JB Capital Markets, Sociedad de Valores, S.A.U. which remains in effect as of the date of this Prospectus in order to increase liquidity and favour the regular trading of the Company's Ordinary Shares and which, subject to both parties' consent, is renewed annually.

See section "*The Offering*" for information on the corporate resolutions the Company's governing bodies have adopted in connection with the Offering.

### **Dividend and Liquidation Rights**

Holders of the Ordinary Shares have the right to participate in distributions of the profits and proceeds from liquidation, proportionally to their stake in the share capital. However, there is no right to receive a minimum dividend.

Under the Spanish SOCIMI Regime, companies are required to adopt resolutions for the annual distribution of dividends to its shareholders, subject to both the requirements under the SOCIMI Regime and the conditions set out in the Spanish corporate legislation, as described below. For a more comprehensive description of the dividends' policy the Company will be subject to pursuant to the SOCIMI Regime, see the section "*Dividend policy*".

Payment of dividends is proposed by the Board of Directors and must be authorised or ratified, as the case may be, by the shareholders at a General Meeting of Shareholders. Dividends paid by the Company are required to follow the distribution rule set out in the SOCIMI Regime. The Board of Directors (as well as the General Meeting of Shareholders) may distribute amounts on account of the dividends provided that the following conditions are met: (i) there is sufficient liquidity for the distribution; and (ii) the amount to be distributed will not exceed the profit obtained during the current financial year after deducting losses of preceding years, amounts to be contributed to legal or statutory reserves and estimated taxes to be paid on such profits. Holders of Ordinary Shares participate in such dividends from the date agreed by the General Meeting of Shareholders.

The Spanish Companies Act requires that each company allocates at least 10% of its net income each year to a legal reserve until the balance of such reserve is equivalent to at least 20% of such issued share capital. A legal reserve is not available for distribution to its shareholders except upon liquidation. As of 31 December 2018, the Company's legal reserve had not reached the legally-established minimum.

According to the Spanish Companies Act, dividends may only be paid out of profits or distributable reserves (after the compulsory allocation to mandatory reserves, including the legal reserve, inasmuch as the latter does not exceed 20% of its issued share capital, and only if the value of the net worth is not, and as a result of distribution will not be, less than the share capital). The Company's Bylaws do not establish any other reserve that is not available for distribution to its shareholders.

In addition, no profits may be distributed unless the amount of distributable reserves is at least equal to the amount of the research and development expenses recorded as an asset on the balance sheet.

In accordance with Article 947 of the Spanish Commercial Code, the right to a dividend lapses and reverts to the Company if it is not claimed within five years after it becomes payable.

Upon liquidation of the Company, shareholders would be entitled to receive proportionately any assets remaining after the payment of the Company's debts, taxes and expenses of the liquidation.

The Company is not aware of any restriction on the collection of dividends by non-resident shareholders. All holders will receive dividends through Iberclear and its member entities, without prejudice to potential withholdings on account of the Non-Resident Income Tax that may apply. See section "*Spanish SOCIMI regime and taxation*".

Without prejudice to duties that will apply to the Company under the SOCIMI Regime, its ability to distribute dividends in the near future will depend on a number of factors, including (but not limited to)

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the amount of its distributable profits and reserves and its investment plans, earnings, level of profitability, cash flow generation, restrictions on payment of dividends under all applicable laws and compliance with covenants in the Company's debt instruments (see details set out in section "*Dividend policy*" and "*Operating and financial review—Liquidity—Borrowings*").

#### **Company's indemnity from Substantial Shareholder's CIT liability and shareholders' reporting obligation**

The Bylaws requires that any shareholder that (i) holds a percentage of the Ordinary Shares that is equal to or higher than 5% of the share capital or the percentage of participation that, for the accrual by the Company of the special corporate tax rate, foreseen at any time by the regulation currently in force, in substitution or as a modification of article 9.2 of the SOCIMI Act, or (ii) acquires Ordinary Shares that, along with those already held, enable the shareholder reach the share percentage referred to in subparagraph (i) above in the share capital of the Company (in both cases, a "**Relevant Shareholder**"), must communicate these circumstances to the Board of Directors within five calendar days of becoming a holder of the said percentage in the share capital. Likewise, such Relevant Shareholder must notify the Board of Directors of any subsequent acquisitions, irrespective of the number of Ordinary Shares acquired.

The notification obligation stipulated in the paragraph above must also be facilitated by any person who holds economic rights over Ordinary Shares of the Company representing a percentage referred to in subparagraph (i) above, including in any case those indirect holders of Ordinary Shares of the Company through financial intermediaries that are formally legitimised as shareholders by virtue of the accounting record but that act on behalf of the indicated holders ("**Holder of Economic Relevant Rights**" and together with a Relevant Shareholder, a "**Relevant Person**").

Furthermore, together with this obligation notice, such Relevant Person must provide the secretary of the Board of Directors, within ten calendar days after a distribution of dividends or any other similar amount is agreed, with the following documents:

- (i) A certificate of residence for the purposes of the corresponding personal income tax issued by the competent authorities of their country of residence. In those cases in which the Relevant Person resides in a country with which Spain has entered into a treaty to avoid double taxation levied on income, the certificate of residence must meet the characteristics provided for under the relevant treaty for the benefits to be applicable.
- (ii) A certificate issued by a person with sufficient power of attorney attesting the tax rate to which the dividend distributed by the Company is subject for the Relevant Person, along with a declaration that the Relevant Person is the actual beneficiary of such dividend.

If a dividend or similar payment is to be made to a Relevant Person that holds a stake equal or higher than 5% of the share capital of the Company and not complied with the information obligation above, the Board of Directors may presume that the amount to be distributed (dividend or similar) is exempt or that it is levied at a tax rate lower than that provided for article 9.2 of the SOCIMI Act, or the regulation that replaces it, alternatively, the Board of Directors may request a legal report drafted by a highly prestigious law firm in the country of the Relevant Person that will be charged to the amount of dividend or distribution corresponding to the securities of the Relevant Person, so that the report expresses their legal opinion in relation to the taxation obligations of the distribution.

Furthermore, the Company may be entitled to deduct an amount equal to the CIT liability levied on any dividend distribution paid to it, increased in the amount that, once such CIT is deducted, offsets the CIT expense derived for the Company under the Spanish SOCIMI Regime, from the amount to be paid to such Substantial Shareholder (the "**Compensation Amount**").

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In any event, the compensation amount shall be equal to the CIT expense derived for the Company from the dividend payment, which is the taxable base for the accrual of the special tax, plus the amount which, after deducting the income tax levied on the total compensation amount, compensates for the expense derived from the special tax and the relevant compensation.

By way of an example, the compensation has been calculated below for two different cases, showing that the compensation has no effect whatsoever on the Company's profits and losses account in either cases:

- a) Assuming a gross dividend of 100, a special Company Income Tax of 19% and a Company Income Tax of 0% for income attained by the Company, the compensation would be calculated as follows

Dividend: 100

Special tax:  $100 \times 19\% = 19$

Special Company Income Tax expense ("GISge"): 19

Compensation ("I"): 19

Taxable CIT base for the compensation ("BIi"): 19

CIT expense related to the compensation ("GISi"): 0

Effect on the company:  $I - \text{GISge} - \text{GISi} = 19 - 19 - 0 = 0$

- b) Assuming a gross dividend of 100, a special Company Income Tax of 19% and a Company Income Tax of 10% for income attained by the Company, the compensation, rounded to the nearest cent, would be calculated as follows:

Dividend: 100

Special tax:  $100 \times 19\% = 19$

Special Company Income Tax expense ("GISge"): 19

Compensation ("I"):  $19 + 19 \times 0.1(1 - 0.1) = 21.1119$

Taxable CIT base for the compensation ("BIi"): 21.11

CIT expense related to the compensation ("GISi"):  $21.11 \times 10\% = 2.11$

Effect on the company:  $I - \text{GISge} - \text{GISi} = 21.11 - 19 - 2.11 = 0$

The Bylaws include provisions for this calculation in case of an eventual amendment of the CIT rate applicable to SOCIMIs. In this event, the indemnity amount to be deducted from the amount to be paid to the Relevant Person will be calculated taking into account its effect on the income statement of the Company (i.e., the amount of the indemnity to be paid would be increased to reflect the taxation of the indemnity or any other cost for the purposes of the Company CIT).

The purpose of providing the Company with the right to make these deductions is to offset any adverse impact resulting from the distribution of dividends to a Substantial Shareholder on the Company.

The Board of Directors may elect not to make these deductions in full or at all from dividend payments to a Relevant Person in the event that, as a result of making such deductions, the Company would be in a worse position than if it did not make them.

The Spanish General Directorate of Taxes (DGT) has confirmed that any indemnity payment received from a Relevant Person will compute towards the SOCIMI Regime requirement that at least 80% of the Company's net annual income must derive from rental income and from dividends or capital gains in respect of certain specified assets.

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See section “*Spanish SOCIMI regime and taxation*” for a description of the tax regime applicable to the Company’s shareholders once the SOCIMI Regime is applicable to the Company.

#### **Provisions relating to shareholders who are subject to a special legal regime applicable to pension funds or benefit plans**

The Bylaws contain certain information obligations with respect to shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). Moreover, the Company will have the ability to request from any shareholder or beneficial owner of Ordinary Shares such information as the Company considers necessary or useful to determine whether any such person is subject to a special legal regime applicable to pension funds or benefit plans. Subject to applicable law, if any such shareholder or beneficial owner fails to comply with such information obligations, the Company will be entitled to impose a penalty on such shareholder or beneficial owner in an amount equal to the proportional part of the book value of the Company (in accordance with the most recent audited and published balance sheet of the Company) represented by the shares of the breaching shareholder or beneficial owner, which may be offset with any dividends payable by the Company to such shareholder. According to the Bylaws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its shareholders resulting from the application of laws and regulations relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of the total value of any class of equity interest in the Company.

#### **Shareholders’ meetings and voting rights**

Pursuant to the Bylaws, rules of the General Meeting of Shareholders of the Company and the Spanish Companies Act, ordinary annual General Meetings of Shareholders are held during the first six months of each financial year on a date fixed by the Board of Directors. Extraordinary General Meetings of Shareholders may be called by the Board of Directors whenever it deems appropriate, or at the request of shareholders representing at least 3% of the share capital. Notices of all General Meetings of Shareholders will be published in the Commercial Registry’s Official Gazette (*Boletín Oficial del Registro Mercantil*) or in one of the main newspapers of Spain, on the corporate website of the Company and on the website of CNMV, at least a month prior to the date when the meeting is to be held, except as discussed in the following paragraph.

In addition, according to the Spanish Companies Act, if the Company offers to shareholders the possibility to vote by electronic means accessible to all shareholders, the time limit for calling extraordinary General Meetings of Shareholders may be reduced to at least 15 days before an extraordinary General Meetings of Shareholders. The decision to abbreviate the period between the notice date and the extraordinary General Meetings of Shareholders is to be taken by a majority of not less than two-thirds of the voting capital represented in an ordinary annual General Meeting of Shareholders, and remains in force until no later than the following annual General Meeting of Shareholders.

Action is taken at ordinary meetings on the following matters: the approval of the management carried out by the Directors, the approval of the financial statements from the previous fiscal year, and the application of the previous fiscal year’s income or loss. All other matters can be considered at either an extraordinary meeting or at an ordinary meeting if the matter is within the authority of the meeting and is included on the agenda (with certain exceptional items that do not need to be included on the agenda to be validly passed, such as the dismissal of directors or the decision to bring the liability action against the Company’s Directors).

Each Ordinary Share entitles the holder to one vote and there is no limit as to the maximum number of voting rights that may be held by each shareholder or by companies of the same group. Shareholders on record as holding any number of shares with voting rights are entitled to attend the General Meeting of

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Shareholders with the right to speak and vote. The notice calling the General Meeting of Shareholders shall indicate the date on which shares must be held by a shareholder in order for the latter to participate in a General Meeting of Shareholders and to vote in respect of his or her shares.

Only holders of Ordinary Shares duly registered in the book-entry records, currently maintained by Iberclear, and its member entities, at least five days prior to the day on which a General Meeting of Shareholders is scheduled and in the manner provided in the notice for such meeting, may attend and vote at such meeting.

Any share may be voted by proxy. Proxies must be in writing or in electronic form acceptable under the Bylaws, and are valid for a single General Meeting of Shareholders, except if given in favour of the shareholder's spouse (or person who has an equivalent link according to the applicable laws), ascendants or descendants, or in favour of a third party authorised pursuant to a public deed to manage the assets of the relevant shareholder, in which case it will be valid for all shareholders' meeting. Proxies may be given to any person, whether or not a shareholder. Proxies must specifically refer to the General Meeting of Shareholders. A proxy may be revoked by giving notice to the Company prior to the meeting, by attendance by the relevant shareholder at the meeting or by casting the vote by other means after the representation was conferred.

Proxy holders are required to disclose any conflict of interest prior to their appointment. In case a conflict of interest arises after the proxy holder's appointment, such conflict of interest shall be immediately disclosed to the relevant shareholder. In both cases, the proxy holder shall not exercise the shareholder's rights unless the latter has given specific voting instructions for each resolution in respect of which the proxy holder is to vote on behalf of the Shareholder. A conflict of interest in this context may in particular arise where the proxy holder: (i) is a controlling shareholder of the Company, or is another entity controlled by such Shareholder; (ii) is a member of the administrative, management or supervisory bodies of the Company, or of a controlling shareholder or another entity controlled by such Shareholder; (iii) is an employee or auditor, of the Company, or of a controlling shareholder or another entity controlled by such Shareholder; or (iv) is a natural person related to those mentioned in (i) to (iii) above.

A person acting as a proxy holder may hold a proxy from more than one shareholder without limitation as to the number of shareholders so represented. Where a proxy holder holds proxies from several shareholders, he/she will be able to cast votes for a shareholder differently from votes cast for another Shareholder.

Entities appearing as holders of Ordinary Shares in the book-entry records but acting on behalf of different persons shall always be entitled to exercise voting rights in a divergent manner in order to comply with conflicting voting instructions received from their clients. These entities may also delegate voting rights to each of the indirect holders or their nominees, without limits on the number of delegations.

The Bylaws of the Company provide that, on the first call of an ordinary or extraordinary General Meeting of Shareholders, the presence in person or by proxy of shareholders representing at least 25% of its voting capital will constitute a quorum. If on the first call a quorum is not present, the meeting can be reconvened by a second call, which according to the Spanish Companies Act requires no quorum. However, according to the Spanish Companies Act, resolutions in a General Meeting of Shareholders to modify the Bylaws of the Company (including increases and reductions of share capital), to cancel the applicability of the SOCIMI Regime, to issue bonds and, where competence is not legally attributed to any other of the Company's corporate bodies, to suppress or limit on the pre-emptive right over new shares, to approve transformations, mergers, spin-offs, global assignments of assets and liabilities or the transfer of the registered address of the Company abroad, require the presence in person or by proxy of shareholders representing at least 50% of the voting capital of the Company on first call, and the presence in person or by proxy of shareholders representing at least 25% of the voting capital of the Company on second call. On second call, and in the event that less than 50% of the voting capital of the Company is represented in person or by proxy, such resolutions may only be passed upon the vote of shareholders representing

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two-thirds of the Company's capital present or represented at such meeting. The interval between the first and the second call for a General Meeting of Shareholders must be at least 24 hours. Resolutions in all other cases are passed by a majority of the votes corresponding to the share capital present or represented at such meeting.

Under the Spanish Companies Act, shareholders who voluntarily aggregate their shares so that the share capital so aggregated is equal to or greater than the result of dividing the total share capital by the number of Directors have the right, provided there are vacancies on the Board of Directors, to appoint a corresponding proportion of the members of the Board of Directors (disregarding the fractions). Shareholders who exercise this right may not vote on the appointment of other Directors.

A resolution passed in a General Meeting of Shareholders is binding on all shareholders, although a resolution which is (i) contrary to Spanish law or the Bylaws of the Company, or (ii) prejudicial to the interest of the Company and is beneficial to one or more shareholders or third parties, may be contested within the period of a year following the passing of the contested resolution (except resolutions that are contrary to public order in respect of which such right does not lapse). In the case of listed companies, the required fraction of the Company's share capital needed to be able to contest is 1/1000. The right to contest would apply to shareholders who held such status at the time when the resolution was adopted (provided they hold at least 0.1% of the share capital), directors and interested third parties. In the event of resolutions contrary to public order, the right to contest would apply to any shareholders (even if they acquired such condition after the resolution was taken), and any director or third party.

#### **Pre-emptive rights and increases of share capital**

Pursuant to the Spanish Companies Act, shareholders have pre-emptive rights to subscribe for any new shares issued by the Company via monetary contributions and for any new bonds convertible into shares. Such pre-emptive rights may be waived under special circumstances by a resolution passed at a General Meeting of Shareholders or the Board of Directors (when the Company is listed and the General Meeting of Shareholders delegates to the Board of Directors the right to increase the share capital or issue convertible bonds and waive pre-emptive rights), in accordance with Articles 308, 417, 504, 505, 506 and 511 of the Spanish Companies Act. As of the date hereof, the Company has no convertible or exchangeable bonds outstanding and have not issued any warrants over its shares. Also, holders of Ordinary Shares have the right of free allotment recognised in the Spanish Companies Act in the event of capital increase against reserves.

Furthermore, the pre-emptive rights, in any event, will not be available in an increase in share capital to meet the requirements of a convertible bond issue, a merger in which Ordinary Shares are issued as consideration or where the contribution to be made is in kind. The rights are transferable, may be traded on the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) and may be of value to existing shareholders because new Ordinary Shares may be offered for subscription at prices lower than prevailing market prices.

The placement of New Shares among qualified investors has required the exclusion of the pre-emptive rights of existing shareholders, which has been approved in compliance with the requirements set out in article 308 of the Spanish Companies Act).

In the event of increases in the Company's issued share capital with cash contributions, existing holders of Ordinary Shares are generally entitled to pre-emptive rights to subscribe for such shares, unless such rights are excluded pursuant to a majority vote of shareholders through a resolution at a General Meeting of Shareholders, as was done in connection with the Offering. However, U.S. holders of ordinary shares in Spanish companies are customarily excluded from exercising any such pre-emptive rights, unless a registration statement under the U.S. Securities Act is effective with respect to those shares, or an exemption from the registration requirements thereunder is available. The Company does not intend to file any such registration statement, and the Company cannot assure U.S. investors that any exemption form

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the registration requirements of the U.S. Securities Act or applicable non-U.S. securities laws will be available to enable U.S. or other shareholders outside of Spain to exercise such pre-emptive rights or, if available, that the Company will utilize any such exemption.

#### **Shareholder actions**

Under the Spanish Companies Act, directors are liable to the Company, the shareholders and the creditors for acts or omissions that are illegal or violate the Bylaws and for failure to carry out their legal duties with diligence.

Under Spanish law, shareholders must bring actions against the directors as well as any other actions against the Company or challenging corporate resolutions in the province where the Company is domiciled in Madrid, Spain.

When in violation of the law or of the Bylaws, directors are presumed to have acted negligently, but this presumption can be rebutted. Directors have such liability even if the transaction in connection with which the acts or omissions occurred is approved or ratified by the shareholders. The liability of the directors is joint and several, except to the extent any director can demonstrate that he or she did not participate in decision-making relating to the transaction at issue, was unaware of its existence or, being aware of it, did all that was possible to mitigate any damages or expressly disagreed with the decision-making relating to the transaction.

#### **Registration and Transfers**

The shares of the Company are in book-entry (*anotaciones en cuenta*) form. Joint holders of one share must designate a single person to exercise their shareholders' rights, but they are jointly and severally (*solidariamente*) liable to the Company for all the obligations flowing from their status as shareholders, such as the payment of any pending capital calls.

Iberclear, which currently manages the Spanish settlement system of the Spanish Stock Exchanges, maintains the central registry reflecting the number of shares held by each of its member entities (*entidades participantes*). Each member entity, in turn, maintains a registry of the owners of such shares. Since the shares of the Company are in registered form, an electronic shareholder registry will be kept to which effect Iberclear shall report to the Company all transactions entered into by its shareholders in respect of its shares.

Transfers of shares quoted on the Spanish Stock Exchanges must be made through or with the participation of a member of a Stock Exchange. Brokerage firms, official stockbroker or dealer firms, Spanish credit entities, investment services entities authorised in other EU member states and investment services entities authorised by their relevant authorities and in compliance with the Spanish regulations are eligible to be members of the Spanish Stock Exchanges. The transfer of shares may be subject to certain fees and expenses.

As a general rule, transfers of shares quoted on the Spanish Stock Exchanges must be made through or with the participation of a member of a Stock Exchange. Brokerage firms, official stock brokers or dealer firms, Spanish credit entities, investment services entities authorised in other EU member states and investment services entities authorised by their relevant authorities and in compliance with the Spanish regulations are eligible to be members of the Spanish Stock Exchanges.

#### **Restrictions on foreign investment**

Exchange controls and foreign investments were, with certain exceptions, completely liberalised by Royal Decree 664/1999, of 23 April (*Real Decreto 664/1999, de 23 de abril*), which was approved in conjunction with Law 18/1992, of 1 July (the "**Spanish Foreign Investment Law**"), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the EU.



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Subject to the restrictions described below, foreign investors may freely invest in shares of Spanish companies as well as transfer invested capital, capital gains and dividends out of Spain without limitation (subject to applicable taxes and exchange controls) and only need to file a notification with the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments following the investment or divestiture, if any, solely for statistical, economic and administrative purposes. Where the investment or divestiture is made in shares of Spanish companies listed on any of the Spanish Stock Exchanges, the duty to provide notice of a foreign investment or divestiture lies with the relevant entity with whom the shares in book-entry form have been deposited or which has acted as an intermediary in connection with the investment or divestiture.

If the foreign investor is a resident of a tax haven, as defined under Spanish law (Royal Decree 1080/1991 of 5 July), notice must be provided to the Registry of Foreign Investments prior to making the investment, as well as after consummating the transaction. However, prior notification is not necessary in the following cases:

- (i) investments in listed securities, whether or not trading on an official secondary market, as well as investments in participations in investment funds registered with the CNMV; and
- (ii) foreign shareholdings that do not exceed 50% of the capital of the Spanish company in which the investment is made.

Additional regulations to those described above apply to investments in some specific industries, including air transportation, mining, manufacturing and sales of weapons and explosives for civil use and national defence, radio, television and telecommunications. These restrictions do not apply to investments made by EU residents, other than investments by EU residents in activities relating to the Spanish defence sector or the manufacturing and sale of weapons and explosives for non-military use.

The Spanish Council of Ministers may suspend the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or in respect of investments in specified industries, in which case any proposed foreign investments falling within the scope of such a suspension would be subject to prior authorization from the Spanish government.

Law 19/2003, of July 4, on the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad and the prevention of money laundering ("**Law 19/2003**"), generally provides for the liberalization of the regulatory environment with respect to acts, businesses, transactions and other operations between Spanish residents and non-residents in respect of which charges or payments abroad will occur, as well as money transfers, variations in accounts or financial debit or credits abroad. These operations must be reported to the Ministry of the Economy, Industry and Competitiveness and the Bank of Spain only for informational and statistical purposes. The most important developments resulting from Law 19/2003 are the obligations on financial intermediaries to provide to the Spanish Ministry of Economy, Industry and Competitiveness and the Bank of Spain information corresponding to client transactions.

### **Exchange control regulations**

Pursuant to Royal Decree 1816/1991, of 20 December, relating to economic transactions with non-residents as amended by Royal Decree 1360/2011 of 7 October, and EC Directive 88/361/EEC, charges, payments or transfers between non-residents and residents of Spain must be made through a registered entity, such as a bank or another financial institution registered with the Bank of Spain or the CNMV (*entidades registradas*), through bank accounts opened abroad with a foreign bank or a foreign branch of a registered entity, in cash or by check payable to bearer. All charges, payments or transfers which exceed €6,010 (or its equivalent in another currency), if made in cash or by check payable to bearer, must be notified to the Spanish exchange control authorities.

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## Shareholder Information Rights

Until the seventh day before the General Meeting of Shareholders is due to be held, shareholders may request in writing from the directors, any information or clarification they deem necessary regarding the items to be discussed at the relevant General Meeting of Shareholders as per the agenda. The directors must provide with the requested information in writing by the day of the General Meeting of Shareholders.

During the General Meeting of Shareholders, shareholders may verbally request any information or clarification they deem necessary in relation to the items included on the agenda. If it were not possible to provide the requested information during the meeting itself, the directors must provide the requested information in writing within seven days of the celebration of the General Meeting of Shareholders.

The directors will not be obliged to provide the requested information if it was deemed unnecessary for the recognition of the requesting shareholder's rights or if there were objective reasons to consider that the information was going to be used in detriment of the interests of the Company or that providing the requested information may harm the Company; provided that, the requested information may not be withheld when the request is upheld by shareholders representing at least 25% of the share capital.

## Reporting requirements

In addition to reporting obligations imposed on Relevant Shareholders and Holder of Economic Relevant Rights, pursuant to Royal Decree 1362/2007 of 19 October 2007 ("**Royal Decree 1362/2007**"), as amended, any individual or legal entity who, by whatever means, purchases or transfers shares which grant voting rights in a company for which Spain is listed as the home State (*Estado de origen*) (as defined therein) and which is listed on a secondary official market or other regulated market in the EU, must notify the relevant issuer and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches exceeds or falls below a 3% threshold of the Company's total voting rights. The notification obligations are also triggered at thresholds of 5% and multiples thereof (excluding 55%, 65%, 85%, 95% and 100%).

The individual or legal entity obliged to carry out the notification must serve the notification by means of the form approved by the CNMV from time to time for such purpose, within four market days from the date on which the transaction is acknowledged (Royal Decree 1362/2007 deems a transaction to be acknowledged within two market days from the date on which such transaction is entered into). Should the individual or legal entity effecting the transaction be a non-resident of Spain, notice must also be given to the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments.

The reporting requirements apply not only to the purchase or transfer of shares, but also to those transactions in which, without a purchase or transfer, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of a company on the basis of the information reported to the CNMV and disclosed by it. In such a case, the transaction is deemed to be acknowledged within two trading days from the date of publication of the relevant fact notice (*hecho relevante*) regarding such transaction.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares, and any individual or legal entity who owns, acquires or transfers, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, will also have an obligation to notify the Company and the CNMV of the holding of a significant stake in accordance with the regulations.

Should the person or group effecting the transaction be resident in a tax haven (as defined by applicable Spanish regulations), the threshold that triggers the obligation to disclose the acquisition or disposition of the Ordinary Shares is reduced to 1% (and successive multiples thereof).

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The Company will be required to report to the CNMV any acquisition of its own shares which, aggregated together with all other acquisitions since the last notification, reaches or exceeds 1% of its share capital (irrespective of whether it has sold any of its own shares in the same period). In such circumstances, the notification must include the number of shares acquired since the last notification (detailed by transaction), the number of shares sold (detailed by transaction) and the resulting net holding of treasury shares.

All members of the Board of Directors must report to both the Company and the CNMV any percentage or number of voting rights in the Company held by them at the time of becoming or ceasing to be a member of the Board of Directors within five trading days. Furthermore, all members of the Board of Directors must report any change in the percentage of voting rights they hold, regardless of the amount, as a result of any acquisition or disposition of the Ordinary Shares or voting rights, or financial instruments which carry a right to acquire or dispose of shares which have voting rights attached, including any stock-based compensation that they may receive pursuant to any of the compensation plans. Members of the Company's senior management must also report any stock-based compensation that they may receive pursuant to any of the compensation plans or any subsequent amendment to such plans.

In addition, pursuant to Article 19 of the Regulation (EU) No 596/2014 of 16 April, 2014 on market abuse ("MAR"), persons discharging managerial responsibilities and any person closely associated (*persona estrechamente vinculada*) with any of them must similarly report to the Company and the CNMV any acquisition or disposal of the Ordinary Shares, derivative or financial instruments linked to the Ordinary Shares within three business days after the date of the transaction is made, provided that transactions carried out by the relevant person within the calendar year reach €5,000 in aggregate. The notification of the transaction must include particulars of, among others, the type of transaction, the date of the transaction and the market in which the transactions were carried out, the number of shares traded and the price paid.

In certain circumstances established by Royal Decree 1362/2007, the notification requirements on the acquisition or transfer of shares also apply to any person or legal entity that, directly or indirectly, and independently of the ownership of the shares or financial instruments, may acquire, transmit or exercise the voting rights granted by those shares or financial instruments, provided that the aggregated proportion of voting rights reaches, increases above or decreases below, the percentages set forth by Spanish law.

Moreover, pursuant to Article 30.6 of Royal Decree 1362/2007, in the context of a takeover bid, the following transactions should be notified to the CNMV: (i) any acquisition reaching or exceeding 1% of the Company's voting rights, and (ii) any increase or decrease in the percentage of voting rights held by holders of 3% or more of the Company's voting rights. The CNMV will immediately make public this information.

#### **Disclosure of shareholders' agreements**

The LMV and Articles 531, 533 and 535 of the Spanish Companies Act require parties to disclose certain types of shareholders' agreements that affect the exercise of voting rights at a General Meeting of Shareholders or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares of listed companies.

If the Company's shareholders enter into such agreements with respect to the Ordinary Shares, they must disclose the execution, amendment or extension of such agreements to the Company and to the CNMV, file such agreements with the appropriate commercial registry and publish them through a relevant fact notice (*hecho relevante*). Failure to comply with these disclosure obligations renders any such shareholders' agreement unenforceable and constitutes a violation of the LMV.

Such a shareholder agreement will have no effect with respect to the regulation of the right to vote in General Meetings of Shareholders and restrictions or conditions on the free transferability of shares and

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bonds convertible into shares until such time as the aforementioned notifications, deposits and publications are made.

Upon request by the interested parties, the CNMV may waive the requirement to report, deposit and publish the agreement when publishing the shareholders' agreement could cause harm to the affected company.

As of the date of this Prospectus, based on publicly available information, the Company is not aware of the existence of any shareholder agreement.

### Net Short Positions

In accordance with Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps ("**Regulation 236/2012**") (as further supplemented by several delegated regulations regulating technical aspects necessary for its effective enforceability and to ensure compliance with its provisions), net short positions on shares listed on the Spanish Stock Exchanges equal to, or in excess of, 0.2% of the relevant issuer's share capital and any increases or reductions thereof by 0.1% are required to be disclosed to the CNMV. If the net short position reaches 0.5%, and also at every 0.1% above that, the CNMV will disclose the net short position to the public. Regulation 236/2012 restricts uncovered short sales in shares, providing that a natural or legal person may enter into a short sale of a share admitted to trading on a trading venue only where one of the conditions established in Article 12 of the referred Regulation has been fulfilled.

The notification or disclosure mentioned above shall be made no later than at 15:30 (CET) on the following trading day. Notification is mandatory even if the same position has been already notified to the CNMV in compliance with transparency obligations previously in force in that jurisdiction. The information to be disclosed is set out in Table 1 of Annex I of Delegated Regulation 826/2012, according to the format approved as Annex II of this Regulation. The information will be published, where appropriate, on a web page operated or supervised by the CNMV.

Moreover, pursuant to Regulation 236/2012, where the CNMV considers that (i) there are adverse events or developments that constitute a serious threat to financial stability or to market confidence (serious financial, monetary or budgetary problems, which may lead to financial instability, unusual volatility causing significant downward spirals in any financial instrument, etc.); and (ii) the measure is necessary and will not be disproportionately detrimental to the efficiency of financial markets in view of the advantages sought, it may, following consultation with the European Securities and Markets Authority ("**ESMA**"), take any one or more of the following measures:

- (i) impose additional notification obligations by either (a) reducing the thresholds for the notification of net short positions in relation to one or several specific financial instruments; or (b) requesting the parties involved in the lending of a specific financial instrument to notify any change in the fees requested for such lending; and
- (ii) restrict short selling activity by either prohibiting or imposing conditions on short selling.

In addition, according to Regulation 236/2012, where the price of a financial instrument has fallen significantly during a single day in relation to the closing price on the previous trading day (10% or more in the case of a liquid share), the CNMV may prohibit or restrict short selling of financial instruments for a period not exceeding the end of the trading day following the trading day on which the fall in price occurs.

Finally, Regulation 236/2012 also vests powers to ESMA in order to take measures similar to the ones described above in exceptional circumstances, when the aim of these measures is to deal with a threat affecting several EU member states when the competent authorities of such member states have not taken adequate measures to address it.

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## Share Repurchases

Pursuant to the Spanish Companies Act, the Company may only repurchase the Company's own shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorised by the General Meeting of Shareholders in a resolution establishing the maximum number of shares to be acquired, the titles for the acquisition, the minimum and maximum acquisition price and the duration of the authorization, which may not exceed five years from the date of the resolution; and
- the repurchase, including the shares already acquired and currently held by the Company, or any person or company acting in its own name but on the Company's behalf, must not bring its net worth below the aggregate amount of the Company's share capital and legal reserves.

For these purposes, net worth means the amount resulting from the application of the criteria used to draw up the financial statements, subtracting the amount of profits directly imputed to that net worth, and adding the amount of share capital subscribed but not called and the share capital nominal and issue premiums recorded in the Company's accounts as liabilities. In addition:

- the aggregate nominal value of the shares directly or indirectly repurchased, together with the aggregate nominal value of the shares already held by the Company and its subsidiary, must not exceed 10% of the Company's share capital; and
- the shares repurchased must be fully paid-up. A repurchase shall be considered null and void if (i) the shares are partially paid-up, except in the case of free repurchase, or (ii) the shares entail ancillary obligations.

Treasury shares do not have voting rights or economic rights (for example, the right to receive dividends and other distributions and liquidation rights), except the right to receive bonus shares, which will accrue proportionately to all of the Company's shareholders. Treasury shares are counted for purposes of establishing the quorum for General Meetings of Shareholders as well as majority voting requirements to pass resolutions at General Meetings of Shareholders.

The MAR establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence in those markets. This regulation maintains an exemption from the market manipulation rules regarding share buy-back programs by companies listed on a stock exchange in an EU member state. Commission Delegated Regulation (EU) 2016/1052, of 8 March, 2016, implements the MAR with regard to the regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures. According to the provisions included in the Regulation 2016/1052, in order to benefit from the exemption, an issuer implementing a buy-back program must comply with the following requirements:

- (i) Prior to the start of trading in a buy-back program, the issuer must ensure the adequate disclosure of the following information:
  - the purpose of the program. According to Article 5.2 of the MAR, the buy-back program must have as its sole purpose (a) to reduce the capital of the issuer; (b) to meet obligations arising from debt financial instruments convertible into equity instruments; or (c) to meet obligations arising from share option programs, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company;
  - the maximum pecuniary amount allocated to the program;
  - the maximum number of shares to be acquired; and
  - the period for which authorization for the program has been granted.
- (ii) The issuer must ensure that the transactions relating to the buy-back program meet the conditions included on Article 3 of the Regulation 2016/1052. Specifically, that the purchase price is not

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higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. Furthermore, issuers must not purchase on any trading day more than 25% of the average daily volume of shares on the corresponding trading venue.

- (iii) Issuers shall not, for the duration of the buy-back program, engage on (a) selling of own shares; (b) trading during the closed periods referred to in Article 19. 11 of the MAR; and (c) trading where the issuer has decided to delay the public disclosure of inside information.

On 26 April 2017, the CNMV approved Circular 1/2017 on liquidity contracts entered into by issuers with financial institutions for the management of their treasury shares. This regulation entered into force on 10 July 2017. It repealed and replaced the CNMV's Circular 3/2007 and introduced new specific rules, limits and mechanisms for liquidity agreements to constitute an accepted market practice and, therefore, be able to rely on a safe harbour for the purposes of market abuse regulations.

If an acquisition or series of acquisitions of the Ordinary Shares reaches or exceeds or causes the Company and its affiliates' holdings to reach or exceed 1% of the voting shares, the Company must notify its final holding of treasury shares to the CNMV. If such threshold is reached as a result of a series of acquisitions, such reporting obligation will only arise after the closing of the acquisition which, taken together with all acquisitions made since the last of any such notifications, causes the Company and its affiliates' holdings to exceed 1% of the voting shares. Sales and other transfers of the Company's treasury shares will not be deducted in the calculation of such threshold. This requirement would also apply if the shares were acquired by one of the Company's majority-owned subsidiaries (if any).

Moreover, pursuant to Spanish Companies Act, the audited financial statements of a company must include a reference to any treasury shares.

In addition, on 18 July 2013, the CNMV published certain guidelines for securities issuers and financial intermediaries acting on their behalf regarding the "discretionary transactions with treasury shares" (outside of the buy-back program regulation). These guidelines are in line with the buy-back program regulation in respect of price, limits and volumes and include certain restricted periods and a rule of separated management of the trading activity.

The Board of Directors has been authorised by the Company's shareholders for the derivative acquisition of treasury shares according to and within the restrictions and requirements established in the Spanish Companies Act.

As of the date of this Prospectus, the Company's treasury shares (*autocartera*) amount to 33,897 treasury shares, which represent 0.12% of its share capital

On 6 November 2018, the Company entered into a liquidity contract with JB Capital Markets, Sociedad de Valores, S.A.U. which is still in effect as of the date of this Prospectus in order to increase liquidity and favour the regular trading of the Company's Ordinary Shares.

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## MARKET INFORMATION

Except for the New Shares, the Ordinary Shares are currently listed on the Spanish Stock Exchanges under the symbol “ARM” and quoted through the SIBE (*Sistema de Interconexión Bursátil or Mercado Continuo*). The Company has applied to list the New Shares on the Spanish Stock Exchanges and to have the New Shares quoted through the SIBE.

In 2018, the highest closing share price of the Ordinary Shares was €9.50 and the lowest closing share price was €9.00. In 2019, the highest closing share price of the Ordinary Shares was €10.50 and the lowest closing share price was €9.00. On 14 November 2019, the trading day before the date of this Prospectus, the closing price of the Ordinary Shares on the SIBE was €11.00.

### SIBE

The SIBE links the four Spanish Stock Exchanges, providing those securities listed on it with a uniform continuous market that eliminates certain of the differences between the local exchanges. The principal feature of the system is the computerised matching of bid and offer orders at the time of entry of the relevant order. Each order is executed as soon as a matching order is entered, but can be modified or cancelled until it is executed. The activity of the market can be continuously monitored by investors and brokers. The SIBE is operated and regulated by Sociedad de Bolsas, S.A. (“**Sociedad de Bolsas**”). All trades on the SIBE must be placed through a brokerage firm, a dealer firm or a credit entity that is a member of a Spanish Stock Exchanges.

In a pre-opening session held from 8:30 a.m. to 9:00 a.m. (CET) each trading day, an opening price is established for each security traded on the SIBE based on a real-time auction in which orders can be entered, modified or cancelled but not executed. During this pre-opening session, the system continuously displays the price at which orders would be executed if trading were to begin at that moment. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offer price. If an auction price does not exist, the best bid and offer price and associated volumes are shown. The auction terminates with a random period of 30 seconds in which share allocation takes place. Until the allocation process has finished, orders cannot be entered, modified or cancelled. In exceptional circumstances (including the inclusion of new securities on the SIBE) and after giving notice to the CNMV, Sociedad de Bolsas may establish an opening price without regard to the reference price (the previous trading day’s closing price), alter the price range for permitted orders with respect to the reference price and modify the reference price.

The computerised trading hours, known as the open session, are from 9:00 a.m. to 5:30 p.m. (CET). During the trading session, the trading price of a security is permitted to vary up to a maximum so-called ‘static’ range of the reference price, provided that the trading price for each trade of such security is not permitted to vary in excess of a maximum so-called ‘dynamic’ range with respect to the trading price of the immediately preceding trade of the same security. If, during the trading session, there are matching bid and offer orders for a security within the computerised system which exceed any of the above ‘static’ or ‘dynamic’ ranges, trading on the security is automatically suspended and a new auction is held where a new reference price is set, and the ‘static’ and ‘dynamic’ ranges will apply over such new reference price. The ‘static’ and ‘dynamic’ ranges applicable to each particular security are set up and reviewed periodically by Sociedad de Bolsas.

Between 5:30 p.m. and 8:00 p.m. (CET), trades may occur outside the computerised matching system without prior authorization of Sociedad de Bolsas (provided such trades are communicated to Sociedad de Bolsas), at a price within the range of 5% above the higher of the average price and closing price for the day and 5% below the lower of the average price and closing price for the day if (i) there are no outstanding bids or offers, respectively, on the system matching or bettering the terms of the proposed



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off-system transaction, and (ii) if, among other things, the trade involves more than €300,000 and more than 20% of the average daily trading volume of the stock during the preceding three months. These off-system trades must also relate to individual orders from the same person or entity and be reported to Sociedad de Bolsas before 8:00 p.m. (CET).

At any time trades may take place (with the prior authorization of Sociedad de Bolsas) at any price if:

- the trade involves more than €1.5 million and more than 40% of the average daily trading volume of the stock during the preceding three months;
- the transaction derives from a merger or spin-off, or from the reorganization of a group of companies;
- the transaction is executed for the purpose of settling litigation or completing a complex set of contracts; or
- Sociedad de Bolsas finds another appropriate cause.

Information with respect to the computerised trades which take place between 9:00 a.m. and 5:30 p.m. (CET) is made public immediately, and information with respect to trades which occur outside the computerised matching system is reported to the Sociedad de Bolsas by the end of the trading day and is also published in the Stock Exchange Official Gazette (*Boletín de Cotización*) and on the computer system by the beginning of the next trading day.

#### **Clearing, settlement and book-entry system**

The Spanish clearing, settlement and book-entry system has been recently adapted by Act 11/2015 of 18 June, on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, sobre recuperación y resolución de entidades de crédito y empresas de servicios de inversión*) and Royal Decree 878/2015 of 2 October, to the provisions set forth in Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July, on improving securities settlement in the EU and on central securities depositories, amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012. Following the implementation of this reform transactions carried out on the SIBE continue to be settled by Iberclear, as central securities depository, and are cleared by BME Clearing, S.A., as central counterparty (“CCP”). Investors are urged to contact their agent or custodian in Spain as soon as possible to make the arrangements necessary for registering the shares in their name on the Subscription Date.

Iberclear and the CCP, are owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a listed holding company which also holds a 100% interest in each of the Spanish official secondary markets.

Shares of listed Spanish companies are represented in book-entry form. The book-entry system is a two-tier level registry: the keeping of the central book-entry register corresponds to Iberclear and the keeping of the detail records correspond to the participating entities in Iberclear.

Access to become a participating entity is restricted to (i) credit institutions, (ii) investment services companies which are authorised to render custody and administration of financial instruments, (iii) the Bank of Spain, (iv) the General Administration and the General Social Security Treasury, (v) other duly authorised central securities depositories and central clearing counterparties and (vi) other public institutions and private entities when expressly authorised to become a participating entity in central securities depositories.

The central registry managed by Iberclear reflects: (i) one or several proprietary accounts which will show the balances of the participating entities’ proprietary accounts; (ii) one or several general third-party accounts that will show the overall balances that the participating entities hold for third parties; (iii) individual accounts opened in the name of the owner, either individual or legal person; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each participating entity, in turn, maintains the detail records of the owners of such shares.



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According to the above, Spanish law considers the owner of the shares to be:

- (i) the participating entity appearing in the records of Iberclear as holding the relevant shares in its own name.
- (ii) the investor appearing in the records of the participating entity as holding the shares; or
- (iii) the investor appearing in the records of Iberclear as holding shares in a segregated individual account.

BME Clearing is the CCP in charge of the clearing of transactions closed on the Spanish Stock Exchanges. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the buy and sell positions *vis-à-vis* the participants designated in such buy or sell instructions. The CCP then generates and send to Iberclear the relevant settlement instructions.

The settlement and book-entry registration platform managed by Iberclear, which operates under the trade name of ARCO, receives the settlement instructions from BME Clearing and forwards them to the relevant participating entities involved in each transaction. ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed.

Obtaining legal title to shares of a company listed on the Spanish Stock Exchanges requires the participation of a Spanish official stockbroker, broker-dealer or other entity authorised under Spanish law to record the transfer of shares. To evidence title to shares, at the owner's request the relevant participating entity must issue a legitimization certificate (*certificado de legitimación*). If the owner is a participating entity or a person holding shares in a segregated individual account, Iberclear is in charge of the issuance of the certificate regarding the shares held in their name.

#### **Euroclear and Clearstream, Luxembourg**

Shares deposited with depositaries for Euroclear Bank, S.A./N.V., as operator of the Euroclear System (“**Euroclear**”), and Clearstream Banking, Société Anonyme (“**Clearstream**”), and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream, will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System (as amended from time to time), the Management Regulations of Clearstream and the instructions to Participants of Clearstream (as amended from time to time), as applicable. Subject to compliance with such regulations and procedures, those persons on whose behalf accounts are kept at Euroclear or Clearstream and to whom shares have been credited (“**investors**”), will be entitled to receive a number of shares equal to that amount credited in their accounts.

With respect to shares deposited with depositaries for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees (as described below), if any, and once the relevant recording in the book-entry records kept by the members of Iberclear has occurred.

Under Spanish law, only the holder of record in Iberclear's registry is entitled to dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear (or its nominees) or Clearstream (or its nominees) will, respectively, be the sole record holders of the shares that are deposited with any depositaries for Euroclear and Clearstream until investors exercise their rights to withdraw such shares and record their ownership rights over the shares in the book-entry records kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositaries for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream,

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as the case may be, after deduction of any applicable withholding taxes, in accordance with the applicable regulations and procedures of Euroclear and Clearstream. See “*Spanish SOCIMI regime and taxation*” below.

Euroclear and Clearstream will endeavour to inform investors of any significant events of which they become aware affecting the shares recorded in the name of Euroclear (or its nominees) and Clearstream (or its nominees) and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at its discretion, take such action, as it shall deem appropriate in order to assist investors in exercising their voting rights in respect of the shares. Such actions may include: (i) acceptance of instructions from investors to grant or to arrange for the granting of proxies, powers of attorney or other similar certificates for delivery to the Company, or its agent; or (ii) exercise by Euroclear or its nominees and Clearstream or its nominees of voting rights in accordance with the instructions provided by investors.

In case the Company offers or causes to be offered to Euroclear (or its nominees) and Clearstream or its nominees, acting in their capacity as record holders of the Ordinary Shares deposited with the depositaries for Euroclear and Clearstream, respectively, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will, respectively, endeavour to inform investors of the terms of any such rights of which it becomes aware in accordance with the applicable provisions in the aforementioned regulations and procedures. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or, alternatively, such rights may be sold and, in such event, the Net Proceeds will be credited to the cash account maintained on behalf of the investor with Euroclear or Clearstream.

### **Tender offers**

Tender offers are governed in Spain by Articles 128 et seq. of the LMV and Royal Decree 1066/2007, of 27 July (*Real Decreto 1066/2007, de 27 de julio, de régimen de las ofertas públicas de adquisición de valores*) which implement Directive 2004/25/EC of the European Parliament and of the Council of 21 April. Other than the referred tender offer regulation, there is no other special regulation in Spain which may govern mandatory tender offers over the Ordinary Shares.

Tender offers in Spain may qualify as either mandatory or voluntary.

Mandatory tender offers must be launched for all the shares of the target company and all other securities that might directly or indirectly entitle to acquire or subscribe such shares (including, without limitation, convertible and exchangeable notes) at an equitable price, and not subject to any conditions, when any person or entity acquires control of a Spanish listed company, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly entitle to subscribe or acquire voting shares in such company;
- through shareholder agreements with shareholders or other holders of said securities; or
- as a result of other situations of equivalent effect as provided in the applicable Spanish regulation on tender offers (which constitute indirect control acquired through mergers, share capital decreases, changes in the target’s treasury shares).

A person or entity is deemed to have control over a target company, either individually or jointly with other parties acting in concert, whenever:

- it acquires, directly or indirectly, a percentage of the Company’s voting rights equal to or greater than 30%; or
- it has acquired a percentage that is less than 30% of the voting rights and appoints, during the 24-month period following the date of acquisition of said percentage, a number of directors that, together with those already appointed by it (if any), represents more than half of the members of the target company’s Board of Directors. The Spanish regulation on tender offers also sets forth

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certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.

For the purposes of calculating the percentages of voting rights acquired, the Spanish regulation establishes the following rules:

- percentages of voting rights corresponding to: (i) companies belonging to the same group as the bidder; (ii) members of the Board of Directors of the bidder or of companies of its group (unless evidence to the contrary is provided); (iii) persons acting in concert with or on behalf of the bidder; (iv) voting rights which may be exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights, in the absence of their specific instructions with respect thereto; and (v) shares held by a nominee (such nominee being a third party whom the bidder totally or partially covers against the risks related to acquisitions or transfers of the shares or the possession thereof), will be deemed to be held by the bidder;
- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or under any other contractual title, will also be deemed to be held by the bidder;
- the percentage of voting rights shall be calculated based on the entire number of the Company's shares with voting rights, even if the exercise of such rights has been suspended. Treasury stock held directly or indirectly by the target company (according to the information available on the date of calculation of the percentage of voting rights held by the bidder) shall be excluded from the calculation. Non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and
- acquisitions of securities or other financial instruments which entitle the holder to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the applicable Spanish regulation on tender offers, the CNMV will conditionally exempt a person or entity from the obligation to launch a mandatory bid when another person or entity not acting in concert with the potential bidder, directly or indirectly holds an equal or greater voting percentage in the target company.

Spanish regulations establish certain exceptions where control is obtained but no mandatory tender offer is required, including, among others:

- Subject to the CNMV's approval, acquisitions or other transactions resulting from the conversion or capitalisation of claims into shares of listed companies if their financial feasibility is subject to serious and imminent danger provided that such transactions are intended to ensure the Company's financial recovery in the long-term. The approval of the CNMV will not be required if the acquisition takes place in the context of a refinancing agreement under Additional Disposition Fourth of Act 22/2003, of 9 July, on insolvency (*Ley 22/2003, de 9 de julio, concursal*).
- In the event of a merger, provided that those acquiring control did not vote in favour of the merger at the relevant General Meeting of Shareholders of the target company and provided also that it can be shown that the primary purpose of the transaction is not the takeover but an industrial or corporate purpose.
- When control has been obtained after a voluntary bid for all of the securities, if either the bid has been made at an equitable price or has been accepted by holders of securities representing at least 50% of the voting rights to which the bid was directed (excluding voting rights already held by the bidder and those belonging to shareholders who entered into an agreement with the bidder regarding the tender offer).

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The price of the mandatory tender offer is deemed to be equitable when it is at least equal to the highest price paid by the bidder or any person acting in concert therewith for the same securities during the twelve months preceding the announcement of the tender offer. Other rules used to calculate such equitable price are set forth in the applicable Spanish regulation. However, the CNMV may change the price determined pursuant to said rules in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched as soon as possible and at any event within one month from the acquisition of the control of the target company.

Voluntary tender offers may be launched in those cases in which a mandatory offer is not legally required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they might be subject to certain conditions (such as amendments to the Bylaws or adoption of certain resolutions by the General Meeting of Shareholders of the target company, acceptance of the offer by a minimum number of shares of the target company, approval of the offer by the General Meeting of Shareholders of the bidder; and any other condition deemed by the CNMV to be in accordance with law), provided that the fulfilment of such conditions may be verified by the end of the offer acceptance period; and
- they may be launched at a price other than an equitable price.

The price in a voluntary tender offer must be the higher of (i) the equitable price and (ii) the price resulting from an independent valuation report, and must at least consist of cash as an alternative if certain circumstances have occurred during the two years prior to the announcement of the offer (basically, the trading price for the shares being affected by price manipulation practices, market or share prices being affected by natural disasters, force majeure, or other exceptional events, or the target company being subject to expropriation or confiscation resulting in significant impair of the Company's real value).

The Spanish regulation on tender offers sets forth further relevant provisions, including, among others:

- the Board of Directors of the target company will be exempt from the prohibition to carry out frustrating or defensive actions against a foreign bidder provided the latter's Board of Directors is not subject to equivalent passivity rules and subject to prior approval by the Company's General Meeting of Shareholders within the 18-month period before the date of the public announcement of the tender offer;
- defensive measures included in a listed company's Bylaws and transfer and voting restrictions included in agreements among a listed company's shareholders will remain in place whenever the Company is the target of a tender offer, unless the shareholders decide otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected shall be entitled to compensation at the target company's expense); and
- squeeze-out and sell-out rights will apply provided that following a mandatory tender offer (or as a result of a voluntary offer for all the of the target's share capital) the bidder holds shares representing at least 90% of the target company's voting share capital and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights over which the offer was launched.

The Company has never been the target of a tender offer by a third-party bidder over the Ordinary Shares of the Company.

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## THE OFFERING

### Placing Agreement

For details of the Placing Agreement, please refer to section “*Material contracts—The Placing Agreement*”.

### The Offering

The Offering has raised €149,999,990 and the Net Proceeds attributable to the Company were approximately €146,254,990 after the deduction of commissions and other estimated fees and expenses payable by the Company, which include the commissions of the Joint Global Coordinators and Joint Bookrunners under the Placing Agreement (see the section “*Material contracts—The Placing Agreement*”) and other fees and expenses in connection with the Offering in an estimated amount of approximately €3,745,000 (which include fees for the Joint Global Coordinators and Joint Bookrunners, fees for legal advisors, Agent Bank and auditors, fees and duties for Iberclear, CNMV and the Spanish Stock Exchanges, and other expenses such as marketing and travel costs).

The Company intends to use the Net Proceeds of the Offering to expand its existing Portfolio and enhance it through capital expenditures. The Company estimates that the Net Proceeds of the Offering will be fully deployed within approximately 18 months from the date of Completion of the Offering.

The Company issued a total of 14,423,076 New Shares in the context of the Offering (representing approximately 50.73% of the total number of Ordinary Shares following the Offering and 102.97% of the total number of Ordinary Shares prior to the Offering) 5,769,230 of these New Shares were placed to Ivanhoé Cambridge under the Subscription Agreement, and 8,653,846 of these New Shares were placed by the Joint Global Coordinators and Joint Bookrunners pursuant to the Placing Agreement. Further details of the Subscription Agreement and the Placing Agreement are set out in section “*Material contracts—The Subscription Agreement*” and “*Material contracts—The Placing Agreement*”.

All New Shares were issued at the Offering Price. The Joint Global Coordinators and Joint Bookrunners and the Company agreed by entering into the Sizing Agreement on 14 November 2019, the final number of New Shares that constituted the Offering, which together with the final issue size and Net Proceeds of the Offering, were announced through the publication of a relevant fact notice (*hecho relevante*). The Cornerstone Shares were allocated to the Cornerstone Investor. The allocations of Placing Shares was determined by the Joint Global Coordinators and Joint Bookrunners following consultation and agreement with the Company.

The Offering was made to qualified investors inside and outside of Spain, including a placement in the United States to QIBs, in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The New Shares have not been and will not be registered under the U.S. Securities Act. The Offering outside the United States was made in compliance with Regulation S. Subsequent resales and transfers of New Shares are subject to certain restrictions.

Immediately following Admission, the New Shares will be freely transferable under the Bylaws, but will be subject to certain resale and transfer restrictions.

Banco Santander, S.A., with registered address in Paseo de Pereda, 9-12, 39004 Santander, Spain, has been the Agent Bank in the Offering.

The Offering shall terminate automatically in the event that Admission has not been completed by 29 November 2019 (or such later dates as may be agreed in writing by the Company and the Joint Global Coordinators and Joint Bookrunners. In such case, where the Placing Shares have already been paid by the Prefunding Bank (as defined below) or final investors, as applicable, the Prefunding Bank, final investors

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or any holder of Placing Shares (as applicable) would be obligated to return such Placing Shares to the Company (if delivered) and the Company would be obligated to return the moneys paid at the Offering Price (if any) together with interest accrued from the date on which they paid for the Placing Shares until the date on which the Company repays the Offering Price.

### Authorizations of the Offering

The New Shares were issued by Árima in the context of the share capital increase on a non-pre-emptive basis for an aggregate amount of €100,000,000 approved by the extraordinary General Meeting of Shareholders of the Company held on 5 November 2019, on second call and that was upsized to an aggregate amount of €149,999,990 on the basis of the authority delegated by the ordinary General Meeting of Shareholders of the Company held on 21 March 2019. The New Shares issued are of the same class and series as those currently in circulation, with an issue price of €10.40 per share (with a nominal value of €10.00), with exclusion of any and all pre-emptive rights corresponding to the existing shareholders of the Company. The possibility of incomplete subscription was expressly foreseen and approved.

The placement of New Shares among qualified investors has required the exclusion of the pre-emptive rights of existing shareholders, which has been approved in compliance with the requirements set out in article 308 of the Spanish Companies Act. In this regard, the rationale for the exclusion of such pre-emptive rights was set forth in a report prepared for these purposes by the Board of Directors of the Company (the “**Directors’ Report**”), which also specifies the value of the Company’s New Shares. In addition, ETL HENIAUDIT, S.L., appointed for these purposes by the Commercial Registry of Madrid, has issued an independent expert report (the “**Independent Expert Report**”). The Independent Expert Report assessed, among others, (i) the reasonable value (*valor razonable*) of the New Shares; (ii) the estimated value of the pre-emptive rights that have been excluded; and (iii) the reasonability of the conclusions and statements of the Board of Directors in the Directors’ Report.

Both the Directors’ Report and the Independent Expert Report were made available to the shareholders of the Company at the time of calling the General Meeting of Shareholders where the €100,000,000 share capital increase was approved, and both of them are currently available on the corporate governance section of the Company’s website ([www.arimainmo.com](http://www.arimainmo.com)).

The Independent Expert Report was requested by the Company in order to comply with article 308 of the Spanish Companies Act. It is not incorporated into this Prospectus as a report attributed to a person as an expert in the sense of item 1.3 of Annex 11 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019.

The admission to trading of the New Shares does not require any authorization or administrative pronouncement other than the general provisions on the CNMV’s approval and registration of this Prospectus, according to the provisions established in the Securities Market Act and its implementing regulations and the Spanish Companies Act.

### The New Shares

The New Shares issued have been created pursuant to the Spanish Companies Act and rank *pari passu* in all respects with the existing Ordinary Shares, including with respect to the right to vote and the right to receive all dividends and other distributions declared, made or paid on the Company’s share capital. Each existing Ordinary Share, including each New Share, carries one vote at a General Meeting of Shareholders of the Company. There are no restrictions on the voting rights of the Ordinary Shares. The ISIN number of the existing Ordinary Shares is ES0105376000. The New Shares received a provisional ISIN number ES0105376034 that will be replaced with the existing ISIN number of the existing Ordinary Shares upon Admission.

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Immediately following Admission, the New Shares will be freely transferable under the Bylaws, but will be subject to certain resale and transfer restrictions. The Ordinary Shares are, and the New Shares will be, represented in registered book-entry form and will be held through the clearance and settlement system managed by Iberclear.

### **Admission and Dealings**

Application has been made to list the New Shares on the Spanish Stock Exchanges and to have the New Shares quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company expects the New Shares to be listed and quoted on the Spanish Stock Exchanges and effectively trading on 18 November 2019 under the symbol ARM.

Please see the section “*Market information*” for further details on the characteristics and functioning of the SIBE, the Spanish clearing, settlement and book-entry system and Euroclear and Clearstream, Luxembourg.

### **Supplement**

In accordance with Article 23.1 of the Prospectus Regulation, any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus and which arises or is noted between the time of its approval and the time when trading on a regulated market begins, shall be disclosed in a regulated supplement to this Prospectus to be approved in accordance with the Prospectus Regulation.

### **Lock-Ups**

The Company agreed under the Placing Agreement that, without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, it will not, during the period commencing on the date the Placing Agreement was signed and ending 180 days following Admission, (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or file any registration statement under the Prospectus Regulation or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing, including any registration statement under the Securities Act, (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Ordinary Shares or other shares of the Company; or (iii) enter into any transaction with the same economic effect as paragraphs (i) and (ii) above, or agree to do or announce or otherwise publicize the intention to do any of the foregoing, whether any such swap or transaction described in paragraphs (i), (ii) and (iii) above is to be settled by delivery of Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares, in cash or otherwise; however, the foregoing restrictions are subject to certain exceptions and may be waived.

Likewise, under ~~the under~~ the letter delivered pursuant to the Placing Agreement, Rodex and each member of the Management Team committed to certain restrictions on the transfer of any Ordinary Shares. Such restrictions will only apply for 180 days following Admission and are subject to certain exceptions, and may be waived by the Joint Global Coordinators and Joint Bookrunners.

Furthermore, the Beneficiaries of the Employee Incentive Plan shall not dispose of any Incentive Shares, subject to certain rules and exceptions, prior to a progressive “lock-up” period ranging from 12 to 24 months from the Date of Accrual.

### **Interests of Persons Involved in the Offering**

The Company is not aware of any link or significant economic interest between the Company and the entities participating in the Offering (Joint Global Coordinators and Joint Bookrunners, Agent Bank and

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legal advisors), except for the strictly professional relationship derived from the legal and financial advice described therein in relation to the Offering or as otherwise disclosed in this Prospectus (including, for the avoidance of doubt, the involvement of certain Joint Global Coordinators and Joint Bookrunners as joint global coordinators and joint bookrunners or co-lead managers of the Company's IPO in October 2018 and the First ABO, and the liquidity contract entered into by the Company and JB Capital Markets, Sociedad de Valores, S.A.U.).



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### ENFORCEMENT OF CIVIL LIABILITIES

Árima is a Spanish company and all of its assets are and are expected to be located in Spain. In addition, all of its Directors and executive officers reside or are located in Spain. As a result, investors may not be able to effect service of process upon the Company or these persons or to enforce judgments obtained against the Company or these persons in foreign courts predicated solely upon the civil liability provisions of U.S. Securities laws.

Furthermore, there is doubt that a lawsuit based upon U.S. federal or state securities laws, or the laws of any non-Spanish jurisdiction, could be brought in an original action in Spain and that a foreign judgment based upon such laws would be enforceable in Spain.

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## LEGAL MATTERS

The validity of the New Shares offered and certain matters relating to the Offering have been passed upon for the Company by Uría Menéndez Abogados, S.L.P. (with respect to Spanish law), and Davis Polk & Wardwell LLP (with respect to United States federal law). Certain legal matters relating to the Offering have been passed upon for the Joint Global Coordinators and Joint Bookrunners by Allen & Overy LLP. (with respect to United States federal law) and Allen & Overy (with respect to Spanish law and English law).

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### INDEPENDENT AUDITORS

PricewaterhouseCoopers Auditores, S.L. domiciled at Torre PwC, Paseo de la Castellana, 259B, 28046 Madrid, Spain, holder of tax identification number (CIF) number B-79031290 and registered in the R.O.A.C. (Registro Oficial de Auditores de Cuentas—Official Registry of Auditors) with number S0242 and in the Commercial Registry of Madrid (Registro Mercantil de Madrid) at page 87,250-1, sheet 75, volume 9,267, Book 8,054 and Section 3, has audited the Audited Consolidated Financial Statements and performed a limited review of the Condensed Interim Consolidated Financial Statements. The Audited Consolidated Financial Statements and the Condensed Interim Consolidated Financial Statements and their corresponding English translations and audit and limited review reports have been incorporated by reference into this Prospectus.

With respect to the Condensed Interim Consolidated Financial Statements, incorporated by reference in this Prospectus, PricewaterhouseCoopers Auditores, S.L. reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their limited review report incorporated by reference herein states that they did not audit and they do not express an opinion on the Condensed Interim Consolidated Financial Statements. Accordingly, the degree of reliance on their limited review report on the Condensed Interim Consolidated Financial Statements should be restricted in light of the limited nature of the review procedures applied.

PricewaterhouseCoopers Auditores, S.L. was appointed as auditor of the Company for the years 2018 to 2020.

### INDEPENDENT APPRAISER

The Company has engaged the services of CBRE Valuation Advisory Services, S.A., which was appointed by the Management Team and approved by the Company's Audit and Control Committee, in connection with the valuation (in accordance with the RICS valuation) of the real estate properties acquired by the Company.

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## DOCUMENTATION INCORPORATED BY REFERENCE

The following documentation is incorporated by reference in this Prospectus:

- the Company's audited consolidated financial statements as of, and for the period from 13 June 2018 to 31 December 2018, which have been audited by PricewaterhouseCoopers Auditores, S.L. and include the corresponding auditors' report and the corresponding consolidated directors' report (the "**Audited Consolidated Financial Statements**") and the corresponding annual corporate governance report for the year ended 31 December 2018 (available on the Company's website <https://arimainmo.com/informe-anual/>) together with their corresponding English translations (which are also available on the Company's website, <https://arimainmo.com/en/informe-anual/>); and
- the Company's condensed interim consolidated financial statements as of and for the nine-month period ended 30 September 2019, which have been subject to a limited review by PricewaterhouseCoopers Auditores, S.L. and include the corresponding auditors' limited review report (the "**Condensed Interim Consolidated Financial Statements**" and available on the Company's website <https://arimainmo.com/informacion-intermedia/>) and their corresponding English translations (which are also available on the Company's website, <https://arimainmo.com/en/informacion-intermedia/>).

English translations are provided solely for informative purposes, in case of discrepancies between the original documentation in Spanish and the corresponding English translations the original documentation in Spanish shall prevail.

Neither the Company's website nor any of its contents form part or are incorporated into this Prospectus, whether by reference or otherwise, except as otherwise provided herein. The CNMV has not examined or approved the Company's website or any of its contents.

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## ADDITIONAL INFORMATION

### Information on the Company

The Company is a public limited company (*sociedad anónima* or *S.A.*) registered with the Commercial Registry of Madrid (*Registro Mercantil de Madrid*), under volume 37,876, sheet 130, section 8, page M-674551, and holder of Spanish tax identification number A-88130471, LEI number 959800K5R280DP2B5694, incorporated for an unlimited term pursuant to a notarised public deed granted before the public notary Mr. Luis de la Fuente O'Connor, under number 1,080 of his protocol on 13 June 2018 having its registered address at Serrano, 47, 28001 Madrid, Spain.

The commercial name of the Company is “Árima” or “Árima Real Estate”.

The principal legislation under which the Company operates, and under which the existing Ordinary Shares were created and the New Shares have been created, is the Spanish Companies Act and the regulations made thereunder.

The financial year end of the Company is 31 December.

The Company is domiciled in Spain and resident in Spain for tax purposes.

For so long as any New Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or Section 15(d) of the U.S. Securities Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such person pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

### Company’s Group

As of the date of this Prospectus, the Company has a single wholly-owned subsidiary: Árima Real Estate Investments, S.L.U.

### Alternative Investment Fund status

The Company is a recently formed public limited company with Spanish SOCIMI status under the SOCIMI Act. SOCIMIs are expressly excluded from the scope of Law 22/2014, of 12 November, on the regulation of venture capital entities, other closed-ended collective investment undertakings and the closed-ended investment undertaking managers (*Ley 22/2014, de 12 de noviembre, por la que se regulan las entidades de capital riesgo, otras entidades de inversión colectiva de tipo cerrado y las sociedades gestoras de entidades de inversión colectiva de tipo cerrado*) (“**Law 22/2014**”), implementing Directive 2011/61/EU of the European Parliament and of the Council, of 8 June 2011, on Alternative Investment Fund Managers (“**AIFMD**”).

Although the Company believes that it does not qualify as an alternative investment fund (“**AIF**”) and is not subject to the restrictions applicable to this regime under Spanish law given the scope of interpretation of the rules and stipulations of the AIFMD in relation to the AIF qualification, the Company could be considered an AIF under the laws of certain EEA jurisdictions other than Spain (where the AIFMD has been implemented). Accordingly, the New Shares may only be marketed or offered in such jurisdictions in compliance with and subject to the terms of such jurisdiction’s implementation of the AIFMD, or any available exemption therefrom and any other laws and regulations applicable in such jurisdiction. Furthermore, if the Company were to be found in breach of the AIFMD, the Company would be subject to, among other matters, fines, administrative sanctions as well as future limitations on any placement of its Ordinary Shares.

## Alternative performance measures

This Prospectus contains (i) management targets which are used to evaluate the potential performance of the Company and its current pipeline, such as: Internal Rate of Return, Total Shareholder Return, Yield on Cost, Loan to Value (also referred to LTV), All-In Leverage Cost or Gross Exit Yields and (ii) management measures, which are used to evaluate the Company's overall performance, such as: Total GAV, Average GAV, NAV, NAV per share, EPRA NAV, passing annualised GRI, passing gross yield, yield on cost (each as defined in "Additional Information—Alternative Performance Measures"). These targets and management measures are not audited or reviewed by the Group's independent auditors and are not measurements required by, or presented in accordance with, IFRS-EU. These management measures are not measurements of the Group's financial performance under IFRS-EU and should not be considered as alternatives to the information that the Group included in the Audited Consolidated Financial Statements, the Consolidated Interim Financial Statements or to any performance measures prepared in accordance with IFRS-EU. Many of these management measures are based on the Group's estimates, assumptions, calculations and expectations of future results of the Group, and there can be no guarantee that these results will actually be achieved. Furthermore, these management measures, as defined and calculated by the Company, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such information in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of the Company's profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU.

Investors are advised to review them in conjunction with the Audited Consolidated Financial Statements and Condensed Interim Consolidated Financial Statements incorporated by reference in this Prospectus. Accordingly, investors are cautioned not to place undue reliance on these management measures.

The Company believes that the description of these management measures that constitute APMs. follows and complies with the "European Securities and Markets Authority Guidelines on Alternative Performance Measures" dated 5 October 2015.

### Management Targets

In this regard, the table below includes a definition and explanation of the relevance of these targets associated with these management measures, which the Company believes are in accordance with the recommendations of the European Securities and Market Authority (ESMA) published on October 2015 (ESMA Guidelines on Alternative Performance Measures):

| Alternative Performance Measure | Calculation method and relevance  | Formula  |
|---------------------------------|---|--|
| Internal Rate of Return         | Internal rate of return ("IRR") is a metric used to estimate the profitability of potential investments. Internal rate of return is a discount rate that makes the net present value ("NPV") of all | $TIR = \sum_{t=0}^n \frac{Qn}{(1+i)^n} = 0$ <p>Qn: cash flows from the initial investment (C<sub>0</sub>) to the end of the investment (n)<br/>i: return<br/>n: number of periods considered</p> |

|                      |  |   |
|----------------------|--|---|
|                      | cash flows from a particular project equal to zero.  |   |
| Yield on Cost        | Yield on Cost (“YoC”) is a measure of return on a stabilised asset calculated as the income generated by the asset expressed as a percentage of the total investment in the asset, including costs.  | $YoC = \frac{\sum_{T=1}^{12} Qn}{Total\ Investment}$ <p>Qn: once the asset is considered to be stabilised, cash flows following the moment when that consideration is achieved (T=1) to the end of the period 12 (T=12)</p> |
| LTV                  | Loan to Value (“LTV”) is calculated as the borrowings secured on an individual asset as a percentage of the market value of that asset, or the aggregate borrowings of a company, net of any cash, as a percentage of the market value of the total assets of the company. | $LTV = \frac{Borrowing}{Market\ Value}$   |
| All-In Leverage Cost | Refers to annual costs associated with the debt the Company raises, including interest expenses, arrangement fees, derivatives and swaps and other fees and expenses   | $All - in\ Cost = \frac{Total\ debt\ cost}{Outstanding\ debt}$  |
| Gross Exit Yields    | Is the yield of the investment before the deduction of taxes and expenses at the moment of selling the asset, calculated as net passing rents divided by sale  | $G.E.Y = \frac{\sum_{T=1}^{12} Qn}{Sale\ Price}$ <p>Qn: cash flows following the current period (T=1) to the end of the period 12 (T=12)</p>  |

|                          |  |  |
|--------------------------|--|--|
|                          | price.   |  |
| Total Shareholder Return | Total shareholder return ("TSR") is a measure of the return of a particular investment that takes into account two variables: the change in price and dividends received in the interim. | Formula: $TSR (\%) = \frac{Ct - Co + \sum Cf}{Co} \times 100$ – Specific case for IRR in which cash flows are the following:<br>Co = Acquisition Price<br>Cf = Dividend payments<br>Ct = Price at disposal |

### Management Measures

Additionally, the management measures included in the Prospectus and categorised as APMs, which the Company believes are in accordance with the recommendations of the European Securities and Market Authority (ESMA) published on October 2015 (ESMA Guidelines on Alternative Performance Measures) are defined and explained below:

(1) Total GAV is the total gross asset value of the properties forming part of the Company's Portfolio and is intended to be calculated semi-annually by the Company in accordance with applicable market standard methodologies (such as IFRS-EU or EPRA NAV) based on the most recent valuation of the Company's real estate properties and approved by the Board of Directors which, as of the date of this Prospectus, is the Valuation Report as indicated below.

As of 30 June 2019, the Portfolio's aggregate market value was approximately €175.3 million. In this regard, the Valuation Report contains valuations on the basis of the market value of the Portfolio as of 30 June 2019. No material change has occurred in the Company's properties that were the subject of such valuations that may justify a new valuation as of the date of this Prospectus. The Valuation Report is included in **Annex 1** (Valuation Report) of this Prospectus.

(2) Average GAV is the Total GAV (€175.6 million as of 30 September 2019, this is €175.3 million GAV as of 30 June 2019 as determined by the valuation report plus a €0.3 million of capex) divided by total number of sqm GLA of the Company's Portfolio (61,002.8 sqm as of 30 September 2019), resulting in an average GAV of €2,878/sqm as of 30 September 2019.

(3) NAV is the net asset value of the Company adjusted to include properties and other investment interests at fair value and is intended to be calculated semi-annually by the Company in accordance with applicable market standard methodologies (such as IFRS-EU or EPRA NAV) based on the most recent valuation of the Company's real estate properties and approved by the Board of Directors.

The following table shows the calculation of NAV for 30 September 2019 and 31 December 2018:

#### NAV

|                        | Thousands Euros         |                        |
|------------------------|-------------------------|------------------------|
|                        | As at 30 September 2019 | As at 31 December 2018 |
| Total GAV              | 175,566                 | 96,450                 |
| (-) Net Financial Debt | (26,770)                | 57,970                 |
| Other adjustments      | 461                     | (57,332)               |



|                                      |                |               |
|--------------------------------------|----------------|---------------|
| Fair value compromise of acquisition | -              | (56,475)      |
| Other Assets                         | 3,945          | 537           |
| Other Liabilities                    | (3,484)        | (1,394)       |
| <b>NAV</b>                           | <b>149,257</b> | <b>97,088</b> |

(4) NAV per share is the NAV (€149,257 thousand as of 30 September 2019 / €97,088 thousand as of 31 December 2018) at a specified date divided by the number of shares outstanding as of such date (13,955,463 shares as of 30 September 2019 / 9,948,170 shares as of 31 December 2018), resulting in a NAV per share of €10.7 as of 30 September 2019 and 9.8 as of 31 December 2018.

(5) EPRA NAV is the NAV plus revaluation of trading properties (difference between trading properties carried in the balance sheet at cost and the fair value of such trading properties) plus revaluation of investment properties under construction plus revaluation of other non-current investments minus fair value of financial instruments minus deferred tax minus goodwill as a result of deferred tax. This measure is calculated as per the European Public Real Estate Association's ("EPRA") recommendations.

The following table shows the calculation of EPRA NAV for 30 September 2019 and 31 December 2018:

#### EPRA NAV

|   | Thousands Euros         |                        |
|---|-------------------------|------------------------|
|   | As at 30 September 2019 | As at 31 December 2018 |
| <b>NAV</b>  | <b>149,257</b>          | <b>97,088</b>          |
| Number of shares outstanding, basic, end of period          | <b>13,955,463</b>       | <b>9,948,170</b>       |
| <b>NAV per share (€/share)</b>                              | <b>10.7</b>             | <b>9.8</b>             |
| <i>Adjustments</i>  |                         |                        |
| (+) Revaluation of investment properties                    | -                       | -                      |
| (+) Revaluation of investment properties under construction | -                       | -                      |
| (+) Revaluation of other non-current investments            | -                       | -                      |
| (+) Revaluation of trading properties                       | -                       | -                      |
| (-) Fair value of financial instruments                     | 1,367                   | -                      |
| (-) Deferred tax  | -                       | -                      |
| (-) Goodwill as a result of deferred tax                    | -                       | -                      |
| <b>EPRA NAV</b>   | <b>150,624</b>          | <b>97,088</b>          |
| <b>EPRA NAV per share (€/share)</b>                         | <b>10.8</b>             | <b>9.8</b>             |

(6) GRI represents the rental income of the assets before the deduction of taxes and expenses, as of 30 September 2019

The following table shows the calculation of the GRI for 30 September 2019 and 31 December 2018:

#### GRI

|                                 | Thousands Euros         |
|---------------------------------|-------------------------|
|                                 | As at 30 September 2019 |
| <b>Revenue</b>                  | <b>3,890</b>            |
| (-) Costs reimbursed to tenants | (659)                   |
| <b>GRI</b>                      | <b>3,231</b>            |

(7) Passing annualised GRI is a measure of the income generated by an asset at a given point in time. In this case, it represents the rental income of the assets before the deduction of taxes and expenses, as of 30 September 2019 annualised.

The following table shows the calculation of the passing annualised GRI for 30 September 2019:

### Passing Annualised GRI

|  | Thousands Euros         |                        |
|--|-------------------------|------------------------|
|  | As at 30 September 2019 | As at 31 December 2018 |
| Total Portfolio GLA (sqm) - (A)                    | 61,003                  | 6,518                  |
| Passing Rent (€/sqm) - (B)                         | 9.21                    | 8.70                   |
| Portfolio Occupancy (%) - (D)                      | 84%                     | 65%                    |
| <b>Passing Gross Rent (€ MM) - (AxBxD)</b>         | <b>5,697</b>            | <b>0,442</b>           |
| Parking Units - (1)                                | 584                     | 63                     |
| Parking Rent (€/unit) - (2)                        | 111.37                  | 87.50                  |
| Port. Occupancy (%) - (3)                          | 81%                     | 87%                    |
| <b>Parking Passing Gross Rent (€ MM) - (1x2x3)</b> | <b>0.633</b>            | <b>0.58</b>            |
| <b>Total Passing Gross Rent</b>                    | <b>6,328</b>            | <b>0,500</b>           |

(8) Passing gross yield is calculated as passing annualised gross rents divided by Net Acquisition Price.

The following table shows the calculation of the passing gross yield for 30 September 2019 and 31 December 2018:

### Passing Gross Yield

|  | Thousands Euros         |                        |
|--|-------------------------|------------------------|
|  | As at 30 September 2019 | As at 31 December 2018 |
| Net Acquisition price (€ MM) - (A)     | 153,713                 | 31,100                 |
| Passing Gross Rents (€ MM) - (B)       | 6,328                   | 0,500                  |
| <b>Passing Gross Yield (%) - (B/A)</b> | <b>4.12%</b>            | <b>1.61%</b>           |

(9) Yield on Cost (“YoC”) is a measure of return on a stabilised asset calculated as the income generated by the asset expressed as a percentage of the total investment in the asset, including costs. In this case, the income generated by the asset is post-capex GRI (which includes expected reversion from mark-to-market of rents and leasing of vacant space, as well as rent increase from capex) and the total investment is gross acquisition cost plus expected capex.

The following table shows the calculation of the Yield on Cost for 30 September 2019 and 31 December 2018:

### Yield on Cost

| Thousands Euros |
|-----------------|
|-----------------|

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|  | As at 30 September<br>2019 | As at 31 December 2018 |
|--|----------------------------|------------------------|
| Gross Acquisition price (€ MM) - (A)                     | 157,90                     | 32,02                  |
| Capex Plan (€ MM) - (B)                                  | 16.80                      | 7.32                   |
| <b>Total Investment (€ MM) - (A+B)</b>                   | <b>175</b>                 | <b>39,34</b>           |
| Estimated Rental Value (€/sqm) - (D)                     | 14.45                      | 31,75                  |
| Expected Occupancy at Exit (F)                           | 100%                       | 100%                   |
| Total Portfolio GLA (sqm) - (G)                          | 61,003                     | 6,518                  |
| <b>Post Capex Rental Income (€ MM) - (DxFxG)</b>         | <b>10.58</b>               | <b>2.48</b>            |
| Parking Units - (1)                                      | 599                        | 78                     |
| Parking Rent (€/sqm) - (2)                               | 148                        | 179                    |
| Expected Occupancy at Exit (3)                           | 100%                       | 100%                   |
| <b>Parking Post Capex Rental Income (€ MM) - (1x2x3)</b> | <b>1.06</b>                | <b>0.17</b>            |
| <b>Total Post Capex Rental Income (€ MM)</b>             | <b>11.64</b>               | <b>2.65</b>            |
| <b>Expected Yield on Cost (€ MM)</b>                     | <b>6.7%</b>                | <b>6.7%</b>            |

### Legal proceedings

At any given time, the Company may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of its business. As of the date of this Prospectus the Company is not a party to any material legal proceedings.

### No Significant Change

As of the date of this Prospectus, there has been no significant change in the financial or trading position of the Company, and the Company has not carried on business or incurred borrowings other than those reported in the Condensed Interim Consolidated Financial Statements or in this Prospectus.

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### AVAILABLE INFORMATION

Copies of the following documents will be available for inspection in physical form up to 12 months after Admission during business hours on weekdays at the registered address of Árima at Serrano, 47, 28001 Madrid, Spain, Spain:

- (i) the Company's deed of incorporation;
- (ii) the bylaws of the Company (which are available on the Company's website, <https://arimainmo.com/cumplimiento/>);
- (iii) the Valuation Report (which is also available on the investor area of the Company's website, [www.arimainmo.com](http://www.arimainmo.com) and attached as Annex 1 to this Prospectus);

Neither the Company's website nor any of its contents form part or are incorporated into this Prospectus, whether by reference or otherwise, except as otherwise provided herein. The CNMV has not examined or approved the Company's website or any of its contents.

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## CERTAIN TERMS AND CONVENTIONS

The following definitions shall apply throughout this Prospectus unless the context requires otherwise:

|  |   |
|--|---|
| <b>“€” or “euro”</b>                               | means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community as amended;  |
| <b>“Accumulated Total Shareholder Return”</b>      | means the Total Shareholder Return as such term is defined and calculated in Section “Additional Information - Alternative Performance Measures” for Axiare’s shares where the acquisition price (C0) for such shares is the price per share of Axiare’s initial public offering on 26 June 2014 (adjusted by dividends paid and capital increases) and the price at disposal (CT) is Colonial’s tender offer price;  |
| <b>“Admission”</b>                                 | means the listing of the Company’s New Shares on the Spanish Stock Exchanges and quoting of the Company’s New Shares through the SIBE ( <i>Sistema de Interconexión Bursátil or Mercado Continuo</i> ) of the Spanish Stock Exchanges;  |
| <b>“Agent Bank”</b>                                | means Banco Santander, S.A.;  |
| <b>“AIF”</b>                                       | means an alternative investment fund within the meaning of AIFMD;   |
| <b>“AIFM”</b>                                      | means an alternative investment fund manager within the meaning of AIFMD;   |
| <b>“AIFMD”</b>                                     | means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers;  |
| <b>“Appointments and Remuneration Committee”</b>   | means the appointments and remuneration committee of the Company as described in “ <i>Board of Directors</i> ”;   |
| <b>“Árima”</b>                                     | means the Company;  |
| <b>“Audited Consolidated Financial Statements”</b> | means the Company’s audited consolidated financial statements as of, and for the period from 13 June 2018 to 31 December 2018;  |
| <b>“Audit and Control Committee”</b>               | means the audit and control committee of the Company as described in “ <i>Board of Directors</i> ”;   |
| <b>“Average Annual Total Shareholder Return”</b>   | means the average of the Total Shareholder Return as such term is defined and calculated in Section “Additional Information - Alternative Performance Measures” of Axiare’s share price for each year since the date of admission of Axiare’s shares on the Spanish Stock Exchanges until Colonial’s takeover bid process on 29 January 2018 where the acquisition price (C0) for such shares is the price per share at the beginning of each year (1 January except for 2014 where such period begins on the date of admission of Axiare’s shares on the Spanish Stock Exchanges) (adjusted by dividends paid and capital increases) and the price at disposal (CT) is the price per share at the end of each year (31 December except for 2018 where such period ends on the date of delisting of Axiare’s shares on the Spanish Stock Exchanges and the price at disposal (CT) is Colonial’s tender offer price) and where annual Total Shareholder Return for |

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|   |   |
|---|---|
|   | Axiare's shares on 2014 and 2018 has been annualised to adequately calculate the annual average for the period analysed;  |
| <b>"Axiare"</b>                         | means Axiare Patrimonio SOCIMI, S.A.;   |
| <b>"BBVA"</b>                           | means Banco Bilbao Vizcaya Argentaria, S.A.   |
| <b>"Beneficiaries"</b>                  | means members of the Management Team and all remaining employees that the Company may have from time to time;   |
| <b>"Benefit Plan Investor"</b>          | means a "benefit plan investor" as defined in Section 3(42) of ERISA;<br><br>means the three signed bilateral financing agreements for a total amount of €83.3 million with both floating and fixed interest rates: <ul style="list-style-type: none"> <li>• The first agreement amounts to €22.7 million and was signed with BBVA on 13 May 2019. It has a seven-year term period and a LTV of approximately 56% as of 30 September 2019. The financed property is the Play property located within the Cristalia Business Park in Madrid, and the loan is secured by a mortgage on such property.</li> </ul>  |
| <b>"Bilateral Financing Agreements"</b> | <ul style="list-style-type: none"> <li>• The second agreement amounts to €41.1 million and was signed with Caixabank on 17 May 2019. It has a seven-year term period and a LTV of approximately 52% as of 30 September 2019. The financed properties are the María de Molina, Habana and América buildings, and the loan is secured by a mortgage on such properties.</li> <li>• The third agreement amounts to €19.5 million and was signed with Banco Santander on 31 July 2019. It has a seven-year term period and a LTV of approximately 59% as of 30 September 2019. The financed property is the Ramírez de Arellano building, and the loan is secured by a mortgage on such property</li> </ul> |
| <b>"Bridge Loan Agreement"</b>          | means the bridge loan agreement entered into on 28 January 2019 with Caixabank, as lender, and the Company, as borrower, for a principal amount of €30 million;   |
| <b>"Board of Directors"</b>             | means the board of directors of the Company;  |
| <b>"BREEAM®";</b>                       | is the world's longest established method of assessing, rating, and certifying the sustainability of buildings;   |
| <b>"Bylaws"</b>                         | means the Bylaws ( <i>Estatutos</i> ) of the Company, as amended from time to time;   |
| <b>"Caixabank"</b>                      | means CaixaBank, S.A.;  |
| <b>"Calculation Period"</b>             | means the period for which the Shareholder Return shall be calculated for purposes of the Employee Incentive Plan, comprising from 1 July each year until 30 June of the following year;  |
| <b>"Capital Increase"</b>               | means the capital increase pursuant to which the New Shares were issued by Árima in the context of the Offering for an aggregate amount of €100,000,000 which was approved by the extraordinary General Meeting of Shareholders of the Company held on 5 November 2019, on second call and that was upsized to an aggregate amount of €149,999,990 on the basis of the authority delegated by the ordinary General Meeting of   |

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|--|---|
|  | Shareholders of the Company held on 21 March 2019;  |
| <b>“Capital Restructuring”</b>                               | means changes in the share capital of the Company arising from reorganization, restructuring, scheme of reconstruction or arrangement, consolidation, subdivision, bonus issue, share buy-back or other capital reorganization or restructuring that occurs during any year which the Company or the Management Team believes (acting reasonably) will change the calculation or the amount of the Incentive; |
| <b>“CBD”</b>   | means central business district;  |
| <b>“CCP”</b>   | means BME Clearing, S.A., acting as central counterparty;   |
| <b>“CEO” or “Chief Executive Officer”</b>                    | means Mr. Luis Alfonso López de Herrera-Oria;   |
| <b>“CFO” or “Chief Financial Officer”</b>                    | means Ms. Chony Martín Vicente-Mazariegos;  |
| <b>“CIRO” or “Chief Investor Relations Officer”</b>          | means Ms. Carmen Boyero-Klossner;   |
| <b>“CIT”</b>   | means Corporate Income Tax;   |
| <b>“Clearstream”</b>   | means Clearstream Banking, Société Anonyme;   |
| <b>“CNMV”</b>  | means <i>Comisión Nacional del Mercado de Valores</i> , the Spanish securities market regulator;  |
| <b>“Code”</b>  | means the U.S. Internal Revenue Code of 1986, as amended;   |
| <b>“Commercial Property”</b>                                 | means non-residential property, consisting in (i) office properties across Spain, primarily focusing on office properties in Madrid and, to a lesser extent, Barcelona; (ii) retail (consolidated retail parks and shopping centres); and (iii) logistics properties in major logistics hubs in Spain;  |
| <b>“Company”</b>   | means Árima Real Estate SOCIMI, S.A., incorporated under the laws of Spain, with registered address at F Serrano, 47, 28001 Madrid, Spain;  |
| <b>“Completion of the Offering”</b>                          | means the date when the relevant capital increase deed of the Offering is entered into in the Commercial Registry of Madrid (Registro Mercantil de Madrid);   |
| <b>“Condensed Interim Consolidated Financial Statements”</b> | means the Company’s condensed interim consolidated financial statements as of, for the nine-month period ended 30 September 2019;   |
| <b>“Core properties”</b>                                     | means the category of properties within the Company’s internal classification of properties the Company may invest in that qualify as stabilised assets;  |
| <b>“Core+ properties”</b>                                    | means the category of properties within the Company’s internal classification of properties the Company may invest in that require minor refurbishments or changes in tenancy;  |
| <b>“Cornerstone Investor”</b>                                | means Ivanhoé Cambridge;  |
| <b>“Cornerstone Shares”</b>                                  | means the number of New Shares acquired by Ivanhoé Cambridge in connection with the Offering;   |

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|  |  |
|--|--|
| <b>“Date of Accrual”</b>                     | means the date of approval by the Board of Directors of the incentive payable under the Employee Incentive Plan that shall occur concurrently with the approval by the Board of Directors of the interim financial statements of the Company as of 30 June of each year;   |
| <b>“D&amp;O”</b>                             | means directors and officers;  |
| <b>“Delegated Regulation (EU) 2016/1052”</b> | means Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures (Text with EEA relevance);  |
| <b>“Department”</b>                          | means the U.S. Department of Labor;  |
| <b>“Development properties”</b>              | means potential properties to be built in an urbanised plot of land or properties where more than 50% of the existing building is demolished or removed and must be redeveloped;   |
| <b>“DGT”</b>                                 | means the Spanish General Directorate of Taxes;  |
| <b>“Direction and Investment Committee”</b>  | means the direction and investment committee of the Company as described in <i>“Information about the issuer”</i> ;  |
| <b>“Directors”</b>                           | means the directors of the Company (consejeros), whose names as of the date of this Prospectus are set out in <i>“Directors”</i> ;   |
| <b>“Directors’ Report”</b>                   | means the report issued by the Board of Directors of the Company regarding the exclusion of pre-emptive subscription rights in relation to the Offering;   |
| <b>“DTC”</b>                                 | means conventions for the avoidance of double taxation subscribed between Spain and other countries;   |
| <b>“EEA”</b>                                 | means the European Economic Area;  |
| <b>“Employee Incentive Plan”</b>             | means the employee equity incentive plan that will, generally, be payable in Ordinary Shares of the Company to the members of the Management Team and all remaining employees that the Company may have from time to time in order to retain them duly motivated and aligned with the shareholders’ interest on an annual basis during a vesting period starting on the Initial Admission Date and ending on 30 June 2024; |
| <b>“EPRA”</b>                                | means European Public Real Estate Association;   |
| <b>“ERISA”</b>                               | means the U.S. Employee Retirement Income Security Act of 1974, as amended;  |
| <b>“ESMA”</b>                                | means European Securities and Markets Authority;   |
| <b>“EU”</b>                                  | means the European Union;  |
| <b>“Euroclear”</b>                           | means Euroclear Bank, S.A./N.V.;   |
| <b>“First ABO”</b>                           | means the Company’s capital increase for €40 million with exclusion of preferential subscription rights executed on 5 April 2019,  |
| <b>“First Calculation Period”</b>            | means the period starting on the Initial Admission Date and ending on 30 June 2020;  |



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| <b>“Fixed Remuneration”</b>                  | means the annual gross fixed salary which the Management Team is entitled to receive;  |
| <b>“foreign REITs”</b>                       | means foreign entities that have the same corporate purpose of a SOCIMI and are subject to a similar dividend distribution regime;   |
| <b>“Free-standing”</b>                       | means an unattached structure, or separate from any other building.  |
| <b>“FSMA Order”</b>                          | means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended;  |
| <b>“Grade A office building”</b>             | <p>means offices that are recognized as the highest quality office spaces on the market. According to BOMA International (Building Owners and Managers Association International), class A office buildings are “Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.</p> <p>The “Grade” is a subjective criterion to describe the category of an office building and can vary in each market. There are no official or formal international standards established, but based on different aspects such as age, aesthetics, building finishes, system standards and efficiency, amenities, location, accessibility, and market perception, an office building is commonly categorized as A, B, or C, depending on the quality of these different aspects, and relatively to other properties in a given market.</p> |
| <b>“GAV”</b>                                 | means the gross asset value of a property forming part of the Company’s real estate portfolio and is intended to be calculated semi-annually by the Company in accordance with applicable market standard methodologies (such as IFRS-EU or EPRA NAV) based on the most recent valuation of the Company’s real estate properties and approved by the Board of Directors;   |
| <b>“GDP”</b>                                 | means Gross Domestic Product;  |
| <b>“GRI”</b>                                 | means gross rental income;   |
| <b>“GLA”</b>                                 | means the estimated aggregate gross leasable office area of a property;  |
| <b>“Gross Proceeds”</b>                      | means the gross proceeds of the Offering;  |
| <b>“High Water Mark Outperformance Rate”</b> | means the amount (if any) by which the sum detailed in letter b) of paragraph “ <i>Key Hurdles</i> ” of subsection “ <i>Employee Incentive Plan</i> ” of Section “ <i>Management</i> ” of this Prospectus exceeds the Relevant High Water Mark, divided by the Relevant High Water Mark for such Calculation Period and expressed as a percentage;   |
| <b>“Holder of Economic Relevant Rights”</b>  | means any person who holds economic rights over Ordinary Shares of the Company representing a percentage referred to for Relevant Shareholders, including in any case those indirect holders of Ordinary Shares of the Company through financial intermediaries that are formally legitimised as shareholders by virtue of the accounting record but that act on behalf of the indicated holders (“ <b>Holder of Economic Relevant Rights</b> ” and together with a Relevant Shareholder, a “ <b>Relevant Person</b> ”);   |
| <b>“Iberclear”</b>                           | means the Spanish securities clearance and settlement system, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de   |

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|  | Valores, S.A.U.;  |
| <b>“IFRS-EU”</b>   | means the International Financial Reporting Standards as endorsed by the European Union;  |
| <b>“IGT”</b>   | means Spanish Inheritance and Gift Tax;   |
| <b>“IGT Law”</b>   | means <i>Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones</i> ;  |
| <b>“Incentive Shares”</b>                                    | means the Ordinary Shares of the Company to be delivered to the Management Team pursuant to the Employee Incentive Plan;  |
| <b>“Initial Admission Date”</b>                              | means the date of the initial admission to trading of the Ordinary Shares (i.e., 23 October 2018);  |
| <b>“Initial NAV”</b>   | means the Net Proceeds of the IPO (i.e., the aggregate value of all of the Ordinary Shares issued pursuant to the IPO after deduction of commissions and expenses payable by the Company relating to the IPO, which amounted to approximately €96,503,000);   |
| <b>“Independent Appraiser”</b>                               | means CBRE;   |
| <b>“Independent Expert”</b>                                  | means ETL HENIAUDIT, S.L.;  |
| <b>“Independent Expert Report”</b>                           | means the report issued by ETL HENIAUDIT, S.L. as Independent Expert appointed by the Madrid Commercial Registry in relation to the exclusion of pre-emptive subscription rights in the capital increase to be done pursuant to the Offering which main terms are described in the Authorizations of the Offering section;  |
| <b>“Inmodesarrollos”</b>                                     | means Inmodesarrollos Integrados, S.L. a company fully owned by Mr. Luis Alfonso López de Herrera-Oria;   |
| <b>“Internal Code of Conduct in the Securities Markets ”</b> | means the Internal Code of Conduct in the Securities Markets ( <i>Reglamento Interno de Conducta en los Mercados de Valores</i> ) approved by the Board of Directors on 26 September 2018;  |
| <b>“IPO”</b>   | means the Company’s initial offering of Shares and admission to listing of the Company’s Ordinary Shares on 23 October 2018;  |
| <b>“ISIN”</b>  | means International Security Identification Number;   |
| <b>“Ivanhoé Cambridge”</b>                                   | means Ivanhoé Cambridge Holdings UK LTD   |
| <b>“Joint Global Coordinators and Joint Bookrunners”</b>     | means jointly Citigroup, Credit Suisse, JB Capital Markets and Kempen;  |
| <b>“Law 19/2003”</b>   | means Spanish Law 19/2003, of July 4, on the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad and the prevention of money laundering;   |
| <b>“Law 22/2014”</b>   | means of Law 22/2014, of 12 November ( <i>Ley 22/2014, de 12 de noviembre, por la que se regulan las entidades de capital-riesgo, otras entidades de inversión colectiva de tipo cerrado y las sociedades gestoras de entidades de inversión colectiva de tipo cerrado, y por la que se modifica la Ley 25/2003, de 4 de noviembre, de Instituciones de Inversión</i> |

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| <b>“LEED®”</b>                  | is the one of the most widely used green building rating system in the world. Available for virtually all building, community and home project types, LEED provides a framework to create healthy, highly efficient and cost-saving green buildings;  |
| <b>“Liquidation Event”</b>      | means, pursuant to the Employee Incentive Plan, an event of (i) liquidation of the Company approved by its Shareholders, or (ii) a takeover of the Company or a sale of Ordinary Shares of the Company that results in the taking of a control position by any party (as the term “control” is used in Royal Decree 1066/2007, of 27 July, of regime applicable to public takeovers ( <i>Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores</i> ) in both cases before the end of the Vesting Period;   |
| <b>“LMV”</b>                    | means Spanish Royal Legislative Decree 4/2015, of 23 October ( <i>Texto refundido de la Ley del Mercado de Valores aprobado por Real Decreto Legislativo 4/2015, de 23 de octubre</i> );  |
| <b>“Management Team”</b>        | means Mr. Luis Alfonso López de Herrera-Oria as CEO and Mr. Guillermo Fernández Cuesta Laborde, Ms. Chony Martín Vicente-Mazariegos, Mr. Fernando Arenas Liñán, Mr. Stuart William McDonald, Mr. Fabio Alen Viani and Ms. Carmen Boyero-Klossner, who will be employees of the Company that will manage the Company;  |
| <b>“Minimum Stay Period”</b>    | means the five-year period after the admission to listing of the Company’s Ordinary Shares pursuant to its IPO during which the CEO has committed to stay in the Company under his service agreement;   |
| <b>“NAV”</b>                    | means the net asset value of the Company, adjusted to include properties and other investment interests at fair value, which will be calculated semi-annually by the CFO in accordance with applicable market standard methodologies (such as IFRS-EU or EPRA NAV) based on the most recent valuation of the real estate properties of the Company (prepared as disclosed below) and approved by the Board of Directors. Valuations of the real estate properties of the Company will be performed as of 30 June and 31 December each year by a suitable independent qualified RICS accredited appraiser to be appointed by the Audit and Control Committee.; |
| <b>“Net Proceeds”</b>           | means the aggregate value of all of the New Shares issued pursuant to the Offering less expenses relating to the Offering;  |
| <b>“New Shares”</b>             | means the Ordinary Shares offered by the Company in the Offering;   |
| <b>“Non-Executive Director”</b> | means a non-executive Director in accordance with the provisions of the Spanish Companies Act;  |
| <b>“NPL”</b>                    | means Non-performing loan;  |
| <b>“NRIT”</b>                   | means Non-Resident Income Tax;  |
| <b>“Off-market”</b>             | means the deal has been closed without public advertising, negotiated either directly with the owners, or through an agent, but without having  |

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|                                     | reached or been offered to the wider market  |
| <b>“Offering”</b>                   | means the offering of the New Shares issued by Árima in the context of the share capital increase on a non-pre-emptive basis for an aggregate amount of €100,000,000 approved by the extraordinary General Meeting of Shareholders of the Company held on 5 November 2019, on second call and that was upsized to an aggregate amount of €149,999,990 on the basis of the authority delegated by the ordinary General Meeting of Shareholders of the Company held on 21 March 2019.; |
| <b>“Offering Price”</b>             | means €10.40 per New Share (each Ordinary Share has a nominal value of €10.00);  |
| <b>“Order”</b>                      | means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended;  |
| <b>“Ordinary Shares”</b>            | means the ordinary shares of the Company, with a nominal value of €10.00 each;   |
| <b>“Other investment interests”</b> | means other investments which qualify for the 20% allowance provided for by the SOCIMI Regime;   |
| <b>“PFIC”</b>                       | means a passive foreign investment company;  |
| <b>“PIT Law”</b>                    | means Spanish Personal Income Tax Law ( <i>Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio</i> );   |
| <b>“Placing Agreement”</b>          | means the agreement entered into between the Company and the Joint Global Coordinators and Joint Bookrunners pursuant to which each of the Joint Global Coordinators and Joint Bookrunners agreed, acting individually and in respect of itself only, to use its reasonable endeavours to procure investors for Placing Shares;  |
| <b>“Placing Shares”</b>             | means the number of New Shares determined in the Placing Agreement for which the Joint Global Coordinators and Joint Bookrunners have undertaken to use their reasonable endeavours to procure investors in the Placing;   |
| <b>“Plan Asset Regulations”</b>     | means the U.S. Department of Labor Regulation, 29 CFR §2510.3-101, as modified by Section 3(42) of ERISA;  |
| <b>“Portfolio”</b>                  | means the Habana building and the 9 <sup>th</sup> , 10 <sup>th</sup> and 5 <sup>th</sup> floors and unit B of the 6 <sup>th</sup> floor of the María de Molina building, the América and Play building, the San Agustín de Guadalix logistics hub and the Ramírez de Arellano building;  |
| <b>“Prefunded Shares”</b>           | means the Ordinary Shares allocated to investors procured by the Joint Global Coordinators and Joint Bookrunners <del>under</del> <a href="#">and prefunded by</a> the <del>Placing Agreement</del> <a href="#">Prefunded Bank</a> ;   |
| <b>“Prefunding Bank”</b>            | means Citigroup Global Markets Limited in its capacity as prefunding bank for the Placing Shares to be placed by the Joint Global Coordinators and Joint Bookrunners pursuant to the Placing Agreement;  |
| <b>“Prima”</b>                      | means Prima Inmobiliaria, S.A.;  |

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| <b>“Property Rental Business”</b>               | means a business which is carried on by a SOCIMI or a Group SOCIMI, as the case may be, for the sole purpose of generating rental income from properties or land in Spain or outside Spain or through its participation in Qualifying Subsidiaries, and, for the purpose of this definition, such business of a group are to be treated as a single business;  |
| <b>“Prospectus”</b>                             | means this document, and any supplement to it, issued by the Company in relation to Admission of the New Shares to trading on the regulated markets of the Spanish Stock Exchanges and approved under the Prospectus Regulation;   |
| <b>“Prospectus Regulation”</b>                  | means Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended;   |
| <b>“PwC”</b>                                    | means PricewaterhouseCoopers Auditores, S.L.;  |
| <b>“Qualified Institutional Buyer” or “QIB”</b> | means a qualified institutional buyer within the meaning of Rule 144A under the U.S. Securities Act;   |
| <b>“Qualified Investors”</b>                    | has the meaning set out in article 2(e) of the Prospectus Regulation;  |
| <b>“Qualifying Subsidiaries”</b>                | means (i) Spanish SOCIMIs, (ii) foreign entities with similar regime, corporate purpose and dividend distribution regime as a Spanish SOCIMI and (iii) Spanish and foreign entities which main corporate purpose is investing in real estate for developing rental activities and that shall be subject to equal dividend distribution regime and investment and income requirements as set out in the SOCIMI Act; |
| <b>“Quarter”</b>                                | means each three month period ending on 31 March, 30 June, 30 September or 31 December;  |
| <b>“RED”</b>                                    | means Mr. Fernando Arenas Liñán, Mr. Stuart William McDonald, Mr. Guillermo Fernández-Cuesta Laborde and Mr. Fabio Alen Viani;   |
| <b>“Regulation (EU) 596/2014”</b>               | means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC;  |
| <b>“Regulation 236/2012”</b>                    | means Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps;   |
| <b>“Regulation S”</b>                           | means Regulation S under the U.S. Securities Act;  |
| <b>“Relevant High Water Mark”</b>               | means, pursuant the Employee Incentive Plan, for a given Calculation Period, the higher of (i) the Initial NAV, and (ii) the NAV as of the last date of the most recent Calculation Period in respect of which the Incentive was payable (adjusted to include total dividends paid during such Calculation Period and exclude the net proceeds of any issuance of Ordinary Shares during such Calculation Period); |
| <b>“Relevant Person”</b>                        | means a Relevant Shareholder or a Holder of Economic Relevant Rights;  |

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| <b>“Relevant Shareholder”</b>                   | any shareholder that (i) holds a percentage of the Ordinary Shares that is equal to or higher than five percent (5%) of the share capital or the percentage of participation that, for the accrual by the Company of the special corporate tax rate, foreseen at any time by the regulation currently in force, in substitution or as a modification of article 9.2 of the SOCIMI Act, or (ii) acquires Ordinary Shares that, along with those already held, enable the shareholder reach the share percentage referred to in subparagraph (i) above in the share capital of the Company; |
| <b>“REO”</b>                                    | means Real Estate Ownership;  |
| <b>“Reserved Matter”</b>                        | means matters about which the Board of Directors shall ensure that no action or decision is taken to proceed unless it is approved by a single majority of the Directors who are present and entitled to vote at the relevant Board of Directors meeting pursuant to the Company’s Board of Directors Regulations, Bylaws and applicable law;   |
| <b>“RICS Red Book”</b>                          | means the Appraisal and Valuation Manual (or if it has been replaced, its equivalent) published by the RICS;  |
| <b>“RICS”</b>                                   | means the Royal Institution of Chartered Surveyors;   |
| <b>“Rodex”</b>                                  | means Rodex Asset Management, S.L., a company fully owned by Mr. Luis Alfonso López de Herrera-Oria;  |
| <b>“Rodex Equity Loan”</b>                      | means the equity loan described in Section “ <i>Related Party Transactions</i> ”;   |
| <b>“Royal Decree 1310/2005”</b>                 | means Spanish Royal Decree 1310/2005, of 4 November ( <i>Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos</i> );   |
| <b>“Royal Decree 1362/2007”</b>                 | means Spanish Royal Decree 1362/2007 of 19 October ( <i>Real Decreto 1362/2007, de 19 de octubre, por el que se desarrolla la Ley 24/1988, de 28 de julio, del Mercado de Valores, en relación con los requisitos de transparencia relativos a la información sobre los emisores cuyos valores estén admitidos a negociación en un mercado secundario oficial o en otro mercado regulado de la Unión Europea</i> );   |
| <b>“Rule 144A”</b>                              | means Rule 144A under the U.S. Securities Act;  |
| <b>“SAREB”</b>                                  | means Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A.;   |
| <b>“Shareholder Return Outperformance Rate”</b> | means, for a given Calculation Period, the extent to which the Shareholder Return Rate for such Calculation Period exceeds 10%;   |
| <b>“Shareholder Return Rate”</b>                | means, for a given Calculation Period, the Shareholder Return for such Calculation Period divided by, in respect of the first Calculation Period, the Initial NAV and, in respect of subsequent Calculation Periods, the NAV of the Company as of the last day of the immediately preceding Calculation Period, expressed as a percentage;  |
| <b>“Shareholder Return”</b>                     | means, for a given Calculation Period, the sum of (A) the change in the NAV of the Company during such Calculation Period less net proceeds of  |

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|   | any issuance of Ordinary Shares during such Calculation Period and (B) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such Calculation Period;  |
| <b>“Shareholder”</b>                              | means a holder of Ordinary Shares in the Company;   |
| <b>“SIBE”</b>                                     | means the Automated Quotation System or “ <i>mercado continuo</i> ” of the Spanish Stock Exchanges ( <i>Sistema de Interconexión Bursátil</i> or <i>Mercado Continuo</i> );   |
| <b>“Sizing Agreement”</b>                         | means the agreement entered into by the Joint Global Coordinators and Joint Bookrunners and the Company on the number of Ordinary Shares that constituted the New Shares;   |
| <b>“Similar Law”</b>                              | means any federal, state, local or non-U.S. law or regulation that is substantially similar to the fiduciary responsibility and/or the prohibited transaction provisions of ERISA or Section 4975 of the Code or laws or regulations that provide that the assets of the Company could be deemed to include “plan assets” of any plans investing in the Company;                            |
| <b>“Sizing Agreement”</b>                         | means the agreement entered into by the Joint Global Coordinators and Joint Bookrunners and the Company on the number of Ordinary Shares that constituted the New Shares placed by the Joint Global Coordinators and Joint Bookrunners;   |
| <b>“Sociedad de Bolsas”</b>                       | means Sociedad de Bolsas, S.A.;   |
| <b>“SOCIMI Act”</b>                               | means Spanish Law 11/2009, of 26 October, as modified by Spanish Law 16/2012, of 27 December;   |
| <b>“SOCIMI Regime” or “Spanish SOCIMI Regime”</b> | means Spanish legal provisions applicable to a Spanish SOCIMI pursuant to the SOCIMI Act;   |
| <b>“SOCIMI”</b>                                   | means Listed Corporation for Investment in the Real Estate Market ( <i>Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario</i> );   |
| <b>“Spain”</b>                                    | means the Kingdom of Spain;   |
| <b>“Spanish Companies Act”</b>                    | means the Consolidated text of the Spanish Companies Act adopted under Royal Legislative Decree 1/2010, of 2 July; as amended;  |
| <b>“Spanish Corporate Governance Code”</b>        | means the Spanish Unified Good Governance Code of Listed Companies ( <i>Código Unificado de Buen Gobierno de las Sociedades Cotizadas</i> ) dated February 2015;  |
| <b>“Spanish Foreign Investment Law”</b>           | means Spanish Law 18/1992, of 1 July ( <i>Ley 18/1992, de 1 de julio, por la que se establecen determinadas normas en materia de inversiones extranjeras en España</i> );   |
| <b>“Spanish GAAP”</b>                             | means generally accepted accounting principles and practices in Spain set out in Royal Decree 1514/2007, of 16 November, approving the Spanish General Accounting Plan ( <i>Plan General de Contabilidad</i> ) and sector specific plans, if applicable, and Royal Decree 1159/2010, of 17 September modifying the Spanish General Accounting Plan ( <i>Plan General de Contabilidad</i> ); |
| <b>“Spanish Stock</b>                             | means the Barcelona, Bilbao, Madrid and Valencia stock exchanges;   |

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## **Exchanges”**

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| <b>“Subscription Agreement”</b>      | means the agreement entered into on 1 November 2019 between the Company and Ivanhoé Cambridge by means of which Ivanhoé Cambridge undertook to subscribe and pay for the Cornerstone Shares;  |
| <b>“Subscription Date”</b>           | means the date on which Citigroup Global Markets Limited, in its capacity as Prefunding Bank, the final investors, as applicable, and Ivanhoé Cambridge, subscribed and paid for the New Shares i.e., 14 November 2019;   |
| <b>“Substantial Shareholder”</b>     | means a shareholder that holds a stake equal or higher than 5% of the share capital of the Company and either (i) is exempt from any tax on the dividends or subject to tax on the dividends received at a rate lower than 10% (for these purposes, final tax due under the Spanish Non Resident Income Tax Law is also taken into consideration) or (ii) does not timely provide the Company with the information evidencing its equal or higher than 10% taxation on dividends distributed by the Company in the terms set forth in the Bylaws;                                     |
| <b>“Summary”</b>                     | means the summary section “ <i>Summary</i> ” of this Prospectus;  |
| <b>“Total GAV”</b>                   | means the total gross asset value of the properties forming part of the Company’s real estate portfolio and is intended to be calculated semi-annually by the Company in accordance with applicable market standard methodologies (such as IFRS-EU or EPRA NAV) based on the most recent valuation of the Company’s real estate properties and approved by the Board of Directors;  |
| <b>“United Kingdom” or “UK”</b>      | means the United Kingdom of Great Britain;  |
| <b>“United States” or “U.S.”</b>     | means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;   |
| <b>“U.S. Exchange Act”</b>           | means the U.S. Securities Exchange Act of 1934, as amended;   |
| <b>“U.S. Holder”</b>                 | <p>means a person that is eligible for the benefits of the Treaty, and for U.S. federal income tax purposes is a beneficial owner of Ordinary Shares that is:</p> <ul style="list-style-type: none"><li>• a citizen or individual resident of the United States;</li><li>• a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or</li><li>• an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source;</li></ul> |
| <b>“U.S. Investment Company Act”</b> | means the U.S. Investment Company Act of 1940, as amended;  |
| <b>“U.S. Securities Act”</b>         | means the U.S. Securities Act of 1933, as amended;  |
| <b>“Valuation Report”</b>            | means the valuation report prepared by CBRE dated 30 June 2019;   |
| <b>“Value-add properties”</b>        | means the category of properties within the Company’s internal classification of properties the Company may invest in that require ongoing/planned repositioning/full refurbishment programs and/or   |



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|                         | significant capex investment;   |
| <b>“VAT”</b>            | means value added tax;  |
| <b>“Vesting Period”</b> | means the period starting on the Initial Admission Date and ending on 30 June 2024 in respect of the Employee Incentive Plan; and |
| <b>“Yield”</b>          | means potential GRI post capex divided by total investment.   |

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## SPANISH TRANSLATION OF THE SUMMARY

### RESUMEN

#### A. INTRODUCCIÓN Y ADVERTENCIAS

**EL PRESENTE RESUMEN DEBE LEERSE COMO INTRODUCCIÓN AL FOLLETO. TODA DECISIÓN DEL INVERSOR DE INVERTIR EN LAS ACCIONES ORDINARIAS DE LA SOCIEDAD DEBERÍA ESTAR BASADA EN EL FOLLETO EN SU CONJUNTO. EL INVERSOR PODRÍA PERDER LA TOTALIDAD O PARTE DE SU INVERSIÓN.**

**SI SE PRESENTARA ANTE UN TRIBUNAL CUALQUIER DEMANDA RELACIONADA CON LA INFORMACIÓN CONTENIDA EN EL PRESENTE FOLLETO, EL INVERSOR DEMANDANTE PODRÍA, EN VIRTUD DEL DERECHO ESPAÑOL, VENIR OBLIGADO A HACER FRENTE A LOS GASTOS DERIVADOS DE LA TRADUCCIÓN DEL FOLLETO ANTES DE LA APERTURA DE DICHO PROCEDIMIENTO JUDICIAL.**

**LA RESPONSABILIDAD CIVIL SÓLO SE EXIGIRÁ A LAS PERSONAS QUE HAYAN PRESENTADO EL RESUMEN, INCLUYENDO CUALQUIER TRADUCCIÓN DEL MISMO, Y ÚNICAMENTE CUANDO DICHO RESUMEN FUERA ENGAÑOSO, INEXACTO O INCOHERENTE EN RELACIÓN CON LAS DEMÁS PARTES DEL FOLLETO, O SI NO APORTARA, LEÍDO CONJUNTAMENTE CON LAS RESTANTES PARTES DEL FOLLETO, INFORMACIÓN FUNDAMENTAL PARA AYUDAR A LOS INVERSORES A LA HORA DE DECIDIR SI INVERTIR O NO EN DICHS VALORES.**

La Sociedad es una sociedad anónima, el nombre comercial de la Sociedad es “Árima” o “Árima Real Estate” y se encuentra inscrita en el Registro Mercantil de Madrid, al tomo 37.876, folio 130, sección 8, hoja M-67,4551, y número de identificación fiscal A-88130471, número LEI 959800K5R280DP2B5694. El domicilio social y teléfono de la Sociedad son: calle Serrano, 47, 28001 Madrid, España, y +34 910 532 803, respectivamente. El código ISIN asignado a las Acciones Ordinarias es ES0105376000, mientras que las Nuevas Acciones tendrán el código ISIN provisional ES0105376034, que a la fecha de la Admisión pasará a ser el mismo que el de las Nuevas Acciones.

El Folleto fue aprobado y registrado por la Comisión Nacional del Mercado de Valores (“CNMV”) con fecha 15 de noviembre de 2019. Los inversores pueden ponerse en contacto con la CNMV en el siguiente número de teléfono: +34 900 535 015. El Folleto se encuentra disponible en la página web de la Sociedad ([www.arimainmo.com](http://www.arimainmo.com)) y en la página web de la CNMV ([www.cnmv.es](http://www.cnmv.es)). Ni la página web de la Sociedad ni su contenido forman parte del presente Folleto ni se incorporan al mismo, ya sea por referencia o de otro modo, salvo que se disponga lo contrario en el mismo. La CNMV no ha examinado ni aprobado la página web de la Sociedad ni ninguno de sus contenidos.

Los términos en mayúsculas no definidos en el Resumen tienen los significados definidos en otras partes del Folleto.

#### B. INFORMACIÓN FUNDAMENTAL SOBRE EL INVERSOR

##### B.1. ¿Quién es el emisor de los valores?

La denominación social del emisor es Árima Real Estate SOCIMI, S.A. El nombre comercial del emisor es “Árima” o “Árima Real Estate”. La Sociedad se constituyó como una sociedad anónima en España de acuerdo con la Ley de Sociedades de Capital. Tiene su domicilio social en calle Serrano 47, 28001, Madrid, España y su número de teléfono es el +34 91 053 28 03. La Sociedad se constituyó por un plazo ilimitado y su número de identificación fiscal es A88130471. La Sociedad es una sociedad cotizada de inversión inmobiliaria (Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario) (“SOCIMI”).

La Sociedad confía en la administración activa de la propiedad para maximizar la eficiencia operativa, la capacidad de generar beneficios y la creación de valor a nivel de propiedad, centrándose principalmente en propiedades cuyos precios se encuentren erróneamente calculados o propiedades de alto valor mal gestionadas que impliquen una oportunidad para la gestión activa de los mismos, por ejemplo, mediante su reposicionamiento, prórroga u optimización de sus arrendamientos. El Equipo Gestor lleva a cabo directamente actividades de creación de valor y administración de los activos, tales como, la mejora de la calidad de los activos actualmente en cartera a través de inversiones en su conservación y modernización, mejorando su eficiencia energética o reorganizando o suscribiendo contratos de arrendamiento. Cuando se estime que representa una oportunidad y, adicionalmente para beneficiarse de las actuales condiciones de mercado, la Sociedad podrá plantearse la adquisición de activos bajo la modalidad de *forward purchase* o *forward funding*. De igual manera, la Sociedad podrá llevar a cabo proyectos de desarrollo selectivos con carácter oportunista, en los que exista una menor competencia entre inversores y en los que los rendimientos esperados sean mayores y compensen los riesgos asumidos en relación con dichos desarrollos.

La Sociedad tiene la intención de generar nuevas oportunidades de inversión principalmente a través de la extensa red de relaciones del Equipo Gestor dentro del mercado español de propiedades comerciales, incluso a través de relaciones con dueños corporativos y privados, corredores, bancos nacionales e internacionales y familias que tienen oficinas como bienes raíces. La intención del Equipo Gestor es centrarse en generar ingresos sostenibles y rendimientos sobre capital sólidos para la Sociedad fijándose como objetivo alcanzar una media de Rentabilidad Total para el Accionista (*Total Shareholder Return*) entre el 12% y el 15% anual. En particular, desde la constitución de la Sociedad el 13 de junio de 2018, la Sociedad adquirió el edificio Habana y las plantas 9ª y

10ª del edificio María de Molina en diciembre de 2018 y los edificios América y Play en enero de 2019. Adicionalmente, la Sociedad ha adquirido las oficinas de la planta 5ª y la unidad B de la planta 6ª del edificio María de Molina en febrero de 2019, el centro logístico de San Agustín de Guadalix en abril 2019 y el edificio Ramírez de Arellano en junio de 2019.

El Equipo Gestor sigue ciertos criterios de inversión y endeudamiento para enfocar sus decisiones de inversión en Activos Inmobiliarios Comerciales, principalmente en oficinas, localizadas en el centro de Madrid (CBD y CBD-adyacente) y, en menor medida, en Barcelona y otros enclaves logísticos principales de España. Los activos inmobiliarios deberán ajustarse al objetivo de la Sociedad de crear una cartera de activos inmobiliarios capaz de generar dividendos en línea con los requisitos aplicables al Régimen de las SOCIMI, y que genere rentabilidad para los accionistas de la Sociedad. A la fecha del presente Folleto, el valor bruto de adquisición (GAV) inicial de la cartera se encuentra principalmente concentrada en oficinas y, consecuentemente, todos los ingresos brutos derivados de rentas de la Sociedad provienen de ese tipo de activos inmobiliarios.

La siguiente tabla resume la información pública disponible en la página web de la CNMV ([www.cnmv.es](http://www.cnmv.es)) acerca de los principales accionistas (esto significa, cuando una persona física o persona jurídica llega o excede de un límite de 3% de la totalidad de los derechos de voto) de la Sociedad antes de la Oferta y comunicado por dichos accionistas a la CNMV y tras la Oferta, asumiendo que los actuales accionistas no suscribieron ninguna Nueva Acción en la Oferta.

| Accionista                              | Previo a la Oferta                       |       | Tras la Oferta                           |        |
|---|--|-------|--|--------|
|   | Número de derechos de votos <sup>7</sup> | %     | Número de derechos de votos <sup>7</sup> | %      |
| AFFM S.A. <sup>1</sup>                  | 505.000                                  | 3,606 | 505.000                                  | 1,776  |
| Bank of Montreal <sup>2</sup>           | 1.042.837                                | 7,445 | 1.042.837                                | 3,668  |
| Mossel International, S.L. <sup>3</sup> | 500.000                                  | 3,570 | 500.000                                  | 1,759  |
| Obotritia Capital KGAA <sup>4</sup>     | 500.000                                  | 3,570 | 500.000                                  | 1,759  |
| Mistral Iberia Real Estate SOCIMI, S.A. | 500.000                                  | 3,570 | 500.000                                  | 1,759  |
| Rodex Asset Management, S.L.            | 1.091.300                                | 7,791 | 1.091.300                                | 3,839  |
| UBS Group AG                            | 376.277                                  | 2,686 | 376.277                                  | 1,324  |
| Ivanhoé Cambridge Holdings UK LTD       | -  | -     | 5.769.230                                | 20,293 |
| Total accionistas significativos        | 9.908.367                                | 70,74 | <del>38.337.743</del> <u>10.284.644</u>  | 36,18  |
| CAPITAL SOCIAL TOTAL                    | <del>14.006.300</del> <u>14.006.300</u>  | 100   | 28.429.376                               | 100    |

- (1) Indirectamente como sociedad gestora de Alken Fund SICAV y de Alken Capital Fund FCP/SIF.  
(2) A través de Thames River Capital LLP.  
(3) Mossel International, S.L. se encuentra íntegramente controlada por D. Héctor María Colonques Moreno.  
(4) Obotritia Capital KGAA. se encuentra íntegramente controlada por D. Rolf Elgeti.  
(5) Rodex Asset Management, S.L. es una sociedad íntegramente participada por D. Luis Herrera-Oria.  
(6) Porcentajes ajustados para reflejar los porcentajes sobre el capital social de la Sociedad antes y después de la Oferta.  
(7) Fuente: CNMV

La siguiente tabla resume cierta información pública disponible en la página web de la CNMV ([www.cnmv.es](http://www.cnmv.es)) acerca del número de acciones de la Sociedad otorgados por instrumentos financieros antes de la en la Oferta, asumiendo que los actuales tenedores de estos instrumentos no suscribieron ninguna Nueva Acción en la Oferta.

| Accionista   | Previo a la Oferta          |                | Tras la Oferta              |                |
|--|-----------------------------|----------------|-----------------------------|----------------|
|  | Número de derechos de votos | % <sup>3</sup> | Número de derechos de votos | % <sup>3</sup> |
| Pelham Long/Short Small Cap Master Fund Ltd <sup>1</sup> | 999.000                     | 7,068          | 999.000                     | 3,514          |
| UBS Group AG   | 1.006.410                   | 7,185          | 1.006.410                   | 3,540          |

- (1) La titularidad de los derechos de voto en la Sociedad deriva de un contrato de compraventa de acciones por diferencias (Equity CFD) con liquidación en efectivo, tal y como se establece en la información pública disponible en la página web de la CNMV. Pelham Long/Short Small Cap Master Fund Ltd. es el titular directo de los instrumentos financieros. Pelham Capital Ltd es el gestor de inversiones de Pelham Long/Short Small Cap Master Fund Ltd.  
(2) La titularidad de los derechos de voto en la Sociedad deriva de un contrato de compraventa de acciones por diferencias (Equity CFD) con liquidación en efectivo, tal y como se establece en la información pública disponible en la página web de la CNMV.  
(3) Porcentajes ajustados para reflejar los porcentajes sobre el capital social de la Sociedad antes y después de la Oferta.  
(4) Fuente: CNMV

A la fecha del presente Folleto, los administradores de la Sociedad son los seis miembros del Consejo de Administración: D. Luis María Arredondo Malo (Presidente no ejecutivo y consejero independiente), D. Luis Alfonso López de Herrera-Oria (Vicepresidente y Consejero Delegado), D. Fernando Bautista Sagüés (consejero independiente), D. David Jiménez-Blanco Carrillo de Albornoz (consejero independiente), D. Cato Henning Stonex (consejero independiente) y D. Stanislas Henry (consejero dominical en representación de Ivanhoé Cambridge Holdings UK LTD).

Los directores dominicales son directores no ejecutivos que: tienen un interés igual o mayor que el umbral legalmente considerado significativo o que son nominados debido a su condición de accionistas, incluso si su interés está por debajo de dicho umbral; o son directores que representan a dichos accionistas.

PricewaterhouseCoopers Auditores, S.L., con domicilio social en la Torre PwC, Paseo de la Castellana, 259B, 28046 Madrid, España, con número de identificación fiscal (CIF) B-79031290 e inscrito en el R.O.A.C. con número S0242 y en el Registro Mercantil de Madrid, al tomo 87.250-1, folio 75, volumen 9.267, libro 8.054 y sección 3, es el auditor designado de la Sociedad.

## B.2. ¿Cuál es la información financiera fundamental relativa al emisor?

### Balance Consolidado Seleccionado

|                              | A 30 de septiembre de<br>2019 | A 31 de diciembre de<br>2018 |
|------------------------------|-------------------------------|------------------------------|
| (Miles de euros)             |                               |                              |
|                              | (revisión limitada)           | (auditado)                   |
| <b>Total activos</b>         | <b>219.195</b>                | <b>98.482</b>                |
| <b>Total patrimonio neto</b> | <b>149.257</b>                | <b>97.088</b>                |
| <b>Deuda financiera neta</b> | <b>26.770</b>                 | <b>(57.970)</b>              |

\* Deuda financiera neta es igual a la suma de las deudas con entidades de crédito corrientes y no corrientes y los instrumentos financieros derivados menos el efectivo y otros activos líquidos equivalentes.

### Cuenta de Resultados Consolidada Seleccionada

|   | Período de nueve meses<br>finalizado el 30 de<br>septiembre de 2019 | Período comprendido<br>del 13 de junio al 31 de<br>diciembre de 2018 |
|---|---|--|
| (Miles de euros)                            |   |  |
|   | (revisión limitada)   | (auditado)   |
| <b>INGRESOS</b>                             | <b>3.890</b>  | <b>12</b>  |
| <b>RESULTADO DE EXPLOTACIÓN</b>             | <b>15.758</b>   | <b>1.124</b>   |
| <b>RESULTADO FINANCIERO</b>                 | <b>(477)</b>  | <b>—</b>   |
| <b>RESULTADO ANTES DE IMPUESTOS</b>         | <b>15.281</b>   | <b>1.124</b>   |
| <b>Impuestos sobre beneficios</b>           | <b>—</b>  | <b>—</b>   |
| <b>RESULTADO DEL PERÍODO</b>                | <b>15.281</b>   | <b>1.124</b>   |
| <b>Ganancia básica y diluida por acción</b> | <b>1,22</b>   | <b>0,33</b>  |

### Estado de Flujos de Efectivo Consolidado

|  | Período de nueve meses<br>finalizado el 30 de<br>septiembre de 2019 | Período comprendido del 13 de<br>junio al 31 de diciembre de<br>2018 |
|--|---|--|
| (Miles de euros)   |   |  |
|  | (revisión limitada)   | (auditado)   |
| <b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE EXPLOTACIÓN</b>  |   |  |
| <b>Resultado del ejercicio antes de impuestos</b>            | <b>15.281</b>   | <b>1.124</b>   |
| <b>Ajustes del resultado</b>                                 | <b>(14.516)</b>   | <b>(1.619)</b>   |
| <b>Cambios en el capital corriente</b>                       | <b>(966)</b>  | <b>216</b>   |
| <b>Flujos de efectivo de las actividades de explotación</b>  | <b>(201)</b>  | <b>(279)</b>   |
| <b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE INVERSIÓN</b>    |   |  |
| <b>Pagos por inversiones</b>                                 | <b>(121.168)</b>  | <b>(37.439)</b>  |
| <b>Inmovilizado material</b>                                 | <b>(103)</b>  | <b>(65)</b>  |
| <b>Inversiones inmobiliarias</b>                             | <b>(121.065)</b>  | <b>(37.374)</b>  |
| <b>Fujos de efectivo de las actividades de inversión</b>     | <b>(121.168)</b>  | <b>(37.439)</b>  |
| <b>FLUJOS DE EFECTIVO DE LAS ACRIVIDADES DE FINANCIACIÓN</b> |   |  |

|  |          |        |
|--|----------|--------|
| Cobros y pagos por instrumentos de patrimonio          | 38.255   | 95.964 |
| Cobros y pagos por instrumentos de pasivo financiero   | 64.828   | (276)  |
| Flujos de efectivo de las actividades de financiación  | 103.083  | 95.688 |
| Aumento/(disminución) neta del efectivo o equivalentes | (18.286) | 57.970 |

La Sociedad se constituyó el 13 de junio de 2018, pero no inició sus operaciones comerciales, incluida la adquisición de propiedades, hasta después de la salida a bolsa de la Sociedad en octubre de 2018. Como resultado, la Sociedad no tiene información financiera de ningún período anterior al 13 de junio de 2018 y, por lo tanto, no puede comparar los resultados de sus operaciones de los períodos terminados el 31 de diciembre de 2018 o el 30 de septiembre de 2019 con ningún período de tiempo equivalente anterior. Dada la falta de información financiera histórica pertinente, su situación financiera y los resultados de las operaciones que se describen a continuación no se han comparado con los de períodos de tiempo equivalentes anteriores.

Adicionalmente, la Sociedad tiene un historial operativo muy limitado con sus activos y pasivos circulantes, debido a que la Sociedad adquirió sus primeras propiedades en diciembre de 2018. La composición de la Cartera de la Sociedad ha variado significativamente durante los períodos expuestos, afectando la comparabilidad de la situación financiera y los resultados de las operaciones de la Sociedad para los períodos financieros terminados el 31 de diciembre de 2018 y el 30 de septiembre de 2019. Se advierte a los inversores que no deben concluir inferencias de los Cuentas Anuales Consolidadas Auditadas y de los Estados Financieros Intermedios Resumidos Consolidados y/u otros datos financieros incluidos en el presente Folleto, dado el limitado historial operativo de la Sociedad y el hecho de que, a la fecha del presente Folleto, determinadas propiedades de la Cartera de la Sociedad se encuentran parcialmente vacías y, por lo tanto, no generan ingresos en concepto de alquiler, por lo que incurrirán en gastos de construcción y reacondicionamiento que serán capitalizados (véase “*Revisión Operativa y Financiera - Gastos de Capital*”). Los resultados futuros de la Sociedad dependerán de su capacidad para obtener valor de las propiedades adquiridas hasta el momento y de sus inversiones futuras, del entorno económico español y de otros factores descritos en el presente Folleto.

### B.3. ¿Cuáles son los principales riesgos específicos del emisor?

Los factores de riesgo específicos más importantes del emisor son los siguientes:

#### Riesgos inherentes a la inversión en una nueva sociedad o negocio

- La Sociedad cuenta con un historial operativo limitado y puede no tener éxito en la adquisición de futuras propiedades, perjudicando su rendimiento y habilidad para ejecutar su estrategia de inversión.

#### Riesgos inherentes al Equipo Gestor y al Consejo de Administración

- La Sociedad depende del rendimiento y experiencia de su Equipo Gestor y sus Administradores para implementar la estrategia de inversión de la Sociedad y el rendimiento histórico del Equipo Gestor no es una garantía del rendimiento futuro de la Sociedad y el Plan de Incentivos de Empleados podría sobrecompensar a sus beneficiarios en relación con el rendimiento futuro de la Sociedad.

#### Riesgos específicos de la actividad de la Sociedad

- El negocio de la Sociedad puede verse afectado sustancialmente y de forma negativa por una serie de factores inherentes al negocio del alquiler, la gestión y venta de activos, en particular, vacantes, incumplimientos de pago, gastos, retrasos administrativos, situación de mercado y otros factores.
- Los ingresos derivados de rentas recibidos de un pequeño número de inquilinos representan y pueden representar en el futuro una parte significativa de los ingresos totales de la Sociedad.
- Al analizar una potencial adquisición o inversión, es posible que la Sociedad no tenga en cuenta ni identifique todos los posibles riesgos y responsabilidades asociados a dicha adquisición o inversión.
- No es posible garantizar que se alcancen los objetivos de rentabilidad.
- Las inversiones en activos inmobiliarios son relativamente ilíquidas y la Sociedad puede verse obligada a deshacer inversiones con una rentabilidad más baja de lo esperado o incluso a pérdida.
- El valor neto de los activos de la Sociedad puede fluctuar valor neto de los activos (NAV) a lo largo del tiempo y no se puede garantizar que la venta de una determinada propiedad se haga por cualquier valor bruto de los activos (GAV) publicado por la Sociedad.

#### Riesgos relacionados con la financiación de la Sociedad

- La estrategia de inversión de la Sociedad incluye apalancamiento, lo cual puede exponer a la Sociedad a riesgos asociados a la financiación ajena, que pueden incluso comprometer su capacidad para pagar los dividendos exigidos por el Régimen de las SOCIMI y la Sociedad puede quedar expuesta a los riesgos asociados con la fluctuación de los tipos de interés.

#### Riesgos regulatorios

- Riesgos relacionados con el Régimen de las SOCIMI y de leyes y regulaciones aplicables a activos inmobiliarios.

#### **Riesgos relacionados con las condiciones económicas y políticas generales**

- El deterioro de las condiciones económicas en España y la Unión Europea podría afectar negativamente al negocio de la Sociedad, incluyendo el deterioro derivado de la incertidumbre política en España y en la Unión Europea.

### **C. INFORMACIÓN FUNDAMENTAL SOBRE LOS VALORES**

#### **C.1. ¿Cuáles son las principales características de los valores?**

Las Nuevas Acciones son acciones ordinarias con un valor nominal de 10 € cada una.

El código ISIN asignado a las Acciones Ordinarias es ES0105376000, mientras que las Nuevas Acciones tendrán el código ISIN provisional ES0105376034, que a la fecha de la Admisión pasará a ser el mismo que el de las Acciones Ordinarias existentes.

Las 14.423.076 Nuevas Acciones han sido creadas conforme a la Ley de Sociedades de Capital y tienen igualdad de rango con las Acciones Ordinarias antes existentes, incluyendo en lo que respecta al derecho de voto y al derecho de percibir dividendos y otras distribuciones que se declaren o paguen en relación con el capital social de la Sociedad. Cada Acción Ordinaria existente, incluyendo cada Nueva Acción, tiene un voto en la Junta General de Accionistas de la Sociedad. No existen restricciones a los derechos de voto de las Acciones Ordinarias.

Los titulares de las Acciones Ordinarias gozan de los derechos y están sujetos a las obligaciones establecidas en los Estatutos Sociales, y en particular, son titulares de los siguientes derechos inherentes a la condición de accionista de la Sociedad (ver apartado "Descripción del Capital Social" del presente Folleto):

- Derecho a asistir a las juntas con derechos de voto.
- Derechos preferentes en ampliaciones de capital a través de aportaciones dinerarias y en relación con bonos convertibles en acciones.
- Derecho a ejercer las acciones de los accionistas.
- Derecho de información.
- Dividendos y derechos de liquidación.

La Sociedad tiene intención de mantener una política de dividendos que apueste por niveles sostenibles de distribución de dividendos y que refleje la previsión futura de la Sociedad de obtención de beneficios. La Sociedad no tiene la intención de crear reservas indisponibles más allá de las legalmente establecidas. La Sociedad pretende pagar dividendos tras la aprobación por la Junta General de la propuesta de distribución realizada por el Consejo de Administración. En cualquier caso, la Sociedad se encuentra acogida al Régimen de las SOCIMI y aspira mantener tal condición. En este sentido, de conformidad con el Régimen de las SOCIMI, dentro de seis meses desde la conclusión de cada ejercicio, la Sociedad estará obligada a adoptar acuerdos anuales de distribución del beneficio obtenido en el ejercicio en forma de dividendos a sus accionistas, en cumplimiento de las condiciones establecidas en el Régimen de las SOCIMI y en la legislación mercantil española.

En este sentido, en virtud del Régimen de SOCIMIs, una SOCIMI estará obligada a, una vez cumplidos los requisitos aplicables de la Ley de Sociedades de Capital, adoptar acuerdos para la distribución de dividendos a los accionistas con una periodicidad anual dentro de los seis meses siguientes al cierre del ejercicio social de: (i) al menos el 50% de los beneficios derivados de la transmisión de inmuebles y acciones de Filiales Cualificadas y fondos de inversión colectiva inmobiliaria; siempre que los beneficios restantes deban reinvertirse en otros inmuebles o participaciones dentro de un plazo máximo de tres años a partir de la fecha de la transmisión o, de no ser así, el 100% de los beneficios deben distribuirse en forma de dividendos una vez transcurrido dicho plazo; (ii) el 100% de los beneficios derivados de los dividendos pagados por las Filiales Cualificadas y los fondos de inversión colectiva inmobiliaria; y (iii) al menos el 80% de los beneficios obtenidos (es decir, beneficios derivados de alquileres y actividades auxiliares). Si no se adoptara oportunamente el correspondiente acuerdo de distribución de dividendos, la Sociedad perdería su condición de SOCIMI con respecto al ejercicio al que se refieren los dividendos.

El número de Acciones Ordinarias de la Sociedad tras la Oferta es 28.429.376,00.

Inmediatamente después de la Admisión, las Nuevas Acciones serán libremente transmisibles de acuerdo con los Estatutos Sociales, pero estarán sujetas a las restricciones de venta y transmisión, incluyendo las restricciones de reventa y transmisión aplicables de conformidad con la Regla 144A y el Reglamento S (*Rule 144A and Regulation S*). Las Acciones Ordinarias, incluidas las Nuevas Acciones, están representadas mediante anotaciones en cuenta, y se mantienen a través del sistema de compensación y liquidación gestionado por Iberclear.

En virtud de la legislación española, la Sociedad no puede imponer restricciones a la libre transmisibilidad de las Acciones Ordinarias en sus Estatutos Sociales. No obstante, los Estatutos Sociales contienen obligaciones de información e indemnización aplicables a los Accionistas Significativos diseñadas para minimizar las situaciones en las que haya que pagar un dividendo a un Accionista Significativo. Si se paga un dividendo a un Accionista Significativo, la Sociedad podrá deducir del importe a pagar a dicho Accionista Significativo una cantidad equivalente a los costes fiscales incurridos por la Sociedad como consecuencia del

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pago de dicho dividendo (el Consejo de Administración mantendrá cierta discrecionalidad en la decisión de ejercitar o no este derecho si la citada deducción resulta perjudicial para la Sociedad).

Los Estatutos Sociales contienen ciertas obligaciones de información en relación a los accionistas o titulares reales de las Acciones Ordinarias que estén sujetos a un régimen legal especial aplicable a fondos de pensiones o planes de beneficios (como *ERISA*). Además, en aplicación de los Estatutos Sociales, la Sociedad podrá tomar las medidas que estime oportunas para evitar los posibles efectos negativos que se puedan generar sobre la Sociedad o sus accionistas a resultas de la aplicación de la legislación relativa a los planes de pensiones o planes de beneficios (principalmente *ERISA*). El objetivo de estas disposiciones es proporcionar a la Sociedad la posibilidad de minimizar el riesgo de que los Inversores de Planes de Beneficio (*Benefit Plan Investors*) (u otros inversores similares) tengan una participación de cualquier clase en el capital de la Sociedad igual o superior al 25% del valor total. La Oferta y la tenencia de Acciones Ordinarias por Inversores puede estar afectada por la ley o requisitos regulatorios de la jurisdicción correspondiente, que podrá incluir restricciones a la libre transmisibilidad de dichas Acciones Ordinarias. Se aconseja que los inversores consulten a sus propios asesores antes de invertir en las Acciones Ordinarias.

## **C.2. ¿Dónde se negociarán los valores?**

La Sociedad ha solicitado la admisión a negociación de las Nuevas Acciones en las Bolsas de Valores de Barcelona, Bilbao, Madrid y Valencia (las Bolsas de Valores españolas), a través del Sistema de Interconexión Bursátil (SIBE) o Mercado Continuo. La Sociedad espera que las Nuevas Acciones estén admitidas a negociación y cotizando en las Bolsas de Valores españolas en o alrededor del 15 de noviembre de 2019 con el símbolo ticker ARM.

## **C.3. Garantías inherentes a los valores**

No aplica.

## **C.4. ¿Cuáles son los principales riesgos específicos de las acciones?**

Los factores de riesgo específicos más importantes del emisor son los siguientes:

- El precio de cotización de las Acciones Ordinarias podría no reflejar el valor de las propiedades de la Sociedad y el valor de mercado de las Acciones Ordinarias podría ser volátil.
- No se puede garantizar que la Sociedad distribuya dividendos en el futuro y su capacidad de pagar dividendos dependerá de su habilidad para generar beneficios disponibles para distribución y su disponibilidad de contar con efectivo suficiente.
- En el futuro, la Sociedad puede emitir nuevas Acciones Ordinarias o valores convertibles en acciones lo que puede diluir en mayor medida la participación de los inversores en la Sociedad.

# **D. INFORMACIÓN FUNDAMENTAL SOBRE LA ADMISIÓN A NEGOCIACIÓN EN UN MERCADO REGULADO**

## **D.1. ¿Sujeto a qué condiciones y calendario se puede invertir en estos valores?**

No aplica.

La Sociedad emitió un total de 28.429.376,00 Nuevas Acciones en la Oferta (representativas del 50.73% del número total de Acciones Ordinarias tras la Oferta).

En el supuesto de que ninguno de los accionistas de la Sociedad titulares de Acciones anteriores a la Oferta (los "**Accionistas Pre-Oferta**") hubiera suscrito Nuevas Acciones en la Oferta, y suponiendo que las Nuevas Acciones hubieran sido suscritas íntegramente por terceros inversores, la participación de los Accionistas Pre-Oferta en la Sociedad representaría aproximadamente el 49% del número total de Acciones Ordinarias posteriores a la Oferta, lo que supondría una dilución en el porcentaje de tenencia de los Accionistas Pre-Oferta de aproximadamente el 51% respecto al porcentaje de la tenencia que poseían antes de la Oferta.

La Sociedad ha recibido Recursos Netos de la Oferta de aproximadamente de 146.254.990 de euros (149.999.990 de euros de fondos brutos menos gastos totales por un importe de aproximadamente 3.745.000 de euros que incluyen los honorarios a pagar a las Entidades Coordinadoras Globales, las Entidades Colocadoras y otros gastos relacionados con la Oferta). En relación con la Oferta, las Entidades Coordinadoras Globales y las Entidades Colocadoras han recibido honorarios por un importe total de aproximadamente 2.595.000 de euros.

La sociedad emitió un total de 28.429.376,00 Nuevas Acciones en la Oferta (representativas de 50,73% del número total de Acciones Ordinarias tras la Oferta y el 102,97% del número total de Acciones Ordinarias antes de la Oferta), que fueron colocadas por las Entidades Coordinadoras Globales y las Entidades Colocadoras de conformidad con el Contrato de Colocación. Para mayor detalle ver: "*Contratos Materiales - El Contrato de Colocación*".

## **D.2. ¿Quién solicita la admisión a negociación?**

La persona que solicita la admisión a cotización de las Nuevas Acciones es el Emisor (véase la Sección B de este Resumen en relación con la información clave sobre el Emisor).

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### D.3. ¿Por qué se elabora este Folleto?

El presente Folleto constituye un folleto relativo a la Sociedad y a su Grupo de conformidad con el Artículo 3.3 del Reglamento de Folletos. El presente Folleto ha sido aprobado como folleto por la CNMV en su calidad de autoridad competente en virtud de la LMV y de la correspondiente normativa aplicable para la admisión de las Nuevas Acciones en las Bolsas de Valores españolas.

La Sociedad tiene la intención de utilizar los Recursos Netos de la Oferta para expandir su Cartera existente y mejorarla a través de inversiones de capital.

En el caso de que 18 meses posteriores de la Admisión, menos del 75% de los Recursos Netos de la Oferta hayan sido invertidos o comprometidos para inversión por la Sociedad de conformidad con su estrategia de inversión, el Consejo de Administración convocará una Junta General de Accionistas que deberá celebrarse dentro de los 45 días siguientes a la finalización de dicho período de 18 meses, con la finalidad de votar a favor de una propuesta para que la Sociedad extienda el período de inversión más allá de 18 meses o reembolse a los accionistas los montos de los Recursos Netos que no hayan sido invertidos o comprometidos para inversión por la Sociedad (incluyendo a través de una distribución de reservas, una reducción de capital, una recompra de acciones o cualquier otro modo) o utilice dichos fondos para financiar los gastos estructurales de la Sociedad. Sólo aquellos Accionistas que estén registrados en el sistema de compensación y liquidación gestionado por Iberclear a las 23:59 horas (hora de Madrid) del día de la aprobación del reembolso por la Junta General de Accionistas tendrán derecho a recibir dicho reembolso, a menos que dicha aprobación especifique una fecha y hora diferentes a efectos de que los accionistas tengan derecho a recibir dicho reembolso. En cualquier caso, los Accionistas sólo tendrán derecho al reembolso aprobado por la Junta General de Accionistas correspondiente y no tendrán derecho a ninguna compensación de intereses por parte de la Sociedad como consecuencia de que ésta no pueda alcanzar el compromiso de inversión. En caso de devolución parcial de los Recursos Netos de la Oferta, la Sociedad continuará administrando los activos que tenga.

A la fecha del presente Folleto, el Equipo Gestor ha identificado una cartera de aproximadamente 1.3 millones de euros en inmuebles (compuestos principalmente por oficinas en Madrid), de los que aproximadamente el 57% se encuentran en fase de análisis preliminar (esto significa que la Sociedad ha recibido cierta información sobre el inmueble pero dicha información es incompleta o no ha sido analizada en su totalidad por la Sociedad) y aproximadamente el 43% se encuentra en fase avanzada de análisis y negociación (esto significa cuando se ha recibido, analizado y considerado que es adecuada para llevar a cabo un análisis anticipado del inmueble o cuando se están llevando a cabo las negociaciones con un posible vendedor).

Además, aproximadamente el 36% de la inversión total estimada de los proyectos identificados puede clasificarse como *Core+/Core properties* (aquellas en las que se espera hacer reformas mínimas o cambios en los arrendatarios / propiedades estabilizadas), aproximadamente el 50% como *value-add properties* (aquellas en las que se espera llevar a cabo o planificar un programa de reforma y/o inversiones significativas en capex), y aproximadamente el 9% como *development* (aquellas propiedades susceptibles de ser edificadas en una finca urbana o aquellas en las que más del 50% del inmueble preexistente se encuentra derruido o demolido y debe ser reconstruido).



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**REGISTERED ADDRESS OF THE COMPANY**

Serrano, 47  
28001 Madrid  
Spain  
+34 91 053 28 03

**JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS**

| <b>Citigroup</b>   | <b>Credit Suisse</b>  | <b>JB Capital Markets</b>                                 | <b>Kempen</b>   |
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| 25 Canada Square<br>Canary Wharf<br>London E14 5LB<br>United Kingdom | Credit Suisse Securities<br>(Europe) Limited<br>One Cabot Square,<br>London E14 4QJ<br>United Kingdom | Plaza Manuel Gómez<br>Moreno, 2<br>28020, Madrid<br>Spain | Beethovenstraat 300<br>1077 WZ Amsterdam<br>The Netherlands |

**LEGAL ADVISORS TO THE COMPANY**

*As to Spanish law:*

*As to U.S. law:*

**Uría Menéndez Abogados, S.L.P.**  
Príncipe de Vergara 187  
Plaza de Rodrigo Uría  
28002 Madrid  
Spain

**Davis Polk & Wardwell LLP**  
Paseo de la Castellana 41  
28046 Madrid  
Spain

**LEGAL ADVISORS TO THE JOINT GLOBAL COORDINATORS AND JOINT  
BOOKRUNNERS**

*As to Spanish and English law:*

*As to U.S. law:*

**Allen & Overy**  
Serrano 73  
28006 Madrid  
Spain

**Allen & Overy LLP**  
One Bishop Square  
London E1 6AD  
United Kingdom

**INDEPENDENT AUDITORS**

**PricewaterhouseCoopers Auditores, S.L.**  
Paseo de la Castellana, 259 B  
Torre PwC  
28046 Madrid

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## ANNEX 1 VALUATION REPORT

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