A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

DON MIGUEL OLLERO BARRERA, en su condición de Secretario del Consejo de Administración de **MERLIN PROPERTIES SOCIMI, S.A.** (**Sociedad Unipersonal**), sociedad con domicilio en Madrid, Paseo de la Castellana 42 (la ***Sociedad***), debidamente facultado al efecto, en relación con el procedimiento de aprobación y registro por la Comisión Nacional del Mercado de Valores del Folleto Informativo relativo a la oferta de suscripción y admisión a negociación de las acciones ordinarias de la Sociedad,

CERTIFICA

Que la versión en soporte informático del Folleto Informativo que se adjunta a la presente, coincide con la última versión en papel del mismo presentada por escrito a la Comisión Nacional del Mercado de Valores, para su aprobación e incorporación al correspondiente registro oficial.

Asimismo, se autoriza a la Comisión Nacional del Mercado de Valores para que haga público el mencionado Folleto Informativo en soporte informático en su página *web*.

Y para que así conste, a los efectos oportunos, expido la presente certificación en Madrid, a 13 de junio de 2014.

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Fdo.: D. Miguel Ollero Barrera
En nombre y representación de
MERLIN Properties SOCIMI, S.A.

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Prospectus, or as to what action you should take, you should immediately consult an appropriately authorised professional adviser.

This document constitutes a prospectus for the purposes of Article 3 of the European Parliament and Council Directive 2003/71/EC of 4 November 2003 relating to the Company (the "***Prospectus Directive***") (the "***Prospectus***"), its implementing measures in Spain and the Commission Regulation (EC) No. 809/2004, as amended. The Prospectus has been approved by the Comisión Nacional del Mercado de Valores ("***CNMV***"), as competent authority under the Prospectus Directive and its implementing measures in Spain, on 13 June 2014. Such approval relates only to the Ordinary Shares (as defined herein) that are to be admitted to trading on the Spanish Stock Exchanges (as defined below), or other regulated markets for the purposes of the Directive 2004/39/EC.

You should read this Prospectus in its entirety and in particular the risk factors set out in the section of this Prospectus headed "*Risk Factors*".

Mr. Ismael Clemente, acting in the name and on behalf of MERLIN Properties SOCIMI, S.A. (the "***Company***") in his condition as Chairman of the Board of Directors and Chief Executive Officer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and Mr. Ismael Clemente, acting in the name and on behalf of the Company, in his condition as Chairman of the Board of Directors and Chief Executive Officer (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

MERLIN
PROPERTIES

MERLIN PROPERTIES SOCIMI, S.A.

(*Incorporated and registered in Spain under the Spanish Companies Act*)

Issue of up to 150,000,000 Ordinary Shares at a price of €10 per Ordinary Share and Admission to Trading on the Spanish Stock Exchanges

Sole Global Coordinator

Credit Suisse

Joint Bookrunners

Credit Suisse Deutsche Bank UBS Investment Bank

Co-Lead Managers

Ahorro Corporación Financiera

Banca March

BBVA

BNP PARIBAS

Deutsche Bank SAE

N+1

Société Générale Corporate and Investment Banking

Application will be made to list the Company's Ordinary Shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the "***Spanish Stock Exchanges***") and to have the Company's Ordinary Shares quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges ("***Admission***"). The Company expects the Ordinary Shares to be listed and quoted on the Spanish Stock Exchanges on or about 30 June 2014.

The Issue Shares (as defined below) are expected to be delivered through the book-entry facilities of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.* ("***Iberclear***") on or about 27 June 2014.

13 June 2014

Notice to Overseas Investors

The distribution of this Prospectus and the issue of Ordinary Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company to permit a public offering of Ordinary Shares or possession or distribution of this Prospectus (or any other offering or publicity materials relating to Ordinary Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Company and the Joint Bookrunners to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Whilst it is considered unlikely, the Company may be considered to be an alternative investment fund ("***AIF***") within the meaning of Directive 2011/61/EU on alternative Investment Fund Managers ("***AIFMD***") once Spain has implemented the AIFMD. Spain has not yet implemented the AIFMD. The Company may, however, be considered an AIF under the laws of certain other European Economic Area jurisdictions (where the AIFMD has been implemented). Accordingly, the securities 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.

If an investor is domiciled (for the purposes of the AIFMD) in an European Economic Area jurisdiction that has implemented the AIFMD, the Company and the Joint Bookrunners will require from investors resident in such European Economic Area jurisdictions additional representations that the investor is domiciled in such jurisdiction, that the order to subscribe securities has been placed on its own account or for the account of a final investor domiciled in a jurisdiction with a regime under the AIFMD permitting such marketing or offer, or outside the European Economic Area, and that it and the final investor, if applicable, qualify as professional investors under Directive 2004/39/EC.

This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. Further information on the restrictions to which the distribution of this Prospectus is subject is set out in section 11 of Part XIV (*The Issue*).

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or under the securities laws of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold, directly or indirectly, within the United States. The Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended (the "*US Investment Company Act*"), and investors will not be entitled to the benefits of that Act. In addition, prospective investors must represent (unless otherwise specifically agreed with the Company) that they are not using assets of retirement plans or pension plans or pension plans subject to Title I of ERISA or section 4975 of the Code to invest in Ordinary Shares and should further note that the Company expects that it will be classified as a passive foreign investment company for U.S. federal income tax purposes.

The Joint Bookrunners and any of its affiliates may arrange for the offer and sale of Ordinary Shares (i) in the United States only to persons reasonably believed to be qualified institutional buyers (each a "***QIB***") as defined in Rule 144A under the US Securities Act ("***Rule 144A***") in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; and (ii) outside of the United States in offshore transactions in reliance on Regulation S, Prospective purchasers are hereby notified that sellers of the Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Ordinary Shares and the distribution of this Prospectus, see section 11 of Part XIV ("*The Issue*").

None of the US Securities and Exchange Commission, any other US federal or state securities commission or any US regulatory authority has approved or disapproved of the Ordinary Shares offered by this Prospectus nor have such authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Ordinary Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions described in section 11 of Part XIV (*The Issue*). Each purchaser of the Ordinary Shares will be deemed to have made the relevant representations described therein and in Part XVIII (*Terms and Conditions of the Placing*).

The Ordinary Shares have not been and will not be registered under the applicable securities laws of Canada, the Dubai International Financial Centre, Hong Kong, Mexico, Qatar, Singapore, Switzerland, the United Arab Emirates, the United Kingdom or the United States. Accordingly, subject to certain exceptions, the Ordinary Shares may not be offered or sold in Canada, the Dubai International Financial Centre, Hong Kong, Mexico, Singapore, Switzerland, the United Arab Emirates, the United Kingdom or the United States or to, or for the account or benefit of, any resident of Canada, the Dubai Financial

Centre, Hong Kong, Mexico, Singapore, Switzerland, the United Arab Emirates, the United Kingdom or the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED ("*RSA*"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Other Important Notices

The Joint Bookrunners are acting exclusively for the Company and no one else in connection with the Issue (as defined herein) and will not be responsible to anyone other than the Company for providing any advice in relation to the Issue. Apart from the responsibilities and liabilities, if any, which may be imposed by the CNMV or other relevant authorities, the Joint Bookrunners, or any person affiliated with them, do not accept any responsibility whatsoever and make no representation or warranty, express or implied, in respect of the contents of this Prospectus including its accuracy or completeness or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Company and nothing in this Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. In addition, the Joint Bookrunners do not accept responsibility for, or authorise the contents of, this Prospectus or its issue. The Joint Bookrunners accordingly disclaim all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have to any person in respect of this Prospectus.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Neither the publication of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for advice.

References in this Prospectus to employment contracts refer to both labour contracts (*contratos laborales*) and mercantile services contracts (*contratos mercantiles de prestación de servicios*).

Certain terms used in this Prospectus, including certain technical and other items, are explained or defined in Part XIX (*Definitions*), as the case may be.

TABLE OF CONTENTS

PART I: SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A—E (A.1—E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary and it is shown as ‘not applicable’. Capitalised terms used in this Summary shall have the meaning given to them in the “Definitions” section of this Prospectus.

Section A—Introduction and warnings		
A.1	Introduction:	**THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE ORDINARY SHARES SHOULD BE BASED ON CONSIDERATION OF THIS PROSPECTUS AS A WHOLE BY THE INVESTOR, INCLUDING IN PARTICULAR THE RISK FACTORS.** **Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.** Under Spanish law, 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 it does not provide, when read together with other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries:	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this document.

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B.1	Legal and commercial name:	The legal name of the issuer is MERLIN Properties SOCIMI, S.A. The commercial name of the issuer is “MERLIN Properties”.
B.2	Domicile and legal form:	The Company is incorporated as a public limited company (a *sociedad anónima* or S.A.) in Spain under the Spanish Companies’ Act. It has its registered office at Paseo de la Castellana, 42, 28046, Madrid. The Company is incorporated for an unlimited term. **<u>Regulatory Status of the Company</u>** The Company has elected to become a Listed Corporation for Investment in the Real Estate Market (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario*) (“***SOCIMI***”) and has notified such election to the Spanish tax authorities by means of the required filing. Such election will remain applicable until the Company waives its applicability or it does not meet the SOCIMI Regime requirements. An entity eligible for the SOCIMI Regime may apply for the special tax regime even if when the election is made such entity does not meet all the eligibility requirements, provided that it meets them within two years (as from the date the corresponding election is filed with the Spanish tax authorities). In addition, such entity will have a one-year grace period to cure any non-

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		compliance with certain of the eligibility requirements.
B.3	Key factors relating to the nature of the issuer's current operations and its principal activities:	The Company has agreed to acquire Tree, a company which owns a real estate portfolio which will form the seed assets of the Company (the "***Seed Portfolio***") and Bosque, Tree's properties manager. As at the date of this Prospectus, the Seed Portfolio comprises 880 branch offices and five buildings located across Spain, fully leased to BBVA with an annual expected rent for 2014 of €88,516,326 which implies an entry yield of 5.61%. The Company approved the acquisition, of the Seed Portfolio on 11 April 2014 following a market and asset review and a financial analysis with support from independent valuations of the assets comprising the Seed Portfolio. The acquisition of the Seed Portfolio will be executed by way of the acquisition of 100% of the shares of Tree. In accordance with the irrevocable undertaking agreement pursuant to which the acquisition of the Seed Portfolio was agreed, the total consideration to be paid by the Company for 100% of the shares of Tree and Bosque is €739,483,659 and €3,006, respectively, based on an independent property valuation report prepared by Savills dated 9 June 2014. The target return that the Company seeks once the Net Proceeds are fully invested is a combination of a dividend yield of between 4% to 6% annually plus value creation through increases in the Company's EPRA NAV, with a total annual target leveraged return of 10%. This is a target only and not a profit forecast. There can be no assurance that this target can or will be met and such target 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 this Target Return in deciding whether to invest in the Ordinary Shares. The Target Return is not a fact and should not be relied upon as being necessarily indicative of future results. None of the Company, the Board of Directors, the Joint Bookrunners or any of their respective affiliates, advisers, officers, directors or representatives can give any assurance that the Target Return will be realised or that actual results will not vary significantly from the Target Return. **<u>Business Strategy</u>** The principal activity of the Company will be the acquisition (directly or indirectly), active management, operation and selective rotation of high quality Commercial Property Assets in the Core and Core Plus segments primarily in Spain and, to a lesser extent, in Portugal. The Management Team intends to focus on creating both sustainable income and strong capital returns for the Company with an annual Target Return as described in this Prospectus. "***Core***" segments are segments with high quality real estate assets, with a stabilised long-term cash flow stream derived from leases and low capital expenditure needs, which are easier to finance and generally command the lowest capitalisation rates. "***Core Plus***" segments are segments with assets of good quality, normally representing to an investor the opportunity to increase the asset's investment yield through some event (for example, the asset might have some scheduled vacancy or leases rolling over which would give the owner the opportunity to increase rents) as well as assets which can benefit from some upgrades or renovations by which the investor can then command higher rents and improve its returns. The Management Team intends to focus on creating both sustainable income and strong capital returns for the Company with an annual Target Return as described in this Prospectus. *The strategy pillars*

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		The Business Strategy of the Company is based on three strategy pillars: (i) Commercial Property Assets: focus on commercial real estate and mainly on office, retail, logistics, and prime urban hospitality assets. (ii) Geographies: focus on Spain and, to a lesser extent, on Portugal (with a maximum limit of 25% of Total GAV). Within Spain, the Company expects most of its assets to be located in Madrid and Barcelona although it may also consider other major urban clusters. As for Portugal, the Company primarily intends to focus on acquiring assets located in Lisbon. (iii) Gearing: seek to maintain gearing below 50% LTV (calculated over Total GAV plus cash available at the Company following the Issue). *Types of property* The target acquisitions which would comply with the Company's strategy pillars are, amongst others, assets with the following characteristics: • €60 million to €150 million per asset; • office and retail properties acquired in central Madrid, Barcelona and other major urban clusters; • retail properties in city centres and certain suburban areas; • logistics properties located in close proximity to transport hubs; • prime or good quality secondary assets and locations; • prime urban hospitality in Madrid, Barcelona and Lisbon; • prime office/retail assets in the Lisbon area; • primary focus on undermanaged properties with upside potential; and • properties in locations that benefit from inward foreign direct investments. Residential properties, both built and for development, are excluded as a type of target property. *Gearing* The Company intends to use gearing to seek to enhance Shareholder returns over the long term. The level of gearing will be carefully monitored by the Company in light of the risk profile of the relevant asset, the availability of generally favourable lending conditions and borrowing costs. The Company also aims to continue using hedging derivatives where considered appropriate to mitigate interest rate and or inflation risk. The level of gearing is subject to the following criteria: (i) while the Company aims to maintain a stable gearing LTV ratio (calculated over Total GAV plus cash available at the Company following the Issue) of between 30% and 40%, the aggregate amount outstanding under any external financing immediately following any acquisition of asset opportunities or entry into external financings may not exceed a maximum of 50% LTV; (ii) debt financing for acquisitions will be assessed on a deal-by-deal basis initially with reference to the capacity of the Company to support leverage and to the risk profile of the asset to be acquired; and (iii) debt on development properties will be, to the extent possible, ring-fenced in order to exclude recourse to other assets of the Company. Notwithstanding the foregoing, the Board of Directors may modify the Company's gearing policy (including the level of gearing) from time to time in light of economic conditions, the relative costs of debt and equity capital, the fair value of the Company's assets, growth and acquisition opportunities and any other factors it may deem appropriate. *Sourcing* The Management Team has a track record of securing real estate investments and believes it is well-placed to implement the Business Strategy due to its strong track record in commercial real estate in Spain and Portugal, its established network to source off-market deals and as a result of the high visibility that the Company hopes to achieve as a listed entity. The

Management Team expects to source deals from competitive auctions, restricted auctions and off-market transactions.

It is expected that the Company's acquisitions will primarily be sourced through a combination of the following core avenues (of which the Management Team has detailed knowledge):

- Banking institutions/receivers/borrowers
- SAREB
- Public institutions
- Large corporates
- Private and institutional investors
- Investors in non-performing loans

Active asset management

The Management Team intends to improve income profiles and add value to the Company's property portfolio through active management techniques which would include (as applicable):

- renegotiating or surrendering leases;
- improving lease lengths and tenant profile;
- undertaking physical improvements;
- improving layouts and space efficiency of specific assets;
- changing the tenant mix of certain properties;
- maintaining dialogue with tenants to assess their requirements;
- taking advantage of planning opportunities;
- repositioning and upgrading assets;
- selective development and/or refurbishment; and
- debt refinancing.

Asset rotation

Although the Company aims to hold assets for a relatively long period of time, it recognises value can be created through the rotation of assets in the portfolio over time. The number of years over which assets are expected to be held in the portfolio can change depending on, among other factors, market conditions, the portfolio composition from time to time and the situation of each particular property. However, any such rotation of assets is subject to compliance with the requirements under the SOCIMI Regime including the three-year minimum holding period for real estate assets.

Regulatory Restrictions

Pursuant to the SOCIMI Regime, the Company will be required, among other things, to conduct a Property Rental Business and comply with the following requirements: (i) it must invest at least 80% of its gross asset value in leasable urban real estate properties, 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 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 assets.

The Company will have a two-year grace period from the date of election for the Spanish SOCIMI Regime 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.

<u>Financing Strategy</u>

The Company's principal use of the Net Proceeds of the Issue will be to fund (i) the acquisition of Tree and Bosque, (ii) acquisitions of future real estate assets in a manner which is consistent with the Business Strategy and (iii) the Company's operating expenses. The Company aims to have the Net Proceeds

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		fully invested in the 24 months following Admission. The Company may choose to finance a portion of certain acquisitions with debt financing (initially, mainly through secured mortgages, and in the future, through the issuance of debt and convertible debt securities or other financings that may be available to the Company). The Company and the Management Team intend to determine the appropriate level of borrowings on a deal-specific basis. **<u>Commitment by members of Management Team</u>** *Exclusivity* Save for the obligations in respect of the Pipeline Mandate and Legacy Mandates, the Management Team will act exclusively for the Company in respect of any type of deal sourcing until all net proceeds raised by the Company are fully invested in suitable opportunities. This exclusivity covers the raising of proceeds in the Issue as well as any other capital raisings that the Company may carry out in the future in the public market. However, an exception to the foregoing is that the Management Team will not act exclusively for the Company in respect of the acquisition of residential assets and/or non-performing loans to the extent that these activities arise from existing or future engagements with The Blackstone Group and/or Deutsche Bank AG. *Non-Compete* In addition, each member of the Management Team will not, and will procure that a Controlled Person does not, whether directly or indirectly: (i) acquire or invest (on its own behalf or on behalf of a third party) in a property asset which is within the parameters of the Business Strategy of the Company (except for the following asset acquisitions which are expressly permitted (a) non-income producing property assets with a market value lower than €5 million (this limit to be applied on a cumulative basis); (b) residential assets for own use; (c) property assets where the Company has had the opportunity to invest but has declined to do so and has consented that the relevant member of the Management Team may pursue the opportunity), or (ii) act as an adviser to any investor in competition with the Company for the acquisition of property with the same exceptions set out in connection with (i) above. *Conflicts of interest* MAGIC Real Estate will not establish, or invest in, a SOCIMI and/or real estate company which is involved in a business with the same, analogous or complementary object to the corporate object of the Company. In addition, in order to further reduce the risk of potential conflicts of interest, the shareholders of MAGIC Real Estate have entered into a letter of intent with the Company dated 5 June 2014, pursuant to which they have agreed, during the 12-month period following Admission, to negotiate in good faith the sale of 100% of the shares in MAGIC Real Estate to the Company if the Company deems it appropriate. This potential acquisition by the Company would need to be approved by the General Shareholders' Meeting. If approved, the Company shall entrust its supervision and implementation to an ad-hoc committee formed in its entirety by independent Directors. **<u>Treasury Policy</u>** The Company intends to hold the Net Proceeds not employed in the acquisition of Tree and Bosque, estimated at approximately €722 milion, as cash or cash equivalents or bank deposits with one or more banks

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		<u>Applicant's Service Providers</u> *The Management Team* The day-to-day operations of the Company, including the implementation of the Business Strategy, will be carried out by the Management Team, which consists of property and finance professionals who have extensive experience in Spanish and Portuguese real estate markets and a notable track record of creating value for shareholders. The Management Team is led by Mr. Ismael Clemente (CEO), Mr. David Brush (CIO) and Mr. Miguel Ollero (CFO/COO) and will comprise nine members. The remaining six members of the Management Team are Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate, and Mr. Fernando Ramírez and, upon execution of the acquisition of Tree and Bosque, Mr. Manuel García Casas, who is the current General Manager of Tree. In addition, the Company intends to rely initially on three other experienced professionals (Mr. Enrique Fonseca, Mr. Antonio Rivas and Mr. Arnaud Leroy). Upon completion of the acquisition of Tree, four additional employees of Bosque who are currently involved in the management of Tree will join the Company (Mr. Jaime de Vicente, Mr. Javier López, Mr. Luis Martín, and Ms. María José Stefania) and one employee of Tree (Mr. Óscar Rivero) will remain employed by Tree. Consequently, the Company's total headcount following the acquisition of Tree will be 17 employees (including Mr. Óscar Rivero). The Management Team expects to reach a stabilised base of 24 to 26 employees, once the Net Proceeds are fully invested. Four employees of the Company, Mr. Ismael Clemente (Executive Chairman & CEO), Mr. Miguel Ollero (CFO/COO), Mr. Luis Lázaro (Asset Management) and Mr. Miguel Oñate (Asset Management) will continue as MAGIC Contracts Key Employees pursuant to several agreements currently in place and entered into between MAGIC Real Estate and various third parties. The MAGIC Contracts Key Employees will devote part of their time to the supervision and management of certain assets ultimately managed by MAGIC Real Estate. Three additional employees of the Company (Mr. Francisco Rivas, Mr. Enrique Gracia and Mr. Enrique Fonseca) will devote part of their time to MAGIC Real Estate to support the MAGIC Contracts Key Employees. *Remuneration of the Management Team* The remuneration system of the Company includes the following elements: (i) Annual remuneration, comprising: – annual fixed remuneration; and – bonus incentive plans. (ii) Management Stock Plan. As of the date of this Prospectus, the Management Team has received no amounts under the remuneration system of the Company. (i) *Annual Remuneration* <u>Expected costs of the Annual Remuneration</u> Annual compensation of the employees (including the Management Team) will be included as part of the Annual Total Overheads. The aggregate annual remuneration of the Management Team will not exceed an amount equal to Annual Total Overheads less the Annual Running Costs. The annual fixed remuneration will initially represent approximately 40% of personnel expenses of the members of the Management Team, and bonus incentive plans will represent approximately 60% of such expenses, subject to

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		compliance with Annual Total Overheads. The Company's Annual Total Overheads will be the higher of (a) 6.0% of the Company's consolidated GRI and (b) 0.6% of the Company's consolidated EPRA NAV plus any cash balance available at the Company's consolidated level, and will be calculated using the year-end metrics of the Company with reference to its consolidated financial statements for the relevant year. Bonus incentive plans will act as a buffer to achieve the referred limit. <u>Annual fixed remuneration</u> Fixed remuneration constitutes the basic component of the remuneration system of the Company and shall be paid monthly. This item is linked to the essential features of the positions held by each employee, such as (i) its relevance in the Company, (ii) its impact on the entity's performance, and (iii) the scope of responsibility assumed. The annual fixed remuneration will include the cash component and any remuneration in kind that could be granted to the employees such as the use of a vehicle, medical insurances and life insurances. <u>Bonus incentive plan</u> The variable remuneration policy of the Company will be based on the assessment of individual performance goals. The variable remuneration will entail two components: – annual bonus, to which all employees of the Company are, in principle, entitled to (initially, 50% of the bonus incentive plan); and – annual restricted bonus, to which only members of the Management Team are entitled to (initially, 50% of the bonus incentive plan). *(ii) Management Stock Plan* In addition, the Company has agreed to grant an additional annual variable remuneration incentive to the Management Team as designated by the Remuneration and Nomination Committee, linked to the shares of the Company, which has been designated to incentivise and reward the Management Team for generating returns to the shareholders of the Company. <u>Severance indemnity provisions</u> The employment contracts between each member of the Management Team and the Company contain provisions, which entitle such members to substantial severance payments if their employment were terminated in circumstances other than (i) voluntary resignation, (ii) death, retirement or permanent total disability; (iii) justified dismissal on disciplinary grounds in case of employment relationships, or (iv) in the case of executive Directors, the removal from the position of Director due to a breach of its duties, performance of any action or omission that causes any harm to the Company, or the existence of a corporate liability claim against the executive Director filed by the Company. If the termination takes place during the first year following Admission, the relevant member would be entitled to five times of his total gross remuneration (including annual fixed remuneration, bonus incentive plans and Ordinary Shares awarded under the Management Stock Plan). In the event such termination takes place after the first year following Admission, such severance indemnity would be reduced by 20% in each year during the subsequent four years. **Audit Services** Deloitte will provide audit services to the Company. As long as the Company does not have any subsidiary and does not prepare consolidated financial statements, the Company's financial statements will be prepared in accordance

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		with Spanish GAAP. Following the acquisition of Tree, the Company's financial statements will be prepared in accordance with IFRS-EU with respect to its annual accounts. The audit fees charged by Deloitte are negotiated annually and are set forth in Deloitte's annual engagement letter. **Property Appraisers** Valuations of the Company's real estate assets will be made (i) as at 30 June of each year through an external desktop valuation (i.e., a limited valuation which does not involve a physical inspection of the properties and which is intended to update the previous 31 December valuation incorporating significant changes that may have taken place in market conditions and/or within the relevant assets (i.e., leases, capital expenditures, acquisitions or legal liabilities)) and (ii) as at 31 December of each year through a physical valuation, in each case performed by a suitably qualified RICS-accredited appraiser to be appointed by the Audit and Control Committee. The first external valuation is expected to take place on 31 December 2014 (assuming the acquisition of Tree and/or at least one property by that date). Therefore, as at 30 June 2014, no external desktop valuation will be carried out. Valuations of the Company's real estate assets 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.
B.4a	A description of the most significant recent trends affecting the issuer and the industries in which it operates:	The economies of Spain and Portugal have started to show signs of recovery as GDP of both countries has begun to expand and sovereign debt "risk premia" have begun to compress. The economic recovery has been reflected in improving real estate indicators such as property yields and property capital values which seem to evidence a market recovery. Average property yields of certain property types in the central business and industrial districts of Madrid and Barcelona have compressed since the end of 2012 showing levels in both cities as of year-end 2013 of around 4.8% (-38 bps) for high street retail, 6.0% (-25 bps) for office, and 8.3% (+25 bps) for industrial logistics space. Capital values for these property types in Madrid have shown a similar trend and as of the end of 2013 were of approximately €52,600/sqm, €4,900/sqm, and €698/sqm, respectively; a 11%, 1%, and -7% change when compared to their respective low levels reached during the crisis. The story for Barcelona is very similar with capital values of approximately €52,600/sqm, €3,600/sqm and €921/sqm for each of the respective property types representing an increase from their respective floor levels during the crisis of 20%, 3%, and 2%, respectively. The Portuguese property market has also shown signs of recovery since 2012. Property yields as of year-end 2013 in the central business and industrial districts of Lisbon were of around 7.5% (-75 bps) for office space and 9.3% (-25 bps) for industrial logistics space. Capital values have also shown signs of recovery at year-end 2013 at €2,960/sqm and €420/sqm, respectively, representing an increase of 10% and 3%, respectively, since 2012 (source: CBRE). In summary, values of high street retail, office and logistics properties in Madrid and Barcelona have suffered an important contraction since 2007, and despite a more favourable economic outlook were 18%, 54%, 50% (in Madrid), and 9%, 52%, and 46% (in Barcelona) lower for each respective property type as of year-end 2013. Property values of office and logistics properties in Lisbon were 31% and 47% lower at year-end 2013 than when compared to 2007.
B.5	Group description:	Not applicable. The Company currently has no subsidiaries. However, the Company has agreed, conditional upon and following Admission, to acquire 100% of the share capital of Tree, a company owning the Seed Portfolio which

		will form a substantial part of the assets and the base for the operation and business strategy of the Company and 100% of the share capital of Bosque.
B.6	Major shareholders:	At the date of this Prospectus, the issued share capital of the Company consists of €60,000 divided into a single series of 60,000 shares in book-entry form, with a nominal value of €1 each. All of these shares are fully paid. On incorporation, the sole Shareholder of the Company was MAGIC Real Estate, which subsequently sold, on 9 June 2014, its shares in the Company to MAGIC Kingdom. Consequently, as of the date of this Prospectus, MAGIC Kingdom holds 60,000 Ordinary Shares representing 100% of the issued share capital of the Company. The Management Team (including Mr. Ismael Clemente and Mr. Miguel Ollero) has undertaken to invest, indirectly through MAGIC Kingdom, €7.5 million in Ordinary Shares. MAGIC Kingdom bought 60,000 Ordinary Shares from MAGIC Real Estate for €600,000 and will subscribe for €6.9 million of Issue Shares. As a result, immediately following Admission, MAGIC Kingdom will hold 750,000 Ordinary Shares, representing 0.5% of the Company's share capital (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised). MAGIC Kingdom will incur indebtedness to finance in part such acquisition and subscription of Ordinary Shares. As a result it is envisaged that some or all of the Ordinary Shares held by MAGIC Kingdom will be pledged as security for such indebtedness. Pursuant to the Cornerstone Investor Subscription Agreements, the Cornerstone Investors have agreed to subscribe for, conditional upon the Placing Agreement not being terminated in accordance with its terms and certain other conditions being satisfied (including in some limited cases that the Issue is for a minimum size of €1,250 million assuming no exercise of the Over-allotment Option), an aggregate of 52,025,000 Issue Shares, which would represent 34.669% of the Company's share capital following Admission (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised). The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company as at, or immediately following, Admission.
B.7	Historical key financial information:	***Section A: Selected historical financial information of the Company*** The selected financial information of the Company for the seven-day period ended 31 March 2014 presented below has been prepared in accordance with Spanish GAAP. (I) Summary Balance Sheet

	As of 31 March 2014
	(in €)
ASSETS	
CURRENT ASSETS	**60,084**
− Trade and other receivables	84
− Other tax receivables	84
− Cash and cash equivalents	60,000
− Cash	60,000
Total Assets	**60,084**
EQUITY AND LIABILITIES	
EQUITY	**54,564**

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– Shareholder´s equity	54,564
– Share capital	60,000
– Reserves	(390)
– Profit (loss) for the year	(5,046)
CURRENT LIABILITIES:	**5,520**
– Trade and other payables	5,520
– Suppliers	5,445
– Other tax payables	75
Total Equity and Liabilities	**60,084**

(II) Summary Profit and Loss Account

	7 days to 31/03/2014
	(in €)
CONTINUING OPERATIONS	
Other operating expenses	(5,046)
LOSS FROM OPERATIONS	**(5,046)**
LOSS BEFORE TAX	**(5,046)**
LOSS FOR THE PERIOD	**(5,046)**

(III) Summary Cash Flow Data

	7 days ended 31 March 2014
	(in €)
Cash flows from operating activities	390
Cash flows from investing activities	—
Cash flows from financing activities	59,610
Effect of foreign exchange rate changes	—
Net increase/decrease in cash and cash equivalents	**60,000**
Cash and cash equivalents at end of period	60,000

The Company has not carried on business or incurred borrowings and there has been no significant change in the financial or trading position of the Company since 31 March 2014 (the date to which the financial information reported on in the accountants' report in respect of the Company was prepared) other than as disclosed in this Prospectus.

This selected financial information of the Company for the seven-day period ended 31 March 2014, prepared in accordance with Spanish GAAP, would not present significant differences if IFRS-EU were applied.

Section B: Selected historical financial information of Tree

The selected financial information of Tree as of and for the three-month period ended 31 March 2014 and as of and for each of the years ended 31 December 2013, 2012 and 2011 presented below has been prepared in accordance with Spanish GAAP.

(I) Summary Balance Sheet

	As of			
	31 March 2014 (unaudited)	**31 December 2013 (audited)**	**31 December 2012 (audited)**	**31 December 2011 (audited)**
	(in € thousands)			

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ASSETS				
NON-CURRENT ASSETS:	**1,036,159**	**1,047,481**	**1,165,482**	**1,218,147**
− Intangible fixed assets	64	56	—	—
− Property, plant and equipment	23	18	21	23
− Investment property	1,011,710	1,022,848	1,102,180	1,159,037
− Long-term financial investments	12,610	12,674	12,938	13,474
− Deferred tax assets	11,752	11,885	50,343	45,613
CURRENT ASSETS:	**11,075**	**15,978**	**9,634**	**24,451**
− Trade and other receivables	180	377	161	146
− Short-term investments in group companies and associates	—	646	704	—
− Short-term financial investments	97	119	40	47
− Cash and cash equivalents	10,798	14,836	8,729	24,258
Total Assets	**1,047,234**	**1,063,459**	**1,175,116**	**1,242,598**
EQUITY AND LIABILITIES				
EQUITY	**100,408**	**(111,183)**	**(106,163)**	**(46,578)**
− Shareholder's equity	171,356	(39,110)	(19,625)	21,911
− Share capital	9,323	6,960	6,960	6,960
− Share premium	260,648	52,873	52,873	52,873
− Reserves	(481)	(481)	(497)	(497)
− Profit (loss) from previous year	(98,462)	(78,961)	(37,425)	(29,585)
− Profit (loss) for the year	328	(19,501)	(41,536)	(7,840)
− Valuation adjustments	(70,948)	(72,073)	(86,538)	(68,489)
NON-CURRENT LIABILITIES:	**914,200**	**1,125,032**	**1,251,861**	**1,261,509**
− Long-term debts	914,200	927,221	1,054,050	1,082,191
− Long-term debts with group companies and associates	—	197,811	197,811	179,318
CURRENT LIABILITIES:	**32,626**	**49,610**	**29,418**	**27,667**
− Short-term debts	30,711	29,511	26,776	24,317
− Short-term debts with group companies and associates		16,966		365
− Trade and other payables	1,915	3,133	2,642	2,985
Total Equity and Liabilities	**1,047,234**	**1,063,459**	**1,175,116**	**1,242,598**

(II) Summary Profit and Loss Account

	31 March 2014 (unaudited)	**31 March 2013 (unaudited)**	**31 December 2013 (audited)**	**31 December 2012 (audited)**	**31 December 2011 (audited)**
		(in € thousands)			
Revenue	22,304	22,895	93,387	92,978	95,245
Other operating income	546	323	12	—	32
Personnel expenses	(14)	(13)	(90)	(91)	(75)
Other operating expenses	(1,164)	(1,321)	(9,847)	(8,567)	(11,793)

Depreciation and amortisation charges	(7,620)	(7,829)	(31,004)	(31,726)	(33,282)
Impairment leases and proceeds from sale of real estate assets	2,142	2,444	27,541	12,713	51,863
Other gains and losses	-	—	(3)	8	29
OPERATING PROFIT (LOSS)	**16,194**	**16,499**	**79,996**	**65,315**	**102,019**
Finance income	3	3	90	180	589
Finance expenses	(14,996)	(21,142)	(88,754)	(90,390)	(113,355)
− Debts with Group companies and associates	(361)	(5,263)	(25,766)	(22,848)	(35,320)
− Third-party borrowings	(14,635)	(15,879)	(62,988)	(67,542)	(78,035)
Change in fair value of financial instruments	(337)	(613)	(5,220)	(4,628)	(459)
FINANCIAL PROFIT (LOSS)	**(15,330)**	**(21,752)**	**(93,884)**	**(94,838)**	**(113,225)**
PROFIT (LOSS) BEFORE TAXES	**864**	**(5,253)**	**(13,888)**	**(29,523)**	**(11,206)**
PROFIT (LOSS) FOR THE YEAR	**328**	**(8,755)**	**(19,501)**	**(41,536)**	**(7,840)**

(III) Summary Cash Flow Data

	31 March 2014 (unaudited)	31 March 2013 (unaudited)	31 December 2013 (audited)	31 December 2012 (audited)	31 December 2011 (audited)
		(in € thousands)			
Cash flows from operating activities	(498)	5,410	6,439	(16,029)	(28,776)
Cash flows from investing activities	5,711	7,972	76,079	38,363	163,900
Cash flows from financing activities	(9,251)	11,952	(76,411)	(37,863)	(320,483)
− Proceeds and repayments relating to equity instruments					
− Issuance and repayment of equity instruments	2,150	—	—	—	(9,227)
− Acquisition of own equity instruments	—	—	—	—	5
− Proceeds and payments relating to financial liabilities					
− Issuance of debt to group companies and associates		—	—	18,493	—
− Redemption and repayment of debt to financial entities	(11,401)	(11,952)	(76,411)	(56,356)	(283,579)
− Redemption and repayment of debt to Group companies				—	(27,682)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	**(4,038)**	**1,430**	**6,107**	**(15,529)**	**(185,359)**
Cash and cash equivalents at end of period	10,798	10,159	14,836	8,729	24,258

There has been no significant change in the financial or trading position of Tree since 31 March 2014 (the date to which the interim financial information reported on in the accountants' report in respected of Tree was prepared) other

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		than the sale of 18 branches for a total price of €24.0 million. The information contained in the selected financial information of Tree as of and for the three-month period ended 31 March 2014 and as and for the years ended 31 December 2013, 2012 and 2011 prepared in accordance with Spanish GAAP would not present significant differences if IFRS-EU were applied.
B.8	Selected key pro forma financial information:	The Unaudited Pro Forma Condensed Financial Information included in this Prospectus sets forth the unaudited pro forma condensed income statements of the Company for the year ended 31 December 2013 and for the three-month period ended 31 March 2014, as well as the unaudited pro forma condensed balance sheet of the Company as of 31 March 2014, which has been derived from, and should be read in conjunction with, the financial staements as of and for the year ended 31 December 2013 of Tree, the interim financial statements of Tree as of and for the period ended 31 March 2014, and the financial statements of the Company as of and for the seven-day period ended on 31 March 2014, all prepared in accordance with Spanish GAAP. The Unaudited Pro Forma Condensed Financial Information has been included to illustrate, on a pro forma basis the acquisition of Tree by the Company assuming the transaction was consummated at a price of €742,406,000 (excluding acquisition costs and expenses) the beginning of the fiscal year presented for the purpose of the income statement and at the end of the most recent period presented for the purpose of the balance sheet. (I) Unaudited pro forma condensed balance sheet as of 31 March 2014

	Merlin Properties, S.A. 31 March 2014 (3)	Tree Inversiones Inmobiliarias, S.A. 31 March 2014 (4)	Pro Forma adjustment for the fair value valuation of investment property (5)	Pro forma balance sheet
ASSETS				
Non-current assets	**-**	**1,036,159**	**669,183**	**1,705,342**
Intangible assets	-	64	-	64
Property, plant & equipment	-	23	-	23
Investment property	-	1,011,710	449,197	1,460,907
Derivative	-	-	219,986	219,986
Other non current assets	-	24,362	-	24,362
Current assets	**60**	**11,075**	**-**	**11,135**
Trade and other receivables	-	180	-	180
Short-term financial investments	-	97	-	97
Cash and cash equivalents	60	10,798	-	10,858
Total Assets	**60**	**1,047,234**	**669,183**	**1,716,477**

SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity	**55**	**100,408**	**651,375**	**751,838**
Non-current liabilities	**-**	**914,200**	**17,808**	**932,008**
Bank borrowings	-	822,943	-	822,943
Derivatives	-	77,012	-	77,012
Other financial liabilities	-	14,245	-	14,245
Deferred tax liabilities	-	-	17,808	17,808
Current liabilities	**5**	**32,626**	**-**	**32,631**
Bank borrowings	-	30,711	-	30,711
Trade and other payables	5	1,915	-	1,920
Total Shareholders' Equity and Liabilities	**60**	**1,047,234**	**669,183**	**1,716,477**

(II) Unaudited pro forma income statement for the three-month period ended 31 March 2014

	Merlin Properties, S.A. **31 March 2014 (3)**	**Tree Inversiones Inmobiliarias, S.A.** **31 March 2014 (4)**	**Pro Forma adjustment for the depreciation of fair value valuation (6)**	**Pro Forma adjustment for the gain on the acquisition (7)**	**Pro Forma 31 March 2014** **Income Statement**
Revenue	-	22.850	-	-	22.850
Personnel expenses	-	(14)	-	-	(14)
Other operating expenses	(5)	(1.164)	-	-	(1.169)
Depreciation and amortisation charges	-	(7.620)	(3.903)	-	(11.523)
Proceeds from sale of real estate assets	-	2.142	-	-	2.142
OPERATING PROFIT	**(5)**	**16.194**	**(3.903)**	**-**	**12.286**
Finance income	-	3	-	9.377	9.380
Finance expenses	-	(14.996)	-	-	(14.996)

Change in fair value of financial instruments	-	(337)	-	-	(337)
FINANCIAL LOSS (NET)	**-**	**(15.330)**	**-**	**9.377**	**(5.953)**
PROFIT (LOSS) BEFORE INCOME TAX	**(5)**	**864**	**(3.903)**	**9.377**	**6.333**
Income taxes	-	(536)	-	-	(536)
PROFIT (LOSS) FOR THE YEAR	**(5)**	**328**	**(3.903)**	**9.377**	**5.797**

(III) Unaudited pro forma income statement for the year ended 31 December 2013

	Merlin Properties, S.A. 31 December 2013	**Tree Inversiones Inmobiliarias, S.A. 31 December 2013 (4)**	**Pro Forma adjustment for the depreciation of fair value valuation (6)**	**Pro Forma adjustment for the gain on the acquisition (7)**	**Pro Forma 31 December 2013 Income Statement**
Revenue	-	93,399	-	-	93,399
Personnel expenses	-	(90)	-	-	(90)
Other operating expenses	-	(9,847)	-	-	(9,847)
Depreciation and amortisation charges	-	(31,004)	(15,612)	-	(46,616)
Proceeds from sale of real estate assets	-	27,541	-	-	27,541
Other operating income / expenses	-	(3)			(3)
OPERATING PROFIT	**-**	**79,996**	**(15,612)**	**-**	**64,384**
Finance income	-	90	-	9,377	9,467
Finance expenses	-	(88,754)	-	-	(88,754)
Change in fair value of financial instruments	-	(5,220)	-	-	(5,220)
FINANCIAL LOSS (NET)	**-**	**(93,884)**	**-**	**9,377**	**(84,507)**
PROFIT (LOSS) BEFORE INCOME TAX	**-**	**(13,888)**	**(15,612)**	**9,377**	**(20,123)**

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		Income taxes | - | (5,613) | - | - | (5,613)
		PROFIT (LOSS) FOR THE YEAR | **-** | **(19,501)** | **(15,612)** | **9,377** | **(25,736)**
B.9	Profit forecast:	Not applicable. This Prospectus does not contain profit forecasts or estimates.
B.10	A description of the nature of any qualifications in the audit report on the historical financial information:	Regarding the historical audited interim financial statements for the Company, for the seven-day period ended 31 march 2014, the auditors understand that the accompanying interim financial statements present fairly, in all material respects, the equity and financial position of the Company at 31 March 2014, and the results of its operations and its cash flows for the seven-day period then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein. In relation to the historical audited financial statements of Tree for the years ended 31 December 2013, 2012 and 2011, the auditors consider that the financial statements for 2013, 2012 and 2011, respectively, present fairly, in all material respects, the equity and financial position of Tree at 31 December 2013, 2012 and 2011, respectively and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.
B.11	Qualified working capital:	Not applicable. In the opinion of the Company, taking into consideration the Net Proceeds to be received by the Company from the Issue, the working capital available to the Company is sufficient for the Company's present requirements and, in particular, is sufficient for at least the next 12 months from the date of this Prospectus.

Section C- Securities		
C.1	Type and class of security:	Ordinary Shares of a nominal value of €1.00 each. The ISIN number of the existing Ordinary Shares is ISIN:ES0105025003. The Issue Shares will receive a provisional ISIN number which upon Admission will be replaced for the ISIN number of the existing Ordinary Shares. The Ordinary Shares are of the same class and the Company currently has no other class of shares.
C.2	Currency of the securities issue:	The Ordinary Shares are denominated in euro.
C.3	The number of shares issued:	On Admission, there will be between 150,060,000 and 172,560,000 Ordinary Shares of €1 nominal value each in issue. All Ordinary Shares will be fully paid. The final number of Ordinary Shares to be issued in the Issue is expected to be determined and announced through the publication of a significant information announcement (*Hecho Relevante*) on 26 June 2014 once the Placing is concluded.
C.4	A description of the rights attached to the securities:	The Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with each other and will rank in full for all dividends and other distributions thereafter declared, made or paid in respect of the Ordinary Shares. The Ordinary Shares grant their owners the rights set forth in the By-laws and under Spanish corporate law, such as, among others, (i) the right to attend general shareholders' meetings of the Company with the right to speak and vote, (ii) the right to dividends proportional to their paid-up shareholding in the

Section C- Securities		
		Company, (iii) the pre-emptive right to subscribe for newly-issued Ordinary Shares in capital increases with cash contributions, and (iv) the right to any remaining assets in proportion to their respective shareholdings upon liquidation of the Company.
C.5	Restrictions on the free transferability of the securities:	Under Spanish Law, the Company may not impose restrictions in its By-laws on the free transferability of its Ordinary Shares. However, the By-laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. 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 a worse position). In addition, the By-laws 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). 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. Furthermore, according to the By-laws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects on the Company or its Shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimise the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company. The Placing of Ordinary Shares and the holding of Ordinary Shares by investors may be affected by the legal or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such Ordinary Shares. Investors should consult their own advisers prior to an investment in the Ordinary Shares. Additionally, MAGIC Kingdom (the investment vehicle through which the members of the Management Team hold Ordinary Shares) has agreed to lock-up arrangements, as further described in section E.5 of this Summary.
C.6	Admission:	Application will be made to list the Company's Ordinary Shares on the Spanish Stock Exchanges and to have the Company's Ordinary Shares quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company expects the Ordinary Shares to be listed and quoted on the Spanish Stock Exchanges on or about 30 June 2014. The symbol under which the Ordinary Shares will be quoted will be announced through the publication of a significant information announcement (*Hecho Relevante*) before Admission.
C.7	Dividend policy:	The Company intends to maintain a dividend policy which has due regard to 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 Shareholders other than those required by law. The Company intends to pay dividends when the Board of Directors considers it appropriate. However, under the Spanish SOCIMI Regime, the Company will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to Shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the

Section C- Securities		
		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. If the relevant dividend distribution resolution is not adopted in a timely manner, the Company would lose its SOCIMI status in respect of the year to which the dividends relate. 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. Dividends will be received in respect of the Ordinary Shares owned at such time. Unless otherwise agreed by the Shareholders' Meeting or the Board of Directors, the By-laws provide that the payment date will take place within the following 30 calendar days after the dividend distribution is approved. The record date criteria referred to above intends to allow the Company to timely identify Substantial Shareholders before having to make a dividend distribution to them. According to the By-laws, any Shareholder must give notice to the Company's Board of Directors of any acquisition of Ordinary Shares which results in such Shareholder reaching a stake in the Company equal to or higher than 5% of its share capital. 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.

Section D- Risks		
D.1	Key information on the key risks that are specific to the issuer or its industry:	Prior to investing in the Ordinary Shares, prospective investors should consider the risks associated therewith. The Company wishes to highlight to investors and any future Shareholders the following matters: 1. *The Company is newly formed.* The Company was incorporated on 25 March 2014 and has no historical financial information available. 2. *The acquisition of Tree is a transaction negotiated in the context of an affiliated relationship.* The Company has irrevocably undertaken to acquire, conditional upon Admission, 100% of the share capital of Tree for a total amount of €739.483.659. This transaction has been negotiated in the context of an affiliated relationship to the extent that certain managers of Tree are also members of the Management Team. As a result of the acquisition of Tree by the Company, the following amounts shall accrue for such members of the Management Team. These amounts shall be ultimately borne by the Tree Shareholders: ▪ Executive Chairman: €6.3 million after tax (€13.7 million before tax); ▪ Executive Director: €4.9 million after tax (€10.6 million before tax); and ▪ Other members of the Management Team: A total of €3.4 million after tax (€7.4 million before tax). 3. *The members of the Management Team are entitled to severance payments upon termination of their employment with the Company.* If the termination takes place during the first years following Admission, this may have a substantial adverse effect on the Company's financial

Section D- Risks		
		condition.

4. *Tree, which was incorporated in 2009, has significant levels of debt and has incurred losses in each of its financial years since incorporation.* The total financial indebtedness of Tree amounted to €842.9 million as at 31 May 2014, with maturity dates falling between May and September 2017. If Tree were unable to refinance or repay such financial indebtedness on maturity, this could have a material adverse effect on the future viability of the Company. In addition, taking into account the amount and the terms and conditions of Tree's indebtedness (which includes cash sweep provisions, as well as the obligation to reinvest 50% of the net distributions that the Company receives from Tree), it is unlikely that the Company receives signigicant distributions from Tree until 2018, unless Tree repays or refinances such debt or BBVA's rating increases by one notch, thereby releasing the cash sweep provisions.
5. *Tree's shares are pledged to Tree's lenders.* The Tree Shareholders granted a pledge over the shares of Tree as security for Tree's payment obligations under Tree's financing agreements. Upon completion of the proposed acquisition of Tree by the Company, such share pledges would continue to be in place.
6. *Dividend reinvestment agreement.* The Company will be required to reinvest 50% of dividends received from Tree by way of subscribing for capital increases in Tree. Such undertaking could have an adverse impact on the Company's financial condition and may require the Company to incur indebtedness in order to comply with the mandatory obligations to distribute dividends to its Shareholders under the SOCIMI Regime.
7. *The Issue will be automatically revoked if the subscription commitments received from investors are insufficient for the Company to be able to acquire Tree and Bosque.*
8. *The Cornerstone Investors are not subject to any lock-up arrangement and may sell their Ordinary Shares at any time.* If these investors opt to sell their Ordinary Shares following Admission, the market price of the Ordinary Shares could fall sharply, thereby causing material losses for other Shareholders.

<u>1. General risks</u>

- The Company is newly formed and has not yet made any acquisitions.
- The Company has agreed to purchase the Seed Portfolio on terms negotiated between the Company and the Tree Shareholders and certain members of the Management Team will be entitled to payments upon the Company's acquisition of Tree.
- Tree has significant levels of debt and has not yet incurced profits.
- The Company's property portfolio will be concentrated in the Spanish and Portuguese commercial property market and the Company will therefore have greater exposure to political, economic and other factors affecting the Spanish and, to a lesser extent, Portuguese markets than more diversified businesses.
- The Issue may not proceed or may be revoked in certain circumstances.
- The Company will be required to reinvest 50% of the total net mandatory distribution of profits made by Tree.

<u>2. Risks relating to the Company's activity and to its real estate business</u>

A) Risks relating to the company's activity

I. General

- The Company's investments will be concentrated in certain asset

Section D- Risks		
		classes. - Any costs associated with potential acquisitions that do not proceed to completion will affect the Company's performance. - There can be no assurance that any target returns will be achieved. - The Company may not have full control of its asset portfolio and may therefore be subject to the risks associated with minority investments and joint venture investments. - The Company's net asset value is expected to fluctuate over time. - The Company may dispose of assets at a lower than expected return or at a loss, and may be unable to dispose of assets at all. - There may be delays or difficulties in the deployment of the Net Proceeds (including due to delays in identifying and/or acquiring suitable investments). - Competition may affect the ability of the Company to make appropriate investments and to secure tenants at satisfactory rental rates. - The Company may acquire various types of real estate loans, some of which may be subordinated debt which would rank behind senior debt tranches for repayment in the event that a borrower defaults. - Real estate loans are subject to the risk that tenants at the underlying properties could default and/or seek to renegotiate terms during the course of a tenancy, which could, in turn, result in the borrower defaulting on the loans or result in a reduction in the value of the underlying real estate assets. - In the event of the insolvency of a borrower, the Company's ability to enforce the underlying collateral may be adversely impacted by the insolvency regime or insolvency regimes which may apply to that borrower and/or the underlying collateral. - The Company's return on real estate loans may be adversely affected if the Company cannot obtain the underlying collateral in the event of a default. - Repayments of loans could be subject to the availability of refinancing options or sale of the underlying asset. - The Company may be subject to prepayment risk on its loan assets. - The Company's financial structure may be inefficient during the period in which the Net Proceeds are being invested. - The Company's Business Strategy includes the use of leverage, which increases the Company's risk and exposes the Company to risks associated with borrowings. - The Company may not be able to obtain financing on satisfactory terms or at all. - If the Company incurs floating rate debt it will be exposed to risks associated with movements in interest rates. - The Company's ability to pay dividends will depend upon its ability to generate profits available for distribution and its access to sufficient cash. *II) Specific risks relating to the Seed Portfolio* - The Seed Portfolio is fully leased to a single tenant. - Due diligence performed in connection with the Seed Portfolio may not have identified all risks and liabilities. - The Seed Portfolio valuation over time could be lower than the price to be paid for the acquisition of Tree. - Tree's shares are pledged under the Facility Agreements. - Tree is exposed to BBVA's credit rating. - Tree's ability to pay dividends to the Company will depend upon its ability to generate profits available for distribution and its access to sufficient cash. *B) Risks relating to the real estate business in general*

Section D- Risks		
		- The value of any properties that the Company acquires and the rental income those properties yield will be subject to fluctuations in the Spanish and Portuguese property markets. - The Company's business may be materially adversely affected by a number of factors inherent to the sale and purchase of properties and their management. - Investing in commercial property asset classes is subject to certain risks inherent in each of these asset classes. - Property valuation is inherently subjective and uncertain. - The composition of the Company's portfolio of assets is expected to fluctuate. - The Company's due diligence may not identify all risks and liabilities in respect of an asset acquisition. - Real estate assets are illiquid. - The Company may be dependent on the performance of third-party contractors when undertaking development, refurbishment or redevelopment projects and may suffer delays, non-completion or may fail to achieve expected results. - The Company may be subject to liability following the disposal of assets. - The Company may be subject to potential claims relating to the development, construction and refurbishment of real estate assets. - The Company may suffer losses in excess of insurance proceeds, if any, or from uninsurable events. <u>3. Risks relating to the Management Team, the Company's employees and the Board of Directors</u> - The Company is reliant on the performance and the expertise of the Management Team. - The past and current performance of the Management Team is not a guarantee of the future performance of the Company. - Members of the Management Team may have conflicts of interest in allocating their time and activity between the Company and MAGIC Real Estate. - The Management Stock Plan is based on EPRA NAV and volatility in property values might lead to increased entitlements ahead of a cyclical peak. - There can be no assurance that the Management Team will be successful in implementing the Company's Business Strategy. - The arrangements between the Company and the Management Team were negotiated in the context of an affiliated relationship and may contain terms that are less favourable to the Company than those which otherwise might have been obtained from unrelated parties. - The members of the Management Team are expected to be entitled to substantial severance payments upon termination of their employment with the Company. - The Company does not have entire control over the Management Team and the Company may be harmed if its reputation or the reputation of MAGIC Real Estate suffers. - The Company is reliant on the performance and retention of the members of the Board of Directors. - Reputational risk in relation to the Board of Directors may materially adversely affect the Company. - There may be circumstances where Directors have a conflict of interest. <u>4. Regulatory, structure and taxation risks</u> - There is a risk that the Company may be considered an AIF in Spain or elsewhere in the EEA. - The Company is subject to certain laws and regulations relating to

Section D- Risks		
		real estate assets. - Environmental, health and safety laws, regulations and standards may expose the Company to the risk of substantial unexpected costs and liabilities. - The assets of the Company could be deemed to be "plan assets" that are subject to certain requirements of ERISA and/or section 4975 of the Code, which could restrain the Company from making certain investments. - The Company believes that it and Tree will each be passive foreign investment companies (PFICs) for US federal income tax purposes for the current year and expects that they will each be PFICs in future years, which generally will result in adverse US federal income tax consequences for US investors. - The Company may cease to be qualified as a Spanish SOCIMI which would have adverse consequences for the Company and its ability to deliver returns to Shareholders. - Any change in tax legislation (including the Spanish SOCIMI Regime) may adversely affect the Company. - Restrictions under the Spanish SOCIMI Regime may limit the Company's ability and flexibility to pursue growth through acquisitions. - Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime. - Spanish taxation of capital gains obtained by certain investors from the transfer of their Ordinary Shares. - The Company may become subject to an additional tax charge if it pays a dividend to a Substantial Shareholder, which may result in a loss of profits for the Company. - The Company may not impose restrictions on the free transferability of its Ordinary Shares and the acquisition of Ordinary Shares by certain investors could adversely affect the Company. <u>5. Risks relating to the economy</u> - Since the Company's assets will be concentrated in Spain and, to a lesser extent, Portugal, adverse developments in general economic conditions in Spain and Portugal and elsewhere and concerns regarding instability of the Eurozone may adversely affect the Company. <u>6. Risks relating to the unaudited pro forma condensed financial information</u> The Unaudited Pro Forma Condensed Financial Information included in this Prospectus does not represent, and may not give a true picture of, the actual or future financial condition and results of operations of the Company.
D.3	Key information on the key risks that are specific to the securities:	- A liquid market for the Ordinary Shares may fail to develop. - The market price of the Ordinary Shares may not reflect the value of the assets of the Company and the Company's Ordinary Share price may fluctuate widely in response to different factors. - The Company may in the future issue new Ordinary Shares, which may dilute investors' interest in the Company. - The achievement of the target returns set by the Management Team may have a dilutive effect on investors' interest in the Company. - Sales of Ordinary Shares by the Management Team, the Cornerstone Investors or other large Shareholders, or the possibility of such sales, may affect the market price of the Ordinary Shares. - The interests of the Cornerstone Investors and any other significant investor may conflict with those of other Shareholders. - Pre-emptive acquisition or subscription rights for US and other Shareholders outside Spain may be unavailable.

Section D- Risks		
		- It may be difficult for Shareholders outside Spain to serve process on or enforce foreign judgments against the Company or the Directors. - An investor whose currency is not the euro is exposed to exchange rate fluctuations. - The holding of Ordinary Shares does not guarantee the right to attend Shareholders' meetings.

Section E- Offer		
E.1	The total net proceeds and an estimate of the total expenses of the issue:	The Company expects to raise Net Proceeds of approximately €1,461,600,000 (on the basis of a €1.500 million Issue and assuming the Over-allotment Option is not exercised), after the deduction of commissions and other estimated fees and expenses payable by the Company and incurred in connection with the Issue of approximately €38.4 million.
E.2	Reasons for the issue, use of proceeds:	The Company's principal use of the Net Proceeds of the Issue will be to fund the acquisition of 100% of the shares of Tree (for a total consideration of €739,483,659) and 100% of the shares of Bosque (for a total consideration of €3,006), respectively, and to fund future real estate acquisitions using the Remaining Net Proceeds (estimated to amount to €722 million, assuming a €1,500 million Issue and no exercise of the Over-allotment Option), as well as to fund the Company's operating expenses consistent with the Business Strategy. The Company aims to have the Net Proceeds fully invested in the 24 months following Admission.
E.3	A description of the terms and conditions of the issue:	The Issue is expected to be for up to €1,500 million in gross proceeds (assuming no exercise of the Over-allotment Option). The final size of the Issue is expected to be determined and announced through the publication of a significant information announcement (*Hecho Relevante*) on or about 26 June 2014, once the Placing is concluded and the Joint Bookrunners and the Company have agreed the number of Ordinary Shares that will constitute the Placing Shares. In addition, the Company has granted to Credit Suisse Securities (Europe) Limited acting on behalf of the Joint Bookrunners an Over-allotment Option pursuant to which the Company may issue a total of up to 22,500,000 additional Ordinary Shares at the Issue Price, representing up to 15% of the Ordinary Shares comprised in the Issue before any utilisation of the Over-allotment Option. It is expected that certain investors will, before Admission, enter into stocklending agreements with the Stabilisation Manager, acting on behalf of the Managers, for the overallotment of Ordinary Shares to be carried out in connection with the Issue and which will be covered with the Over-allotment Option provided by the Company. Pursuant to the Placing Agreement, the Banca March Underwriting and Placing Agreement and the DBPWM Placing Agreement, the Managers, Banca March and DBPWM, as applicable, will agree, subject to certain conditions, acting severally and not jointly nor jointly and severally, to use reasonable endeavours to procure subscribers for up to 89,785,000 Placing Shares at the Issue Price representing up to 59.833% of the issued share capital of the Company on Admission (on the basis of a €1,500 million Issue and assuming no exercise of the Over-allotment Option). BNP PARIBAS Securities Services, Sucursal en España, with registered address at Calle Ribera del Loira 28, 28042 Madrid, will be the agent bank in the Issue. The Placing, the Banca March Placing and the DBPWM Placing will be made by way of an offer to investors in accordance with the selling

Section E- Offer		
		restrictions described in section 11 of Part XIV (*The Issue*) of this Prospectus (a) outside the United States in offshore transactions as defined in, and in compliance with Regulation S and (b) in the United States to persons reasonably believed to be qualified institutional buyers as defined in, and in reliance on, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Placing, the Banca March Placing and the DBPWM Placing are conditional upon, among other things, the Placing Agreement having become unconditional in all respects subject to the satisfaction of certain conditions precedent and provided the Agreement has not been terminated by the Joint Bookrunners in accordance with its terms. On incorporation, the sole Shareholder of the Company was MAGIC Real Estate, which subsequently sold its shares in the Company to MAGIC Kingdom. Consequently, as of the date of this Prospectus, MAGIC Kingdom holds 60,000 Ordinary Shares representing 100% of the issued share capital of the Company. The Management Team (including Mr. Ismael Clemente and Mr. Miguel Ollero) has undertaken to invest, indirectly through MAGIC Kingdom, €7.5 million in Ordinary Shares. MAGIC Kingdom bought 60,000 Ordinary Shares from MAGIC Real Estate for €600,000 and will subscribe for €6.9 million of Ordinary Shares upon Admission. As a result, immediately following Admission, MAGIC Kingdom will hold 750,000 Ordinary Shares, representing 0.5% of the Company's share capital (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised). The Company has entered into certain Cornerstone Investor Subscription Agreements pursuant to which the Cornerstone Investors have agreed to subscribe, at the Issue Price, for an aggregate of 52,025,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms and certain other conditions being satisfied (including, in certain limited case, a minimum Issue size of €1,250 million). The Placing and the Issue will terminate in accordance with the Placing Agreement which provides for customary termination events. If, prior to the Subscription Date, the Company and the Joint Bookrunners determine that the subscription commitments received from investors are insufficient to raise sufficient Net Proceeds for the Company to be able to acquire Tree and Bosque following Admission, the Placing Agreement will terminate and the Issue will not proceed. In addition, the Placing Agreement provides for customary termination events, such as: (i) a material breach by the Company of the representations, warranties and undertakings given in the Placing Agreement; (ii) a material adverse change in the condition (financial, operational, legal or otherwise) or in the earnings, management, business affairs, solvency or prospects of the Company and/or Tree and (iii) certain *force majeure* events, such as a suspension or material limitation in trading in securities generally on the Spanish Stock Exchanges or an outbreak of war or acts of terrorism. In those circumstances the Issue will also not proceed. In addition, the Placing Agreement will automatically terminate if Admission has not been completed by 30 September 2014, in which case the Joint Bookrunners or the final subscribers (as applicable) would be obligated to return the Issue Shares to the Company (if delivered), and the Company would be obligated to return the moneys paid (if any) by the Joint Bookrunners or the final subscribers (as applicable), together with interest accrued from the date on which the Joint Bookrunners or the final subscribers (as applicable) paid for the Issue Shares until the date on which the Company repays the Issue Price.
E.4	A description of any interest that is material to the issue/offer including	Pursuant to the Irrevocable Undertaking Agreement, the Company has irrevocably undertaken to acquire, conditional upon and following Admission, 100% of the share capital of Tree for a total amount of €739,483,659 million

Section E- Offer		
	conflicting interests:	(excluding costs and expenses). The substantive terms of the Irrevocable Undertaking Agreement were principally negotiated between the Company and the Tree Shareholders in the context of the Issue. Seven out of the eight current members (nine upon the acquisition of Tree) of the Management Team (Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate, Mr. Francisco Rivas and Mr. Fernando Ramírez) are current partners of MAGIC Real Estate, the founder of the Company and of MAGIC Kingdom, the current sole Shareholder. As a result of the acquisition of Tree by the Company, certain members of the Management Team will be entitled to receive certain fees as a result of certain agreements and arrangements. Set out below are the estimated net amounts of the fees attributable to the members of the Management Team (excluding Mr. David Brush) as a result of the fees payable to MAGIC Real Estate pursuant to the Portfolio Management Agreement, the Strategic Advisory Services Agreement and certain arrangements with Deutsche Bank, S.A.E.

NET AMOUNT OF FEES ATTRIBUTABLE TO CERTAIN MEMBERS OF THE MANAGEMENT TEAM(1) (€ in million)	Portfolio Management Agreement(2)	Strategic Advisory Services Agreement(3)	Arrangements with Deutsche Bank, S.A.E.(4)
Executive Chairman	0.2	0.4	5.7
Executive Director	0.2	0.4	4.3
Rest of Management team (and other employees)	0.3	0.7	2.8
TOTAL	**0.7**	**1.5**	**12.8**

(1) All amounts are net of 54% personal income tax.
(2) Business plan incentive fee payable to Bosque under the Portfolio Management Agreement and attributed to individuals based on their remuneration.
(3) Advisory fee payable to MAGIC Real Estate under the Strategic Advisory Services Agreement and attributed to individuals based on their involvement in the origination, execution and subsequent management of the transaction.
(4) Performance fee payable to MAGIC Real Estate under Deutsche Bank, S.A.E.'s executive incentive plan and the delegated management agreement with Deutsche Bank, S.A.E.

The estimated fees set out above result from agreements negotiated in the past between independent parties and will be paid either by the Tree Shareholders or by Deutsche Bank, S.A.E, as the case may be.

In addition:

(a) Banca March is a mandated lead arranger and a lender under the Facility Agreements. In addition, it is the ultimate shareholder of Alcudia (a Tree Shareholder);

(b) BBVA is a Co-Lead Manager and the tenant under the BBVA Lease Agreements;

(c) BNP PARIBAS is a Co-Lead Manager and its affiliate, BNP PARIBAS Securities Services, Sucursal en España, is the agent bank of the Issue;

(d) Deutsche Bank, S.A.E. is a Co-Lead Manager and also a party to a Delegated Management agreement with MAGIC Real Estate as well as an investment manager of certain Tree Shareholders;

(e) Deutsche Bank Luxembourg, S.A., a company forming part of the Deutsche Bank group, is a mandated lead arranger as well as the security agent under both the Facility Agreements and the Hedging Agreements; and

(f) Société Générale is a Co-Lead Manager and a

Section E- Offer		
		mandated lead arranger and a lender under the Senior Facility Agreement. In addition, there are carve-outs for the Management Team's exclusivity and non-compete obligations towards the Company (as described in B.3 above) in respect of the Pipeline Mandate and the Legacy Mandate. Save for the matters set forth above and the professional relationships derived from the provision of legal and financial advice in relation to the Issue, the Company is not aware of any link or significant economic interest between the Company and the entities participating in the Issue (Directors, Company Secretary, Joint Bookrunners, Agent Bank and legal advisers).
E.5	Name of the person or entity offering to sell the securities and details of any lock-up agreements:	Save for the Company, there are no entities or persons offering to sell Ordinary Shares. The Company will agree under the Placing Agreement during a period commencing on the date thereof and ending 270 days following Admission, that it will not, without the prior written unanimous consent of the Joint Bookrunners (which consent shall not be unreasonably withheld or delayed): (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 Securities Act with respect to any of the foregoing; or (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, whether any such swap or transaction described in (i) or (ii) 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 Such lock-up arrangement shall not apply to (i) the issue of the Issue Shares, (ii) the Ordinary Shares to be issued in connection with the Over-allotment Option and (iii) any Ordinary Shares to be issued with respect to the potential acquisition of MAGIC Real Estate by the Company during the 12 months following Admission, provided that MAGIC Real Estate shall agree to be bound by the lock-up obligations during the remainder of the lock-up period. The Placing Agreement includes as a condition precedent that the Joint Bookrunners shall have received a lock-up letter from MAGIC Kingdom, the investment vehicle through which the members of the Management Team hold Ordinary Shares. Under the terms of such lock-up letter, MAGIC Kingdom will agree that during the period commencing on the date of the Placing Agreement and ending on the 720 days following Admission, that it will not, without the prior written unanimous consent of the Joint Bookrunners (which consent shall not be unreasonably withheld or delayed): (i) directly or indirectly, 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 (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, whether any such swap or transaction described in sub-clause (i) or (ii)

Section E- Offer		
		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. Such lock-up arrangement will not apply to (i) any arrangements between MAGIC Kingdom and any financial institutions which have provided, or may provide in the future, financing for the purposes of the subscription of such Ordinary Shares by MAGIC Kingdom, provided that such Ordinary Shares may only be used to secure MAGIC Kingdom's payment or other obligations under any such financing; (ii) transfers of Ordinary Shares in favour of the shareholders of MAGIC Kingdom or their direct family members (being a parent, brother, sister, spouse or civil partner or a lineal descendant of any of the foregoing), provided that any such transferee shall agree to be bound by the lock-up obligations during the remainder of the lock-up period; (iii) in the event of the whole or partial takeover of the issued share capital of the Company which has been recommended by the Board of Directors; (iv) the implementation of a scheme of arrangement in respect of the sale of the Ordinary Shares of the Company that has been recommended by the Board of Directors; (v) a scheme of reconstruction of the Company which has been recommended by the Board of Directors; and (vi) any buyback by the Company of Ordinary Shares on identical terms to the terms offered to all Shareholders. In addition, each member of the Management Team, pursuant to the terms of the Management Stock Plan and subject to the exceptions below, shall not dispose of any Ordinary Shares received as part of or pursuant to the Management Stock Plan prior to the first anniversary of the date on which the Ordinary Shares are delivered to any member of the Management Team. The lock-up shall not apply (i) if the employment or commercial relationship is terminated or ends as a result of the retirement, redundancy, death, ill-health, injury or disability of the relevant member of the Management Team or (ii) under a change of control of the Company.
E.6	Dilution:	The Issue will result in the beneficial interest of MAGIC Kingdom in the Company being diluted by 99.5% (on the basis of a €1,500 million Issue and assuming no exercise of the Over-allotment Option).
E.7	Estimated expenses charged to the investor by the Issuer:	Not applicable. No expenses will be charged to any investor by the Company in respect of the Issue.

PART II: RISK FACTORS

IMPORTANT NOTICE

The Company wishes to highlight to investors and any future Shareholders the following matters:

1. *The Company is newly formed.* The Company was incorporated on 25 March 2014 and has no historical financial information available.

2. *The acquisition of Tree is a transaction negotiated in the context of an affiliated relationship.* The Company has irrevocably undertaken to acquire, conditional upon Admission, 100% of the share capital of Tree for a total amount of €739,483,659. This transaction has been negotiated in the context of an affiliated relationship to the extent that certain managers of Tree are also members of the Management Team. As a result of the acquisition of Tree by the Company, the following amounts shall accrue for such members of the Management Team. These amounts shall be ultimately borne by the Tree Shareholders:

   - Executive Chairman: €6.3 million after tax (€13.7 million before tax);
   - Executive Director: €4.9 million after tax (€10.6 million before tax); and
   - Other members of the Management Team: A total of €3.4 million after tax (€7.4 million before tax).

3. *The members of the Management Team are entitled to severance payments upon termination of their employment with the Company.* If the termination takes place during the first years following Admission, this may have a substantial adverse effect on the Company's financial condition.

4. *Tree, which was incorporated in 2009, has significant levels of debt and has incurred in losses in each of its financial years since incorporation.* The total financial indebtedness of Tree amounted to €842.9 million as at 31 May 2014, with maturity dates falling between May and September 2017. If Tree were unable to refinance or repay such financial indebtedness on maturity, this could have a material adverse effect on the future viability of the Company. In addition, taking into account the amount and the terms and conditions of Tree's indebtedness (which includes cash sweep provisions (as well as the obligation to reinvest 50% of the net distributions that the Company receives from Tree), it is unlikely that the Company receives significant distributions from Tree until 2018, unless Tree repays or refinances such debt or BBVA's rating increases by one notch, thereby releasing the cash sweep provisions.

5. *Tree's shares are pledged to Tree's lenders.* The Tree Shareholders granted a pledge over the shares of Tree as security for Tree's payment obligations under Tree's financing agreements. Upon completion of the proposed acquisition of Tree by the Company, such share pledges would continue to be in place.

6. *Dividend reinvestment agreement.* The Company will be required to reinvest 50% of dividends received from Tree by way of subscribing for capital increases in Tree. Such undertaking could have an adverse impact on the Company's financial condition and may require the Company to incur indebtedness in order to comply with the mandatory obligations to distribute dividends to its Shareholders under the SOCIMI Regime.

7. *The Issue will be automatically revoked if the subscription commitments received from investors are insufficient for the Company to be able to acquire Tree and Bosque.*

8. *The Cornerstone Investors are not subject to any lock-up arrangement and may sell their Ordinary Shares at any time.* If these investors opt to sell their Ordinary Shares following Admission, the market price of the Ordinary Shares could fall sharply, thereby causing material losses for other Shareholders.

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

This Prospectus also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" in Part VI (Important Information) of this Prospectus. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Prospectus.

Prospective investors should note that the risks relating to the Company, its industry (being the commercial real estate market in Spain and Portugal) and the Ordinary Shares summarised in the section of this Prospectus headed Part I (Summary) are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider to invest in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed Part I (Summary) but also, among other things, the risks and uncertainties described below.

The Board of Directors considers the following risks to be material for prospective investors in the Company. However, the following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties not currently known to the Board of Directors, or that the Board of Directors currently deems immaterial, may also have an adverse effect on the Company's business, financial condition, results of operations and/or prospects. In such case, the market price of Ordinary Shares could decline and investors may lose all or part of their investment.

Prospective 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 prospective investors are in any doubt about any action they should take, they should consult a competent independent professional adviser who specialises in advising on the acquisition of listed securities. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Company's business, financial condition, results of operations and prospects.

Prospective investors should read this section in conjunction with this entire Prospectus.

1. GENERAL RISKS

The Company is newly formed and has not yet made any acquisitions

The Company was incorporated on 25 March 2014, has not yet commenced operations and, except for the audited interim financial information referred to in Part XII (*Selected Historical Financial Information*) and Part XIII (*Unaudited Pro Forma Condensed Financial Information*) of this Prospectus, does not have any historical financial statements or other meaningful operating or financial data other than the information regarding the Seed Portfolio (as defined and described below). It is therefore difficult to evaluate the probable future performance of the Company. The principal activity of the Company will be the acquisition (directly or indirectly), active management, operation and selective rotation of high quality real estate assets, in particular (i) office properties; (ii) retail (shopping centres, retail parks including big box properties (i.e., retail stores that occupy large warehouse-style buildings) on a selective basis, and high street retail properties (i.e., retail stores located in the primary business and retail streets of a city, such as top fashion boutiques) on a selective basis); (iii) logistics, including industrial properties; (iv) prime urban hospitality (urban hospitality assets located in prime locations); and (v) other commercial real estate properties, which are expected to represent a limited percentage of Total GAV ("***Commercial Property Assets***") in the Core and Core Plus segments (as defined in section 5 of Part VII (*Information on the Company*)) primarily in Spain and, to a lesser extent, in Portugal but it currently does not own any properties and it will not do so until after Admission.

On 11 April 2014, the Company entered into an Irrevocable Undertaking Agreement with Ebro Real Estate B.V. ("***Ebro BV***"), Forest 2009 Investments B.V. ("***Forest 2009 BV***"), Tree 2009 Investments B.V. ("***Tree 2009 BV***") and Alcudia Cartera e Inversiones, S.A. ("***Alcudia***"), the shareholders of Tree, (together, the "***Tree Shareholders***") in order to acquire from the Tree Shareholders, conditional upon and following Admission, 100% of the share capital of Tree Inversiones Inmobiliarias, S.A. ("***Tree***"), a company owning a real estate portfolio which will form a substantial part of the assets and the base for the operation and Business Strategy of the Company (the "***Seed Portfolio***"), and 100% of the share capital of Bosque Portfolio Management, S.L. ("***Bosque***"), a company owned by the Tree Shareholders and dedicated to the management of the Seed Portfolio. For further information, see Part X (*The Seed Portfolio*). As a consequence, prior to Admission, prospective investors in the Company will have no opportunity to evaluate the terms of any investments 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, except for the information relating to Tree and the Seed Portfolio. For further information on the existing financial statements, please refer to Part XII (*Selected Historical Financial Information*) and Part XIII (*Unaudited Pro Forma Condensed Financial Information*).

Whilst the Company has designed and will implement financial controls and supporting systems and procedures to support its governance, reporting and disclosure obligations as a publicly traded company, as a newly incorporated entity which has yet to commence operations, these have yet to be tested in a live environment and there is no certainty that they will function as designed in practice or at all. Accordingly, no assurance can be given that the Company will be able to provide investors with the financial or other information they may expect or desire or that the Company will be able to provide such information within the timeframe that investors expect.

Any investment in the Ordinary Shares is, therefore, subject to all of the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its business objectives, and that the value of any real estate acquisitions made by the Company, and of the Ordinary Shares, could substantially decline.

The fact that the Company's performance relies on the expertise of the Management Team and is a newly formed company that has not yet commenced operations and has limited financial records are factors that contribute to the risk of an investment in the Ordinary Shares. As a result, institutional and qualified investors are more capable to understand the investment in the Company and the risks involved therewith, and, in any event, consultation with financial, legal and tax advisers is strongly recommended in order to assess any such potential investment.

The Company has agreed to purchase the Seed Portfolio on terms negotiated between the Company and the Tree Shareholders and certain members of the Management Team will be entitled to payments upon the Company's acquisition of Tree

Pursuant to the Irrevocable Undertaking Agreement, the Company has agreed to acquire 100% of the shares in Tree from the Tree Shareholders at a price determined on the basis of an enterprise value for Tree of €1,577 million, as of 11 April 2014. The Company has also agreed to acquire 100% of the shares in Bosque from the Tree Shareholders for a total price of €3,006. See Part X (*The Seed Portfolio*), Part XI (*Valuation Reports*) and Part XVII (*Additional Information*) for further information.

The Company was incorporated by MAGIC Real Estate, S.L. ("***MAGIC Real Estate***"), which, subsequently transferred its Ordinary Shares in the Company to MAGIC Kingdom, S.L. ("***MAGIC Kingdom***"), a company incorporated as an investment vehicle for the Management Team and the current sole Shareholder of the Company. The substantive terms of the Irrevocable Undertaking Agreement were principally negotiated between the Company and the Tree Shareholders in the context of the Issue. Seven out of the eight current members (nine upon the acquisition of Tree and Bosque) of the Management Team are current partners of MAGIC Real Estate (Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate and Mr. Fernando Ramírez).

As a result of the acquisition of Tree by the Company, certain members of the Management Team will be entitled to receive certain fees as a result of the following agreements and arrangements:

(a) *Portfolio Management Agreement*. Pursuant to a portfolio management agreement entered into on 24 September 2009 between Tree and Bosque (the "***Portfolio Management Agreement***"), Bosque provides Tree with management services in relation to the Seed Portfolio. In consideration for the services performed by Bosque, Tree is required to pay Bosque (i) a management fee and (ii) a business plan incentive fee on the basis of the gross proceeds of any disposals of the properties (which may vary depending on the return received by Bosque's shareholders at the time of such disposals). Further details on these fees can be found in Section 8 of Part X (*The Seed Portfolio*). Therefore, as a result of the sale of Tree to the Company, Bosque is due to receive a business plan incentive fee of approximately €2.2 million after taxes (€4.9 million before taxes), of which €0.7 million after taxes (€1.6 million before taxes) will be kept at Bosque whilst the remaining €1.5 million after taxes (€3.3 million before taxes) will be paid to MAGIC Real Estate as further explained below.

(b) *Strategic Advisory Services Agreement*. On 17 December 2013, Bosque entered into an agreement with MAGIC Real Estate in order for MAGIC Real Estate to render certain strategic advisory services in relation to the management of the Seed Portfolio to be performed by Bosque (the "***Strategic Advisory Services Agreement***"). In consideration for MAGIC Real Estate providing these strategic advisory services, MAGIC Real Estate is entitled to an advisory fee payable by Bosque, being a variable fee, consisting of 66.67% of such business plan incentive fee to which Bosque is entitled pursuant to the Portfolio Management Agreement. Therefore, upon completion of the acquisition of Tree, MAGIC Real Estate, by virtue of the Strategic Advisory Services Agreement, is entitled to a one-time fee of approximately €1.5 million after taxes (€3.3 million before taxes) payable by Bosque.

(c) *Arrangements with Deutsche Bank, S.A.E.* In addition, certain members of the Management Team will be entitled to a payment by Deutsche Bank, S.A.E. of approximately €12.8 million after taxes (€28 million before taxes) as a result of the acquisition of Tree by the Company. This payment derives from the executive incentive plan of Deutsche Bank, S.A.E. and from a delegated management agreement entered into on 26 July 2013 between MAGIC Real Estate and Deutsche Bank, S.A.E. Under the term of these arrangements with Deutsche Bank, S.A.E., payments will be done either to MAGIC Real Estate or to its employees (some of whom are members of the Management Team) during the year 2015. Deutsche Bank, S.A.E. agreed to make these payments following the departure from RREEF, in 2012, of certain members of the Management Team who had previously managed RREEF Iberian Value Added II S.A. SICAR and Tree Investments S.A. (both indirect shareholders of Tree) and Alcudia Cartera e Inversiones, S.A. (a direct shareholder of Tree). These payments by Deutsche Bank, S.A.E.

relate to the success fee that these three investment vehicles will pay to Deutsche Bank, S.A.E. upon the acquisition of Tree by the Company.

Set out below are the estimated net amounts of the fees attributable to the members of the Management Team (excluding Mr. David Brush) as a result of the fees payable to MAGIC Real Estate or to Bosque pursuant to the Portfolio Management Agreement, the Strategic Advisory Services Agreement and the arrangements with Deutsche Bank, S.A.E. described above:

NET AMOUNT OF FEES ATTRIBUTABLE TO CERTAIN MEMBERS OF THE MANAGEMENT TEAM(1) (€ in million)	Portfolio Management Agreement(2)	Strategic Advisory Services Agreement(3)	Arrangements with Deutsche Bank, S.A.E.(4)	TOTAL
Executive Chairman	0.2	0.4	5.7	6.3
Executive Director	0.2	0.4	4.3	4.9
Rest of Management team (and other employees)	0.3	0.7	2.8	3.8
TOTAL	**0.7**	**1.5**	**12.8**	**15**

(1) All amounts are net of 54% personal income tax.

(2) Business plan incentive fee payable to Bosque under the Portfolio Management Agreement and attributed to individuals based on their remuneration.

(3) Advisory fee payable to MAGIC Real Estate under the Strategic Advisory Services Agreement and attributed to individuals based on their involvement in the origination, execution and subsequent management of the transaction.

(4) Performance fee payable to MAGIC Real Estate under Deutsche Bank, S.A.E.'s executive incentive plan and the delegated management agreement with Deutsche Bank, S.A.E.

The estimated fees set out above result from agreements negotiated in the past between independent parties and will be paid either by the Tree Shareholders or by Deutsche Bank, S.A.E, as the case may be.

Although independent valuations for the investments in the Seed Portfolio have been obtained from Savills and PwC, the price paid or payable by the Company for the Seed Portfolio may not necessarily be representative of the price at which a third party would acquire or sell the properties comprising the Seed Portfolio. For further information, please refer to Part XI (*Valuation Reports*). Moreover, given the current relationship between MAGIC Real Estate and Bosque on the one hand and MAGIC Real Estate and certain indirect shareholders of Tree on the other as well as the fact that the Irrevocable Undertaking Agreement was negotiated in the context of the Issue, its terms may be less favourable to the Company than would have been the case if the negotiations had taken place between independent, unrelated parties or had taken place in a context other than the Issue.

Tree has significant levels of debt and has not yet incurred profits

Tree is currently a party to a Senior Facility Agreement and a Mezzanine Facility Agreement (the "***Facility Agreements***"), with the Senior Facility Agreement maturing on 23 September 2017 and the Mezzanine Facility Agreement on 30 May 2017. The total outstanding principal amounts under the Facility Agreements as at 31 May 2014 was €842,857,680 (€783,854,379 under the Senior Facility Agreement and €59,003,301 under the Mezzanine Facility Agreement).

Tree's indebtedness leads to certain risks, to which the Company will be exposed following its acquisition of Tree. Tree's significant indebtedness makes it more difficult for it to borrow more money in the future, reduces the amount of money available to pay dividends and finance Tree's operations and other business activities, exposes Tree to the risk of increased interest rates, makes Tree more vulnerable to general economic downturns and adverse industry conditions, and could reduce Tree's flexibility in planning for, or responding to, changing business and economic conditions.

If Tree does not have enough cash to service its debt, it may be required to take actions such as selling assets, restructuring or refinancing all or part of its existing debt, or seeking additional equity capital. There can be no assurance that any of these remedies could be effected on reasonable terms or at all. Tree's ability to comply with financial covenants and other conditions, make scheduled payments of principal and interest, or refinance existing borrowings depends on future business performance that is subject to economic, financial, competitive and other factors.

Furthermore, upon maturity of the Facility Agreements, Tree may either proceed to repay any amounts then due or seek to refinance the Facility Agreements. However, there can be no assurance that Tree would be able to raise financing on favourable terms or at all on maturity of the Facility Agreements and Tree may therefore be unable to repay the Facility Agreements in full. The Company has currently no intention to use any of the Net Proceeds to fund any prepayment or repayment of the amounts owed by Tree to its lenders under the Senior Facility Agreement, although it might consider, depending on the circumstances, to provide financing to Tree in order for Tree to repay all or part of the amounts outstanding under the Mezzanine Facility Agreement or, upon maturity of the Senior Facility Agreement, to refinance part of the Senior Facility Agreement.

Any failure by Tree to comply with the terms of the Facility Agreements could result in the acceleration of such debt, which would entitle the lenders to declare due and payable all amounts outstanding under the Facility Agreements prior to their maturity together with accrued and unpaid interest and to enforce the security interests granted as security. In such circumstances, the Company may need to use its resources to prevent the default and foreclosure or risk losing the value of its investment in the Seed Portfolio, which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, Tree was established in 2009 and has incurred losses in each of its financial years since incorporation. There can be no assurance that Tree will be able to generate profits and distribute dividends to the Company in the future.

The Company's property portfolio will be concentrated in the Spanish and Portuguese commercial property market and the Company will therefore have greater exposure to political, economic and other factors affecting the Spanish and Portuguese markets than more diversified businesses

The principal activity of the Company will be the acquisition (directly or indirectly), active management, operation and selective rotation of high quality Commercial Property Assets in the Core and Core Plus segments primarily in Spain, such as the Seed Portfolio, and, to a lesser extent, in Portugal. The majority of the property acquisitions (other than the Seed Portfolio) are expected to be located in Madrid, Barcelona and certain secondary locations as well as in Lisbon (Portugal). As a result of this strategy, the Company will have a significant industry and geographic concentration and an investment in Ordinary Shares may therefore be subject to greater risk than investments in companies with more diversified portfolios or business strategies. The Company's performance may be significantly affected by events beyond its control affecting Spain and Portugal, and the Spanish and Portuguese commercial property market in particular, such as a further general downturn in the Spanish and Portuguese economies, negative changes in demand for, or increased supply of, commercial property in Spain and Portugal, the attractiveness of property relative to other investment choices, changes in domestic and/or international regulatory requirements and applicable laws and regulations (including in relation to taxation), Spain's and Portugal's attractiveness as foreign direct investment destinations, political conditions, the condition of financial markets, the availability of credit, the financial condition of tenants, interest rate and inflation rate fluctuations, higher accounting and control expenses and other developments. Any of these events could reduce the rental and/or capital values of the Company's property assets and/or the ability of the Company to acquire or dispose of properties and to secure or retain tenants on acceptable terms or at all and, consequently, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, significant concentration of investments in the Spanish and/or Portuguese real estate markets (and/or any particular sector within these markets) or significant concentration of certain industry sectors as a result of the Company's property portfolio being rented predominantly to tenants from such industry sectors may result in greater volatility in the value of the Company's investments and its net asset value and any downturn in such markets may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Moreover, the Seed Portfolio consists of assets located only in Spain and the purchase price of €739,483,659 (excluding acquisition costs and expenses) would represent approximately 50.6% of the total Net Proceeds received in the Issue (assuming an Issue size of €1,500 million and assuming that the Over-allotment Option is not exercised). While the Company intends to diversify its portfolio of assets in the manner described in Part VII (*Information on the Company*) of this Prospectus, it is subject to certain restrictions on investments under the SOCIMI Regime (see Part XV (*Spanish SOCIMI Regime and Taxation Information*) for further information). There can be no assurance that a sufficient number of suitable opportunities will be available on satisfactory terms or at all to enable the Company to diversify its portfolio of assets in order to limit the risks derived from the specific exposure to the Spanish and Portuguese commercial property markets (including the Seed Portfolio), which may, in turn, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Issue may not proceed or may be revoked in certain circumstances

As further described in section 1 of Part XIV (*The Issue*) of this Prospectus, the Issue will terminate in accordance with the Placing Agreement. If, prior to the Subscription Date, the Company and the Joint Bookrunners determine that the subscription commitments received from investors are insufficient to raise sufficient Net Proceeds for the Company to be able to acquire Tree and Bosque following Admission, the Placing Agreement will terminate and the Issue will not proceed. In addition, the Placing Agreement provides for customary termination events, such as: (i) a material breach by the Company of the representations, warranties and undertakings given in the Placing Agreement; (ii) a material adverse change in the condition (financial, operational, legal or otherwise) or in the earnings, management, business affairs, solvency or prospects of the Company and/or Tree and (iii) certain *force majeure* events, such as a suspension or material limitation in trading in securities generally on the Spanish Stock Exchanges or an outbreak of war or acts of terrorism. In those circumstances the Issue will also not proceed. For further information, please refer to section 11 of Part XVII (*Additional Information*).

In addition, the Placing Agreement will automatically terminate if Admission has not been completed by 30 September 2014, in which case the Joint Bookrunners or the final subscribers (as applicable) would be obligated to return the Issue Shares to the Company (if delivered), and the Company would be obligated to return the moneys paid (if any) by the Joint Bookrunners or the final subscribers (as applicable), together with interest accrued from the date on which the Joint Bookrunners or the final subscribers (as applicable) paid for the Issue Shares until the date on which the Company repays the Issue Price. Please see the representations and warranties under section 4 of Part XVIII (*Terms and Conditions of the Placing*).

The Company will be required to reinvest 50% of the total net mandatory distribution of profits made by Tree

Upon the acquisition of Tree by the Company, the Company will be required to enter into a distributions reinvestment agreement with the lenders under Tree's Senior Facility Agreement (the "***New Distributions Reinvestment Agreement***").

Pursuant to the New Distributions Reinvestment Agreement and in respect of the mandatory distributions of profits to be paid by Tree to the Company under the SOCIMI Regime, the Company will agree that, on the date on which the Company, as sole shareholder of Tree, approves any such distributions, the Company will promote, pass the necessary resolutions and subscribe for a share capital increase in cash to be executed in full on the same date as the dividend payment date for an amount equivalent to 50% of the total net mandatory distribution of profits made by Tree to the Company pursuant to the SOCIMI Act. Such reinvestment obligation will apply until any and all amounts due under the Senior Facility Agreement have been repaid in full. For further information, please refer to section 9 of Part X (*The Seed Portfolio*).

2. RISKS RELATING TO THE COMPANY'S ACTIVITY AND TO ITS REAL ESTATE BUSINESS

A) RISKS RELATING TO THE COMPANY'S ACTIVITY

I. GENERAL

The Company's investments will be concentrated in certain asset classes

The principal activity of the Company will be the acquisition (directly or indirectly), active management, operation and selective rotation of high quality Commercial Property Assets in the Core and Core Plus segments. An investment in the Ordinary Shares may therefore be subject to greater risk than investments in other companies that have more diversified portfolios or business strategies. See also the risk factor entitled "*Investing in commercial property asset classes is subject to certain risks inherent in each of these asset classes"* in this Part II (*Risk Factors*).

Any costs associated with potential acquisitions that do not proceed to completion will affect the Company's performance

The Company will need to identify suitable real estate opportunities, investigate and pursue such opportunities and negotiate property acquisitions on suitable terms, all of which require significant expenditure prior to completion of the acquisitions. The Company expects to incur certain third-party costs, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable assets. While the Management Team is incentivised to limit costs under the Company's cost structure with any costs related to transactions which do not proceed to completion to be deducted from the Annual Total Overheads (thereby reducing the Management Team's potential bonus incentive plan), there can be no assurance as to the level of such costs and there can be no guarantee that the Company will be successful in its negotiations to acquire any given property. Please see section 7 of Part VII (*Information on the Company*) for a definition of Annual Total Overheads. The greater the number of potential property acquisitions that do not reach completion, the greater the likely adverse impact of such costs on the Company's business, financial condition, results of operations and prospects.

There can be no assurance that any target returns will be achieved

The Target Return set out in this Prospectus for the Company is a target only (and for the avoidance of doubt is not a profit forecast). There can be no assurance that the Company will be able to meet this target or any other level of return, or that the Company will achieve or successfully implement its Business Strategy. The existence of such Target Return should not be interpreted as an assurance or guarantee that such level of return can or will be met by the Company. The actual returns achieved by the Company may vary from the Target Return and these variations may be material.

The Target Return, while presented with numerical specificity, necessarily reflects numerous estimates and assumptions made by the Company with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the Company's businesses, all of which are difficult or impossible to predict and many of which are beyond the Company's control. The Target Return reflects subjective judgements in many respects and, thus, is susceptible to multiple interpretations and periodic revisions based on actual experience and business, economic, regulatory, financial and other developments.

Although the Company aims to achieve such Target Return through the careful selection of assets in its property portfolio and the active management of such assets, the Target Return is based on the Company's assessment of appropriate expectations for returns on the type of assets that the Company proposes to acquire and the ability of the Management Team to enhance the return generated by those assets through active management. The Target Return is also based on assumptions including assumptions relating to increases in property capital and rental values. There can be no assurance that these assessments and assumptions will prove accurate. Failure to achieve any or all of them may materially and adversely impact the actual returns on assets, and, consequently, the Company's ability to achieve the Target Return.

Neither the Company's nor its independent auditors, nor any other independent accountants, nor the Joint Bookrunners, compiled, examined or performed any procedures with respect to the Target Return nor have they expressed any opinion or any other form of assurance on the Target Return or its achievability, and such parties assume no responsibility for, and disclaim any association with, the Target Return. The ultimate achievability of the Target Return is also subject to numerous risks and uncertainties including, but not limited to, the risks and uncertainties described in this Prospectus.

As such, the Target Return constitutes forward-looking information and is subject to risks and uncertainties that could cause actual results to differ materially from the Target Return, including, but not limited to, the Company's and the Management Team's performance, industry performance, general business and economic conditions, competition, adverse changes in applicable laws, regulations or rules, and the various risks set forth in this Prospectus. None of the Company, the Board of Directors, the Management Team, the Joint Bookrunners or any of their respective affiliates, advisers, officers, directors or representatives can give any assurance that the Target Return will be realised or that actual results will not vary significantly from the Target Return.

Prospective investors should decide for themselves whether or not the Target Return is reasonable or achievable and carefully evaluate whether investing in the Ordinary Shares is appropriate for them bearing in mind personal circumstances and the information included in this Prospectus, particularly taking into account the risk factors described herein.

The Company may not have full control of its asset portfolio and may therefore be subject to the risks associated with minority investments and joint venture investments

Pursuant to the Company's Business Strategy, the Company may enter into a variety of acquisition structures in which the Company acquires less than a 100% interest in a particular asset or entity with the remaining ownership interest being held by one or more third parties. The management and control of such an asset or entity may entail risks associated with multiple owners and decision makers, including the risks that:

- investment partners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required, resulting in the Company having to pay the investment partner's share or bearing the risk of losing the particular asset;
- investment partners have economic or other interests that are inconsistent with the Company's interests and are in a position to take or influence actions contrary to the Company's interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect the Company's ability to implement its strategies and/or dispose of the asset or entity;
- income obtained from these minority investments may not qualify as income received from Qualifying Subsidiaries and hence may affect the Company's ability to comply with 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;
- disputes develop between the Company and investment partners, resulting in the Company incurring litigation or arbitration costs and distracting the Board of Directors and/or the Management Team from their other managerial tasks;
- investment partners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property;
- an investment partner breaches agreements related to the property, which may cause a default under such agreements and result in liability for the Company;
- the Company may, in certain circumstances, be liable for the actions of investment partners; and
- a default by an investment partner constitutes a default under mortgage loan financing documents relating to the particular asset, which could result in a foreclosure and the loss of all or a substantial portion of the particular asset held by the Company.

Any of the foregoing may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's net asset value is expected to fluctuate over time

The Company's net asset value is expected to fluctuate over time in line with the performance of the Company's asset portfolio. Moreover, valuations of the Company's asset portfolio may not reflect the price at which such individual assets can be realised.

To the extent that the net asset value information of an asset or that of a material part of an investment's own underlying asset is not available in a timely manner, the net asset value will be published based on estimated values of the asset and on the basis of the information available to the Company at the time. There can be no guarantee that any such asset could ultimately be realised at such estimated valuation. Because of the expected overall size, concentration in particular markets and nature of the Company's portfolio, the value at which its assets could be disposed of may differ, sometimes significantly, from the valuations obtained by the Company. In addition, the timing of disposals may also affect the values ultimately obtained.

In calculating the net asset value, the Company will be relying, among other things, on estimated valuations that may include information derived from third-party sources. Such valuation estimates will be unaudited and may not be subject to independent verification or other due diligence. In addition, at times, third-party pricing information may not be available for certain properties held by the Company, thereby making a valuation of such assets even more difficult. Accordingly, as a result of each of these factors, Shareholders should note that Company's actual net asset value may fluctuate from time to time, potentially materially.

The Company may dispose of assets at a lower than expected return or at a loss, and may be unable to dispose of assets at all

The Company may elect to dispose of assets and may also be required to dispose of an asset at any time, including due to a requirement imposed by a third party (for example, a lending bank). There can be no assurance that, at the time the Company seeks to dispose of assets (whether voluntarily or otherwise), relevant market conditions will be favourable or that the Company will be able to maximise the returns on such disposed assets. It may be particularly difficult to dispose of certain types of real estate assets during recessionary times. To the extent that market conditions are not favourable, the Company may not be able to dispose of property assets at a gain and may even have to dispose of property assets at a loss. Furthermore, the Company may be unable to dispose of assets at all, which would tie up the capital allocated to such assets and could impede the Company's ability to take advantage of other real estate opportunities. If the Company is required to dispose of an asset on unsatisfactory terms, it may realise less than the value at which the asset was previously recorded, which could result in a decrease in net asset value and lower returns to Shareholders. In addition, if the Company disposes of an asset within a period of three years from completion of development or its acquisition, the profits arising from disposal of the property and potentially, the entire income derived from such asset, including rental income, will be taxable. Historically, Tree has sold over 220 branches and one building since its inception, all of them at prices above book value and, in some limited cases, below GAV. See the risk factor entitled "*Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime*" in this Part II (*Risk Factors*).

Further, in acquiring a property, the Company may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. In addition, if the Company purchases properties where the rate of return is low and the purchase price is high, the value of such properties may not increase over time, and if the property is then sold the Company may incur a loss.

Any inability of the Company to dispose of its assets or the inability to do so at a gain, or any losses on the disposal of the Company's assets, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

There may be delays or difficulties in the deployment of the Net Proceeds (including due to delays in identifying and/or acquiring suitable investments)

At the date of this Prospectus, the Company owns no properties or other assets but it has entered into an Irrevocable Undertaking Agreement to purchase 100% of the shares in Tree and 100% of the shares in Bosque, conditional, in each case, on Admission. The Company intends to hold the Net Proceeds not employed in the acquisition of Tree and Bosque, estimated at approximately €722 milion, (the "***Remaining Net Proceeds***") as cash or cash equivalents or bank deposits with one or more banks. Such instruments are likely to yield lower returns than the targeted returns from real estate investments. There can be no assurance as to how long it will actually take for the Company to invest the Remaining Net Proceeds, althought the Company aims to have the Net Proceeds fully invested in the 24 months following Admission.

Market conditions may have a negative impact on the Company's ability to identify and execute investments in suitable assets that generate acceptable returns. As evidenced during the recent market downturn in Spain and Portugal, market conditions have had a significant negative impact on the availability of credit, property pricing and liquidity levels. Lenders have also tightened their lending criteria, including lending at a lower loan-to-value and increasing leverage restrictions. Furthermore, locating suitable properties, conducting due diligence, negotiating acceptable purchase contracts and ultimately completing the purchase of a property typically requires a significant amount of time. The Company may face delays in identifying and acquiring suitable investments (resulting in exposure to a risk of increasing property prices) and, once the properties are identified, there could also be delays in completing the purchases, including delays in obtaining any necessary approvals. Any such approvals may be refused, or granted only on onerous terms, and any such refusals, or the imposition of onerous terms, may result in an investment not proceeding as originally intended and could result in significant costs associated with aborting the transaction being incurred by the Company. In addition, the Company is likely to face competition from a variety of other potential purchasers in identifying and acquiring suitable properties. The longer the period before investing the Net Proceeds for acquisitions, the greater the likelihood that the Company's business, financial condition, results of operations, prospects and its ability to make distributions to Shareholders, will be materially adversely affected.

Moreover, the Company may also invest in properties through minority investments or joint ventures (which could include minority investments or joint ventures with sellers of properties). In such cases, it will need to negotiate suitable arrangements with each of its proposed investment partners, which may also prove to be time-consuming or could restrict the Company's ability to act quickly or unilaterally. The Company's inability to select and invest, alone or as an investment partner, in properties on a timely basis may have a material adverse effect on the Company's business, financial condition, results of operations and prospects and may delay or limit distributions to Shareholders by the Company. See the risk factor entitled "*The Company may not have full control of its asset portfolio and may therefore be subject to the risks associated with minority investments and joint venture investments*" in this Part II (*Risk Factors*).

Competition may affect the ability of the Company to make appropriate investments and to secure tenants at satisfactory rental rates

The Company expects to face competition from property investors for the purchase of desirable properties and in seeking creditworthy tenants for the acquired properties. Competitors include not only regional Spanish or Portuguese investors and real estate developers with in-depth knowledge of the local markets, but also property portfolio companies, including funds that invest nationally and internationally, institutional investors and foreign investors. Further, competition in the real estate market may vary in the future, not only due to an increase in the number of competitors but also in their ability to invest, for example, as a consequence of international investors teaming with Spanish investors or real estate managers to take advantage of their local market knowledge and combining such knowledge with the financial resources of such investors. Furthermore, the number of entities and the amount of funds competing for suitable properties may increase. There can be no assurance that the Company will be successful in identifying or acquiring suitable investment opportunities. Competition in the commercial property market may lead to prices for existing properties being driven up through competing bids by potential purchasers.

The Company's competitors may have greater financial, technical and marketing resources than the Company and a greater ability to borrow funds to acquire properties, and may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those the Company may be prepared to accept.

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 properties it acquires at satisfactory rental rates and on a timely basis and to subsequently retain such tenants. Competition may cause difficulty in achieving rents in line with the Company's expectations and may result in increased pressure to offer new and renewing tenants incentives, which may, in turn, result in lower than expected rental revenues.

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.

The Company may acquire various types of real estate loans, some of which may be subordinated debt which would rank behind senior debt tranches for repayment in the event that a borrower defaults

As part of its Business Strategy and subject to the restrictions on investments set out under the SOCIMI Regime (see Part XV (*Spanish SOCIMI Regime and Taxation Information*) for further information), the Company may invest in performing or non-performing real estate loans (loans secured on real estate assets) in Spain and, to a lesser extent, in Portugal, with underlying real estate collateral that fits within the Business Strategy of the Company, with the objective of gaining ownership over the real estate collateral through the loan. The Company may acquire junior or mezzanine debt and, where it acquires senior debt or whole loans, it may undertake the syndication, sale, assignment, sub-participation or other financing (including securitisation) of the senior portion of the relevant loan, with the same maturity as the original loan. In circumstances where the Company's debt acquisition is a junior ranking one, it would be subordinated in right of payment and ranked junior to other obligations that are secured by the same asset or pool of assets. In the event of default by a borrower in relation to any such loan, the holders of the borrower's more senior obligations will have priority in terms of directing the enforcement of the underlying security and be entitled to payments in priority to the Company and the Company may not be repaid in full or at all, resulting in a capital loss. Some loans may also have structural features that divert payments of interest and/or principal (temporarily or permanently) to more senior creditors secured by the same asset or pool of assets on the occurrence of certain events. This may lead to interruptions in the income stream that the Company expects to receive from its real estate loans, which may lead to a reduction in the Company's income and, consequently, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Real estate loans are subject to the risk that tenants at the underlying properties could default and/or seek to renegotiate terms during the course of a tenancy, which could, in turn, result in the borrower defaulting on the loans or result in a reduction in the value of the underlying real estate assets

The borrowers under real estate loans may be significantly exposed to factors that affect the commercial property environment generally and the related real estate markets, including the success of tenant businesses, property management decisions, changes in laws which may lead to, among other things, increased operating expenses or transfer taxes or may limit rents, declines in regional or local real estate values or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, increases in unemployment, increases in the amount of the loans as a percentage of property values and increases in the percentage of income that borrowers must use to service their mortgages. A decline in overall tenant revenues or the insolvency or financial difficulty of a number of significant individual tenants, or a substantial number of smaller tenants, may materially decrease the borrower's revenues and available cash to service such loans, which could result in the borrower defaulting on the loan held by the Company. Such factors could also materially lower the value of the underlying real estate asset, which could reduce the value available to the Company in any enforcement action. The occurrence of any of these events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In the event of the insolvency of a borrower, the Company's ability to enforce the underlying collateral may be adversely impacted by the insolvency regime or insolvency regimes which may apply to that borrower and/or the underlying collateral

In the event of the insolvency of a borrower under a real estate loan, the Company's recovery of amounts outstanding in insolvency proceedings may be impacted by the insolvency regimes in force in the jurisdiction in which such borrower and/or the underlying collateral is located. Insolvency regimes generally impose rules for the protection of creditors and may adversely affect the Company's ability to recover such amounts as are outstanding from the insolvent borrower, which may adversely affect the Company's business performance, financial condition, results of operations, prospects or net asset value and/or the market price of the Ordinary Shares.

In particular, it should be noted that a number of European jurisdictions operate insolvency regimes, the outcome of which may be uncertain and unpredictable and which may cause delays to the recovery of amounts owed by insolvent borrowers subject to those regimes. The different insolvency regimes applicable in the different European jurisdictions result in a variability of recovery rates for secured loans and other debt obligations entered into in such jurisdictions.

The Company's return on real estate loans may be adversely affected if the Company cannot obtain the underlying collateral in the event of a default

As part of its Business Strategy, and subject to the restrictions on investment set out under the SOCIMI Regime as described in Part XV (*Spanish SOCIMI Regime and Taxation Information*), the Company may acquire real estate loans that are in default or which the Company expects to go into default, with the expectation of obtaining the underlying collateral. In these circumstances, the Company's asset will be the loan and not the underlying collateral. The Company's target return on such assets will depend on the ease and value of enforcement against the collateral following default, the net proceeds of realisation of any subsequent sale of the collateral and, where the Company retains the collateral, the income generated from the Company's management of the collateral. In some circumstances, the Company may not be able to obtain the underlying collateral but will receive only the net proceeds of the sale of the collateral by the receiver of the loan. There is no guarantee that the amount of proceeds will be equal to what the Company would have been able to obtain had it sold the collateral itself or retained and managed the collateral. To the extent the Company receives lower than expected amounts, it may have an adverse effect on the return on those assets and, as a result, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Repayments of loans could be subject to the availability of refinancing options or sale of the underlying asset

Upon maturity of real estate loans held by the Company, the borrower may either sell the underlying asset to repay the loan or seek to refinance the loan with the Company or an alternative lender. However, there can be no certainty that refinancing options will be available to borrowers on maturity of any loan owned by the Company and the sale of the underlying asset may not yield sufficient capital to repay the loan in full or may otherwise result in a delay in the receipt of proceeds. Both eventualities could reduce the expected return obtained from the loan by the Company and, as a result, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may be subject to prepayment risk on its loan assets

Prepayment risk is the risk that principal will be repaid earlier than anticipated, causing the return to be lower than expected. In general, an increase in prepayment rates may reduce the overall income earned on the Company's assets. Further, the Company may not be able to reinvest the capital arising from prepayments at rates as favourable as those on the loans being prepaid, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's financial structure may be inefficient during the period in which the Net Proceeds are being invested

During the period in which the Net Proceeds are being invested, the financial structure of the Company may not be at optimal levels as, initially, the Company intends to finance the acquisition of real estate assets through the use of the Remaining Net Proceeds of the Issue, without taking on any significant leverage. While the Company intends to increase leverage going forward (initially, mainly through secured mortgages, and in the future, through the issuance of debt and convertible debt securities or other liability financings that may be available to the Company), the Company's financial structure may be inefficient in the short term.

The Company's Business Strategy includes the use of leverage, which increases the Company's risk and exposes the Company to risks associated with borrowings

The Company's Business Strategy contemplates the funding of asset acquisitions, in part, through borrowings. It is anticipated that any such borrowing is subject to the following limit: the aggregate amount outstanding under any external financings immediately following any acquisition of real estate opportunities or the entry into external financings may not exceed an amount equal to 50% of the total gross asset value of the Company and any cash balance of the Company from time to time.

To the extent the Company incurs a substantial level of indebtedness, even within the limits set forth in its Business Strategy, this could reduce the Company's financial flexibility and cash available to pay dividends to Shareholders due to the need to service its debt obligations. Prior to agreeing the terms of any debt financing, the Company expects to comprehensively consider its potential debt servicing costs and all relevant financial and operating covenants and other restrictions, including restrictions that might limit the Company's ability to make distributions to Shareholders in light of cash flow projections. However, if certain extraordinary or unforeseen events occur, including a breach of financial covenants, the Company's borrowings and any hedging arrangements that it may have entered into 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, it may be forced to sell assets when it would not otherwise choose to do so in order to make the payments and it may be subject to prepayment penalties. The Company may also find it difficult or costly to refinance indebtedness as it matures, and if interest rates are higher when the indebtedness is refinanced, the Company's costs could increase.

In addition, the use of leverage may increase the exposure of the Company to adverse economic factors such as rising interest rates, downturns in the economy, deterioration in the condition of the Company's investment and/or the Spanish and Portuguese real estate and banking sectors, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Likewise, if the rental income of the Company's portfolio decreases (for example, due to tenant defaults), the use of leverage will increase the impact of such reduction on the net income of the Company and, accordingly, will have an adverse effect on the Company's ability to pay dividends to Shareholders. Moreover, in circumstances where the value of the Company's assets is declining, the use of leverage by the Company may result in the Company's net asset value declining at a higher rate than the value of its assets.

The Company may not be able to obtain financing on satisfactory terms or at all

The Company's Business Strategy contemplates the funding of investments through the Company's own funds and/or, in part, through borrowings. There can be no guarantee, however, that the Company will be able to obtain the desired borrowings on acceptable terms or at all, which could adversely affect the implementation of the Business Strategy.

The level of the Company's borrowings and the terms thereof will depend, among other things, on the Company's and the lenders' estimate of the stability of the relevant investments' expected cash flows and the expected evolution of the value of the assets as well as macroeconomic factors and credit market conditions.

If the Company is unable to obtain financing on commercially acceptable terms or at all, or delays are incurred in obtaining financing, this may impair the Company's ability to make investments and leverage its resources, which may have a material adverse effect on the implementation of the Business Strategy and the Company's business, financial condition, results of operations and prospects.

If the Company incurs floating rate debt it will be exposed to risks associated with movements in interest rates

The Company may incur debt with floating interest rates. Interest rates are highly sensitive to many factors beyond the Company's control, including central banks' policies, international and domestic economic and political conditions. The level of interest rates can fluctuate due to, among other things, inflationary pressures, disruption to financial markets and the availability of bank credit. If interest rates rise, the Company will be required to use a greater proportion of its revenues to pay interest expenses on its floating rate debt. While the Company intends to hedge, totally or partially, its 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 will expose the Company to credit risk in respect of the hedging counterparty. Any of the foregoing may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's ability to pay dividends will depend upon its ability to generate profits available for distribution and its access to sufficient cash

All dividends and other distributions paid by the Company will be made at the discretion of the Board of Directors and will be dependent on the availability of profits available for distribution (after fulfilling any relevant Spanish Companies Act requirement) and sufficient cash. The generation of profits available for distribution depends on a number of factors including the successful management of the Company's investments, the yields on the Company's properties, interest costs, taxes and profits on the development and sale of properties. The payment of any such dividends or other distributions will depend on the Company's ability to generate profits available for distribution and cash flow. Start-up costs associated with the Issue will affect the Company's ability to pay dividends to Shareholders. This could be mitigated if the Company were to increase its reserves available for distribution, for example by means of a court-approved reduction of the Company's capital.

Pursuant to the Spanish SOCIMI Regime, in order to benefit from a 0% Spanish Corporate Tax rate, the Company will be required, among other things, to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the end of the Company's financial year in the following amounts: (i) at least 50% of the profits arising from the transfer of Qualifying Assets carried out once the minimum three-year holding period described in section 1.2 of Part XV (*Spanish SOCIMI Regime and Taxation Information*) has ended (in which case the remainder of such profits must be reinvested in other Qualifying Assets within a maximum period of three years from the date of the sale or, otherwise distributed as dividends once such reinvestment period has elapsed); (ii) 100% of the profits derived from dividends received from Qualifying Subsidiaries; and (iii) at least 80% of all other profits obtained (i.e., profits derived from ancillary activities).

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 to fund the distribution, which would increase its finance costs, could reduce its ability to borrow to finance property acquisitions and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The dividend distributions requirements 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 credit rights deriving from such dividends into share capital of the Company, provided such dividends qualify as income for tax purposes. However, any such distribution may not be approved by its Shareholders or may not be considered as income for tax purposes for all Shareholders.

In addition, upon the acquisition of Tree by the Company, the Company will be required to enter into a distributions reinvestment agreement with the lenders under Tree's Senior Facility Agreement (the "***New Distributions Reinvestment Agreement***"). Pursuant to the New Distributions Reinvestment Agreement and in respect of the mandatory distributions of profits to be paid by Tree to the Company under the SOCIMI Regime, the Company will agree that, on the date on which the Company, as sole shareholder of Tree, approves any such distributions, the Company will promote, pass the necessary resolutions and subscribe for a share capital increase in cash to be executed in full on the same date as the dividend payment date for an amount equivalent to 50% of the total net mandatory distribution of profits made by Tree to the Company pursuant to the SOCIMI Act. Such reinvestment obligation will apply until any and all amounts due under the Senior Facility Agreement have been repaid in full. For further information, please refer to section 9 of Part X (*The Seed Portfolio*).

II. *SPECIFIC RISKS RELATING TO THE SEED PORTFOLIO*

The Seed Portfolio is fully leased to a single tenant

Tree's core business is the holding of real estate assets for lease. The assets comprising the Seed Portfolio are fully leased to Banco Bilbao Vizcaya Argentaria, S.A. ("***BBVA***"), the parent company of the global Spanish financial group BBVA. As a result, the performance of the Company's business will be highly linked to the compliance of BBVA with the terms of the BBVA Lease Agreement as well as to BBVA's financial strength and the overall performance of BBVA's business, prospects and financial condition and the performance of the wider financial institutions sector in general, in particular in Spain. Accordingly, following the completion of the acquisition of Tree by the Company, any adverse developments affecting the financial institutions sector or BBVA or the failure by BBVA to comply with the terms of the BBVA Lease Agreement could have a material adverse effect on the Company's business, financial condition, results of operation and prospects. In addition, the BBVA Lease Agreement provides only contractual protection to Tree (as lessor) in the event that BBVA (as lessee) were to fail to comply with the terms of the BBVA Lease Agreement. In the event of such a breach, the legal remedies available to Tree and/or the Company, as the case may be, would be unlikely to extend beyond a claim for breach of contract, action for eviction or similar remedies. Moreover, given the size of the Seed Portfolio, the Tree and/or the Company would likely be unable to mitigate the impact of any default by BBVA on its obligations under the BBVA Lease Agreement. Due to the systemic importance of BBVA for the Spanish economy, any such default by BBVA may also have an adverse effect on the business and financial condition of potential third-party tenants and purchasers that the Company or Tree may seek to approach for any potential sale or letting of the Seed Portfolio.

Due diligence performed in connection with the Seed Portfolio may not have identified all risks and liabilities

The Seed Portfolio may be subject to hidden material defects that were not apparent at the time of entering into the Irrevocable Undertaking Agreement. To the extent the Company or other third parties have underestimated, or failed to identify, risks and liabilities associated with the investment in question, the Company may incur, directly or indirectly, unexpected liabilities, such as defects in title, an inability to obtain permits enabling it to use the properties as intended, environmental, structural or operational defects or liabilities requiring remediation. Any such defects, liabilities or risks which were not identified by the due diligence exercises carried out in respect of the Seed Portfolio may result in the acquisition of properties which fail to perform in accordance with expectations, which, in turn, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Seed Portfolio valuation over time could be lower than the price to be paid for the acquisition of Tree

Savills produced a valuation report dated 9 June 2014 in respect of the Seed Portfolio (the "***Savills Valuation Report***"). The Savills Valuation Report valued the Seed Portfolio at €1,687,633,000 as of 31 December 2013 and states that the market value of the assets comprising the Seed Portfolio has not changed materially from 31 December 2013 to the date of this Prospectus, except for the sale to private investors of 20 bank branches with an aggregate market value of €31.14 million[1].

The valuation of real estate assets and real estate-related acquisitions is inherently subjective due to their lack of liquidity and, among other factors, the nature of each property, its location, the expected future rental revenues from that particular

[1] Although the Savills Valuation Report states that the aggregate market value of the 20 branches sold during 2014 is €31.14 million, at the time when the offer for these assets was received (and pursuant to which the sale price was determined), the aggregate market value of these 20 branches in accordance with Savills was €29.4 million.

property or real estate-related acquisitions and the valuation methodology adopted. Any such valuation is subject to a degree of uncertainty and may be made on the basis of assumptions and methodologies which may not prove to be accurate, particularly in periods of volatility, low transaction flow or restricted debt availability in the real estate market. In addition, any valuations relied on by the Management Team and the Company will reflect the position only at their date, and market movements since the date of any such valuations and over the longer term may cause significant fluctuations in the value of the real estate or real estate-related acquisitions.

If the valuation of the Seed Portfolio turns out to be inaccurate or decreases over time, this may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Tree's shares are pledged under the Facility Agreements

Under the Facility Agreements, the Tree Shareholders granted a pledge over 99.74% of the shares in Tree to the lenders. Upon completion of the proposed acquisition of Tree by the Company, such share pledges would continue to be in place until the amounts outstanding under the Facility Agreements have been repaid in full. Moreover, since the Spanish tax authorities have confirmed that it is not necessary for the shares of Tree to be listed on a regulated market following the acquisition of Tree by the Company for the purposes of Tree qualifying as a SOCIMI, the pledges granted to the lenders will cover 100% of the shares in Tree. Therefore, if Tree were unable to comply with its obligations under the Facility Agreements, the lenders would be entitled to enforce such share pledges, such shares would be sold in a public auction and the Company could lose all or part of its investment in Tree.

Any of the above factors could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Tree is exposed to BBVA's credit rating

Pursuant to the Facility Agreements of Tree, in the event that BBVA's long-term credit rating were to fall below A- under Standard & Poor's rating or A3 under Moody's rating (the ***"Required Rating***), there would be a breach of the Required Rating, which would require Tree to make certain repayments prior to their maturity of the amounts owed under the Facility Agreements. In June 2012, a breach of the Required Rating occurred and as a result (i) €11.9 million of the Senior Facility Agreement was repaid early by using part of the Debt Service Reserve Account; and (ii) cash sweeps of the rental incomes were implemented. At the date of this Prospectus, BBVA is still below the Required Rating and, as a consequence, the full cash sweeps of the rental incomes of Tree remain in place. Such cash sweeps have an adverse impact on Tree's ability to pay cash dividends to the Company.

Additionally, in the event that BBVA's long-term credit rating were to fall below (i) BBB- under Standard & Poor's rating and Baa3 under Moody's rating; (ii) BB under Standard & Poor's rating; or (iii) Ba2 under Moody's rating, Tree will have to deliver three loan-to-value tests ("***Ratings LTV Test***") (based on loan-to-value valuations of the properties by an independent valuer) on the date falling 6, 12 and 21 months after the date of the occurrence of such event. During the relevant time periods between these dates, Tree would be obliged to ensure that the loan-to-value tests not exceed certain thresholds (ranging from 50% to 75%) set out in the Financing Documents for those time periods. If, at any time during a relevant time period, the loan-to-value test exceeds the specified thresholds corresponding to such time period, Tree would have to prepay the loans made under the Financing Documents in an amount necessary to meet the relevant threshold. If Tree does not have sufficient cash to fund these prepayments, Tree could be required to sell assets.

Any rating downgrades of BBVA are outside the control of the Company and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

As at the date of this Prospectus, BBVA's long-term ratings are A- with stable outlook (Fitch, May 2014), Baa2 with positive outlook (Moody's, March 2014) and BBB with stable outlook (Standard and Poor's, June 2014).

Tree's ability to pay dividends to the Company will depend upon its ability to generate profits available for distribution and its access to sufficient cash

All dividends and other distributions paid by Tree will be dependent on the availability of profits available for distribution (after fulfilling any relevant Spanish Companies Act requirement) and sufficient cash. The generation of profits available for distribution depends on a number of factors including the successful management of the Seed Portfolio, the yields on the Seed Portfolio, compliance with the Facility Agreements, interest costs, taxes and profits on the development and sale of properties. The payment of any such dividends or other distributions will depend on Tree's ability to generate profits available for distribution and cash flow.

In order to benefit from a 0% Spanish Corporate Tax rate, the Company will be required, among other things, to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the end of the Company's financial year in the following amounts: (i) at least 50% of the profits arising from the transfer of Qualifying Assets carried out once the minimum three-year holding period described in section 1.2 of Part XV (*Spanish SOCIMI Regime and Taxation Information*) has ended (in which case the remainder of such profits must be reinvested in other Qualifying Assets within a maximum period of three years from the date of the sale or, otherwise distributed as dividends once such reinvestment period has elapsed); (ii) 100% of the profits derived from dividends received from Qualifying Subsidiaries; and (iii) at least 80% of all other profits obtained (i.e., profits derived from ancillary activities).

There is a risk that Tree may generate profits, but not have sufficient cash to make distributions to the Company. If Tree does not have sufficient cash, it may not be able to borrow to fund the distribution, or if it is able to borrow, have increased finance costs and a reduction in its ability to borrow to finance property acquisitions, which, in turn, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The dividend distributions requirements 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 credit rights deriving from such dividends into share capital of Tree, provided such dividends qualify as income for tax purposes. However, Tree cannot provide assurance that any such distribution will be considered as income for tax purposes for all Shareholders.

B) RISKS RELATING TO THE REAL ESTATE BUSINESS IN GENERAL

The value of any properties that the Company acquires and the rental income those properties yield will be subject to fluctuations in the Spanish and Portuguese property markets

Real estate markets are cyclical in nature and are affected by the condition of the economy as a whole. The Company's performance will be subject to, among other things, the conditions of the commercial property market in Spain and, to a lesser extent, Portugal, which will affect both the value of any properties that the Company acquires and the rental income those properties yield. The value of real estate in Spain declined sharply starting in 2007 as a result of the economic recession, the credit crisis and reduced confidence in global financial markets caused by the failure, or near-collapse, of a number of global financial institutions, increased unemployment rates, an overhang of excess supply, overleveraged local real estate companies and developers and the absence of bank funding. From an early 2007 peak in Spanish commercial property values to the end of 2013, the capital values of office, retail and industrial assets fell by approximately 47.5%, 58.1% and 43.1%, respectively (source: CBRE). Further declines in the performance of the Spanish economy or the Spanish property market could have a negative impact on consumer spending, levels of employment, rental revenues and vacancy rates and, as a result, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

There is no assurance that any recovery of the value of Spanish real estate assets will occur, or that if such a recovery does occur, it will continue or be sustainable. Spanish real estate values could decline further and those declines could be substantial, particularly if recessionary conditions in the Spanish economy continue and/or if demand does not recover.

In addition to the general economic climate, the Spanish commercial property market and prevailing rental rates and asset values may also 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 and taxes. In addition, rental rates may also be affected by a fall in the general demand for rental property and reductions in tenants' and potential tenants' space requirements. All of these factors are outside of the Company's control, and may reduce the attractiveness of holding property as an asset class.

These factors could also have a material effect on the Company's ability to maintain the occupancy levels of the properties it acquires through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to maintain or increase rents over the longer term. In particular, non-renewal of leases or early termination by significant tenants in the Company's property portfolio (once acquired) could materially adversely affect the Company's net rental income. If the Company's net rental income declines, it would have less cash available to service and repay its indebtedness or make distributions to Shareholders and the value of its properties could further decline. In addition, significant expenditures associated with a property, such as taxes, service charges and maintenance costs, are generally not reduced in proportion to any decline in rental revenue from that property. If rental revenue from a property declines while the related costs do not decline, the Company's income and cash receipts could be materially adversely affected. Declines in rent and demand for space might render refurbishment and redevelopment properties unattractive.

Any deterioration in the Spanish and Portuguese commercial property markets, for whatever reason, could result in declines in market rents received by the Company, in occupancy rates for the Company's properties, in the carrying values of the Company's property assets and the value at which it could dispose of such assets. A decline in the carrying value of the Company's property assets may also weaken the Company's ability to obtain financing for new asset acquisitions at favourable credit terms and conditions or at all. Any of the above may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's business may be materially adversely affected by a number of factors inherent to the sale and purchase of properties and their management

Revenues earned from, and the capital value and disposal value of, properties held or sold by the Company and the Company's business may be materially adversely affected by a number of factors inherent in real estate asset sales and management, including, but not limited to:

- decreased demand by potential buyers for properties or tenants for space;

- relative illiquidity of the assets;
- sub-optimal tenant rotation policies or lease renegotiations;
- material declines in property and/or rental values;
- material disposals in extensions/refurbishment and/or re-letting of a relevant property;
- the inability to recover operating costs such as local taxes and service charges on vacant space;
- incorrect repositioning of an asset in changing market conditions;
- exposure to the creditworthiness of buyers and tenants, which could result in delays in receipt of contractual payments, including rental payments, the inability to collect such payments at all including the risk of buyers and tenants defaulting on their obligations and seeking the protection of bankruptcy laws, the re-negotiation of purchase agreements or tenant leases on terms less favourable to the Company, or the termination of purchase agreements or tenant leases;
- defaults by a number of tenants with material rental obligations (including pre-let obligations) or a default by a significant tenant of a specific property that may hinder or delay the sale or re-letting of such property;
- material litigation with buyers or tenants;
- material expenses in relation to the construction of new tenant improvements and re-letting a relevant property, including the provision of financial inducements to new tenants such as rent-free periods;
- limited access to financing;
- increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation in excess of rental growth, property taxes or statutory charges or insurance premiums, costs associated with tenant vacancies and unforeseen capital expenditure affecting properties which cannot be recovered from tenants;
- increase in the taxes and fees on real estate as well as other costs and expenses associated with the ownership of real estate (for example, insurance expenses); and
- regulatory changes which impose burdens on owners of real estate or which imply additional expenses or costs (for example, obligations to obtain energy certificates in relation to real estate assets in order to be able to lease them.)

The above factors could materially adversely affect the Company's business, financial condition, results of operations and prospects.

Investing in commercial property asset classes is subject to certain risks inherent in each of these asset classes

The principal activity of the Company will be the acquisition (directly or indirectly), active management, operation and selective rotation of high quality Commercial Property Assets in the Core and Core Plus segments, such as offices, retail, logistics and prime urban hospitality primarily in Spain, and to a lesser extent, in Portugal. An investment in the Ordinary Shares may therefore be subject to greater risk than investments in other companies that have more diversified portfolios or business strategies. Investing in these types of assets is subject to certain inherent risks:

Offices. Demand for office space is subject to a number of factors, including overall economic conditions and the attractiveness of a particular location due to changes in transport links, the proximity of other office space and commercial tenants and general trends in the commercial real estate market, such as trends in the usage of office space. Even where demand for office space is generally high, the offices owned by the Company may not be of interest to potential tenants due to the characteristics of the office space (e.g., tenants may seek bigger surfaces or a particular layout of office space). In addition, a downturn in a particular economic sector may adversely affect the Company where it has let offices to commercial tenants from that particular economic sector. Furthermore, any excess in supply is likely to exert a downward pressure on the rental income and the assets of the Company.

Retail. Demand for retail space is closely linked to general economic conditions, including levels of employment and consumption, and demand for residential properties in adjacent areas. In addition, the retail sector, which is currently experiencing an excess of supply, is facing competition from large commercial premises, as well as a considerable competition from e-commerce and online retail with consumer shopping habits increasingly shifting from store usage to internet shopping, putting pressure on retailers' revenues. These factors could have an adverse impact on demand for retail space and, in turn, may negatively affect the Company's ability to attract tenants for its retail properties or may force the Company to accept lower rents to fill space.

Logistics. While the increase in e-commerce and online retail has driven a certain rise in demand for logistics space, potential tenants increasingly require such space to be suitable for storage, classification and distribution, in accordance with the needs of online retail, which are different from traditional warehousing needs. In addition, the attractiveness of logistics space is closely linked to access to infrastructure and proximity to large cities. In the event the Company's logistics properties were to fail to have these characteristics, this could negatively affect the Company's ability to attract tenants for its logistics properties or may force the Company to accept lower rents to fill space.

Prime urban hospitality. Demand for hotel beds is seasonal in nature, depending principally on location and on the customer base served. In addition, the hotel industry is cyclical and demand generally follows, with a certain lag, the general trends of the economy. The seasonality and cyclicality of the industry may affect the gross margins and the valuation of the hotel-related assets of the Company, which may contribute to fluctuations in the results of operations and financial condition. In addition, the hotel industry is highly competitive and the Company's hotel properties are likely to face intense competition from major hotel chains with well-established and recognised brands, smaller hotel chains and independent local hotel owners. Hotels typically compete on the basis of brand name recognition and reputation, location, room rates, property size and availability of rooms and conference space, quality of the accommodations, amenities and the ability to earn and redeem loyalty programme points. These factors may affect negatively the demand for the Company's hotel properties.

If the Company's revenues earned from its assets or their market value are adversely impacted by any of the above or other factors, this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Property valuation is inherently subjective and uncertain

The success of the Company depends significantly on the ability of the Company to assess the values of properties, both at the time of acquisition and the time of disposal. Valuations of the Company's property assets will also have a significant effect on the Company's financial standing on an ongoing basis and on its ability to obtain financing. The valuation of property and property-related assets is inherently subjective, in part because all property valuations are made on the basis of assumptions which may not prove to be accurate (particularly in periods of volatility or low transaction flow in the commercial real estate market), and in part because of the individual nature of each property.

In determining the value of properties, the valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing sellers in uncertain market conditions, title, condition of structure and services, existence of deleterious materials, environmental matters, permits and licences, statutory requirements and planning, expected future rental revenues from the property and other information. Such assumptions may prove to be inaccurate. Incorrect assumptions underlying a valuation could negatively affect the value of any property assets the Company acquires and thereby have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Valuations are particularly difficult to carry out in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. Valuations carried out by or on behalf of the Company may not reflect actual transaction prices even where any such transactions are undertaken shortly after the relevant valuation date, and the estimated yield and annual rental income in such valuations may prove to be unattainable.

The Company may acquire properties through investments in various property-owning vehicles, and may in the future utilise a variety of investment structures for the purpose of acquiring properties, such as joint ventures and minority investments. Where a property or an interest in a property is acquired through another company or an investment structure, the value of the entity or investment structure may not be the same as the value of the underlying property due to, for example, tax, environmental, contingent, contractual or other liabilities, or structural considerations. As a result, there can be no assurance that the value of investments made through those structures will fully reflect the value of the underlying property.

To the extent valuations of the Company's properties do not fully reflect the value of the underlying properties, whether due to the above factors or otherwise, this may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The composition of the Company's portfolio of assets is expected to fluctuate

The principal activity of the Company will be the acquisition, directly or indirectly, active management, operation and selective rotation of high quality Commercial Property Assets in the Core and Core Plus segments, such as offices, retail, logistics and prime urban hospitality primarily in Spain, and to a lesser extent, in Portugal. The Company, however, may freely acquire different real estate assets at different times within those categories of assets. The allocation of the Commercial Property Assets of the Company between offices, retail, logistics and prime urban hospitality assets may therefore fluctuate from time to time.

At the time a particular acquisition is made, the real estate market for each asset class may be at a different stage of the cycle than other types of assets. Also, acquisition of each class of real estate presents inherent risks, and investors may from time to time be more or less exposed to such risks as a result of fluctuations in the Company's portfolio.

Accordingly, as a result of each of these factors, Shareholders should note that the actual composition of the assets of the Company may fluctuate from time to time, which may, in turn, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's due diligence may not identify all risks and liabilities in respect of an asset acquisition

Prior to entering into an agreement to acquire any property, the Company will perform due diligence on the proposed asset. In doing so, it would typically rely in part on third parties to conduct a significant portion of this due diligence (including providing legal reports on title and property valuations). There can be no assurance, however, that due diligence examinations carried out by the Company or third parties in connection with any properties the Company may acquire will reveal all of the risks associated with that asset, or the full extent of such risks. Properties the Company acquires or invests in may be subject to hidden material defects that were not apparent at the time of acquisition. To the extent that the other third parties underestimate or fail to identify risks and liabilities associated with an asset, the Company may be subject to one or more of the following risks:

- defects in title;
- environmental liabilities or structural or operational defects or liabilities requiring remediation and/or not covered by indemnities or insurance;
- lack or insufficiency of permits and licences;
- an inability to obtain permits enabling the property to be used as intended; or
- the acquisition of properties that are not consistent with the Company's Business Strategy or that fail to perform in accordance with expectations.

Any of these consequences of a due diligence failure may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Real estate assets are illiquid

Real estate assets can be illiquid for reasons including but not limited to the long-term nature of leases, commercial properties being tailored to tenants' specific requirements and varying demand for commercial property. Such illiquidity may affect the Company's ability to change the composition of its portfolio or dispose of properties in a timely fashion and/or at satisfactory prices in response to changes in economic, property market or other conditions. This may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may be dependent on the performance of third-party contractors when undertaking development, refurbishment or redevelopment projects and may suffer delays, non-completion or may fail to achieve expected results

In circumstances where the Company seeks to create value by undertaking development, refurbishment or redevelopment of its property assets, it will typically be dependent on the performance of third-party contractors who undertake the management or execution of such development, refurbishment or redevelopment on behalf of the Company. The risks of development, refurbishment or redevelopment include, but are not limited to:

- failure by such third-party contractors in performing their contractual obligations;
- insolvency of such third-party contractors;
- the inability of the third-party contractors to retain key members of staff;
- cost deviations in relation to the services provided by the third-party contractors;
- delays in properties being available for occupancy;
- poor quality execution;
- fraud or misconduct by an officer, employee or agent of a third-party contractor;
- diversion of resources and attention of the Board of Directors and the Management Team from operations and acquisition opportunities;
- disputes between the Company and third-party contractors, which may increase the Company's costs and require the time and attention of the Board of Directors and the Management Team;
- liability of the Company for the actions of the third-party contractors;
- inability to obtain governmental and regulatory permits on a timely basis or at all;
- inability to sell the developed, redeveloped or refurbished units at prices that are favourable to the Company or at all; and
- inability to rent the units to tenants at rental rates that are favourable to the Company or at all.

If the Company's third-party contractors fail to successfully perform the services for which they have been engaged, either as a result of their own fault or negligence, or due to the Company's failure to properly supervise any such contractors, this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, development, refurbishment or redevelopment projects are based on business plans devised by the Management Team and actual results might differ. Unexpected developments may have a material adverse effect on the

Company's business, financial condition, results of operations and prospects.

There is no assurance that the Company will realise anticipated returns on property development, refurbishment or redevelopment. Failure to generate anticipated returns may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may be subject to liability following the disposal of assets

The Company may be exposed to future liabilities and/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 respect of property disposals. The Company may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that the Company breaches any of its covenants or obligations contained in the sale documentation. In certain circumstances, it is possible that representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the Company may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities or any liability arising from construction defects or damages (*responsabilidad decenal*). Any such claims, litigation or obligations, and any steps which the Company is required to take to meet this cost, such as sales of assets or increased borrowings could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may be subject to potential claims relating to the development, construction and refurbishment of real estate assets

The Company may be subject to claims due to defects relating to the development, construction and refurbishment of its properties. This liability may apply to damages and construction defects unknown to the Company, but that could have been identified, at the time of acquisition. In addition, the Company may be exposed to substantial undisclosed or unascertained liabilities relating to properties that were incurred or that arose prior to the completion of the Company's acquisition of such properties. Although the Company may have obtained contractual protection against such claims and liabilities from the seller, there can be no assurance that such contractual protection will always be successfully obtained, or that it would be enforceable or effective if obtained under contract. Any claims for recourse that the Company may have against parties from which the Company has purchased such a property may fail because of, among other things, the expiration of warranty periods and the statute of limitations, lack of proof that the seller knew or should have known of the defect, the insolvency of the seller, or lack of proof of the knowledge that the seller had or should have had regarding the corresponding defect or contingency.

Certain obligations and liabilities associated with the ownership of assets can also continue to exist notwithstanding any disposal, such as certain environmental liabilities or any liability arising from construction defects of damages (*responsabilidad decenal*). Any such claims, litigation or obligations, and any steps which the Company is required to take to meet this cost, such as sales of assets or increased borrowings could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may suffer losses in excess of insurance proceeds, if any, or from uninsurable events

The Company's properties may suffer physical damage resulting in losses (including loss of rent) which may not be compensated for by insurance, either fully or at all. In addition, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors, might also result in insurance proceeds being unavailable or insufficient to repair or replace a property. Should an uninsured loss or a loss in excess of insured limits occur, the Company may lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Company could be liable to repair damage caused by uninsured risks. The Company may also remain liable for any debt or other financial obligations related to that property. Any material uninsured losses may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

3. RISKS RELATING TO THE MANAGEMENT TEAM, THE COMPANY'S EMPLOYEES AND THE BOARD OF DIRECTORS

The Company is reliant on the performance and the expertise of the Management Team

The ability of the Company to achieve its objectives is significantly dependent upon the expertise and operating skills of the Management Team. The departure for any reason of a member of the Management Team could have an adverse impact on the ability to implement the Business Strategy of the Company. Whilst the Company has endeavoured to ensure that the Management Team is suitably incentivised, the retention of the members of the Management Team cannot be guaranteed and any such member could become unavailable due to, for example, death or incapacity, as well as due to resignation. In the event of such departure or unavailability of any member of the Management Team, there can be no guarantee that the Company would be able to find and attract other individuals with similar levels of expertise and experience in the Spanish commercial property market or similar relationships with commercial real estate lenders, property funds and other market participants in Spain. The loss of any member of the Management Team could also result in lost business relationships and reputational damage and, in particular, if any member of the Management Team transfers to a competitor this could have a material adverse effect on the Company's competitive position within the Spanish commercial real estate market. If alternative personnel are found, it may take time for the transition of those persons to the Company and the transition might be costly and ultimately might not be successful. In addition, the Company is dependent on the Management Team's ability to identify, attract and retain suitably skilled and experienced staff for the Company's operations. The departure of any member of the Management Team without timely and adequate replacement of such person(s) by the Company, or the inability of the Management Team to identify, attract and retain suitably skilled and experienced staff may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The past and current performance of the Management Team is not a guarantee of the future performance of the Company

The Company is a newly-created entity reliant on the Management Team. This Prospectus includes certain information regarding the past performance of the Management Team. However, the past performance of the Management Team is not indicative, or intended to be indicative, of the future performance or results of the Company. For example, the track record information of the Management Team included in this Prospectus relates to acquisitions made and assets managed in the past and their corresponding acquisition objectives, fee arrangements, structure (including for tax purposes), terms, leverage, performance targets, overall economic and market conditions and acquisition horizons used or prevailing in connection with such acquisitions and assets managed, which may not be comparable to the conditions, objectives and circumstances to be faced by the Management Team in the future when implementing the Company's Business Strategy. All of these factors can affect returns and impact the usefulness of performance comparisons and, as a result, none of the historical information contained in this Prospectus is directly comparable to the Company's business or the returns which the Company may generate. In addition, the previous experience of the Management Team and companies advised and/or operated by members of the Management Team may not be directly comparable with the Company's proposed business. As a consequence, as at Admission, prospective investors in the Company will have limited data to assist them in evaluating the prospective performance of the Management Team.

Members of the Management Team may have conflicts of interest in allocating their time and activity between the Company and MAGIC Real Estate

Members of the Management Team, in particular those who are defined as key employees pursuant to several contracts entered into between MAGIC Real Estate and third parties (the "***MAGIC Contracts Key Employees*"**) may have conflicts of interest in allocating their time and activity to matters relating to the Company.

For further information see section 2 and section 4 of Part VII ("*Information on the Company*").

The Management Stock Plan is based on EPRA NAV and volatility in property values might lead to increased entitlements ahead of a cyclical peak

The Management Team will be entitled to participate in the Management Stock Plan which is linked to the EPRA NAV of the Company and the distributions to Shareholders. Increases in the EPRA NAV of the Company will lead to an increase in the Management Team's entitlement under the Management Stock Plan. If increases in the EPRA NAV are the result of price overheating in the real estate sector, it is possible that the Management Team's entitlement increases ahead of a cyclical peak. Entitlements under the Management Stock Plan are not subject to reduction or clawback due to any subsequent decrease that may occur in the EPRA NAV of the Company. In addition, in general, the NAV of real estate companies and the evolution of such companies' share prices are not perfectly correlated. Accordingly, the Management Team's compensation will not be directly linked to the price performance of the Ordinary Shares and may be payable or increased when the price performance of the Ordinary Shares is deteriorating.

Furthermore, this compensation is only partially linked to the Company having made distributions to Shareholders.

There can be no assurance that the Management Team will be successful in implementing the Company's Business Strategy

No assurance can be given that the implementation of the Company's Business 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 it is possible that the approach adopted by the Management Team to achieve the Company's Business Strategy in the future may be different from that presently expected to be used and disclosed in this Prospectus.

The arrangements between the Company and the Management Team were negotiated in the context of an affiliated relationship and may contain terms that are less favourable to the Company than those which otherwise might have been obtained from unrelated parties

The Company's internal policies and procedures for dealing with the members of the Management Team, including their remuneration policy, were negotiated in the context of the Company's formation and the Issue by persons who were, at the time of negotiation, members of the Management Team and affiliates of MAGIC Real Estate, the Company's sole Shareholder at the time. While the Company believes that the terms of these arrangements are broadly similar to what would have been obtainable from unaffiliated third parties, such terms, including terms relating to fees, performance criteria, contractual or fiduciary duties, conflicts of interest, limitations on liability, indemnification and termination, may be less favourable to the Company than otherwise might have resulted if the negotiations had involved unrelated parties from the outset.

Following Admission, the Company will submit the Management Team's remuneration package for review, and as the case may be, approval, by the Remuneration and Nomination Committee (which according to the Company's internal regulation shall be formed by external or non-executive with a majority being independent Directors).

The members of the Management Team are expected to be entitled to substantial severance payments, in certain circumstances, upon termination of their employment with the Company

As of the date of this Prospectus, each member of the Management Team, except for Mr. Manuel García Casas, has signed employment contracts with the Company, which will become into effect upon Admission. Such contracts contain provisions, which entitle the members of the Management Team to substantial severance payments, in certain circumstances, in case any such employment were terminated. The maximum amount of such severance payments will be equivalent to a multiple of the total gross remuneration (including all concepts, such as base salary and bonus paid, any Awarded Shares related to the Management Stock Plan awarded to the member of the Management Team and any restricted bonus to which such member was entitled) in the 12-month period prior to termination. If the termination takes place during the first year following Admission, the relevant member will be entitled to five times such total gross remuneration. In the event such termination takes place after the first year following Admission, such severance package would be reduced by 20% in each year during the subsequent four years. Consequently, the termination of employment of any of the members of the Management Team may be costly to the Company, particularly if any such termination were to occur during the first five years following Admission, which in turn, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. For further information, please refer to section 1 of Part VIII (*The Management Team*).

The Company does not have entire control over the Management Team and the Company may be harmed if its reputation or the reputation of MAGIC Real Estate suffers

Certain members of the Management Team are expected to be employed by the Company on a part-time basis and are also MAGIC Contracts Key Employees under several contracts signed by MAGIC Real Estate. While these employees will be required to agree under the terms of their employment contracts to allocate a significant amount of time to the Company, the Company does not have entire control over such employees. If the Management Team were unable to allocate the appropriate time or human resources to the Company's investments or any members of the Management Team were not available due to death or illness, the Company may be unable to implement its Business Strategy as set out in this Prospectus.

In addition, if any member of the Management Team were to do anything or be alleged to do anything that may be the subject of public criticism or other negative publicity or may lead to investigation, litigation or sanction, this may have an adverse impact on the Company by association, even if the criticism or publicity is factually inaccurate or unfounded.

Moreover, the Company may be harmed if the Company's or the Management Team's reputation suffers. In particular, litigation, allegations of misconduct or operational failures by, or other negative publicity and press speculation involving the Company or the Management Team, whether or not accurate, may harm the reputation of the Company or the Management Team. Any damage to the reputation of the Company or the Management Team could result in potential counterparties and other third parties such as occupiers, landlords, joint venture partners, lenders, public administrations, real estate sellers, developers, investors or others being less willing or unwilling to transact with the Company or the Management Team. This may have a material adverse effect on the ability of the Company to successfully implement its Business Strategy and may have a material adverse effect on the Company's financial condition, business results of operations and prospects.

The Company is reliant on the performance and retention of the members of the Board of Directors

The Company will rely on the expertise and experience of the Directors to supervise the management of the Company's affairs. Certain reserved matters require the consent of the Board of Directors, including, among other things, approval of the Group's long-term Business Strategy, annual business plan and five-year strategic plan and property acquisitions, disposals developments, refurbishments and other transactions in each case in excess of €150 million. The performance of the Directors and their retention as members of the Board of Directors are, therefore, significant factors in the Company's ability to achieve its Business Strategy. The Directors' involvement with the Company will be on a part-time basis rather than a full-time basis, and if there is any material disruption to the Management Team's performance of its services, the Directors may not have sufficient time or experience to manage the Company's business until new members of the Management Team are appointed. In addition, there can be no assurance as to the continued service of such individuals as Directors of the Company. The departure of any of these individuals from the Company without timely and adequate replacement may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Reputational risk in relation to the Board of Directors may materially adversely affect the Company

The Board of Directors may be exposed to reputational risks. In particular, litigation, allegations of misconduct or operational failures by the Directors, or other negative publicity and press speculation involving any of the Directors, whether or not accurate, may harm the reputation of the relevant Director. Any damage to the reputation of any of the Directors could result in potential counterparties and other third parties such as tenants, landlords, joint venture partners, lenders or developers being less willing to deal with the Company. This may have a material adverse effect on the ability of the Company to successfully pursue its Business Strategy and may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

There may be circumstances where Directors have a conflict of interest

There may be circumstances in which a Director has, directly or indirectly, a material interest in a transaction being considered by the Company or a conflict of interests with the Company. Any of the Directors and/or any person connected with them may from time to time act as director, investor or be otherwise involved in other investment vehicles or companies including vehicles or companies that may have investment strategies similar to the Company's which may also be purchased or sold by the Company, subject at all times to the provisions governing such conflicts of interest both in law and in the by-laws (*Estatutos)* of the Company, as amended from time to time (the "***By-laws***"). Four employees of the Company, including Ismael Clemente and Miguel Ollero (Executive Directors of the Company) will continue as MAGIC Contracts Key Employees under several contracts currently in place entered into between MAGIC Real Estate and various third parties. Although procedures have been put in place to manage conflicts of interest, it is possible that any of the Directors and/or their connected persons may have potential conflicts of interest with the Company. For further information on conflicts of interests, see section 2 of Part IX (*Directors and Corporate Governance*).

4. REGULATORY, STRUCTURE AND TAXATION RISKS

There is a risk that the Company may be considered an AIF in Spain or elsewhere in the EEA

Directive 2011/61/EU (the "***Alternative Investment Fund Managers Directive***" or "***AIFMD***") establishes certain obligations with respect to alternative investment funds ("***AIFs***") and requires Alternative Investment Funds Managers ("***AIFMs***") to be registered with the competent authority of their jurisdiction and to comply with the requirements imposed by the AIFMD as implemented in the relevant jurisdiction. On the basis of the provisions of the AIFMD and the draft of the law on venture capital entities and closed collective investment schemes (*Anteproyecto de Ley por el que se regulan las entidades de capital riesgo y otras sociedades de inversión y sus sociedades gestoras*) which will implement the AIFMD in Spain, the Company does not believe that it will qualify as an AIF. However, as at the date of this Prospectus, the AIFMD has not yet been implemented into Spanish law. Therefore, it is currently unclear how the AIFMD will be implemented in Spain and whether or to what extent its implementation will affect the Company.

If the Company were to be determined to be an AIF or have to comply with AIFM requirements following transposition into Spanish law of the AIFMD, either the Company itself would have to gain authorisation under the AIFMD or it would have to appoint an investment manager duly authorised as an AIFM to implement the Company's Business Strategy. In either case, the Company or such AIFM would be required to comply with various organisational requirements and conduct of business rules, adopt and implement a programme of activities and various policies and procedures addressing areas such as risk management, liquidity management, conflicts of interest, valuations, compliance, internal audit and remuneration, and comply with ongoing capital, reporting and transparency obligations. Such requirements would likely cause the Company to incur significant costs; particularly, if it were to be required to appoint a third-party AIFM which fulfilled AIFMD requirements in order to manage its investment portfolio. There can be no assurance that a suitably qualified third-party AIFM could be found or engaged or, if engaged, that it could implement the Business Strategy of the Company as described in this Prospectus. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Moreover, irrespective of the Company's status under the AIFMD in Spain, it may be regarded as an AIF in certain other countries of the EEA, which would restrict the Company's ability to raise capital from investors located in those other countries, which may, in turn, restrict the available sources of new money to the Company or increase its cost of capital, either of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is subject to certain laws and regulations relating to real estate assets

The Company's operations must comply with laws and governmental regulations (whether domestic or international (including in the EU)) which relate to, among other things, property ownership and use, land use, development, zoning, health and safety requirements and environmental compliance. Additionally, the applicable laws within Spain may vary from one autonomous region to another, and between different assets within the same autonomous region. These laws and regulations often provide broad discretion to the administering authorities. Additionally, all of these laws and regulations are subject to change, which may be retrospective, and changes in regulations could adversely affect existing planning consents, costs of property ownership, the capital value of the Company's assets and the rental income arising from the Company's properties. Such changes may also adversely affect the Company's ability to use a property as intended and could cause the Company to incur increased capital expenditure or running costs that may not be recoverable from tenants. The occurrence of any of these events may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Environmental, health and safety laws, regulations and standards may expose the Company to the risk of substantial unexpected costs and liabilities

Environmental, health and safety laws, regulations and standards may expose the Company to the risk of substantial unexpected costs and liabilities. Applicable environmental, health and safety laws and regulations, as currently in effect and as amended from time to time, impose obligations and potential liabilities on the owners of properties (including liabilities that were incurred or that arose prior to the acquisition of such properties). Such obligations and liabilities may result in significant investigation, removal or remediation costs regardless of whether or not the Company originally caused the corresponding environmental, health and safety risk or damage. In addition, liabilities could adversely affect the Company's ability to construct, manage, sell, lease or redevelop a property, or to borrow using a property as security.

Applicable environmental, health and safety laws and regulations, may also constitute the basis for liabilities for third parties for personal or other types of damages (for example, in the case of environmental legislation, as a consequence of emitting or leaking contaminating products). In the event that due diligence does not uncover or underrates material defects or liabilities, including environmental liabilities, which are not covered by insurance proceeds, such defects or liabilities could have a material adverse effect on the Company's business, financial condition, prospects and results of operations.

Furthermore, applicable environmental, health and safety laws and regulations may also limit the use that may be given to the assets of the Company, and impose liability for, among other things, the types of activities that may be developed in them. The Company's acquisitions may include, as part of its Business Strategy properties historically used for commercial, industrial and/or manufacturing uses. Such properties are more likely to contain, or may have contained, storage tanks for the storage of hazardous or toxic substances. Leasing properties to tenants that engage in industrial, manufacturing and other commercial activities will cause the Company to be subject to increased risks or liabilities under environmental, health and safety laws and regulations.

In the event the Company is exposed to environmental, health and safety liabilities or increased costs or limitations on its use or disposal of properties as a result of the applicable laws and regulations this may have a material adverse effect on the Company's business, financial condition, prospects and results of operations.

The assets of the Company could be deemed to be "plan assets" that are subject to certain requirements of ERISA and/or section 4975 of the Code, which could restrain the Company from making certain investments

Under the current Plan Asset Regulations, if interests held by Benefit Plan Investors are deemed to be "significant" within the meaning of the Plan Asset Regulations (broadly, if Benefit Plan Investors hold 25% or greater of any class of equity interest in the Company) then the assets of the Company may be deemed to be "plan assets" within the meaning of the Plan Asset Regulations. After the Ordinary Shares are listed, the Company will be unable to monitor or control whether Benefit Plan Investors acquire Ordinary Shares and will be unable to require Benefit Plan Investors to sell their Ordinary Shares and, therefore, there can be no assurance that Benefit Plan Investors will not hold 25% or greater of the Ordinary Shares. If the Company's assets were deemed to constitute "plan assets" within the meaning of the Plan Asset Regulations, certain transactions that the Company may enter into in the ordinary course of business and operation may constitute non-exempt prohibited transactions under ERISA or the Code, resulting in the imposition of excise taxes and penalties. In addition, any fiduciary of a Benefit Plan Investor or a governmental, church, non-US or other plan which is subject to Similar Law that is responsible for such plans investment in the Ordinary Shares could be liable for any ERISA fiduciary violations or violations of such Similar Law relating to the Company. Investors should read the representations and warranties with respect to ERISA in Part XVIII (*Terms and Conditions of the Placing*).

The Company believes that it and Tree will each be passive foreign investment companies (PFICs) for US federal income tax purposes for the current year and expects that they will each be PFICs in future years, which generally will result in adverse US federal income tax consequences for US investors

In general, a non-US corporation will be a passive foreign investment company (a ***PFIC***) for US 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 average quarterly value of its assets 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 believes that it and Tree will be PFICs for the current year and expects that they will remains PFICs in future years. In addition to Tree, the Company may, directly or indirectly, invest in equity interests in subsidiaries and other entities that are PFICs (***Lower-tier PFICs***). US investors may be subject to adverse US federal income tax consequences on a disposition of the Company's Ordinary Shares or a deemed disposition of interests in Tree or other Lower-tier PFICs and on certain distributions made by the Company or such Lower-tier PFICs. The Company has not determined whether it will provide to US investors the information necessary to make "qualified electing fund" elections. Prospective US investors should review "Certain US Federal Income Tax Considerations" in section 3 of Part XV (*Spanish SOCIMI Regime and Taxation Information*) and consult their tax advisers regarding the US federal income tax consequences applicable to shareholders in a PFIC.

The Company may cease to be qualified as a Spanish SOCIMI which would have adverse consequences for the

Company and its ability to deliver returns to Shareholders

As described in section 11 of Part VII (*Information on the Company*), the Company has elected for Spanish SOCIMI status under the SOCIMI Act and, thus, it will generally be subject to a 0% Corporate Income Tax rate. The requirements for maintaining Spanish SOCIMI status, however, are complex and the Spanish SOCIMI Regime is relatively new with no practical history of interpretation (see Part XV (*Spanish SOCIMI Regime and Taxation Information*) for additional information on these requirements). Furthermore, there may be changes subsequently introduced (including a change in interpretation) to the requirements for maintaining Spanish SOCIMI status. Prospective investors should note that there is no guarantee that the Company will, following its election to become a Spanish SOCIMI, become a Spanish SOCIMI or continue to maintain its SOCIMI status (whether by reason of failure to satisfy the conditions for Spanish SOCIMI status or otherwise).

A company may lose its SOCIMI status due to any of the following:

- 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 in "Mandatory dividend distribution" in section 1.2 of Part XV (*Spanish SOCIMI Regime and Taxation Information*). In this case, the SOCIMI status would be lost in respect of the tax year in which the undistributed profits were obtained and any subsequent period; or
- failure to meet the requirements established in the SOCIMI Act unless such failure is remedied within the following fiscal year. Assets must be held for a certain minimum period of time; however, the failure to observe such minimum holding period requirement would not give rise to the loss of SOCIMI status, but (i) the assets that do not meet such requirement would be deemed to be non-Qualifying Assets; and (ii) income derived from such assets would be taxed at the standard Corporate Income Tax rate (currently 30%).

If the Company were to lose such status as a result of any of the above, it would have to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard Corporate Income Tax rate (currently 30%), 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.

If the Company is unable to maintain its SOCIMI status, the resulting consequences could have a material adverse effect on the Company's business, financial condition, prospects or results of operations and could adversely impact the marketability and liquidity of the Ordinary Shares and their value.

Any change in tax legislation (including the Spanish SOCIMI Regime) may adversely affect the Company

The Company has elected to become a Spanish SOCIMI. Provided certain conditions and tests are satisfied (see section 1.2 of Part XV (*Spanish SOCIMI Regime and Taxation Information*)), as a Spanish SOCIMI, the Company will not pay Spanish Corporate Tax on the profits deriving from its activities. Therefore, any change (including a change in interpretation) in the legislative provisions relating to Spanish SOCIMIs or in tax legislation more generally, either in Spain or in any other country in which the Company may operate in the future, including but not limited to the imposition of new taxes or increases in tax rates in Spain or elsewhere, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Restrictions under the Spanish SOCIMI Regime may limit the Company's ability and flexibility to pursue growth through acquisitions

The Directors contemplate growth for the Company through acquisitions. However, once the Company becomes a SOCIMI, the Spanish SOCIMI Regime distribution requirements may limit the Company's ability to fund acquisitions and capital expenditures through retained income and debt financing.

In order to benefit from a 0% Spanish Corporate Tax rate, the Company will be required, among other things, to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the end of the Company's financial year in the following amounts: (i) at least 50% of the profits arising from the transfer of Qualifying Assets carried out once the minimum three-year holding period described in section 1.2 of Part XV (*Spanish SOCIMI Regime and Taxation Information*) has ended (in which case the remainder of such profits must be reinvested in other Qualifying Assets within a maximum period of three years from the date of the sale or, otherwise distributed as dividends once such reinvestment period has elapsed); (ii) 100% of the profits derived from dividends received from Qualifying Subsidiaries; and (iii) at least 80% of all other profits obtained (i.e., profits derived from ancillary activities).

If the relevant dividend distribution resolution is not adopted in a timely manner, the Company will lose its SOCIMI status for the year to which the dividends relate and the Company will be required to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard rate (currently, 30%) as from the relevant tax period in which the

Company loses such status. In such case, the Company will not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years. A general guide to the Spanish SOCIMI Regime is included in Part XV (*Spanish SOCIMI Regime and Taxation Information*).

As a result of the restrictions referred to above, the Company will be able to apply only a limited amount of its income to acquiring additional properties and its ability to grow through acquisitions will be limited if it is unable to obtain further debt or equity financing. If the Company elects to rely on equity financing, Shareholders' interests in the Company may be diluted.

In addition, differences in timing between the receipt of cash and the recognition of income for the purposes of the rules governing Spanish SOCIMIs and the effect of any potential debt amortisation payments could require the Company to borrow funds to make cash distributions.

The dividend distributions requirements 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 credit rights deriving from such dividends into share capital of the Company, provided such dividends qualify as income for tax purposes. However, any such distribution may not be approved by the Shareholders and the distribution may not be considered as income for tax purposes for all Shareholders.

These requirements to maintain status as a Spanish SOCIMI could limit the Company's ability and flexibility to acquire properties and pursue growth through acquisitions and, in turn, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime

At least 80% of a SOCIMI's net annual income must derive from the lease of Qualifying Assets (as described in Part XV (*Spanish SOCIMI Regime and Taxation Information*)), or from dividends distributed by Qualifying Subsidiaries.

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, then (i) such capital gain would compute as non-qualifying revenue within the 20% thresholds that must not be exceeded for the maintenance of the SOCIMI Regime (and such gain would be taxed in accordance with the general Corporate Income Tax regime and at the standard Corporate Income Tax rate (currently, 30%)); and (ii) in relation to Qualifying Assets that are real estate assets, the entire income, including rental income, derived from such assets in all tax periods where the SOCIMI's special tax regime would have been applicable would be taxed in accordance with the general Corporate Income Tax regime and to the standard Corporate Income Tax rate.

Further, if the Company were to generate income which does not derive from the lease of Qualifying Assets or from dividends distributed by Qualifying Subsidiaries, the 80%/20% gross asset or net income tests may not be met. In such case, the Company would have a one-year grace period to cure such infraction. If the gross asset or net revenue tests were not met within that fiscal year, the Company would lose its SOCIMI status, which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

For more information on the Spanish SOCIMI Regime please see Part XV (*Spanish SOCIMI Regime and Taxation Information*).

Spanish taxation of capital gains obtained by certain investors from the transfer of their Ordinary Shares

As a consequence of the application of the SOCIMI Regime, the tax treatment of capital gains obtained by certain investors from the transfer of the Company's Ordinary Shares may be negatively affected.

In particular, in accordance with the SOCIMI regulations currently in force, non-resident investors without a permanent establishment in Spain will not be entitled to benefit from the Spanish Non-Resident Income Tax exemption that is applicable to shares that are listed on an official secondary securities market in Spain and, consequently, will be subject to Spanish taxation on capital gains derived from the transfer of the Company's Ordinary Shares unless otherwise provided under an applicable Double Taxation Treaty (e.g. U.S. investors should note that the U.S.-Spain Double Taxation Treaty does not provide otherwise in the case of the sale of shares of an entity the property of which is, directly or indirectly, mainly real estate, such as the Company).

The Company may become subject to an additional tax charge if it pays a dividend to a Substantial Shareholder, which may result in a loss of profits for the Company

The Company may become subject to a 19% Corporate Income Tax on the gross dividend distributed to any shareholder that holds a stake equal to 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 By-laws (a "***Substantial Shareholder***").

The By-laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. 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 a worse position). However, 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.

The Company may not impose restrictions on the free 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 By-laws. 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, would or might (i) cause the Company to be required to register under the US Exchange Act or any similar legislation; (ii) cause the Company not to be considered a "foreign private issuer" as such term is defined in rule 3b-4(c) under the US Exchange Act; (iii) result in a person holding shares in violation of the transfer restrictions set forth in any offering memorandum published by the Company (including in this Prospectus), from time to time; (iv) result in any Ordinary Shares being owned, directly or indirectly, by Benefit Plan Investors or Controlling Persons; (v) cause the assets of the Company to be considered "plan assets" under the Plan Asset Regulations; (vi) cause the Company to be a "controlled foreign corporation" for the purposes of the Code; (vii) result in Ordinary Shares being owned by a person whose giving, or deemed giving, of the representations as to ERISA and the Code set forth in the By-laws is or is subsequently shown to be false or misleading; (viii) result in a person becoming a Substantial Shareholder, or (ix) 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 prospects.

5. RISKS RELATING TO THE ECONOMY

Since the Company's assets will be concentrated in Spain and, to a lesser extent, Portugal, adverse developments in general economic conditions in Spain and Portugal and elsewhere and concerns regarding instability of the Eurozone may adversely affect the Company

The principal activity of the Company will be the acquisition (directly or indirectly), active management, operation and selective rotation of high quality Commercial Property Assets in the Core and Core Plus segments primarily in Spain, and to a lesser extent, in Portugal. Accordingly, the performance of the Spanish and the Portuguese economy will affect the Company's business, financial condition, results of operations and prospects.

The global financial system began to experience difficulties in mid-2007. This resulted in severe dislocation of financial markets around the world, including Spain, significant declines in the values of nearly all asset classes and unprecedented levels of illiquidity in capital markets. After rapid economic growth since 2004, Spain entered into a severe economic crisis which led to a GDP contraction between 2008 and 2013. Despite certain recent positive trends, GDP decreased by 1.6% in 2012 and is expected to have decreased further by 1.3% in 2013, although it is expected to increase by 0.5% in 2014 (source: IMF).

Speculation regarding the creditworthiness of the sovereign debt of various Eurozone countries, including Spain, and various related events, including proposals for investors to incur write-downs on the face value of Greek sovereign debt, a number of ratings downgrades of the sovereign credit ratings for Spain since 2011 (although since early November 2013, Fitch Ratings, Standard & Poor's Ratings Services and Moody's Investors Service have raised Spain's outlook from "negative" to "stable" with Moody's Investors Service raising Spain's outlook to "positive" since February 2014) and the taking of significant steps by the Spanish government to support or recapitalise certain domestic Spanish banks, have given rise to concerns that sovereign debtors might default and that one or more countries might leave the European Union and/or the Eurozone, despite efforts to support affected countries and the euro as a currency. Despite the recent improvement in the European financial markets, the outcome of this situation remains unclear. Sovereign debt defaults and European Union and/or Eurozone exits (whether involving Spain or other countries) could have a material adverse effect on the Company by, for example, impacting the cost and availability of credit to the Company and causing uncertainty and disruption in relation to financing. Austerity and other measures (including, but not limited to currency redenomination or the reintroduction of exchange controls) introduced to limit, or to contain these issues, whether in Spain or elsewhere, may themselves lead to economic contraction and result in adverse effects on the Company's business, financial condition, results of operations and prospects.

In addition, uncertainty continues to surround the pace and scale of economic recovery, in particular in Spain and Portugal, and globally, and conditions could deteriorate. Negative macroeconomic conditions and the fiscal consolidation and reform efforts in Spain, along with global market turmoil, including the EU credit crisis and economic recession, have significantly affected, and may continue to affect, rental and/or capital values of property assets and may reduce the ability of the Company to obtain liquidity or acquire or dispose of properties and to secure or retain tenants on acceptable terms and, consequently, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

6. RISKS RELATING TO THE ORDINARY SHARES

A liquid market for the Ordinary Shares may fail to develop

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Prior to Admission, there has been no public market for the Ordinary Shares and there is no guarantee that an active trading market will develop or be sustained after Admission. In particular, given the acquisition horizon of the Company, many investors in the Issue may choose to hold their Ordinary Shares for an extended period. Furthermore, the Company may issue fewer Ordinary Shares than the number of Ordinary Shares set forth on the cover of this Prospectus. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected and may result in volatility in the market price of the Ordinary Shares. Even if an active trading market develops, the market price of the Ordinary Shares may not reflect the value of the underlying assets of the Company.

The market price of the Ordinary Shares may not reflect the value of the assets of the Company and the Company's Ordinary Share price may fluctuate widely in response to different factors

The market price of the Ordinary Shares may not reflect the value of the assets of the Company and may be subject to wide fluctuations in response to many factors, including, among other things, variations in the Company's operating results, additional issuances or future sales of the Company's Ordinary Shares or other securities exchangeable for, or convertible into, its Ordinary Shares in the future, the addition or departure of members of the Board of Directors, replacement of or change in the Management Team, expected dividend yield, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the Spanish commercial property market as a whole, the Company or any of its assets, a perception that other markets may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes in the Company's market and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Ordinary Shares. The market value of the Ordinary Shares may vary considerably from the Company's underlying net asset value. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

The Company may in the future issue new Ordinary Shares, which may dilute investors' interest in the Company

In case a share capital increase or the issue of any instruments convertible into new Ordinary Shares is approved excluding pre-emption rights or existing Shareholders choose not to subscribe for new Ordinary Shares (or any instruments convertible into new Ordinary Shares), the issuance of new Ordinary Shares may be dilutive to such existing Shareholders and could have an adverse effect on the market price of the Ordinary Shares as a whole.

The Spanish Companies Act provides for pre-emptive rights in respect of equity offerings for cash to be granted to its existing shareholders except in certain circumstances, including where such rights are disapplied by shareholder resolution.

The Company will agree under the Placing Agreement that, without the prior unanimous written consent of the Joint Bookrunners, it will not, during the period commencing on the date of the Placing Agreement is signed and ending 270 days following Admission, directly or indirectly, issue any new Ordinary Shares; provided however, the foregoing restriction shall not apply to the issue of the Ordinary Shares by the Company pursuant to the Issue, including any Ordinary Shares issued under the Over-allotment Option or the issue of Ordinary Shares to the shareholders of MAGIC Real Estate in the event that the Company were to acquire the share capital of MAGIC Real Estate during the 12 months following Admission. See section 6 of Part XIV (*The Issue*) for further information on the Placing Agreement and the restrictions on equity securities of the Company.

The achievement of the target returns set by the Management Team may have a dilutive effect on investors' interest in the Company

The members of the Management Team will be entitled to receive Ordinary Shares pursuant to a Management Stock Plan, which is an additional variable remuneration incentive as a reward for generating returns to Shareholders, which was approved by the Company's sole Shareholder on 4 June 2014 and further developed by the Board of Directors on the same date. The Ordinary Shares payable under the Management Stock Plan may be newly-issued Ordinary Shares, treasury stock or repurchased Ordinary Shares and the incentive is subject to a cliff vesting period from the Calculation Date subject to continuing services. If the Company were to issue new Ordinary Shares by means of a share capital increase in order to deliver such Ordinary Shares to the members of the Management Team under the Management Stock Plan, Shareholders may have their interest in the Company diluted.

Following Admission, the Company will submit the Management Stock Plan, as part of the Management Team's remuneration package, for review, and as the case may be, approval, by the Remuneration and Nomination Committee, (which according ot the Company's internal regulation shall be formed by external or non-executive with a majority being independent Directors).

Sales of Ordinary Shares by the Management Team, the Cornerstone Investors or other large Shareholders, or the possibility of such sales, may affect the market price of the Ordinary Shares

Sales of Ordinary Shares or interests in Ordinary Shares by the Management Team, the Cornerstone Investors or other large Shareholders, or the possibility of such sales, could cause the market price of the Ordinary Shares to decline.

While the members of the Management Team (indirectly through MAGIC Kingdom) are subject to a two-year lock-up, such lock-up is subject to certain exceptions. For additional information on the Management Team's lock-up arrangements, see section 6 of Part XIV (*The Issue*). The Company is unable to predict whether substantial amounts of Ordinary Shares will be sold in the open market following expiry of the lock-up arrangements or earlier if the relevant consents are provided. In addition, under the Management Stock Plan, the members of the Management Team are entitled to receive Ordinary Shares (which are subject to a one-year lock-up) after meeting certain performance thresholds. The Cornerstone Investors and other Shareholders are not subject to any such lock-up arrangement and may sell their Ordinary Shares at any time.

The sale of a substantial number of Ordinary Shares, or the perception that sales of this type could occur, could depress the market price of the Ordinary Shares. The occurrence of either or both of these scenarios could make it more difficult for other Shareholders to sell the Ordinary Shares at a favourable price and time or at all.

The interests of the Cornerstone Investors and any other significant investor may conflict with those of other Shareholders

Following the Issue, the Cornerstone Investors will have a significant holding of Ordinary Shares. In addition, it is possible that other investors may have significant holdings of Ordinary Shares as a result of the Issue or in the future. A significant investor may potentially possess sufficient voting power to have a significant influence on matters requiring Shareholder approval. The interests of a significant investor, including the Cornerstone Investors, may conflict with those of other Shareholders. In addition, any significant investor, including the Cornerstone Investors, may make investments in other businesses in the Spanish or Portuguese property market that may be, or may become, competitors of the Company.

Pre-emptive acquisition or subscription rights for US and other Shareholders outside Spain may be unavailable

Under the Spanish Companies Act *(Ley de Sociedades de Capital),* in an issuance of new shares, shareholders have a general right to subscribe for and/or acquire such number of shares as is necessary for them to be able to maintain the ownership percentage following such issuance of new shares, unless shareholders waive such rights by a resolution at a shareholders' meeting. However, U.S. holders of Ordinary Shares in Spanish companies are customarily excluded from exercising any such pre-emptive rights they may have, unless a registration statement under the U.S. Securities Act is effective with respect to those rights, 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 prospective U.S. investors that any exemption from the registration requirements of the U.S. Securities Act or applicable non-U.S. securities laws would be available to enable U.S. or other Shareholders outside Spain to exercise such pre-emptive rights or, if available, that the Company will utilise any such exemption.

It may be difficult for Shareholders outside Spain to serve process on or enforce foreign judgments against the Company or the Directors

The Company is a public limited company (a *sociedad anónima* or S.A.) incorporated in Spain. The rights of the Shareholders are governed by Spanish law and by the By-laws. These rights may differ from the rights of shareholders in non-Spanish corporations. A majority of the current Directors are resident in Spain and the majority of the assets of the Company are expected to be located in Spain. As a result it may be difficult for Shareholders outside Spain to serve process on or enforce foreign judgments against the Company or the Directors.

An investor whose currency is not the euro is exposed to exchange rate fluctuations

The asset portfolio and any acquisitions made by the Company will be in euro. Additionally, the Ordinary Shares will be priced in euro on their primary trading market and any future payments of dividends on the Ordinary Shares will be denominated in euros. Any investment in Ordinary Shares by an investor whose principal currency is not the euro exposes the investor to foreign currency exchange risk. The US dollar or other currency equivalent of any dividends paid on the Ordinary Shares or any distributions made on an investment made in the Ordinary Shares could be adversely affected by the appreciation of the euro against other currencies.

The holding of Ordinary Shares does not guarantee the right to attend Shareholders' meetings

The Company's By-laws require that Shareholders will need to hold, at least, a number of shares equivalent to the smaller of: (i) 500 Ordinary Shares of the Company; or (ii) a number of Ordinary Shares representing 1/1000 of the Company's share capital, in order to be able to attend Shareholders' meetings. However, Shareholders who do not reach this threshold may group their holdings and choose a proxy to represent them. In the event a Shareholder does not reach such threshold and is unable to group its holdings with those of other Shareholders, such Shareholder will not be able to attend or vote at Shareholders' meetings, whether in person or by proxy.

7. RISKS RELATING TO THE UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

The Unaudited Pro Forma Condensed Financial Information included in this Prospectus does not represent, and may

not give a true picture of, the actual or future financial condition and results of operations of the Company

This Prospectus includes unaudited pro forma condensed financial information to illustrate, on a pro forma basis, how the Company's income statement and balance sheet might have been affected by the Company's acquisition of Tree assuming such acquisition had occurred on 1 January 2013 (in respect of the Company's income statement) and 31 March 2014 (in respect of the Company's balance sheet) (the "***Unaudited Pro Forma Financial Information***").

The Unaudited Pro Forma Condensed Financial Information presented in this Prospectus is based on (i) estimates and assumptions that are preliminary, and (ii) the limited information on the proposed acquisition of Tree that is currently available to the Company. It has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation that does not purport to represent, and may not give a true picture of, the actual financial condition and results of operations of the Company that would have been achieved if such acquisition had been completed on the dates indicated therein. Moreover, the Unaudited Pro Forma Condensed Financial Information does not purport to project the Company's financial condition or results of operations as of any future date or for any future period. Accordingly, investors are cautioned not to place undue reliance on the Unaudited Pro Forma Condensed Financial Information.

The Unaudited Pro Forma Condensed Financial Information does not constitute, and should not be relied upon as constituting, a complete set of financial statements. For a proper interpretation of the Unaudited Pro Forma Condensed Financial Information, it must be read together with the financial information in relation to the Company and Tree included elsewhere in this Prospectus.

PART III: EXPECTED TIMETABLE

Each of the times and dates is subject to change without further notice.
All references are to Madrid time.

Announcement of the Issue……………………………………………………………………….	13 June 2014
Signing of the Placing Agreement…………………………………………………………...	13 June 2014
Determination and announcement of final number of new Ordinary Shares. Signing of the Sizing Agreement……………………………………………………………………………….....	26 June 2014
Allocations of Ordinary Shares to investors…………………………………………………	26 June 2014
Subscription Date………………………………………………………………………………	27 June 2014
Execution of the public deed relating to the capital increase before a notary public……………..	27 June 2014
Registration with the Commercial Registry of the public deed relating to the capital increase….	27 June 2014
Registration of the Ordinary Shares with Iberclear……………………………………………….	27 June 2014
Execution of the special transaction of the transfer of the Placing Shares to final investors……..	27 June 2014
Admission to listing………………………………………………………………………………….	30 June 2014
Expected commencement of dealings on the Spanish Stock Exchanges…………………………	12:00 am on 30 June 2014
Settlement………………………………………………………………………………………	2 July 2014

PART IV: ISSUE STATISTICS

Issue Price per Ordinary Share ………………………………………………………………………..	€10
Estimated total number of Ordinary Shares being issued to the Cornerstone Investors[(1)]……………..	52,025,000
Estimated total number of Ordinary Shares being issued pursuant to the Issue[(1)] ……………............	150,000,000
Estimated total number of Ordinary Shares in issue immediately following Admission[(1) (2)]……..…..	150,060,000
Estimated market capitalisation of the Company following Admission[(1) (2) (3)]…................................	€1,500,600,000
Estimated net proceeds receivable by the Company[(1) (4)]……………………………………………….	€1,461,600,000
Total number of Ordinary Shares being issued subject to Over-allotment Option[(5)]……..…………...	22,500,000

(1) On the basis of a €1,500 million Issue (assuming the Over-allotment Option is not exercised). The final number of Ordinary Shares to be issued in the Issue is expected to be determined and announced through the publication of a significant information announcement (*Hecho Relevante*) on 26 June 2014 once the Placing is concluded.

(2) The Management Team has undertaken to invest in the Company €7.5 million through their investment vehicle, MAGIC Kingdom. MAGIC Kingdom has acquired 60,000 Ordinary Shares that MAGIC Real Estate held in the Company at a price of €10.00 per Ordinary Share and will subscribe 690,000 Issue Shares, at the Issue Price, for an aggregate of €6.9 million. As a result, MAGIC Kingdom will hold 750,000 Ordinary Shares representing 0.5% of the share capital of the Company (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised).

(3) Based on the issued share capital of the Company immediately following Admission and the Issue Price of €10 per Ordinary Share.

(4) The estimated Net Proceeds receivable by the Company is stated after the deduction of commissions and other estimated expenses payable by the Company in connection with the Issue of approximately €38.4 million (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised).

(5) Assuming the full exercise of the Over-allotment Option. It is expected that certain investors will, before Admission, enter into stocklending agreements with the Stabilisation Manager, acting on behalf of the Managers, for the overallotment of Ordinary Shares to be carried out in connection with the Issue and which will be covered with the Over-allotment Option provided by the Company.

PART V: DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

DIRECTORS

The By-laws and the Regulations of the Board of Directors provide for a Board of Directors consisting of three to 15 members. As at the date of this Prospectus there are seven Directors who are as follows:

Mr. Ismael Clemente	Executive Chairman
Mr. Miguel Ollero	Executive Director
Ms. Ana García Fau	Non-Executive Independent Director
Mr. Alfredo Fernández	Non-Executive Independent Director
Mr. Fernando Ortiz	Non-Executive Independent Director
Ms. María Luisa Jordá	Non-Executive Independent Director
Mr. Donald Johnston	Non-Executive Independent Director

As of the date of this Prospectus, all Directors have been appointed and have accepted their appointment. However, the appointments of Ms. Ana García Fau, Mr. Alfredo Fernández, Mr. Fernando Órtiz, Ms. María Luisa Jordá and Mr. Donald Johnston are pending registration with the Commercial Registry of Madrid.

It is envisaged that, before Admission, two additional non-executive proprietary Directors will be appointed by the Shareholders of the Company at the request of certain Cornerstone Investors. The appointment and acceptance of the non-executive proprietary Directors will be communicated through the publication of a significant information announcement (*Hecho Relevante*).

Following Admission, it is the Company's intention to have a Board of Directors comprising between 12 and 15 members, out of which two members will be executive Directors, eight to nine members will be independent Directors and two to four members will be non-executive proprietary Directors.

As of the date of this document, the category assigned to each Director has not been confirmed by the Company's Remuneration and Nomination Committee, as this committee was not in place yet on the date of each of the appointments. However, once this committee is formed, as soon as practicable following Admission, it will confirm the assigned categories in accordance with the Regulations of the Board of Directors.

COMPANY SECRETARY

Mr. Miguel Ollero. However, Mr Miguel Ollero will be substituted before Admission by a new non-executive Company Secretary whose appointment will be communicated through the publication of a significant information announcement (*Hecho Relevante*).

COMPANY REGISTERED OFFICE

MERLIN Properties SOCIMI, S.A.
Paseo de la Castellana, 42
28046 Madrid
Spain

LEGAL ADVISERS TO THE COMPANY

As to US, English and Spanish law:
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Fortuny, 6
28010 Madrid
Spain

As to Spanish Employment and Tax law
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28001 Madrid
Spain

SOLE GLOBAL COORDINATOR

Credit Suisse Securities (Europe) Limited
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London E14 4QJ
United Kingdom

JOINT BOOKRUNNERS

Credit Suisse Securities (Europe) Limited	Deutsche Bank AG, London Branch	UBS Limited
One Cabot Square London E14 4QJ United Kingdom	Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom	1 Finsbury Avenue London EC2M 2PP United Kingdom

CO-LEAD MANAGERS

Ahorro Corporación Financiera, S.V., S.A.	Banca March, S.A.	Banco Bilbao Vizcaya Argentaria, S.A.	BNP PARIBAS	Deutsche Bank, S.A.E.	Nmás1 Equities Sociedad de Valores, S.A.U.	Société Générale
Paseo de la Castellana 89 28046 Madrid Spain	Avda Alejandro Rosselló 8 07002 Palma de Mallorca Spain	Plaza San Nicolás 4 48005 Bilbao Spain	16, Boulevard des Italiens, 75009 Paris France	Paseo de la Castellana 18 28046 Madrid Spain	Padilla 17 28006 Madrid Spain	29 Boulevard Haussmann 75009 Paris France

LEGAL ADVISERS TO THE JOINT BOOKRUNNERS

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AUDITORS
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Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
Spain

PART VI: IMPORTANT INFORMATION

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 Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial position, prospects, anticipated growth, Target Return, Shareholder Return, Shareholder Return Rates, Business Strategy, financing strategies, prospects for sourcing, acquiring and relationships with tenants, liquidity of the Company's assets, the state of the Spanish and Portuguese and global economy and expectations for the Spanish and Portuguese real estate industry and elsewhere.

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 and Portuguese 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, changes in its business strategy, political and economic uncertainty and other factors discussed in Part II (*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.

The Joint Bookrunners assume no responsibility or liability for, and make no representations, warranty or assurance whatsoever in respect of, any of the forward-looking statements contained in this Prospectus.

MARKET, ECONOMIC AND INDUSTRY DATA

Certain market, economic and industry data used in this Prospectus have been extracted without material adjustment from industry publications, data and reports compiled by professional organisations and analysts, data from other external sources and internal surveys conducted by or on behalf of the Management Team. The Company confirms that these data have been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information provided to it by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Certain of such third-party sources may state that the information they contain has been obtained from sources believed to be reliable. However, these 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, such information has not been independently verified and investors are cautioned not to place undue reliance on such market, economy and industry data.

CURRENCIES

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 US dollars are to the lawful currency of the United States of America. The Company intends to prepare its financial statements in euro.

PRESENTATION OF FINANCIAL INFORMATION

The Company is newly formed and as at the date of this Prospectus has no assets or liabilities which will be material in the context of the Issue. The Company's audited interim financial statements as of 31 March 2014 and for the seven days ended on such date are included elsewhere herein and have been prepared in accordance with Spanish GAAP. As long as the Company does not have any subsidiary and does not prepare consolidated financial statements, the Company's financial statements will be prepared in accordance with Spanish GAAP. Following the acquisition of Tree, the Company's financial statements shall be prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("***IFRS-EU***") with respect to its annual accounts.

Unless otherwise indicated, the financial information in this Prospectus has been prepared in accordance with Spanish GAAP. In making an investment decision, prospective investors must rely on their own examination of the Company, the terms of the Issue and the financial information in this Prospectus.

Comparative impacts with IFRS

The information contained in the financial statements of the Company as of and for the seven-day period ended 31 March 2014 and Tree as of and for the three months ended 31 March 2014 and as of and for each of the years ended 31 December 2013, 2012 and 2011 would not present significant differences if International Financial Reporting Standards adopted by the European Union were applied.

The Board of Directors have assessed the most significant variations arising from different accounting policies that would be produced in the net equity of the Company as well as its profit and loss account by the development of its activities as defined in its corporate purpose. The most significant difference relates to the accounting treatment of the valuation of property assets, which under Spanish GAAP are valued at each balance sheet date at the lesser of their carrying value and their recoverable value while the application of IFRS-EU would permit the option to either apply fair value criteria, or amortised cost criteria. A difference between Spanish GAAP and IFRS-EU treatment would only arise, therefore, if assets are valued at fair value.

Unaudited Pro Forma Condensed Financial Information

This Prospectus includes Unaudited Pro Forma Condensed Financial Information to illustrate, on a pro forma basis, how the Company's income statements and balance sheet might have been affected by the Company's acquisition of Tree assuming such acquisition had occurred on 1 January 2013 (in respect of the Company's income statements) and 31 March 2014 (in respect of the Company's balance sheet).

The Unaudited Pro Forma Condensed Financial Information presented in this Prospectus is based on (i) estimates and assumptions that are preliminary and (ii) the limited information on the proposed acquisition of Tree that is currently available to the Company. It has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation that does not purport to represent, and may not give a true picture of, the actual financial condition and results of operations of the Company that would have been achieved if such acquisition had been completed on the dates indicated therein. Moreover, the Unaudited Pro Forma Condensed Financial Information does not purport to project the Company's financial condition or results of operations as of any future date or for any future period. Accordingly, investors are cautioned not to place undue reliance on the Unaudited Pro Forma Condensed Financial Information.

The Unaudited Pro Forma Condensed Financial Information presents an adjustment corresponding to the fair value of the annual rental update conditions included in the BBVA Lease Agreement. Such conditions have been bifurcated, valued and recognised in the Unaudited Pro Forma Condensed Financial Information separately from the main contract as a financial instrument - derivative. As of the date of this Prospectus, the accounting treatment of such annual rental update conditions and the corresponding need to bifurcate them from the main contract and recognise them as an embedded derivative is still under discussion pending a final decision by competent regulators. Following any such decision, the definitive accounting treatment may imply that the annual rental update conditions may not qualify as an embedded derivative and may therefore not be bifurcated, valued and recognised separately from the main contract in the Company's financial statements relating to any future accounting periods. See Part XIII (*Unaudited Pro Forma Condensed Financial Information*).

The Unaudited Pro Forma Condensed Financial Information does not constitute, and should not be relied upon as constituting, a complete set of financial statements. For a proper interpretation of the Unaudited Pro Forma Financial Information, it must be read together with the other financial information relating to the Company and Tree included in this Prospectus.

The Unaudited Pro Forma Condensed Financial Information has been prepared in accordance with the requirements contained in Regulation (EC) No. 809/2004. The Unaudited Pro Forma Condensed Financial Information has not been, however, prepared in accordance with the requirements of Article 11 of Regulation S-X under the Exchange Act.

The Unaudited Pro Forma Condensed Financial Information reflects an acquisition price for Tree of €742,406,000 (exclusing acquisition costs and expenses). Such price was subject to certain adjustments, including as a result of asset sales. Since the date of the Irrevocable Undertaking Agreement, 20 assets have been sold by Tree resulting in a final purchase price of €739,483,659 (excluding acquisition costs and expenses).

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.

NO INCORPORATION OF WEBSITE INFORMATION

This Prospectus will be made available to the public in Spain at the webpage of the CNMV (www.cnmv.es). Notwithstanding the foregoing, the contents of the Company's website (www.merlin-socimi.com) and the contents of any website accessible from hyperlinks on the Company's website, or any other website referred to in this Prospectus are not incorporated in, and do not form part of, this Prospectus. Following Admission, the Company's website (www.merlin-socimi.com) shall include the content require under applicable regulations.

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 asset portfolio 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. It is anticipated that the profile of typical investors in the Company are expected to be institutional and qualified investors including specialised international property investors and private wealth investors who are looking to allocate part of their investment portfolio to the Spanish real estate market. Investors should consult their financial adviser 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 asset portfolio will occur and investors may not get back the full value of their investment. Any Business Strategy 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 assurance that any appreciation in the value of the Ordinary Shares will occur or that the Business Strategy 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. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein. An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's Business Strategy objectives will be achieved. It should be remembered that the price of the Ordinary Shares, and the income from the Ordinary Shares (if any), can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the By-laws, which prospective investors should review. A summary of the By-laws is contained in section 6 of Part XVII (*Additional Information*).

IMPORTANT NOTE REGARDING PERFORMANCE DATA

This Prospectus includes information regarding the track record and performance data of the members of the Management Team. Such information is not necessarily comprehensive and prospective investors should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this Prospectus relates. Past performance of the members of the Management Team is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company. The Company will not make the same real estate acquisitions reflected in the track record and performance data included herein. For a variety of reasons, the comparability of the track record and performance data to the Company's future performance is by its nature very limited. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Company, which may be different in many respects from those that prevailed in the past or prevail at present or in the future, with the result that the performance of assets originated now or in the future may be significantly different from those originated in the past. Prospective investors should be aware that any investment in the Company is speculative, involves a high degree of risk, and could result in the loss of all or substantially all of their investment.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any Ordinary Shares are "restricted securities" as defined in Rule 144(a)(3) under the US Securities Act, it will during any period that it is neither subject to section 13 or 15(d) of the US Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any holder or beneficial owner of Ordinary Shares or any prospective purchaser designated by any such holder or beneficial owner the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

The Company was incorporated and is domiciled in Spain. The majority of the Directors and all of the members of the Management Team of the Company are resident outside the United States, and a substantial portion of the assets of such persons and the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

PART VII: INFORMATION ON THE COMPANY

1. INTRODUCTION

MERLIN Properties SOCIMI, S.A. is a recently incorporated Spanish real estate company. The principal activity of the Company will be the acquisition (directly or indirectly), active management, operation and selective rotation of high quality Commercial Property Assets in the Core and Core Plus segments, such as offices, retail, logistics and prime urban hospitality primarily in Spain, and to a lesser extent, in Portugal. The Company has an experienced Board of Directors, chaired by Mr. Ismael Clemente, and the management team currently comprises eight members: Mr. Ismael Clemente (CEO), Mr. David Brush (CIO), Mr. Miguel Ollero (CFO/COO), Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate and Mr. Fernando Ramírez (together the "***Management Team***"). Following the acquisition of Tree and Bosque, Mr. Manuel García Casas is also expected to become part of the Management Team and therefore the Management Team will comprise nine members. The Company intends to raise gross proceeds in the region of €1,500 million pursuant to the Issue (assuming the Over-allotment Option is not exercised) and will apply for its Ordinary Shares to be listed on the Spanish Stock Exchanges and quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company has elected to become a Spanish SOCIMI and has notified such election to the Spanish tax authorities by means of the required filing dated 22 May 2014. The Company believes it will benefit from its position as one of the first established and well-capitalised Spanish SOCIMIs.

The Company has a limited operating history. Save for matters connected with the Issue and Placing and the entry into the contracts discussed in section 11 of Part XVII (*Additional Information*) the Company has not engaged in operations since its incorporation.

On 11 April 2014, the Company entered into an Irrevocable Undertaking Agreement, conditional upon and following Admission, to buy 100% of the shares in Tree, the holding company of the Seed Portfolio, and 100% of the shares in Bosque, the management company of the Seed Portfolio. Tree will be acquired for an aggregate price based on the enterprise value of Tree, which the parties to the Irrevocable Undertaking Agreement have agreed amounts to €1,577 million as of the date of this Prospectus and, consequently, the purchase price would amount to €739,483,659 (excluding acquisition costs and expenses). As of the date of this Prospectus, the Seed Portfolio comprises 880 branches (with a mandatory term of 30 years – 26 years left) and five buildings (with a mandatory term of 20 years – 16 years left) fully leased to BBVA with an annual expected rent for 2014 of €88,516,326 which implies an entry yield of 5.61% ("***Entry Yield***"). The purchase price for 100% of the shares in Bosque will be €3,006. Further details on the Seed Portfolio and the Irrevocable Undertaking Agreement to acquire the Seed Portfolio are set out in Part X (*The Seed Portfolio*) and section 11 of Part XVII (*Additional Information*).

The Company intends to deliver capital growth by taking advantage of commercial property opportunities that may arise primarily in the Spanish real estate market and, to a lesser extent, in the Portuguese real estate sector and, in particular, by creating a high quality portfolio of assets able to generate recurring income and capital gains from divestments. The target return that the Company seeks once the Net Proceeds are fully invested is a combination of a dividend yield of between 4% to 6% annually plus value creation through increases in the Company's EPRA NAV, with a total annual target leveraged return of 10% (the "***Target Return***"). The Company is currently of the opinion that, on the basis of the past performance of the members of the Management Team, and always subject to favourable macroeconomic, real estate, financing and other conditions prevailing in the future, the Target Return is attainable. However, this is a target only and not a profit forecast. There can be no assurance that this target can or will be met and such target 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 this Target Return in deciding whether to invest in the Ordinary Shares. The Target Return is not a fact and should not be relied upon as being necessarily indicative of future results. For further detail please see risk factor entitled "*The past and current performance of the Management Team is not a guarantee of the future performance of the Company*" under Part II (*Risk Factors*).

The Company may invest in performing or non-performing real estate loans (loans secured by real estate assets) in Spain and, to a lesser extent, in Portugal, with underlying real estate collateral that matches the Business Strategy of the Company, with the purpose of gaining ownership over the real estate collateral through acquisition of the loan thereon. If such opportunities are pursued, the Company intends to limit these investments to a maximum of 20% of the Company's gross assets.

None of the Company's independent auditors or the Joint Bookrunners, compiled, examined or performed any procedures with respect to the Target Return nor have they expressed any opinion or any other form of assurance on the Target Return or its achievability, and such parties assume no responsibility for, and disclaim any association with, the Target Return. The ultimate achievability of the Target Return is also subject to numerous risks and uncertainties including, but not limited to, the risks and uncertainties described in this Prospectus.

The Target Return, while presented with numerical specificity, necessarily reflects numerous estimates and assumptions made by the Company with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the Company's businesses, all of which are difficult or impossible to predict and many of which are beyond the Company's control. The Target Return reflects subjective judgments in many respects and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business, economic, regulatory, financial and other developments.

As such, the Target Return constitutes forward-looking information and is subject to risks and uncertainties that could cause actual results to differ materially from the Target Return, including, but not limited to, the Company's performance, industry performance, general business and economic conditions, competition, adverse changes in applicable laws, regulations or rules, and the various risks set forth in this Prospectus (see Part VI (*Important Information*) for further information). None of the Company, the Board of Directors, the Joint Bookrunners or any of their respective affiliates, advisers, officers, directors or representatives can give any assurance that the Target Return will be realised or that actual results will not vary significantly from the Target Return. In addition, prior to making any investment decision prospective investors should carefully consider the risk factors described in Part II (*Risk Factors*), including, but not limited to, the risk factor entitled "*There can be no assurance that any target returns will be achieved*".

2. THE MANAGEMENT TEAM

The Management Team consists of property and finance professionals who have extensive experience in Spanish and Portuguese real estate markets and a notable track record of creating value for shareholders. The Company believes that the extensive experience of the Management Team, which it believes is one of the most experienced real estate management teams in Spain, will provide the Company with acquisition opportunities across all of its targeted asset classes.

The members of the Management Team have a track record of fiduciary experience under high international standards, and have acted, and are currently acting, as the local partner for top international investors such as Blackstone, Deutsche Bank AG and Brookfield Property Group. The Management Team has wide experience in securing real estate investments and the Company believes the Management Team is well placed to implement the Company's Business Strategy due to its strong track record in commercial real estate assets in Spain and Portugal, its established network to source off-market deals (including as a result of its strong domestic banking contacts and successful reputation as investors, working with third-party investors as co-investors and joint venture partners, among others) and as a result of the high visibility that the Company is expecting to achieve as a listed vehicle. The Management Team expects to source deals from competitive auctions, restricted auctions and off-market transactions.

The Management Team has been active in Spain for the last 18 years and in Portugal for the last 14 years. The track record of the Management Team in Spain and Portugal is concentrated primarily within Bankers Trust, Deutsche Bank Real Estate, RREEF (since 2013, Deutsche Bank Asset & Wealth Management, Alternatives and Real Assets) and MAGIC Real Estate.

RREEF (since 2013, Deutsche Bank Asset & Wealth Management, Alternatives and Real Assets)

Deutsche Bank Asset & Wealth Management, Alternatives and Real Assets is the real estate investment business of Deutsche Asset Management. During the past 40 years, this unit has built a leading real estate investment business, with nearly 450 professionals around the world and $47,300 million in assets under management as of 30 September 2013. Deutsche Bank Asset & Wealth Management, Alternatives and Real Assets employs a disciplined investment approach and offers a diverse range of strategies and solutions across the risk/return and geographic spectrums, including Core and Value-Added real estate, real estate and infrastructure securities, real estate debt and Opportunistic real estate (source: Deutsche Bank, AG).

Certain members of the Management Team have developed much of their professional careers at Bankers Trust (from 1996 until 2000), Deutsche Bank Real Estate (from 2000 until 2005) and RREEF (from 2006 until 2012), namely Mr. David Brush (Global Head and CIO, 20 years at Bankers Trust, Deutsche Bank Real Estate and RREEF), Mr. Ismael Clemente (Managing Director, 17 years at Bankers Trust, Deutsche Bank Real Estate and RREEF), Mr. Miguel Ollero (Managing Director, 12 years at Deutsche Bank and RREEF), Mr. Luis Lázaro (Director, six years at RREEF), Mr. Francisco Rivas (Director, eight years at Deutsche Bank Real Estate and RREEF) and Mr. Fernando Ramírez (Vice President, six years at Deutsche Bank Real Estate and RREEF).

As part of their role at RREEF, the Management Team from 2003 onwards led the equity raising of a total amount of €507 million and the subsequent management of seven investment vehicles focused on Value-Added and Opportunistic investments in Iberia (and, to a lesser extent, Morocco). The investor base for these funds is in aggregate terms made up of over 400 investors, mostly Spanish high net worth individuals and family offices.

In the Core and Core Plus spectrum, the Management Team, during their tenure at RREEF, led, on behalf of DB German Open Ended Funds and DB Special Funds, the origination of opportunities, asset management and rotation of a portfolio of Core and Core Plus assets in Spain and Portugal, comprising seven office buildings (67,179 sqm of GLA), three shopping centres (94,943 sqm of GLA), two logistics facilities (18,450 sqm of GLA) and four urban hotels (38,834 sqm of GLA). Additionally, in April 2007, the Management Team was also involved in the acquisition of 49.9% of Silcoge, S.A., a Portuguese real estate company with a portfolio of Core and Core Plus assets in the Lisbon area, which currently comprises 12 office buildings, (56,094 sqm of GLA) and five retail assets (23,891 sqm of GLA). Mr. Enrique Gracia, who is a member of the Management Team, has been the CEO of Silcoge, S.A. over the last four years.

MAGIC Real Estate

MAGIC Real Estate was originally formed in 2012 in Madrid by a team of former employees of REEFF and is currently one of the largest real estate management companies in Spain (in terms of assets under management) with approximately €2,800 million in assets under management as of 31 March 2014 and a presence in Spain and Portugal. MAGIC Real Estate has a diversified real estate business across several asset classes (such as offices, retail, logistics and prime urban hospitality) and experience across the value chain through experience in investment, development, asset management, property management and divestments.

MAGIC Real Estate is currently made up of ten employees, namely, Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate, Mr. Fernando Ramírez, Mr. Enrique Fonseca, Mr. Antonio Rivas and Mr. Arnaud Leroy. Mr. Ismael Clemente and Mr. Miguel Ollero are the founding partners of MAGIC Real Estate, main executives (CEO and COO, respectively) as well as directors of the company. Seven out of the eight current members (nine upon the acquisition of Tree and Bosque) of the Management Team of the Company (Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate and Mr. Fernando Ramírez) are current partners of MAGIC Real Estate, and four members (Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Luis Lázaro and Mr. Miguel Oñate) are MAGIC Contracts Key Employees pursuant to several contracts signed between MAGIC Real Estate and third parties, as further disclosed in section 4 of this Part VII (*Information on the Company*) and will continue as key employees until the expiry of such contracts.

The assets under management are owned by investment vehicles which are ultimately managed by MAGIC Real Estate (the "***Delegated Management***") since 26 July 2013 by virtue of certain Delegated Management agreements. In addition MAGIC Real Estate has managed or currently manages certain separate accounts by virtue of several mandates (the "***Separate Accounts Management***") entered into in 2013 and 2014 by MAGIC Real Estate with Blackstone, Deutsche Bank AG, and Brookfield Property Group.

Taking into account the track record achieved during their tenure at Bankers Trust, Deutsche Bank Real Estate, RREEF and MAGIC Real Estate, the Management Team has participated in transactions in Spain, Portugal and Morocco with an aggregate volume of approximately €5,000 million, invested equity in an amount of approximately €2,100 million in 29 different transactions, executed liquidity events for investors in excess of €1,400 million and raised approximately €2,300 million of debt in the market with no default up to the date of this Prospectus.

For more information on the Management Team, see section 1.2 of Part VIII (*The Management Team*).

3. THE BUSINESS STRENGTHS

The Company believes that it has the following key business strengths:

Reputed and highly experienced Management Team with a proven track record in real estate

The Management Team of the Company consists of experienced industry experts. The Management Team currently comprises eight members, but upon the acquisition of Tree and Bosque, will comprise nine members. It is led by Mr. Ismael Clemente and Mr. Miguel Ollero, founders of MAGIC Real Estate and CEO and COO, respectively, at Tree, and Mr. David Brush, formerly the head of RREEF Europe (now Deutsche Bank Asset & Wealth Management, Alternatives and Real Assets) and Managing Partner at Brookfield Property Group. In addition, a team of 14 experienced professionals (following the acquisition of Tree), which is expected to grow over time in line with deployed capital, will manage the Company's asset portfolio.

The members of the Management Team have a long and successful track record in investing in and managing properties across a wide range of real estate asset classes in Spain and Portugal, including the management of the Seed Portfolio since 2009. The members of the Management Team have participated in transactions in Spain, Portugal and Morocco with an aggregate volume of approximately €5,000 million and have sold over €1,400 million of assets since 1996. As of 31 March 2014, MAGIC Real Estate, which is owned and operated by certain members of the Management Team, had approximately €2,800 million in assets under management, the majority of which are located in Spain and, to a lesser extent, in Portugal and Morocco. The proven track record of the members of the Management Team across the full life of investments, including sourcing, negotiating, executing, enhancing and successfully disposing of investments, together with their long-standing experience internationally have made them one of the partners of choice for international investors. In 2013, the Management Team invested approximately €1,400 million in the Spanish real estate market on behalf of highly reputed international and domestic investors, making it one of the most active players in the Spanish real estate market in that year.

The members of the Management Team have considerable expertise in generating returns and creating value across all major real estate asset classes, based on a highly disciplined investment approach. This know-how is supported by their strong reputation and an extensive network of relationships with key decision makers in the Spanish and Portuguese property and rental markets, which allows them to identify investment opportunities which are not available broadly to investors in the market. The Company believes that these strong relationships with key decision makers and market participants, including commercial real estate lenders, domestic banks, property funds, planning authorities, tenants and private investors, together with the Management Team's reputation for flexible transaction structuring, financing capabilities and speed of execution provides the Company a competitive advantage in the market.

The Company believes that the Management Team's distinct knowledge of, and competence within, the Spanish and Portuguese commercial market enables the Company to be well-placed to capitalise on the opportunities presented by current and expected market conditions in the Core and Core Plus segments.

Attractive and unique opportunity to access Tree's business

The acquisition of the Seed Portfolio through the purchase of the shares in Tree and Bosque was approved by the Company's joint administrators at the time (Mr. Ismael Clemente and Mr. Miguel Ollero) following a market and asset review, and financial analysis with support from independent valuations. The Management Team is of the opinion that the Seed Portfolio satisfies the Company's Business Strategy, in terms of property type, gearing below 50% LTV (calculated over GAV plus cash available at the Company immediately following the Issue) and represents an attractive opportunity to achieve returns (at Tree level) in line with the Company's Target Return, with a relatively low risk profile.

Pursuant to the Irrevocable Undertaking Agreement, immediately after Admission, the Company will acquire 100% of Tree, the company that owns the Seed Portfolio: 880 branches and five buildings (more than 374,000 sqm) fully leased to BBVA with a minimum mandatory term of 30 years (26 years left as of the date of this Prospectus) for the branches and of 20 years (16 years left as of the date of this Prospectus) for the buildings. See section 5 of Part X (*The Seed Portfolio*) for further information.

Tree's portfolio consists of high quality assets, generally in prime locations and concentrated in major Spanish cities. The quality of the portfolio has been proven through a sale of over 220 branches and one building, all of them at prices above book value (though some of them below GAV) since Tree's inception for a total amount of approximately €475 million. In addition, the lease contract provides for an inflation-linked income through an annual rent of approximately €88.5 million as of 2014 increased annually at 1.85x EU HICP (until 2017) and 1.5x EU HICP (from 2017 to 2039). All operating, maintenance and insurance costs, together with taxes and extraordinary expenses are borne by the tenant as regulated in the lease contract; ensuring assets are well maintained, together with a resilient free cash flow generation. Tree's Senior Facility Agreement is Ba2 rated by Moody's and the Mezzanine Facility Agreement is B1 rated by Moody's (as per the latest rating dated 17 March 2014). Tree's management is led by a team of professionals who are committed to the day-to-day management of the portfolio (strategy, annual budget, rent collection, capex needs, assets inspections, individual assets sale plan, accounting, bookkeeping, reporting, etc.). The management team has led a successful bulk-to-retail sales strategy, while protecting the quality and geographical diversification of the initial portfolio.

BBVA, the tenant of all the assets comprising the Seed Portfolio and one of the largest financial institutions in the world, with approximately €600,000 million in assets, is a market leader in Spain with a strong international presence in more than 30 countries. In addition, BBVA is considered an investment grade company by principal credit agencies which is supported by robust "core capital ratios" of 11.6% and "Tier 1" of 12.2% as of 31 December 2013.

Strong positioning in the attractive Iberian Core and Core Plus real estate segment

The Company believes that it is one of the first Spanish SOCIMIs focused on Core and Core Plus investments in the Spanish and Portuguese markets. The competition in the real estate sector for assets in these segments is currently low compared to certain periods in the past, with only a limited number of international investors and Spanish family offices remaining active in the market. However, the Company believes that international and core investors are cautiously returning to those market segments, looking for investments in prime commercial properties with historically low rents. As a result, the Company believes it is the right time to enter the Core and Core Plus segments. International and domestic investors, including recently floated SOCIMIs and REITs, are mostly focused on Opportunistic and Value Added investments.

The Company has already identified a substantial number of what it considers attractive investment opportunities in the Core and Core Plus segments that the Company may decide to pursue in the short and medium term. The Company has also identified a large number of assets that may be coming to market in the short and medium term, such as selected disposals by banks and SAREB (the Spanish company for the management of assets proceeding from the restructuring of the Spanish banking system), investors in non-performing loans, public institutions and large corporates who are expected to seek disposing of large parts of their real estate portfolios.

The Company believes that it will offer investors an attractive investment opportunity in the Iberian real estate market as a result of the currently limited competition in the Core and Core Plus segments, the Company's focused Business Strategy, the opportune timing to enter the market, a robust pipeline of identified potential acquisition opportunities and its focus on the Core and Core Plus segments.

High quality structure

The Company believes that its corporate structure ensures an appropriate alignment of stakeholders' interests through its solid corporate governance, its Management Team's remuneration plan and what it considers to be one of the most efficient cost structures among its peers.

The Company believes the remuneration of the Management Team is fully aligned with the interest of the Shareholders, with a significant portion of the Management Team's compensation being in the form of long-term deferred variable awards and another portion being paid in Ordinary Shares through the Management Stock Plan, which is linked to the return (including both dividends and EPRA NAV appreciation) obtained by Shareholders on an annual basis. The Management Team has undertaken to invest in the Company €7.5 million through their investment vehicle, MAGIC Kingdom. MAGIC Kingdom has acquired the 60,000 Ordinary Shares that MAGIC Real Estate held in the Company at a price of €10.00 per Ordinary Share and will subscribe 690,000 Issue Shares, at the Issue Price, for an aggregate of €6.9 million. As a result, MAGIC Kingdom will hold 750,000 Ordinary Shares representing 0.5% of the share capital of the Company (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised).

The Company has implemented an efficient cost structure which the Company believes is investor-friendly. This optimised cost structure sets annual overheads and other recurring costs at the higher of (a) 6.0% of the Company's consolidated gross rental income ("***GRI***") and (b) 0.6% of the Company's consolidated EPRA NAV plus any cash balance available at the Company's consolidated level, and will be calculated using the year-end metrics of the Company with reference to its consolidated financial statements for the relevant year (the "***Annual Total Overheads***"), which the Company believes is on par with the most efficient international peers.

The Company's cost structure is considered by the Management Team to be significantly lower than the average cost structure of European real estate companies and compares in cost structure to American peers with significantly lower operating leverage size, according to the Company's internal estimates based on 2013 peer cost structures.

In addition, the Spanish tax regime applicable to SOCIMIs allows the Company to maximise Shareholder returns. A minimum of 80% of the general income, a minimum of 50% of the profits derived from disposals and 100% of the profits from the Company's affiliates and subsidiaries will be distributed annually to the Shareholders, if sufficient cash and/or net profits are available for distribution.

Pursuant to the New Distributions Reinvestment Agreement and in respect of the mandatory distributions of profits to be paid by Tree to the Company under the SOCIMI Regime, the Company will agree that, on the date on which the Company, as sole shareholder of Tree, approves any such distributions, the Company will promote, pass the necessary resolutions and subscribe for a share capital increase in cash to be executed in full on the same date as the dividend payment date for an amount equivalent to 50% of the total net mandatory distribution of profits made by Tree to the Company pursuant to the SOCIMI Act. Such reinvestment obligation will apply until any and all amounts due under the Senior Facility Agreement have been repaid in full. For further information, please refer to section 9 of Part X (*The Seed Portfolio*).

4. CONFLICTS OF INTEREST

4.1 The Legacy Mandates

Four employees of the Company, Mr. Ismael Clemente (Executive Chairman & CEO), Mr. Miguel Ollero (CFO/COO), Mr. Luis Lázaro (Asset Management) and Mr. Miguel Oñate (Asset Management) will continue as MAGIC Contracts Key Employees pursuant to several contracts currently in place, signed between MAGIC Real Estate and various third parties.

The MAGIC Contracts Key Employees will devote part of their time to the supervision and management of certain assets ultimately managed by MAGIC Real Estate by virtue of the agreements on Delegated Management and on Separate Accounts Management (together, the "***Legacy Mandates***").

As of the date of this Prospectus, the Legacy Mandates are as follows:

Delegated Management

<u>DB Real Estate Iberian Value Added I, S.A., SICAR</u>

MAGIC Real Estate is the delegated manager of this investment vehicle, which is fully invested. The vehicle has targeted Value Added opportunities in Spain and/or Portugal. The assets managed are:

- *Penha Longa.* Plot with 2.2 million sqm known as "Quinta da Penha Longa" located in the Portuguese golden triangle composed by Sintra, Estoril, Cascais (25 km from Lisbon). The complex includes (i) a five-star hotel with 194 rooms, managed by Ritz-Carlton; (ii) two golf courses (27 holes) designed by Robert Trent Jones Jr.; (iii) a collection of individual villas and a plot of undeveloped land for luxury residential accommodation; and (iv) an additional area for the construction of a condo hotel; and
- *Silcoge, S.A.* A joint venture that was established through the acquisition from Grupo SIL, a leading Portuguese real estate player, of a 49.9% interest in Silcoge, S.A. The company owns a commercial real estate portfolio which currently comprises 12 office buildings (56,094 sqm of GLA), five retail assets (23,891 sqm of GLA) and four residential and office developments. All these assets are located in Lisbon, except for one of the developments which is located in Porto.

<u>RREEF Moroccan Explorer I, S.A., SICAR</u>

MAGIC Real Estate is the delegated manager of this investment vehicle. The vehicle, which is fully invested, has targeted opportunistic investments in Morocco, mainly focused on the development of social housing. The day-to-day management of the assets acquired is performed by an ad-hoc local platform, Ardim, with its own employee base. The assets managed include two projects for the development of social housing, located in Tetuan and Fez, one middle-income residential project located in Casablanca, one middle-to-upper-income residential project located in Tangier and one logistics development in Casablanca.

Separate Accounts Management

Fidere group

Fidere group is a privately-held company exclusively dedicated to the management of residential units for rent. The properties managed by Fidere are mainly located in the Madrid region. Fidere is currently managing over 2,900 units and its business plan contemplates the acquisition of additional residential units in the future. The management of the units is carried out by MAGIC Real Estate pursuant to an agreement entered into with The Blackstone Group, which includes a mandate to create an ad-hoc management platform with its own employees (already in place) and internal supervision of the platform.

Loans Portfolio

MAGIC Real Estate manages a portfolio of both performing and non-performing loans, comprising loans with underlying real estate assets. The management of the loan positions is carried out by MAGIC Real Estate by virtue of an agreement entered into with Deutsche Bank AG.

Hoyo 10

Hoyo 10 is a first-time buyer residential development with over 60 units located in El Encinar de los Reyes, east of Madrid, adjacent to the exclusive district of La Moraleja. The project management of Hoyo 10 is carried out by MAGIC Real Estate by virtue of an agreement entered into with Martell Investments.

Catalunya Caixa Inmobiliaria, S.A. (CX Inmobiliaria)

This refers to the acquisition of 100% of the real estate servicing platform of Catalunya Banc, S.A. by The Blackstone Group. MAGIC Real Estate carries out the supervision of the top management of the servicing platform on behalf of The Blackstone Group.

A breakdown of the MAGIC Contracts Key Employees as of the date of this Prospectus is set forth below:

	DB Real Estate Iberian Value Added I, S.A., SICAR	RREEF Moroccan Explorer I, S.A., SICAR	Fidere group	Loans Portfolio
Ismael Clemente	Yes	Yes	Yes	Yes
Miguel Ollero	No	No	Yes	Yes
Luis Lázaro	No	No	No	Yes
Miguel Oñate	No	No	Yes	No

4.2 Pipeline Mandate

Selected members of the Management Team, including the MAGIC Contracts Key Employees as well as Francisco Rivas, Enrique Gracia and Enrique Fonseca, will also devote part of their time to the acquisition of assets related to a project currently being analysed by MAGIC Real Estate in connection with an existing mandate signed with a third party (the "***Pipeline Mandate***"). If the acquisition of the assets under consideration is completed, MAGIC Real Estate will continue to perform the contractually-agreed services for such third party, including the supervision and management of any such assets following their acquisition.

As of the date of this Prospectus, the Pipeline Mandate comprises the acquisition of a number of tourist developments from certain third parties.

The Company believes the Legacy Mandates and the Pipeline Mandate do not create conflicts of interest for the Management Team with respect to the Company or the Business Strategy as the Legacy Mandates and the Pipeline Mandate are primarily concentrated on residential properties, non-performing loans, non-Iberian assets and assets in the Opportunistic / Value Added segments. The MAGIC Contracts Key Employees will be active in the Core and Core Plus segments of the real estate market in Spain and Portugal on an exclusive basis for the Company.

4.3 Commitment by members of Management Team

Exclusivity

Save for the obligations in respect of the Pipeline Mandate and the Legacy Mandates explained above, the Management Team will act exclusively for the Company in respect of any type of deal sourcing until all net proceeds raised by the Company are fully invested in suitable opportunities. This exclusivity covers the raising of proceeds in the Issue as well as any other capital raisings that the Company may carry out in the future in the public market. However, an exception to the foregoing is that the Management Team will not act exclusively for the Company in respect of the acquisition of residential assets and/or non-performing loans to the extent that these activities arise from existing or future engagements with The Blackstone Group and/or Deutsche Bank AG as a result of the long standing commercial relationship between the members of the Management Team and these two entities. The Company believes that these engagements would not have a material impact on the Company or the Business Strategy given that the Business Strategy does not include the acquisition of residential real estate assets and any acquisitions of non-performing loans by the Company will, in any event, be limited to 20% of the assets or 20% of the revenues of the Company in each taxable year pursuant to the obligations under the SOCIMI Regime (see Part XV (*Spanish SOCIMI Regime*) of this Prospectus).

Non-Compete

In addition, each member of the Management Team will not, and will procure that any person that is controlled by such member of the Management Team (a "***Controlled Person***") does not, directly or indirectly (i) acquire or invest (on its own behalf or on behalf of a third party) in property assets which are within the parameters of the Business Strategy of the Company, provided, however, that the following asset acquisitions are expressly permitted: (a) non-income producing property assets with a market value lower than €5 million (this limit to be applied on a cumulative basis); (b) residential assets for the own use by members of the Management Team; (c) property assets where the Company has had the opportunity to invest but has declined to do so and has consented that the relevant member of the Management Team may pursue such opportunity, or (ii) act as an adviser to any investor in competition with the Company for the acquisition of property, provided, however, that the same exceptions will apply as set out in connection with (i) above.

Conflicts of interest

The members of the Management Team are required to disclose to the Board of Directors in writing any potential conflicts of interest. The Board of Directors will decide upon the existence of a conflict of interest by simple majority vote of the Directors. Executive Directors will abstain from voting when the Board of Directors decides upon the existence of a conflict of interest but will count towards the quorum for such a vote and may not frustrate such vote by failing to attend the relevant meeting.

MAGIC Real Estate will not establish, or invest in, a SOCIMI and/or real estate company which is involved in a business with the same, analogous or complementary object to the corporate object of the Company.

In addition, in order to further reduce the risk of potential conflicts of interest, the shareholders of MAGIC Real Estate have entered into a letter of intent with the Company dated 5 June 2014, pursuant to which they have agreed, during the 12-month period following Admission, to negotiate in good faith the sale of 100% of the shares in MAGIC Real Estate to the Company if the Company deems it appropriate. This potential acquisition by the Company would need to be approved by the General Shareholders' Meeting. If approved, the Company shall entrust its supervision and implementation to an *ad-hoc* committee formed in its entirety by independent Directors.

5. THE COMPANY'S BUSINESS STRATEGY

The principal activity of the Company will be the acquisition (directly or indirectly), active management, operation and selective rotation of high quality Commercial Property Assets in the Core and Core Plus segments primarily in Spain and, to a lesser extent, in Portugal. The Management Team intends to focus on creating both sustainable income and strong capital returns for the Company with an annual Target Return as described in this Prospectus.

"***Core***" segments are segments with high quality real estate assets, with a stabilised long-term cash flow stream derived from leases and low capital expenditure needs, which are easier to finance and generally command the lowest capitalisation rates. "***Core Plus***" segments are segments with assets of good quality, normally representing to an investor the opportunity to increase the asset's investment yield through some event (for example, the asset might have some scheduled vacancy or leases rolling over which would give the owner the opportunity to increase rents) as well as assets which can benefit from some upgrades or renovations by which the investor can then command higher rents and improve its returns.

5.1 The strategy pillars

The Company will focus on acquiring Commercial Property Assets in the Core and Core Plus segments in which it believes there is currently relatively low competition and which it considers to have the ability to generate the highest risk-adjusted returns over time. These include:

- office properties across Spain, primarily focusing on office properties in Madrid and Barcelona;

- retail (shopping centres in Spain; retail parks including big box properties (i.e., retail stores that occupy large warehouse-style buildings) on a selective basis; and high street retail properties (i.e., retail stores located in the primary business and retail streets of a city, such as top fashion boutiques) on a selective basis);

- logistics;

- prime urban hospitality (urban hospitality assets located in prime areas in the geographical scope of the Company); and

- other selected commercial real estate properties, for example, industrial properties, which are expected to represent a limited percentage of Total GAV.

While the Company expects the majority of its portfolio to consist of office and retail assets, it will also consider acquiring logistics assets and, to a lesser extent, prime urban hospitality assets that, in the opinion of the Management Team, have the potential of increasing the average return of the overall portfolio.

The Business Strategy of the Company is based on three strategy pillars:

(i) ***Commercial Property Assets***: focus on commercial real estate and mainly on office, retail, logistics, and prime urban hospitality assets.

(ii) ***Geographies***: focus on Spain and, to a lesser extent, on Portugal (with a maximum limit of 25% of Total GAV). Within Spain, the Company expects most of its assets to be located in Madrid and Barcelona although it may also consider other major urban clusters. As for Portugal, the Company primarily intends to focus on acquiring assets located in Lisbon.

(iii) ***Gearing***: seek to maintain gearing below 50% LTV (calculated over Total GAV plus cash available at the Company following the Issue).

Pursuant to the SOCIMI Regime, the Company will be required, among other things, to conduct a Property Rental Business and comply with the following requirements: (i) it must invest at least 80% of its gross asset value in leasable urban real estate properties, 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 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 assets. The Company will have a two-year grace period from the date of election for the Spanish SOCIMI Regime 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.

5.2 Types of property

The target acquisitions which would comply with the Company's strategy pillars are, amongst others, assets located in Spain and, to a lesser extent, Portugal with the following characteristics:

- €60 million to €150 million per asset;
- office and retail properties acquired in central Madrid, Barcelona and other major urban clusters;
- retail properties in city centres and certain suburban areas;
- logistics properties located in close proximity to transport hubs;
- prime or good quality secondary assets and locations;
- prime urban hospitality in Madrid, Barcelona and Lisbon;
- prime office/retail assets in the Lisbon area;
- primary focus on undermanaged properties with upside potential; and
- properties in locations that benefit from inward foreign direct investments.

Residential properties, both built and for development, are excluded as a type of target property.

5.3 Gearing

The Company intends to use gearing to seek to enhance Shareholder returns over the long term. The level of gearing will be carefully monitored by the Company in light of the risk profile of the relevant asset, the availability of generally favourable lending conditions and borrowing costs. The Company also aims to continue using hedging derivatives where considered appropriate to mitigate interest rate and or inflation risk. The level of gearing is subject to the following criteria: (i) while the Company aims to maintain a stable gearing LTV ratio (calculated over Total GAV plus cash available at the Company following the Issue) of between 30% and 40%, the aggregate amount outstanding under any external financing immediately following any acquisition of asset opportunities or entry into external financings may not exceed a maximum of 50% LTV; (ii) debt financing for acquisitions will be assessed on a deal-by-deal basis initially with reference to the capacity of the Company to support leverage and to the risk profile of the asset to be acquired; and (iii) debt on development properties will be, to the extent possible, ring-fenced in order to exclude recourse to other assets of the Company.

Notwithstanding the foregoing, the Board of Directors may modify the Company's gearing policy (including the level of gearing) from time to time in light of economic conditions, the relative costs of debt and equity capital, the fair value of the Company's growth and acquisition opportunities and any other factors it may deem appropriate.

5.4 Sourcing

The Management Team has a track record of securing real estate investments and believes it is well-placed to implement the Business Strategy due to its strong track record in commercial real estate in Spain and Portugal, its established network to source off-market deals (including as a result of its strong domestic banking contacts and successful reputation working with third-party investors as co-investors and in joint ventures, among other things) and as a result of the high visibility that the Company hopes to achieve as a listed entity. The Management Team expects to source deals from competitive auctions, restricted auctions and off-market transactions.

It is expected that the Company's acquisitions will primarily be sourced through a combination of the following core avenues (of which the Management Team has detailed knowledge):

Banking institutions/receivers/borrowers

The excessive use of leverage for the acquisition of Spanish commercial real estate, particularly in the middle part of the last decade, and the subsequent severe decline in asset values has resulted in significant legacy exposure, both direct and indirect, to Spanish commercial real estate assets for the banking institutions that provided credit for such purchases. Many Spanish banks have developed divestment strategies with respect to their legacy exposures to commercial real estate assets that have not been transferred to SAREB. Moreover, a number of non-Spanish banks that operate in the Spanish market are undertaking initiatives to reduce their Spanish real estate exposure. According to the Bank of Spain, as of 30 September 2013, Spanish banks had approximately €83,000 million of repossessed assets left to offload and approximately €118,000 million in non-performing real estate loans. The Management Team believes that these efforts will result in a number of property acquisition opportunities for the Company. Assets may become available directly from the banks divesting them, from receivers appointed over the assets, or from borrowers who are selling under the guidance of the banks or receivers.

SAREB

As one of a number of initiatives taken by the Spanish government to address the serious problems which arose in Spain's banking sector as a result of excessive property lending, SAREB was established in November 2012 to acquire certain assets (mainly, foreclosed real estate assets and loans for real estate development) from distressed financial institutions (for more information see section 6 of this Part VII (*Information on the Company*)).

The creation of SAREB has been perceived by the local and international investment community as a positive step towards the recovery of the Spanish banking sector. By acquiring foreclosed real estate assets and loans for real estate development, SAREB has injected liquidity in the market and has improved transparency. In addition, since the announcement of the creation of SAREB, the deleveraging process of Spanish banks has accelerated. Loan portfolios and distressed assets are coming to the market which the Company believes are attracting the attention of local and international investors.

SAREB expects to divest €32,000 million in real estate assets and €75,000 million in real estate non-performing loans over the next 14 years (source: SAREB first semester of 2013 report) and the Company believes that it will be able to take advantage of the disposals by SAREB of completed real estate assets, projects under development, land for development and loans secured by real estate at a discount to market value.

Public institutions

A number of public institutions are under pressure to monetise their assets and are looking to deleverage their own balance sheet. The Management Team believes that this will likely be a source of opportunities to acquire assets that fall within the parameters of the Business Strategy.

Large corporates

The Management Team believes that certain large corporations will seek to divest Spanish real estate assets in light of increased transaction activity in the market in order to deleverage or to reduce their Spanish real estate exposure. The Management Team believes that this will likely be a source of opportunities to acquire assets that fall within the parameters of the Business Strategy.

Private and institutional investors

The Management Team believes that there is medium-term opportunity to acquire assets and/or asset-backed loan portfolios from private and institutional investors who are currently buying these types of assets from different institutions. The Management Team believes that these efforts will result in a number of property acquisition and investment opportunities for the Company.

Investors in non-performing loans

Investors in non-performing loans invested an estimated €4,000 million in Spain and Portugal between 2011 and 2013 (source: CBRE) and the Management Team believes that certain of those investors are likely to monetise these assets in the short to medium term. The Management Team believes that this will likely be a source of opportunities to acquire assets that fall within the parameters of the Business Strategy.

5.5 Active asset management

The Management Team intends to improve income profiles and add value to the Company's property portfolio through active management techniques which would include (as applicable):

- renegotiating or surrendering leases;
- improving lease lengths and tenant profile;
- undertaking physical improvements;
- improving layouts and space efficiency of specific assets;
- changing the tenant mix of certain properties;
- maintaining dialogue with tenants to assess their requirements;
- taking advantage of planning opportunities;
- repositioning and upgrading assets;
- selective development and/or refurbishment; and
- debt refinancing.

5.6 Asset rotation

Although the Company aims to hold assets for a relatively long period of time, it recognises value can be created through the rotation of assets in the portfolio over time. The number of years over which assets are expected to be held in the portfolio can change depending on, among other factors, market conditions, the portfolio composition from time to time and the situation of each particular property. However, any such rotation of assets is subject to compliance with the requirements under the SOCIMI Regime including the three-year minimum holding period for real estate assets.

6. SPANISH AND PORTUGUESE COMMERCIAL REAL ESTATE MARKET AND ECONOMY

6.1 The Spanish economy

The Spanish economy has experienced two economic cycles in the recent past — an expansionary period from 1996 until 2007 and a contractionary period from 2008 until 2013.

In 1996, Spain started emerging from the 1993 housing crisis and was aiming to meet the so-called "Maastricht criteria" to become a member of the Eurozone. Following the introduction of the European single currency in Spain in 2001, the Spanish economy started enjoying comparatively low interest rates set by the ECB, which together with subsidies from the European Union led over time to a credit-fuelled growth in GDP and increase in asset prices. During the 1996-2007 period, GDP at constant prices grew at 3.8% CAGR (source: Spanish INE), unemployment decreased from 22.1% to 7.9% in the second quarter of 2007 (source: Spanish INE) and private debt (including households and non-financial corporates) increased from 77.1% to 200.1% (source: Eurostat). Spanish and international institutions, such as the Spanish Central Bank and the IMF, later acknowledged that this growth rate was unsustainable going forward as it was based on (i) high dependence on external financing, as reflected in a current account deficit of 10% in 2007, (ii) a productivity decline in the labour market during the period due to the Spanish economy being highly exposed to low value-added residential construction and dependent almost exclusively on credit to generate growth and, (iii) a fragmented financial system with approximately half of its financial institutions in 2007 being public savings banks (*cajas*) without proper risk-management strategies.

During the global financial and economic crisis that started in 2008, the Spanish economy suffered a significant decline (as reflected in most macroeconomic indicators) which resulted in a pronounced double dip recession through the third quarter of 2013. Since 2008, GDP at constant prices contracted by 1.4% CAGR and the unemployment rate reached 26.4% in the fourth quarter of 2013 (source: IMF). This macroeconomic decline, the economic deficiencies and an increasing government deficit as a percentage of GDP (4.5%, 11.1% and 9.6% in 2008, 2009 and 2010, respectively) (source: Eurostat) combined with an implied obligation of the Spanish government to provide support to and eventually bail out its financial institutions led to overall concerns regarding the sustainability of Spanish sovereign debt, a downgrade in credit ratings of the Spanish financial institutions and the creditworthiness of the Spanish government which resulted in a significant increase in the "risk premium" of Spanish sovereign debt over German government bonds during the period.

Since the start of 2012, the Spanish and international authorities have taken a series of measures to address the macroeconomic imbalances and the concerns regarding the sustainability of Spain's sovereign indebtedness. Over time, the effect of such measures has been as follows:

(i) the Spanish current account balance adjusted from a 10% deficit in 2007 to a 0.7% surplus in 2013, the first surplus since the 1980's, and is expected to gradually grow to 3.4% by 2019 (source: IMF). Such growth is expected to result from sustained export growth without a currency devaluation such as the one experienced before the introduction of the euro;

(ii) the export growth is a result of increased productivity of the economy which grew above European average since 2008 (source: Euromonitor). A decrease in real unit labour costs between 2008 and 2013, that compares to a slight increase in the average labour costs in the Eurozone (source: Eurostat), is expected to continue to have a positive impact on the competitiveness of the Spanish economy going forward given unused capacity and high unemployment levels (source: IMF). In addition, the Spanish economic model has changed since 2008, with private sector credit as a percentage of GDP decreasing from its peak levels in 2007 to 137% in 2013. Such figure is expected to continue to decrease to 128% in 2015 (source: IMF), with an insignificant impact on nominal GDP during this period;

(iii) the Spanish financial system has undergone a restructuring process, during which the largest 50 banks and public savings banks (*cajas*) in 2009 were merged into 12 privately-held financial institutions in 2012. The restructuring process was supported by international financial, public and supranational institutions, including the IMF, EC and the ECB which provided up to €100,000 million to the Spanish government to recapitalise the failing financial institutions. As part of this assistance package, the Spanish government spent €41,000 million on measures to improve the capital adequacy of the financial institutions; and

(iv) the decrease in "risk premium" of Spanish sovereign debt over German government bonds, supported by the ECB's statement in 2012 that it would take all necessary measures to preserve the euro. The structural reforms introduced by the Spanish government since 2011 and the improvement in macro indicators since 2013 has led to a positive investor perception of the Spanish economy (source: Christine Lagarde, Chairman of the IMF).

Although the Spanish economy continues to face challenges, such as current high levels of sovereign debt, in 2014, Moodys' upgraded Spain's sovereign credit rating from Baa3 (stable) to Baa2 (positive) and Standard and Poor's from BBB- to BBB. Such change reflects the measures introduced by the Spanish government to rebalance the Spanish economy towards a more sustainable growth model, the progress made in implementing broad structural reforms and the improvement in the government's funding cost. Despite high unemployment rates and private consumption levels, which are expected to reach their peak levels in 2013 (source: IMF), the Spanish financial markets have continued to strengthen in 2014, with spreads on sovereign and bank bonds as of April 2014 decreasing by more than 75% since the IMF programme started in 2012 and with sovereign debt yields reaching record low levels (source: IMF).

The real economy has also started to recover. GDP at constant prices grew by 0.3% in the fourth quarter of 2013 when compared to the third quarter of 2013 — the second consecutive quarter of growth, which ended two years of recession. According to the IMF, GDP at constant prices will grow by 0.8% and 1.0% in 2014 and 2015, respectively, and is expected to reach 1.3% growth in 2019. The seasonally-adjusted unemployment rate also started to decline, although it remained at a high level of 26.4% at year-end 2013. According to the IMF, the unemployment rate is expected to decrease to 25.5% and 24.9% in 2014 and 2015, respectively (source: IMF World Economic Outlook, April 2014).

6.2 *The Portuguese economy*

The global financial and economic crisis had a severe impact on the Portuguese economy. The onset of the sovereign debt crisis in the Eurozone combined with concerns regarding high levels of the Portuguese budget deficits and public debt forced the Portuguese government to request international financial assistance from the IMF, the European Commission and the ECB in April 2011. Economic activity has decreased in Portugal as a result of reduced public and private expenditure, limited financing and increased unemployment. In 2012, Portugal's GDP further contracted by 3.2% and the average annual unemployment rate increased to 15.7%. Portugal's general sovereign debt peaked at 128.8% of GDP as of 31 December 2013, as compared to 124.1% and 108.2% as of 31 December 2012 and 2011, respectively (source: IMF).

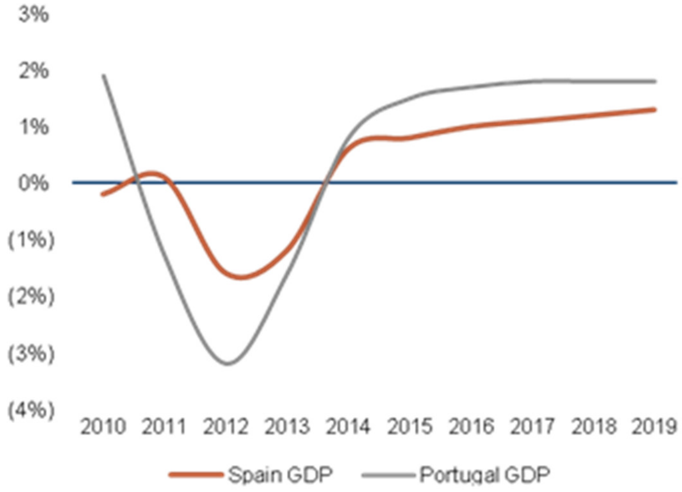
There continue to be challenges for the Portuguese economy. Additional budgetary deficits, the process of implementation of structural reforms in the labour market and the pressure resulting from a higher tax burden on the disposable income of households and spending by businesses are among the most important ones. According to Eurostat, the Portuguese economy recorded a current account balance surplus for three consecutive quarters in 2013 (the second, third and fourth quarter). The Portuguese authorities continue to implement adjustment measures in order to effectively reduce the level of external debt, which is expected to be reduced through an increase in exports (which represented approximately 40% of GDP in the fourth quarter of 2013) in the coming years (source: Eurostat; IMF).

According to the IMF, in February 2014, the short-term outlook for the Portuguese economy improved, the economic activity had bottomed out and the growth in GDP at constant prices was estimated to be 1.2% in 2014 and 1.8% in 2019. This is expected to support an increase in gross fixed investment activity and a lower unemployment rate, which reached 16.2% in the fourth quarter of 2013 and which is expected to reduce to 12.8% in 2019. In addition, the Portuguese current account balance has evolved from a 12.6% deficit in 2008 to a 0.5% surplus in 2013 for the first time in several decades. The current account surplus is expected to reach 2.6% in 2019 (source: IMF).

With regard to its financial and fiscal stability, the yields on Portuguese sovereign debt have decreased and in 2014 Portugal was able to issue a five-year bond on favourable terms for the first time since 2007. Despite high private sector debt levels, financial stability has improved and Portuguese banks are meeting the minimum capital requirements (source: IMF, Portugal: IMF Country Report No. 14/56, February 2014).

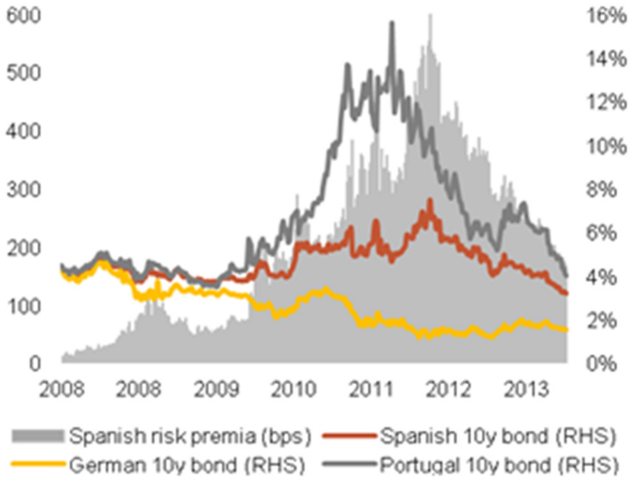
On 17 May 2014, Portugal successfully exited the EU/IMF bailout programme.

Spanish and Portuguese GDP growth



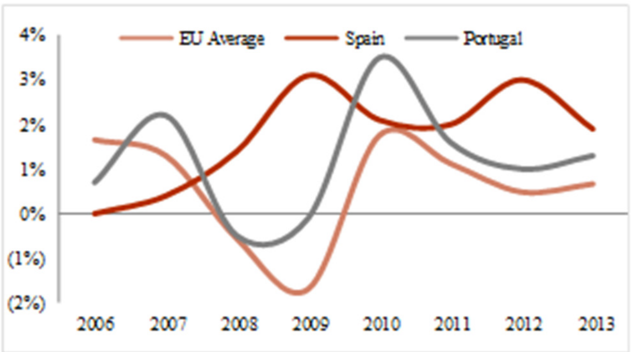
Source: IMF, Spain country report No. 14/59, February 2014
IMF, Portugal country report No. 14/56, February 2014

Historical country risk evolution (Spain)
(in bps)



Source: FactSet as of May 2014

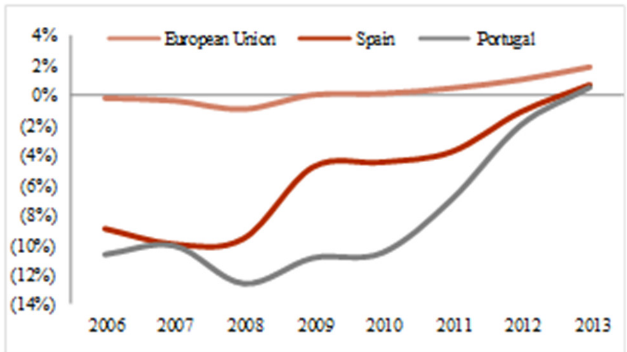
Labour productivity growth



Source: EIU as of April 2014

Note: EU Average includes Spain, Portugal, France, Germany, Italy, Greece

Current account (as % of GDP)



Source: IMF, World Economic Outlook Database as of April 2014

6.3 The Spanish and Portuguese property sectors

Historic Overview

Property stock in Spain expanded during the first years of the millennium driven by a buoyant economy supported by government spending, strong exports, and easy access to debt. This expansion was accompanied by healthy real estate indicators such as high absorption levels and low vacancy rates. The economic momentum in the region was also reflected by low property yields and high capital property values. During 2007, average premium property yields in the central business and industrial districts of Madrid and Barcelona reached the lowest levels in the past ten years when high street retail, office, and industrial logistics yields touched levels in both cities of around 4.8%, 4.3%, and 6.1% respectively. In addition, respective property capital values of such property types also reached maximum historical levels in 2007 when values in Madrid reached levels of €64,000/sqm, €10,700/sqm, and €1,400/sqm and in Barcelona of

€58,000/sqm, €7,300/sqm, and €1,700/sqm (source: CBRE).

The buoyant years in Spain were interrupted by the financial crisis in 2008 as the adverse economic conditions negatively affected the demand for real estate. From 2008 to 2012, when the "risk premium" of Spanish sovereign debt over German government bonds reached a peak, capital values of high street retail, office, and industrial logistics properties in the central business and industrial districts of both Madrid and Barcelona decreased by around 25%, 54%, and 47% respectively. During the same period, property yields in both Madrid and Barcelona suffered an expansion of around 13 bps, 175 bps, and 175 bps for each of such property types, respectively (source: CBRE).

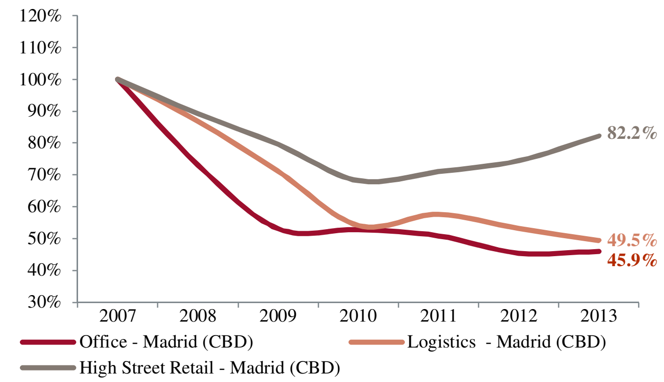
The story in Lisbon was not much different. Capital values of office and industrial logistics properties in the central business and logistics districts of Lisbon decreased by 37% and 49%, respectively, from 2008 to 2012 when the "risk premium" of Portugal sovereign debt over German government bonds reached a peak. During the same period, property yields of each such property types in Lisbon suffered an expansion of around 250 bps and 275 bps, respectively (source: CBRE).

As explained above, the economies of Spain and Portugal have started to show signs of recovery as GDP of both countries has begun to expand and sovereign debt "risk premia" have begun to compress. The economic recovery has been reflected in improving real estate indicators such as property yields and property capital values which seem to evidence a market recovery. Average property yields of certain property types in the central business and industrial districts of Madrid and Barcelona have compressed since the end of 2012 showing levels in both cities as of year-end 2013 of around 4.8% (-38 bps) for high street retail, 6.0% (-25 bps) for office, and 8.3% (+25 bps) for industrial logistics space. Capital values for these property types in Madrid have shown a similar trend and as of the end of 2013 were of approximately €52,600/sqm, €4,900/sqm, and €698/sqm, respectively; a 11%, 1%, and -7% change when compared to their respective low levels reached during the crisis. The story for Barcelona is very similar with capital values of approximately €52,600/sqm, €3,600/sqm and €921/sqm for each of the respective property types representing an increase from their respective floor levels during the crisis of 20%, 3%, and 2%, respectively.

The Portuguese property market has also shown signs of recovery since 2012. Property yields as of year-end 2013 in the central business and industrial districts of Lisbon were of around 7.5% (-75 bps) for office and 9.3% (-25 bps) for industrial logistics space. Capital values have also shown signs of recovery at year-end 2013 at €2,960/sqm and €420/sqm, respectively, representing an increase of 10% and 3%, respectively, since 2012 (source: CBRE).

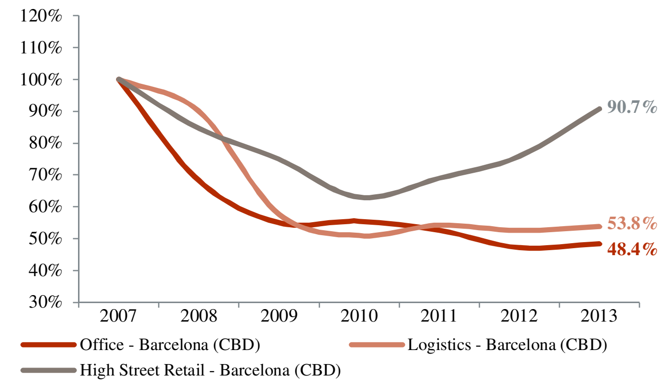
In summary, values of high street retail, office and logistics properties in Madrid and Barcelona have suffered an important contraction since 2007, and despite a more favourable economic outlook were 18%, 54%, 50% (in Madrid), and 9%, 52%, and 46% (in Barcelona) lower for each respective property type as of year-end 2013. Property values of office and logistics properties in Lisbon were 31% and 47% lower at year-end 2013 than when compared to 2007.

Historical capital values evolution | Madrid (CBD)



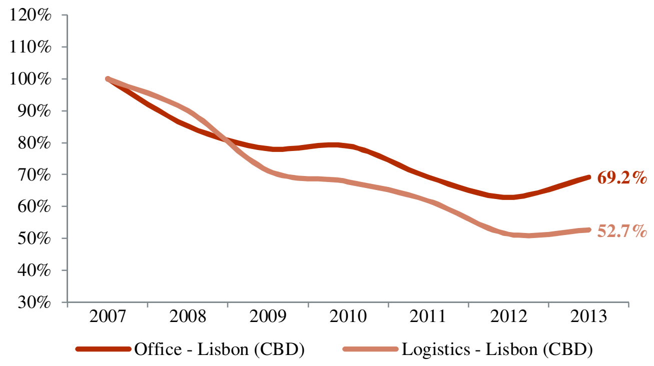
Source: CBRE

Historical capital values evolution | Barcelona (CBD)



Source: CBRE

Historical capital values evolution | Lisbon (CBD)



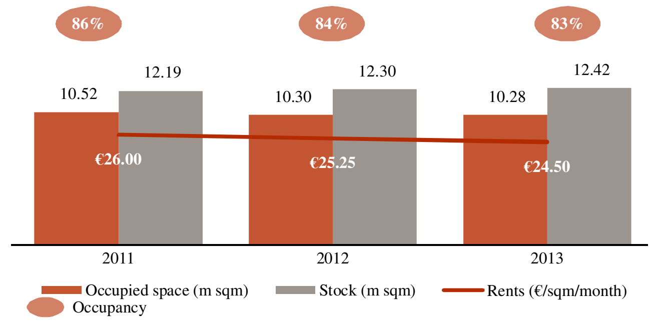
Source: CBRE

Snapshot of office space in Spain

Total annual take-up of office space in Madrid during 2013 was 371,262 sqm, the largest figure since 2010 when total absorption was 400,000 sqm. Total take-up in Barcelona during 2013 was 183,827 sqm, 9% lower than during 2012.

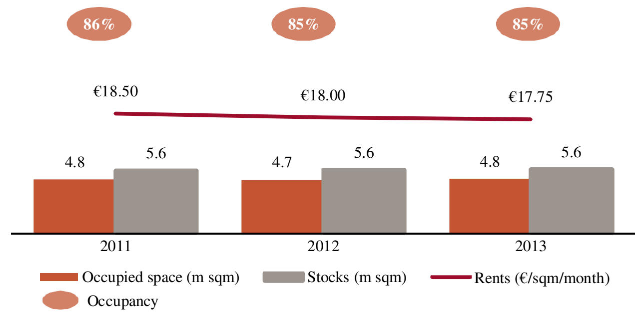
Total stock in these two cities as of year-end 2013 was 12.4 million sqm and of 5.6 million sqm, respectively, while market vacancy at the end of 2013 was 17% and 15%, respectively. Finally, average market rent for office space in Madrid and Barcelona as of year-end 2013 was €24.5/sqm/month and €17.75/sqm/month respectively, representing no change when compared to the previous quarter and and a 2% decrease when compared to 2012 (source: CBRE).

Madrid office market (total stock)



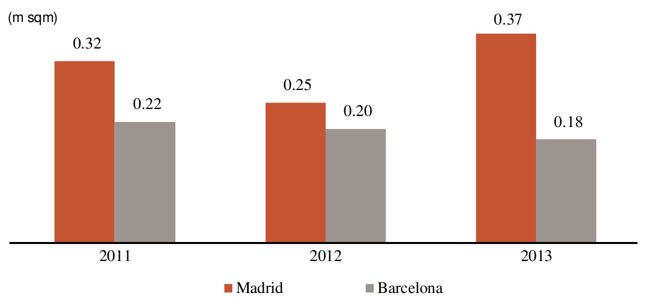
Source: CBRE

Barcelona office market (total stock)



Source: CBRE

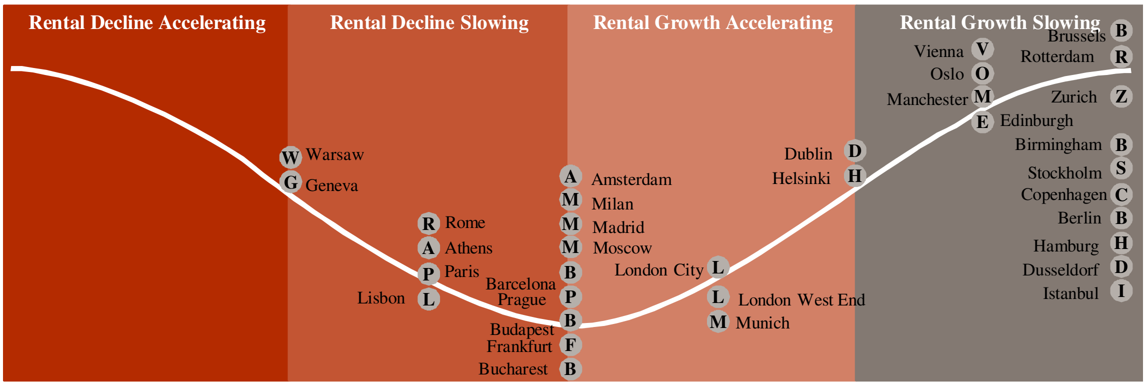
Office market take-up (total stock)



Source: CBRE

As per CBRE rent cycles, Madrid and Barcelona like many other European cities are starting to show market rent growth and were standing as of year-end 2013 at the bottom of the rent cycle.

EMEA Prime Office Rent Cycle: Recovery Progress as of FY 2013



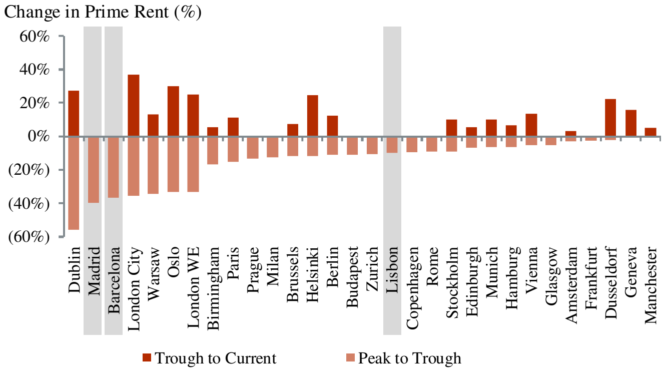
Source: CBRE as of Q1 2014

The following charts show CBRE's views relating to the decline in prime office rents and capital values in major European business hubs since the peak, pursuant to which the Madrid, Barcelona and Lisbon markets are at the bottom of the cycle, with potential recovery in rental levels and yields still to come, following the rest of European cities that have emerged from the trough earlier in time.

Prime Office Rents

Previous peak to current trough & current trough to present (Q4 2013)

Change in Prime Rent (%)

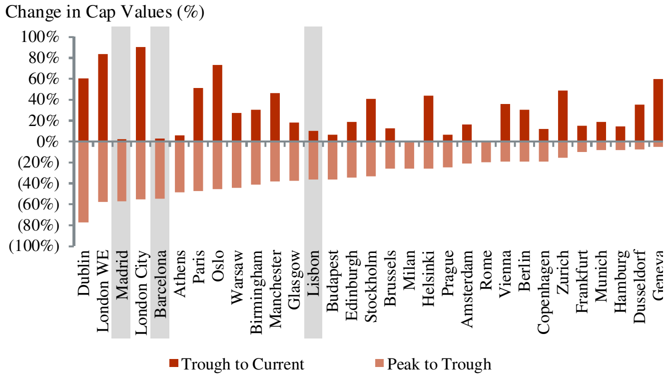


Source: CBRE

Prime Office Capital Values

Previous peak to current trough & current trough to present (Q4 2013)

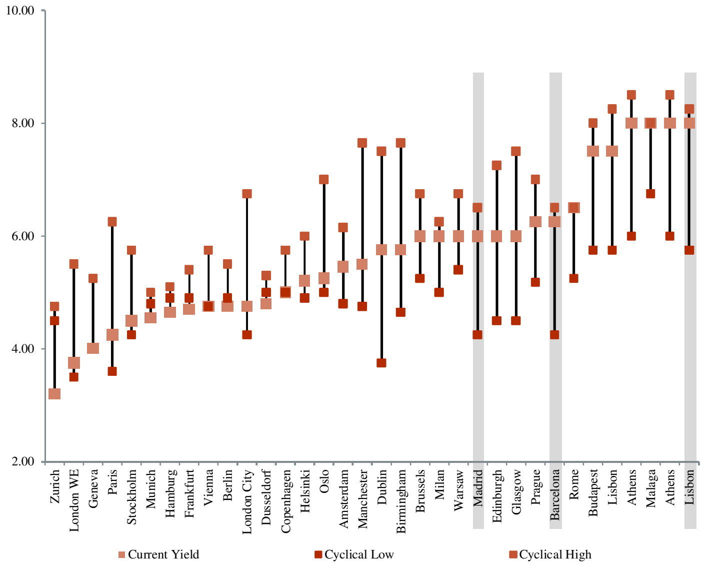
Change in Cap Values (%)



Source: CBRE

Prime Office Yields

Yield relative to high & low of current cycle | as of Q4 2013



Source: CBRE.

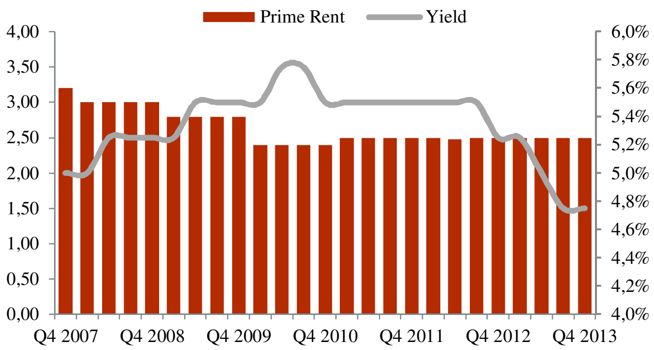
Snapshot of retail space in Spain

Consumer confidence in Spain has been recovering with an increase in Spain's consumer confidence index of 44% from April 2013 to April 2014 (source: *Centro de Investigaciones Sociologicas*). In addition for the first time since 2011 household consumer spending at the beginning of 2014 showed annual growth (source: INE).

Rents for high street retail in Madrid remained flat during 2013 when compared to 2012 at levels of €2,500/sqm/year, while rents for high street retail in Barcelona increased during the same period by 14% closing 2013 at levels similar to those of Madrid of €2,500/sqm/year.

Historical high street retail yield & rent evolution | Madrid

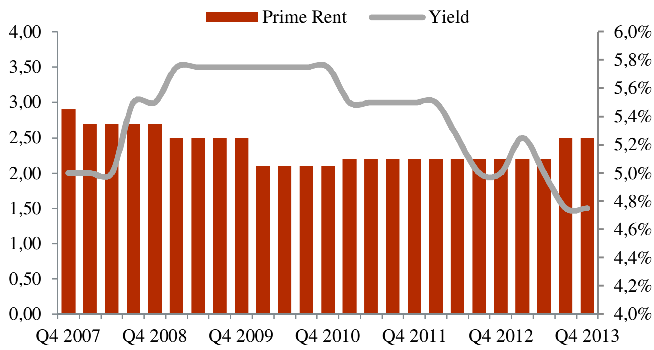
(000' of €/sqm/per annum)



Source: CBRE

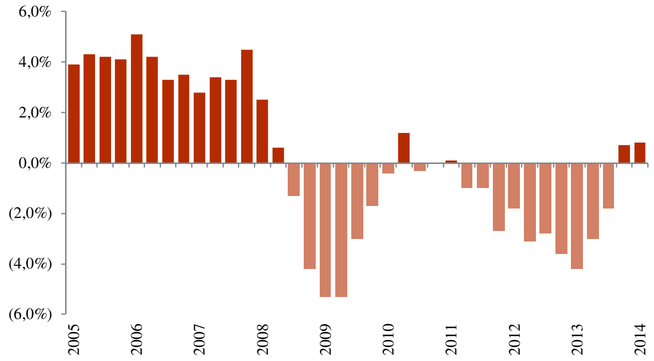
Historical high street retail yield & rent evolution | Barcelona

(000' of €/sqm/per annum)



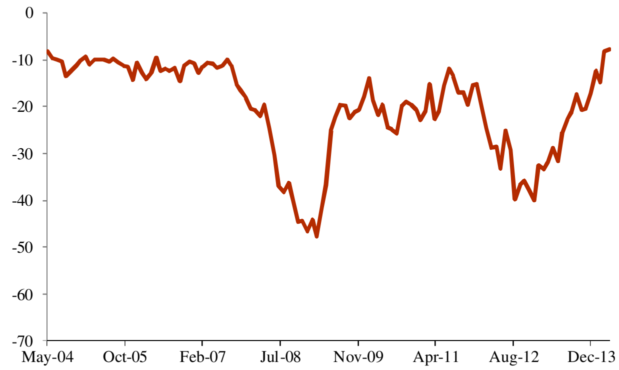
Source: CBRE

Total household consumer spending
Y-o-Y (%)



Source: INE

Spanish consumer confidence index



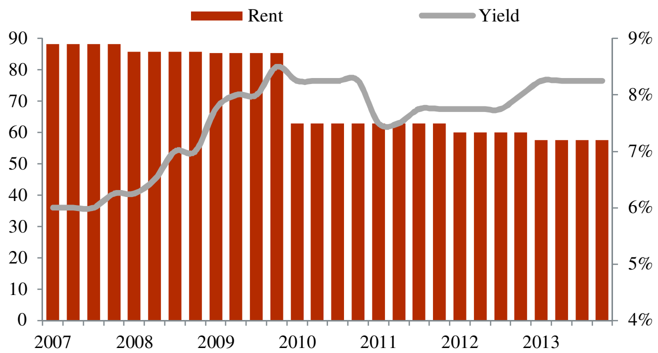
Source: Bloomberg as of May 2014

Snapshot of industrial space in Spain

Take-up in the Madrid industrial logistics property market fell to new lows during 2013 with a take-up of approximately 266,000 sqm, a figure 14% lower than that in 2012 and 25% lower than that in 2011. Total stock of logistics properties in Madrid was approximately 5.0 million sqm of which approximately 14% was vacant as of year-end 2013. Furthermore, rental values have remained flat compared to 2012, suggesting that these have reached a floor.

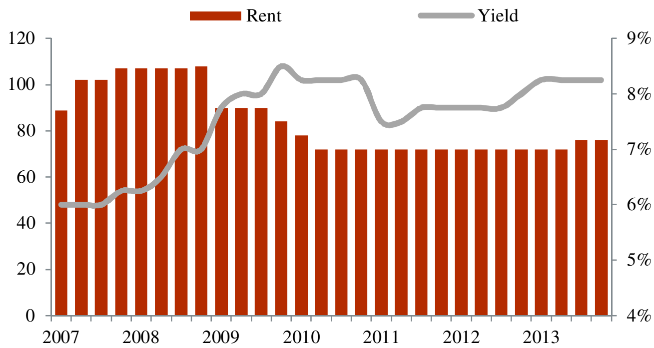
In Barcelona, take-up of space during 2013 was of 325,000 sqm, a similar amount compared to 2011 and 12% below the amount reached during 2012. Take-up has been able to sustain levels above 300,000 sqm since 2010 when total take-up was 232,000 sqm. Total stock in Barcelona at year-end 2013 was around 3.8 million sqm of which approximately 11% was vacant. Finally, rental values remained almost flat in 2013 compared to 2012 (source: CBRE).

Historical Logistics rents and yields evolution | Madrid
(000' of sqm)



Source: CBRE

Historical Logistics rents and yields evolution | Barcelona
(€/sqm/per annum)

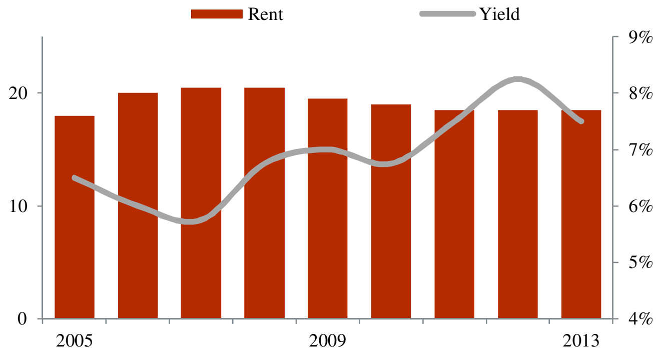


Source: CBRE

Snapshot of office space in Lisbon

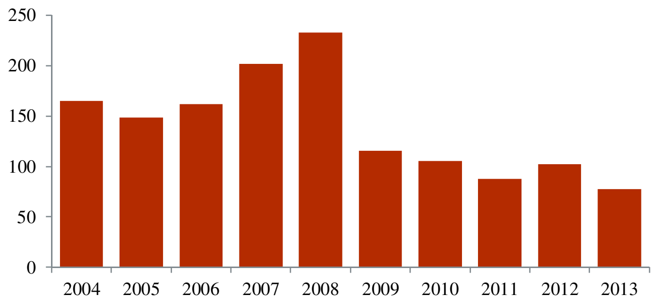
During the six months ended 31 December 2013, take-up of office space in Lisbon was 52,300 sqm, more than double the amount in the preceding six months, but the total take-up of 77,800 sqm in 2013 represented the lowest annual amount in the last 20 years. Total office stock in Lisbon amounted to 4.6 million sqm at year-end 2013, of which approximately 600,000 sqm were vacant. Rent of prime office space in the central business district of Lisbon closed 2013 at €18.5/sqm/month (flat compared to 2012), and occupancy rate closed the year at levels of 90% (-100 bps compared to 2012).

Historical office rents and yields evolution Lisbon
(000' sqm)



Source: CBRE/LPI

Office gross take-up Lisbon
(000' sqm)



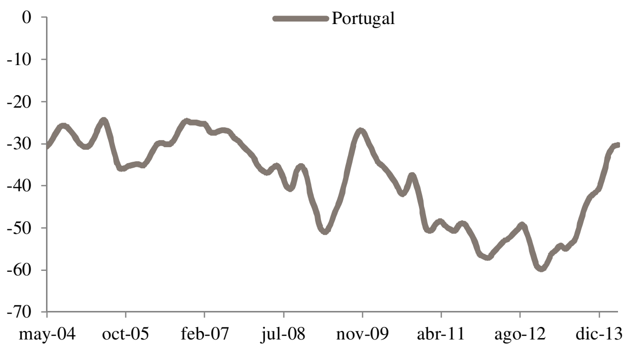
Source: CBRE/LPI

Snapshot of retail space in Lisbon

Consumer confidence in Portugal increased during 2013 and it is expected that such increase will have a positive impact on the property market in Lisbon.

Total stock of retail space in Portugal was 3.57 million sqm at year-end 2013. For the second year in a row, no new commercial complexes in Portugal were opened. During 2013, stock increased by only 3,000 sqm due to the expansion of an existing shopping centre. Prime rents in shopping centres dropped by 6% throughout the year driven by weak consumption. It is expected that seven new shopping centres will be inaugurated over the next two years that will add around 219,000 sqm to current stock (source: CBRE).

Consumer Confidence Index Portugal

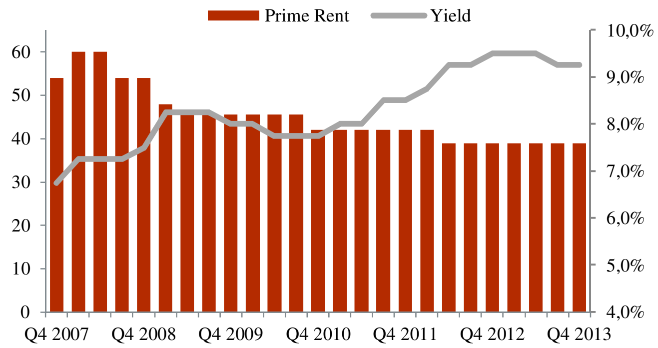


Source: Bloomberg as of May 2014

Snapshot of industrial logistics space in Lisbon

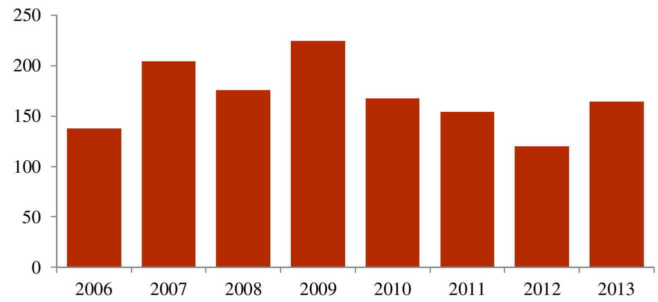
Total take-up of logistic space in Lisbon was 164,500 sqm during 2013, representing an annual increase of 37% when compared to 2012. Rents of this property type stayed flat in 2013 compared to 2012.

Historical logistics yield & rent evolution | Lisbon
(€/sqm/per annum)



Source: CBRE

Logistics gross take-up | Lisbon
(sqm)

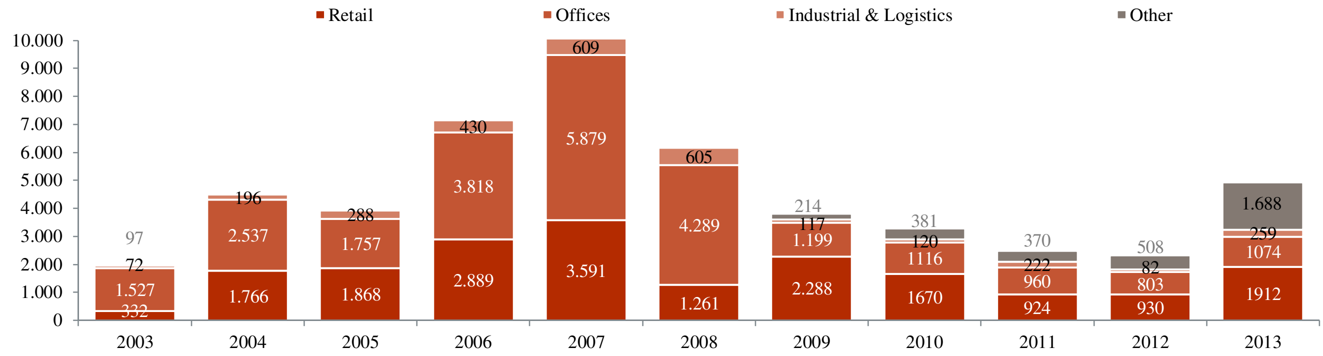


Source: CBRE

Investment activity

Bottoming rents and low property values have raised investors' interest for prime real estate properties in Spain. Such appetite was reflected in property investment volumes in Spain which, during 2013, reached €4,933 million representing the largest amount since 2008 when total investment volume was €6,155 million (source: CBRE). Property investments in the retail property market increased during 2013 by 105%, while on the office and industrial property markets increased by 34% and 200%, respectively, when compared to 2012 (source: CBRE).

Spain: Historical Real Estate investment volumes
(€ in millions)



Source: CBRE

7. FINANCING STRATEGY

7.1 Proceeds of the Issue

The Company's principal use of the Net Proceeds of the Issue will be to fund (i) the acquisition of Tree and Bosque, (ii) acquisitions of future real estate assets in a manner which is consistent with the Business Strategy as set out in section 5 of this Part VII (*Information on the Company*) and (iii) the Company's operating expenses.

The Company has entered into an Irrevocable Undertaking Agreement in order to acquire Tree, the company owning the Seed Portfolio, and Bosque, Tree's property manager.

Following Admission and in addition to using cash to make acquisitions and distributions to Shareholders, the Company will incur operating expenses that will need to be funded. The Company expects that, initially, these expenses will be principally funded through the Net Proceeds. The Company's Annual Total Overheads will be the higher of (a) 6.0% of the Company's consolidated GRI and (b) 0.6% of the Company's consolidated EPRA NAV plus any cash balance available at the Company's consolidated level, and will be calculated using the year-end metrics of the Company with reference to its consolidated financial statements for the relevant year. The calculation of the Annual Total Overheads will include personnel expenses of the Management Team, as well as running costs of the Company. Running costs of the Company are envisaged to include, among other things, personnel expenses of the employees of the Company (other than the Management Team) audit expenses, legal, tax and labour advisers, appraisers expenses, office costs, property management fees, housekeeping, bookkeeping, travel expenses, remuneration of the Board of Directors, and transaction costs associated with new acquisitions ultimately not completed and/or assets sales ultimately not completed (the "***Annual Running Costs***").

As the property portfolio grows, the Company expects that the Company's Annual Total Overheads as well as the payment of interest on its borrowings will be paid with income generated from the Company's property portfolio and surplus cash. For further information on the Annual Total Overheads, please refer to section 1.3 of Part VIII (*The Management Team*).

7.2 Borrowings

The Company may choose to finance a portion of certain acquisitions with debt financing (initially, mainly through secured mortgages, and in the future, through the issuance of debt and convertible debt securities or other financings that may be available to the Company). The Company and the Management Team intend to determine the appropriate level of borrowings on a deal-specific basis.

The members of the Management Team will seek to use gearing over the long term and will consider using hedging where appropriate to mitigate interest rate risk, subject to certain principles. The Management Team has undertaken that the Company will not enter into a general financing facility to fund acquisitions before Admission. In addition, the Management Team has undertaken, as a general rule and unless the Management Teams thinks otherwise appropriate due to the nature of a relevant acquisition opportunity, to carry out acquisitions using the Net Proceeds and any net proceeds from future issues of Ordinary Shares. Where necessary, the Company may enter into third-party debt financing in line with the gearing criteria described in section 5.3 of Part VII (*Information on the Company*).

7.3 Other Sources of Financing

As substantially all of the Net Proceeds raised will be used in connection with the Company's acquisitions of property, the Company's future liquidity will depend primarily on: (i) the collection of rents from its asset portfolio; (ii) the timing of the sale of the properties and property-holding entities it acquires; (iii) the Company's management of available cash; and (iv) the use of borrowings to fund acquisitions and, if necessary, to fund short-term liquidity needs. The Company may also use further equity offerings or consideration in the form of equity to finance the Company's growth.

Notwithstanding the foregoing, when implementing the Business Strategy, the Management Team has undertaken, as a general rule and unless the Management Teams thinks otherwise appropriate due to the nature of a relevant acquisition opportunity, to carry out acquisitions using the Net Proceeds and any net proceeds from future issues of Ordinary Shares. Where necessary, the Company may enter into third-party debt financing in line with the gearing criteria described in section 5.3 of Part VII (*Information on the Company*).

8. VALUATION POLICY

The Company will calculate its EPRA NAV semi-annually and will be communicated at the time of publication of the Company's interim and annual financial results. The Company's calculation of the EPRA NAV will be supervised by the Audit and Control Committee.

"***EPRA NAV***" refers to the net asset value of the Company adjusted to include properties and other investment interests at fair value and excluding certain items not expected to crystallise in a long-term investment property business, in accordance with guidelines issued by the European Public Real Estate Association (August 2011 version only), unless otherwise agreed by the Company.

The EPRA NAV of the Company will be based on the most recent valuation of the Company's real estate assets, and will be calculated in accordance with IFRS-EU. Valuations of the Company's real estate assets will be made (i) as at 30 June of each year through an external desktop valuation (i.e., a limited valuation which does not involve a physical inspection of the properties and which is intended to update the previous 31 December valuation incorporating significant changes that may have taken place in market conditions and/or within the relevant assets (i.e., leases, capital expenditures, acquisitions or legal liabilities)) and (ii) as at 31 December of each year through a physical valuation, in each case performed by a suitably qualified RICS-accredited appraiser to be appointed by the Audit and Control Committee. The first external valuation is expected to take place on 31 December 2014 (assuming the acquisition of Tree and/or at least one property by that date). Therefore, as at 30 June 2014, no external desktop valuation will be carried out. Valuations of the Company's real estate assets 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.

9. TREASURY POLICY

The Company seeks to carry out a treasury policy designed to ensure capital preservation. Accordingly, the Company will seek to generate positive and steady rates of return with limited risk exposure. In particular, the Company will focus on highly liquid financial products where any early termination would result in no or merely a limited penalty.

The Company also intends to hedge, totally or partially, its interest rate exposure through the use of forward contracts, options, swaps or other forms of derivative instruments.

10. DIVIDEND POLICY

The Company intends to maintain a dividend policy which has due regard to 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 Shareholders other than those required by law. The Company intends to pay dividends when the Board of Directors considers it appropriate. However, under the Spanish SOCIMI

Regime, the Company will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, 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; 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 (iii) at least 80% of all other profits obtained. If the relevant dividend distribution resolution is not adopted in a timely manner, the Company would lose its SOCIMI status in respect of the year to which the dividends relate.

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. Dividends will be received in respect of the Ordinary Shares owned at such time. Unless otherwise agreed by the Shareholders' Meeting or the Board of Directors, the By-laws provide that the payment date will take place within the following 30 calendar days after the dividend distribution is approved.

The record date criteria referred to above intends to allow the Company to timely identify Substantial Shareholders before having to make a dividend distribution to them. According to the By-laws, any Shareholder must give notice to the Company's Board of Directors of any acquisition of Ordinary Shares which results in such Shareholder reaching a stake in the Company equal to or higher than 5% of its share capital. 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. See section 6 of Part XVII (*Additional Information*) for additional information.

11. STRUCTURE AS A SPANISH SOCIMI

The Company has elected to be a Spanish SOCIMI and has notified such election to the Spanish tax authorities by means of the required filing. As a Spanish SOCIMI, the Company believes it will have a tax-efficient corporate structure with the consequences for Shareholders described in Part XV (*Spanish SOCIMI Regime and Taxation Information*). 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 Part XV (*Spanish SOCIMI Regime and Taxation Information*).

PART VIII: THE MANAGEMENT TEAM

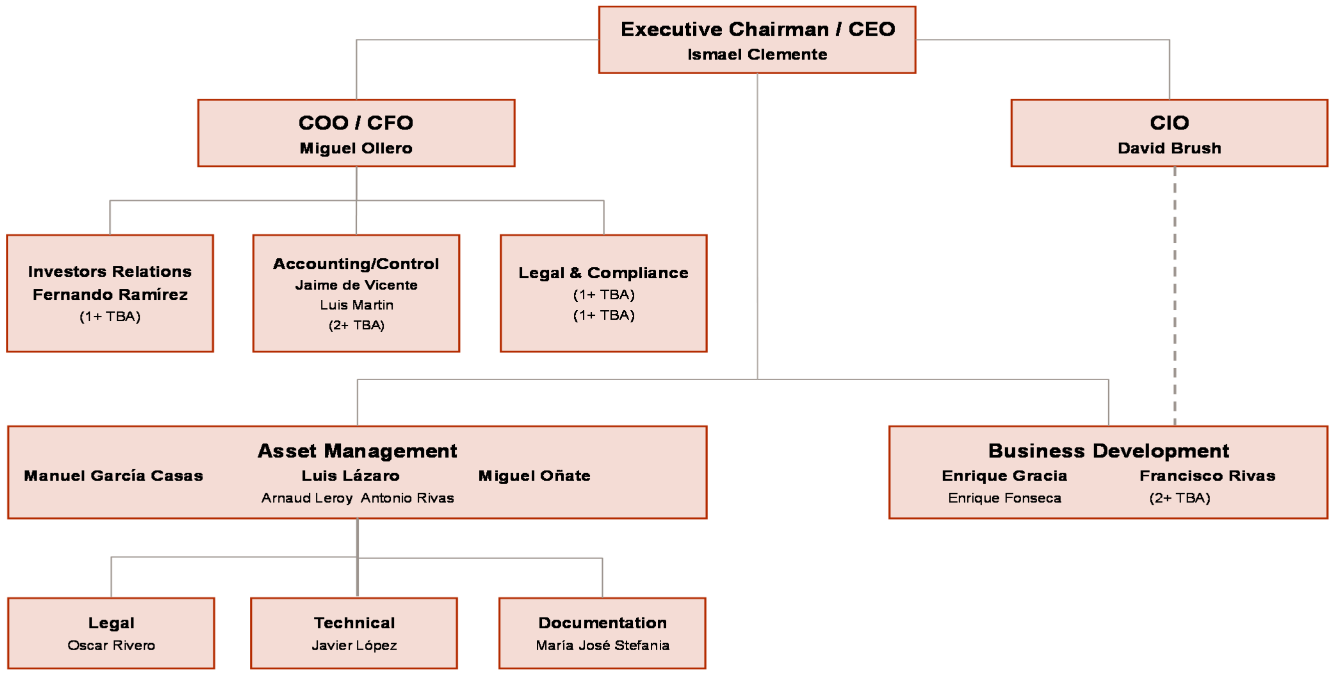
1. THE MANAGEMENT TEAM

1.1 The Management Team

The day-to-day operations of the Company, including the implementation of the Business Strategy, will be carried out by the Management Team, which consists of property and finance professionals who have extensive experience in Spanish and Portuguese real estate markets and a notable track record of creating value for shareholders. The Management Team is led by Mr. Ismael Clemente (CEO), Mr. David Brush (CIO) and Mr. Miguel Ollero (CFO/COO) and currently comprises eight members. Upon the acquisition of Tree the Management Team will comprise nine members. The remaining six members of the Management Team are Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate, and Mr. Fernando Ramírez and, upon execution of the acquisition of Tree and Bosque, Mr. Manuel García Casas, who is the current General Manager of Tree.

In addition, the Company intends to rely initially on three other experienced professionals (Mr. Enrique Fonseca, Mr. Antonio Rivas and Mr. Arnaud Leroy). Upon completion of the acquisition of Tree, four additional employees of Bosque who are currently involved in the management of Tree will join the Company (Mr. Jaime de Vicente, Mr. Javier López, Mr. Luis Martín, and Ms. María José Stefania) and one employee of Tree (Mr. Óscar Rivero) will remain employed by Tree. Consequently, the Company's total headcount following the acquisition of Tree will be 17 employees (including Mr. Óscar Rivero). The Management Team expects to reach a stabilised base of 24 to 26 employees, once the Net Proceeds are fully invested.

The below chart shows the organisational structure of the Company following acquisition of Tree. New future hires are shown in brackets:



Four employees of the Company, Mr. Ismael Clemente (Executive Chairman & CEO), Mr. Miguel Ollero (CFO/COO), Mr. Luis Lázaro (Asset Management) and Mr. Miguel Oñate (Asset Management) will continue as MAGIC Contracts Key Employees pursuant to several agreements currently in place and entered into between MAGIC Real Estate and various third parties.

The MAGIC Contracts Key Employees will devote part of their time to the supervision and management of certain assets ultimately managed by MAGIC Real Estate. Three additional employees of the Company (Mr. Francisco Rivas, Mr. Enrique Gracia and Mr. Enrique Fonseca) will devote part of their time to MAGIC Real Estate to support the MAGIC Contracts Key Employees.

The chart below sets forth certain information in respect of the relationship of the professionals of the Company with the Company itself, MAGIC Real Estate and Bosque, as at the date of this Prospectus:

	MERLIN Properties SOCIMI, S.A.		**MAGIC Real Estate, S.L.**		**Bosque Portfolio Manager, S.L.**	
	Relationship	**Type**	**Relationship**	**Type**	**Relationship**	**Type**
Management Team						
Ismael Clemente	Yes	Mercantile	Yes	Mercantile	Yes(***)	Mercantile (Part-time)
Miguel Ollero	Yes	Mercantile	Yes	Mercantile	Yes(***)	Mercantile (Part-time)
David Brush	Yes	Labour	No	–	No	–
Francisco Rivas	Yes	Labour	Yes	Labour	Yes(***)	Labour (Part-time)
Enrique Gracia	Yes	Labour	Yes	Labour	No	–
Luis Lázaro	Yes	Labour	Yes	Labour	Yes(***)	Labour (Part-time)
Miguel Oñate	Yes	Labour	Yes	Labour	No	–
Fernando Ramírez	Yes	Labour	No	–	No	–
Manuel García Casas (*)	Yes	Labour	No	–	Yes	Labour
Employees of the Company						
Enrique Fonseca	Yes	Labour	Yes	Labour	No	–
Antonio Rivas	Yes	Labour	No	–	No	–
Arnaud Leroy	Yes	Labour	No	–	No	–
Jaime de Vicente(*)	Yes	Labour	No	–	Yes	Labour
Oscar Rivero (**)	Yes	Labour	No	–	No	–
Luis Martin (*)	Yes	Labour	No	–	Yes	Labour
Javier López (*)	Yes	Labour	No	–	Yes	Labour
Maria José Stefania (*)	Yes	Labour	No	–	Yes	Labour

(*) These professionals are currently employed by Bosque. They are expected to enter into employment contracts with the Company following the acquisition of Tree and Bosque.

(**) Oscar Rivero is an employee of Tree and will continue as such upon the acquisition of Tree and Bosque by the Company.

(***) Following the acquisition of Tree and Bosque by the Company these professionals will cease to work for Bosque.

As of the date of this Prospectus each member of the Management Team, except for Mr. Manuel García Casas, has signed employment contracts with the Company which will come into effect upon Admission.

Brief biographical details of the Management Team are set forth below:

Mr. Ismael Clemente — Executive Chairman / CEO

Mr. Ismael Clemente is a Partner of MAGIC Real Estate responsible for the origination and structuring of real estate investments in Spain, Portugal and Morocco, CEO at Tree and a part-time employee at Bosque.

Over the last 18 years, he worked at Bankers Trust REIB, DB Real Estate and RREEF, where he was a Managing Director, having participated in transactions with an aggregate volume of approximately €5,000 million across all property sectors. These include the acquisition, private placement and sale of the Hotel Arts complex in Barcelona (IHF Deal of the Year 2001), the repositioning of Penha Longa in Lisbon and Alfamar in the Algarve; the investment in, public tender offer over, restructuring and sale to ING Real Estate of the Spanish listed shopping centre operator Filo, S.A.; the sale of Renta Inmobiliaria, S.A. to General Electric Capital; the structured sale and leaseback of the Spanish headquarters of Dragados; the advisory services to Suez Lyonnaise des Eaux, Telefónica and Portugal Telecom in the reorganisation of their property holdings; the joint venture with Grupo SIL in Portugal; the incorporation of ARDIM in Morocco; and the sale and leaseback of the Seed Portfolio, the largest real estate transaction executed in Europe in 2009. Most recently, he has led the acquisition of a social housing portfolio from the Municipality of Madrid, FCC and SAREB for The Blackstone Group and over €1,200 million of performing and non-performing loans for Deutsche Bank AG London and Brookfield Strategic Real Estate Partners.

Before founding MAGIC Real Estate, he was responsible for a team managing an asset portfolio of more than €3,000 million, representing the full range of global funds advised by RREEF. This team also raised seven investment vehicles, of which five are still active, representing approximately €500 million of equity on behalf of Spanish private clients and family offices.

Mr. Ismael Clemente joined Bankers Trust Co. (now part of Deutsche Bank) in 1996 from the Spanish law firm Garrigues Andersen. He holds superior degrees in Law and in Economics & Business Administration, with a specialisation in Finance, from ICADE, is a teacher of the MRE programme at Instituto de Empresa and a member of the Spanish Council of the Urban Land Institute (ULI).

Mr. Miguel Ollero — COO / CFO

Mr. Miguel Ollero is a Partner of MAGIC Real Estate responsible for execution and management of real estate investments in Spain, Portugal and Morocco, COO at Tree and part-time employee at Bosque.

In his 12 years at Deutsche Bank, he worked at the Mergers & Acquisitions group in Madrid and London, joining RREEF in 2005, where he was a Managing Director. At RREEF, he led the execution of real estate transactions with an aggregate value of approximately €4,000 million, ranging from Core to Opportunistic, as well as the subsequent asset management of the resulting portfolios. He also played a key role in the structuring and equity raising of five investment vehicles for the Iberian peninsula and Morocco, launched in cooperation with the Private Wealth Management Division of Deutsche Bank.

Mr. Miguel Ollero holds superior degrees in Law and in Economics & Business Administration, with a specialisation in Finance, from ICADE. Prior to joining Deutsche Bank, he worked at Arthur Andersen (Senior Auditor, Financial Institutions Group) and FCC Construcción, where he was Project Financial Controller.

Mr. David Brush — CIO

Mr. David Brush has over 30 years' experience as a real estate professional. He started his career at Philadelphia National Bank in 1983 and moved to Bankers Trust (now part of Deutsche Bank) as a Vice President in 1987. During his 20-year tenure at Bankers Trust/Deutsche Bank Real Estate, David founded the Real Estate Opportunistic investing division, where he was a Global Head and CIO of the business for 13 years.

During that time, he supervised the completion of over 150 transactions consisting of real estate acquisitions, equity investments, corporate recapitalisations and distressed loan portfolio acquisitions with an enterprise value in excess of $50,000 million.

The most significant transactions he led in the past are: the €50 million recapitalisation of Polish property company GTC and subsequent IPO (1997); the investment in, public tender offer over, restructuring and sale to ING Real Estate of the Spanish listed shopping centre operator Filo, S.A (1997); the €800 million acquisition of the French property company ISM from distressed bank Crédisuez (1998); the $200 million private equity investment and subsequent IPO of UK-based serviced office group Regus (1999); the acquisition of UK-listed office company Allied London (2001); the acquisition of the Hotel Arts complex in Barcelona (2001); the €1,200 million acquisition and Opco/Propco split of the largest Italian department store operator La Rinascente (2004); the €1,100 million acquisition and Opco/Propco split of leading French department store operator Printemps (2005).

Most recently, David served as Managing Partner at Brookfield Property Group, responsible for the firm's real estate investing activities in Europe, where he closed the £500 million acquisition of Gazeley, a pan-European logistics company (2012).

David is a former member of the board of Directors of GTC, Prelios and Filo, S.A. and is a member of several real estate professional organisations. David holds a B.A. degree in Economics from the University of Pennsylvania.

Mr. Francisco Rivas — Business Development

Mr. Francisco Rivas is a Partner of MAGIC Real Estate and a part-time employee at Bosque.

Previously a Vice President of RREEF, he participated in Value Added and Opportunistic real estate investments in Spain, Portugal and Morocco with an aggregate value of €4,000 million across all property sectors over the last eight years.

Mr. Francisco Rivas holds degrees in Law and in Economics & Business Administration, with a specialisation in Finance, from ICADE and is a member of the Madrid Bar Association. Prior to joining RREEF, Mr. Francisco Rivas worked at GE Capital Real Estate and Baker & McKenzie.

Mr. Enrique Gracia — Business Development

Mr. Enrique Gracia is a Partner of MAGIC Real Estate and has over 14 years' experience as a real estate professional. He started his career as CFO of Bami, a Spanish public company dedicated to residential development. From 2002 to 2007, Mr. Enrique Gracia served as CFO of Metrovacesa, the Spanish listed company focused on commercial real estate (office and retail), with €4,500 million of assets under management and 150 employees. From 2008 to 2010, Mr. Enrique Gracia led the corporate development department of Gecina, the French listed company, with €11,000 million of assets under management and 500 employees. Mr. Enrique Gracia was the CEO of Silcoge, a private Portuguese company, with €400 million of assets under management. Mr. Enrique Gracia holds a Business Administration degree from the University of Alcalá.

Mr. Luis Lázaro — Asset Management

Mr. Luis Lázaro is a Partner of MAGIC Real Estate and part-time employee at Bosque. Previously a Director at RREEF, he was in charge of Core real estate investments in Spain and Portugal on behalf of the German Open Ended and Special Funds, managing a portfolio with an aggregate value in excess of €600 million, including three shopping centres, seven office buildings, four hotels and two logistics warehouses.

Mr. Luis Lázaro joined RREEF in 2007 from ING Real Estate, having previously worked at General Electric. He holds a degree in Economics & Business Administration from Universidad Complutense de Madrid and an Executive MBA from IESE Universidad de Navarra.

Mr. Miguel Oñate — Asset Management

Mr. Miguel Oñate is a Partner of MAGIC Real Estate. He previously acted as a Managing Director at Grupo Marina, a real estate company where he worked for 16 years and was responsible for residential and hospitality developments such as Marina El Rompido, Marina Islantilla (both in Huelva) and Isla Valdecañas (Cáceres). In those projects, he has led the execution of more than 700 residential units, six hotels with 1,300 rooms, three golf courses and two marinas with 400 moorings, with an aggregate investment of more than €400 million.

Mr. Miguel Oñate holds degrees in Law and in Economics & Business Administration, with a specialisation in Finance, from ICADE. Prior to joining Marina del Sur, he worked at Arthur Andersen ALT, where he was a Senior Tax Adviser in the Construction and Real Estate Group.

Mr. Fernando Ramírez — Investors Relations

Mr. Fernando Ramírez is a Partner of MAGIC Real Estate. Previously, a Vice President at RREEF, he participated in a variety of transactions, such as the private placement and sale of the Hotel Arts complex in Barcelona, the repositioning of Penha Longa in Lisbon, and the investment in, public tender offer over, restructuring and sale to ING Real Estate of the Spanish listed shopping centre operator Filo, S.A.

Mr. Fernando Ramírez holds degrees in Law and in Economics & Business Administration with a specialisation in Finance, from ICADE, and an MBA from the Institute of Advanced Finance. Prior to joining MAGIC Real Estate, he worked at Ahorro Corporacion Desarrollo, a leading generalistic private equity firm in Spain, and KPMG.

Following the acquisition of Tree, Mr. Manuel Garcia Casas will also form part of the Management Team. His brief biographical details are as follows:

Mr. Manuel García Casas — Asset Management

Mr. Manuel García Casas is an employee at Bosque and has over 14 years' experience as a real estate professional. He started his career as an acquisition manager / risk analyst in GE Real Estate in Paris. During his ten years' experience with GE Real Estate, he held relevant positions at the underwriting, risk management and asset management departments as risk manager of the portfolio, asset manager and responsible for acquisitions underwriting. Mr. Manuel Garcia Casas was involved in relevant acquisitions such as Landscape, Cortefiel, El Arbol, Barajas, Albufera and Panrico.. Mr. Manuel Garcia Casas is currently General Manager of Tree. He holds a Business Administration degree from the University Carlos III.

The Management Team has undertaken to invest in the Company €7.5 million through their investment vehicle, MAGIC Kingdom. MAGIC Kingdom has acquired the 60,000 Ordinary Shares that MAGIC Real Estate held in the Company at a price of €10.00 per Ordinary Share and will subscribe 690,000 Issue Shares, at the Issue Price, for an aggregate of €6.9 million. As a result, MAGIC Kingdom will hold 750,000 Ordinary Shares representing 0.5% of the share capital of the Company (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised). The Management Team believes its significant cash investment in the Company contributes to the alignment of its interests with those of the Company's other Shareholders.

Management Committee

The Management Team has established a Management Committee, as an internal organisational instrument, which is generally responsible for the analysis, recommendation and pre-approval of property acquisitions, disposals, development, refurbishments and other transactions. Decisions of the Management Committee will be adopted by simple majority, with the favourable vote of the CIO of the Company.

Transactions pre-approved by the Manangement Committee shall be referred for formal approval, as the case may be, by the competent body of the Company. Therefore, transactions which, according to the internal regulations of the Company or the By-laws specifically fall within the authority of the Board of Directors (such as transactions in excess of €150 million or any significant transaction under €150 million where the transaction is not in the normal course of the Company's business), will be referred for the approval of the Board of Directors. All other transactions will be referred for the approval of the Chief Executive Officer. For further information on Reserved Matters, please refer to section 8 of Part IX (*Directors and Corporate Governance*).

The Management Committee will initially be comprised of eight members: Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. David Brush, Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Miguel Oñate, Mr. Luis Lázaro and Mr. Fernando Ramírez. Upon completion of the acquisition of Tree and Bosque, Mr. Manuel García Casas will also become member of the Management Committee.

Meetings will be held on a monthly basis.

Following Admission, it is expected that the Board of Directors shall formally acknowledge the responsibilities of the Management Committee.

1.2 Track Record

The Management Team has been present in Spain for the last 18 years and in Portugal for the last 14 years. The track record of the Management Team in Spain and Portugal is concentrated principally within Bankers Trust, Deutsche Bank Real Estate and RREEF (since 2013, Deutsche Bank Asset & Wealth Management, Alternatives and Real Assets) and MAGIC Real Estate.

RREEF (since 2013, Deutsche Bank Asset & Wealth Management, Alternatives and Real Assets)

Deutsche Bank Asset & Wealth Management, Alternatives and Real Assets is the real estate investment business of Deutsche Asset Management. During the past 40 years, this unit has built a leading real estate investing business, with nearly 450 professionals around the world and $47,300 million in assets under management as of 30 September 2013. Deutsche Bank Asset & Wealth Management, Alternatives and Real Assets employs a disciplined investment approach and offers a diverse range of strategies and solutions across the risk/return and geographic spectrums, including Core and Value Added real estate, real estate and infrastructure securities, real estate debt and Opportunistic real estate (source: Deutsche Bank AG).

Certain members of the Management Team have developed much of their professional careers at Bankers Trust, Deutsche Bank Real Estate and RREFF, namely Mr. David Brush (Global Head and CIO, 20 years at Bankers Trust, Deutsche Bank Real Estate and RREEF), Mr. Ismael Clemente (Managing Director, 17 years at Bankers Trust, Deutsche Bank Real Estate and RREEF), Mr. Miguel Ollero (Managing Director, 12 years at Deutsche Bank and RREEF), Mr. Francisco Rivas (Vice President, eight years at Deutsche Bank Real Estate and RREEF), Mr. Luis Lázaro (Director, six years at RREEF) and Mr. Fernando Ramírez (Vice President, six years at Deutsche Bank Real Estate and RREEF).

As part of their role at RREEF, the Management Team led the equity raising since 2003 of a total amount of €507 million and the subsequent management of seven investment vehicles focused on Value Added and Opportunistic investments in Iberia (and secondarily Morocco). The investor base for these funds is in aggregate terms made up of over 400 investors, mostly Spanish high net worth individuals and family offices.

In the Core and Core Plus spectrum, the Management Team, during their tenure at RREEF, led, on behalf of DB German Open Ended Funds and DB Special Funds, the origination of opportunities, asset management and rotation of a portfolio of Core and Core Plus assets with an approximate gross asset value of €616 million (as of December 2012) in Spain and Portugal, comprising seven office buildings (67,179 sqm of GLA), three shopping centres (94,943 sqm of GLA), two logistics facilities (18,450 sqm of GLA) and four urban hotels (38,834 sqm of GLA). Additionally, in April 2007, the Management Team was also involved in the acquisition of 49.9% of Silcoge, S.A., a Portuguese real estate company with a portfolio of Core and Core Plus assets in the Lisbon area, which currently comprises 12 office buildings, (56,094 sqm of GLA) and five retail assets (23,891 sqm of GLA). Mr. Enrique Gracia, who is member of the Management Team, has been the CEO of Silcoge, S.A. over the last four years.

MAGIC Real Estate

MAGIC Real Estate was originally formed in 2012 in Madrid by a team of former employees of REEFF and is currently one of the largest real estate management companies in Spain with a presence in Spain and Portugal. MAGIC Real Estate has a diversified real estate business across asset classes (such as offices, retail, logistics and hospitality). MAGIC Real Estate also has experience across the value chain in investment, development, asset management, property management and divestments.

As of the date of this Prospectus, MAGIC Real Estate has ten employees, namely, Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate, Mr. Fernando Ramírez, Mr. Enrique Fonseca, Mr. Antonio Rivas and Mr. Arnaud Leroy. Mr. Ismael Clemente and Mr. Miguel Ollero are the founding partners of MAGIC Real Estate, the main executives (CEO and COO, respectively) as well as the directors of the company. Seven out of the eight current members (nine upon acquisition of Tree and Bosque) of the Management Team (Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate and Mr. Fernando Ramírez) are current partners of MAGIC Real Estate, and four members (Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Luis Lázaro and Mr. Miguel Oñate) are MAGIC Contracts Key Employees pursuant to several agreements entered into between MAGIC Real Estate and third parties, as further explained in section 2 and 4 of Part VII (*Information on the Company*) and will continue as MAGIC Contracts Key Employees until the maturity of such contracts.

On an overall basis, taking into account the track record achieved during their tenure at Bankers Trust, Deutsche Bank Real Estate, RREEF and MAGIC Real Estate, the Management Team has participated in transactions in Spain, Portugal and Morocco with an aggregate volume of approximately €5,000 million, invested equity in an amount of approximately €2,100 million in 29 different transactions, executed liquidity events for investors in excess of €1,400 million and raised approximately €2,300 million of debt in the market with no default up to the date of this Prospectus.

For illustrative purposes, outlined below are certain of the projects in the Core and Core plus spectrum in which the Management Team has been involved. Prospective investors should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this Prospectus relates. Past performance of members of the Management Team is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company. See "*Important Note Regarding Performance Data*" in Part VI (*Important Information*) of this Prospectus.

On behalf of DB German Open Ended Funds and DB Special Funds

<u>Tripark Business Park, Madrid</u>

Tripark is a business park located in Madrid. The Management Team acquired a building on behalf of DB Special Funds, with a long lease with the international supermarket retailer DIA, and a step rent and rent guarantee delivering an initial gross yield of approximately 7%. The passing rent increased by approximately 9% in two years.

<u>BBVA Regional Headquarters, Valladolid, Valencia and Seville</u>

The Management Team acquired on behalf of DB Special Funds the BBVA headquarters for the Valladolid, Valencia and Andalucia regions. The acquisition was financed at highly competitive rates with a Spanish leading bank at an approximate ratio of 50% LTV. As part of the original plan, DB Special Funds regarded the Valladolid building as non-core and the Management Team was able to sell the asset after 13 months with a higher than expected internal rate of return.

<u>Cristalia Business Park, Madrid</u>

The Management Team acquired in 2007 two buildings on behalf of DB German Open Ended Funds. Active lease-up strategies were implemented to maintain the initial 90% occupancy. 1,500 sqm of vacant space were leased up and the renewal ratio on expiring contracts was approximately 85%, despite the difficult market environment.

<u>Paseo de la Castellana 42, Madrid</u>

This refers to the former corporate building of Deutsche Bank vacated during the years 2008 and 2009. The Management Team designed and implemented a refurbishment and lease-up strategy. During 2009, the first phase of the refurbishment plan was executed, consisting of full interiors and common areas refurbishment. The asset management boosted commercialisation, the building was transformed into multi-tenant, and the property reached full occupancy with rents above market levels. As a result, the valuation of the building increased by approximately 14% (from the end of 2006 to the end of 2012) despite the difficult market environment.

<u>La Salera Shopping Centre, Castellón</u>

This shopping centre was acquired by the Management Team in 2007 on behalf of DB German Open Ended Funds. After the departure of certain significant tenants, a tenant mix reconversion was implemented which entailed an approximately

€2 million investment. The refurbishment programme included a new brand image and light public areas renovations. After renovations, approximately 6,000 sqm were leased to Primark, Zippy and Trucco and an approximate 86% occupancy rate was achieved in 2012 despite the general downturn in the shopping centres segment.

Gran Vía Shopping Centre, Alicante

This shopping centre in Alicante had a low occupancy rate (approximately 53%) due to increasing competition in the area. The Management Team implemented a full refurbishment programme (approximately €11 million) in order to reposition the asset into a city mall with a strong low-mid fashion mix. The refurbishment included the removal of cinemas and part of the leisure component, the subsequent lease-up with new anchor tenants such as Primark and H&M and a commitment of Inditex Group to upgrade its stores. As a result, there has been a remarkable occupancy recovery which reached an approximate 85% rate in 2012.

TNT Logistics Warehouse, Madrid

This logistics warehouse was acquired by the Management Team on behalf of DB German Open Ended Funds, leased to TNT. Although TNT was willing to leave the property upon expiry of the contract term in 2011, an agreement was reached in 2012 to renew the contract for an additional period of five years at the same passing rent.

Logista Logistics Warehouse, Madrid

This logistics warehouse was acquired by the Management Team on behalf of DB German Open Ended Funds, leased to Logista, a leading domestic logistics company. In 2012, Logista renewed the lease contract for five years with a rent reduction of approximately 15%.

Novotel Portfolio, Madrid, Barcelona and Seville

The Management Team managed this portfolio of hotels leased to Accor. Despite the continuous efforts of the tenant to reduce the rents or vacate the Madrid, Barcelona and Seville hotels, the same rental level was maintained. Additionally, refurbishment programmes were implemented in the different hotels.

Forum Madeira Shopping Centre, Funchal

This 20,300 sqm shopping centre located in Funchal was acquired on behalf of DB German Open Ended Funds. The complex is made up of 88 retail units and 783 parking spaces.

Following the new competition arriving in the market, a full repositioning strategy was implemented. Currently, more than 1,300 sqm are leased up, including cold areas, which had been vacant at the acquisition date.

As part of the commercial real estate portfolio of Silcoge, S.A.:

Liberty Headquarters Building, Lisbon

The Liberty headquarters have an excellent location but with an outdated hall, common areas and street level configuration.

The first phase of the repositioning plan was accomplished with (i) a negotiated eviction of four outdated small retail units at street level, (ii) a five-year extension of the lease contract with Liberty (previously ending in 2012) without rent reduction and increase in condominium expenses recovery, (iii) the relocation of the Liberty customers' service office and (iv) the creation of two large (480 sqm and 350 sqm) retail spaces with direct access at street level, increasing GLA through the elimination of internal circulation corridors.

A long-term step-up rent lease was signed with Burger King for the 480 sqm of commercial space and negotiations are currently ongoing for the other rental unit.

The second refurbishment phase (€0.6 million) for upgrading common areas, hall and access is currently underway.

Total income of the building has increased by approximately 19% in the last two years and full occupancy is expected once the second refurbishment phase is implemented.

Classique Building, Lisbon

After December 2010, this building was left fully vacant as a result of the termination of the lease with Banco Privado Português (BPP), a Portuguese bank, which had been the subject of an intervention by the Portuguese government.

The small average size of the leasable units (half floors), the attractiveness of its location and the classic façade has helped a rapid recovery of the building, occupied at approximately 90% one year later (December 2011), fully occupied since June 2013 and which has become the headquarters of certain law firms and M&A boutiques.

Palmela Building, Lisbon

The building was fully refurbished in 2008 to house the headquarters of Barclays. Barclays left the building in May 2013. Despite the difficult market conditions and the relatively big size of the average leasable units, four out of seven floors have since been occupied with strong tenants such as Bank of China and United Airlines and the slight recovery in the Portuguese economy and relatively more stable market conditions make for a positive outlook for the lease of the remaining vacant floors.

BES Investment Bank Headquarters, Lisbon

The building was built for BES Investimento's headquarters with a 10-year lease plus a five-year extension. The current lease, which was due to mature in October 2015, was recently extended to 2020 in exchange for a relatively marginal decrease in rents (approximately 6%) due to the current economic environment in Lisbon.

The above track record represents the whole experience of the Management Team in the Core and Core Plus segments in which the Company will focus its activity. Based on this track record, the Company is of the opinion that, subject to favourable macroeconomic, real estate, financing and other conditions prevailing in the future, the Target Return of the Company is attainable.

1.3 Overheads of the Company

The Annual Total Overheads of the Company will be set at the higher of (a) 6.0%. of the Company's consolidated GRI and (b) 0.6% of the Company's consolidated EPRA NAV plus any cash balance available at the Company's consolidated level, and will be calculated using the year-end metrics of the Company with reference to its consolidated financial statements for the relevant year.

The calculation of the Annual Total Overheads will include personnel expenses of the Management Team as well as the Annual Running Costs. For further information please see section 7 of Part VII (*Information on the Company*).

Excluded items from the calculation of the Annual Total Overheads are, among other things, financing expenses and fees associated with the financing of any of the individual assets or the Company, taxes and facility management (cleaning, security, maintenance, etc) associated to any of the individual assets, severance payments and/or any dismissal costs of employees and extraordinary expenses. Transaction costs associated with acquisitions successfully completed (such as due diligence expenses) will be excluded from Annual Total Overheads and will be accounted for as an addition to the purchase price of the asset. Transaction costs associated with divestments successfully completed will be excluded from Annual Total Overheads and will be accounted for as a deduction from the selling price of the asset.

In the case of assets acquired by the Company in partnerships with third-party investors, either in majority or minority stakes, as long as the effective management of the acquired assets is carried out by the Company due to a management contract with the third-party investors, the fees obtained by the Company from the third-party investors deriving from the management of the acquired assets (the "***Fees obtained from Third Parties***"), will be added to the Annual Total Overheads of the Company and therefore will increase the higher of (a) 6.0% of the Company's consolidated GRI or (b) 0.6% of the Company's consolidated EPRA NAV plus any cash balance available at the Company's consolidated level by the same amount as the Fees obtained from Third Parties.

1.4 Remuneration of the Management Team

The remuneration system of the Company includes the following elements:

(i) Annual remuneration, comprising:

- annual fixed remuneration; and
- bonus incentive plans.

(ii) Management Stock Plan.

As of the date of this Prospectus, the Management Team has received no amounts under the remuneration system of the Company.

Following Admission, the Company will submit the Management Team's remuneration package, for review, and as the case may be, approval, by the Remuneration and Nomination Committee (which according ot the Company's internal regulation shall be formed by external or non-executive with a majority being independent Directors).

(i) *Annual Remuneration*

The annual remuneration of the Management Team as described below was approved by the Board of Directors on 5 June 2014.

Expected cost of the annual remuneration

Annual compensation of the employees (including the Management Team) will be included as part of the Annual Total Overheads. The aggregate annual remuneration of the Management Team will not exceed an amount equal to Annual Total Overheads less the Annual Running Costs.

The annual fixed remuneration will initially represent approximately 40% of personnel expenses of the members of the Management Team, and bonus incentive plans will represent approximately 60% of such expenses, subject to compliance with Annual Total Overheads. Annual Total Overheads of the Company will be set at the higher of (a) 6.0%. of the Company's consolidated GRI or (b) 0.6% of the Company's consolidated EPRA NAV plus any cash balance available at the Company's consolidated level, and will be calculated using the year-end metrics of the Company with reference to its consolidated financial statements for the relevant year. Bonus incentive plans will act as a buffer to achieve the referred limit.

For clarification purposes, under this scheme, if the Company bears lower Annual Running Costs on a given year, the bonus incentive plans will increase and, on the contrary, if the Company bears higher Annual Running Costs on a given year, the bonus incentive plans will decrease. The approval for surpassing the Annual Total Overheads corresponds to the Board of Directors of the Company, as a reserved matter.

Annual fixed remuneration

Fixed remuneration constitutes the basic component of the remuneration system of the Company and shall be paid monthly. This item is linked to the essential features of the positions held by each employee, such as (i) its relevance in the Company, (ii) its impact on the entity's performance, and (iii) the scope of responsibility assumed.

The annual fixed remuneration will include the cash component and any remuneration in kind that could be granted to the employees such as the use of a vehicle, medical insurances and life insurances.

Bonus incentive plan

The variable remuneration policy of the Company will be based on the assessment of individual performance goals.

The variable remuneration will entail two components:

– annual bonus, to which all employees of the Company are, in principle, entitled to (the "***Annual Bonus***") (initially, 50% of the bonus incentive plan); and

– annual restricted bonus, to which only members of the Management Team are entitled to (the "***Annual Restricted Bonus***") (initially, 50% of the bonus incentive plan).

The Bonus Incentive Plan will be determined annually by the Chairman at his own discretion, attending to the achievement of quantitative and qualitative objectives.

As member of the Management Team, the Bonus Incentive Plan of the Chairman will be determined by the Remuneration and Nomination Committee.

▪ Annual Bonus

The Annual Bonus will be paid in cash within 10 Business Days from the preparation of the annual accounts.

▪ Annual Restricted Bonus

The Management Team will be entitled to receive 50% of the bonus incentive plan in the form of cash applying a cliff vesting period under the following calendar, and subject to continuing services:

- 25% of the Annual Restricted Bonus will vest after 10 Madrid Business Days from the date of preparation of the annual statements corresponding to each year of measurement of the annual restricted bonus objectives ("***First Vesting Date***"·).

- 25% of the Annual Restricted Bonus will vest on three different dates ("***Vesting Dates***") on the date falling on the first, second, and third anniversary of the First Vesting Date.

The rules of the Annual Restricted Bonus will be broadly similar to those of the Annual Bonus and will be incorporated in the employment or mercantile agreements of each members of the Management Team.

This remuneration will be paid in cash in arrears on the fifth anniversary from the First Vesting Date ("***Payment Date"***).

Members of the Management Team shall not be entitled to any payment of Annual Restricted Bonus until the Payment Date, so they will not be able to require any right in this concept or request for any compensation in relation to this variable remuneration until said date.

Notwithstanding the previously mentioned, in case of termination of the employment or commercial relationship between a member of the Management Team and the Company during the vesting period, the following rules will be applicable:

(a) If the employment or mercantile relationship is terminated or ends as a result of retirement, death, or permanent total disability, it will be considered as an accelerated vesting and payment event, so the total Annual Restricted Bonus should be vested and payable.

(b) In case of termination of the employment or mercantile relationship due to (i) justified dismissal on disciplinary grounds, (ii) the removal from the position of executive Director due to the breach of his duties, performance of any action or omission that causes harm to the Company, or the existence of the filing by the Company of a corporate liability claim against the director, or (iii) if a member of the Management Team voluntarily leaves the Company and afterwards a claim is filed against him for unfair competition or unlawful attracting customers, there shall be no entitlement to receive any amount in concept of Annual Restricted Bonus.

(c) Under circumstances other than as set out in a) and b) above, the vested Annual Restricted Bonus will be payable at the Payment Date.

In the event of a change of control of the Company, the Annual Restricted Bonus will fully vest and will be paid within 10 Madrid business days after the date of the event.

(ii) Management Stock Plan

In addition, the Company has agreed, by virtue of a resolution adopted by the sole Shareholder on 4 June 2014, which resolution has been further developed by the Board of Directors on the same date, to grant an additional annual variable remuneration incentive to the Management Team as designated by the Remuneration and Nomination Committee, linked to the Ordinary Shares (the "***Management Stock Plan***"), which has been designated to incentivise and reward the Management Team for generating returns to the Shareholders.

The Shareholder Return for a given year is equivalent to the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of Ordinary Shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year. The "***Shareholder Return Rate***" is the Shareholder Return for a given year divided by the EPRA NAV of the Company as of 31 December of the immediately preceding year. The initial EPRA NAV shall be deemed to be the Net Proceeds of the Issue (the "***Initial EPRA NAV***")

The Management Stock Plan is due in respect of a given year only if the following two key hurdles are met:

a. The Shareholder Return Rate for such year exceeds 8% (the amount in euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a 8% Shareholder Return Rate, being the "***Shareholder Return Outperformance***").

b. The sum of (A) the EPRA NAV of the Company on 31 December of such year and (B) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Management Stock Plan was payable exceeds the Relevant High Watermark (the amount by which such sum exceeds the Relevant High Watermark being the "***High Watermark Outperformance***").

The "***Relevant High Watermark***" at any time is the higher of (i) the Initial EPRA NAV, and (ii) the EPRA NAV on 31 December (adjusted to exclude the net proceeds of any issuance of Ordinary Shares during that year) of the most recent year in respect of which a Management Stock Plan was payable.

If the above hurdles are met, the Management Stock Plan in respect of such year will be a "promote" equal to the lesser of:

- (x) 10% of the Shareholder Return Outperformance if the Shareholder Return Rate for such year exceeds 8% (the amount in euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a 8% Shareholder Return Rate), and 15% of the Shareholder Return Outperformance, if the Shareholder Return Rate for such year exceeds 12% (the amount in euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a 12% Shareholder Return Rate). A "Catch-Up" mechanism for both tranches (8% hurdle and 12% hurdle) will be implemented for the Management Stock Plan or
- (y) 20% of the High Watermark Outperformance.

Set out below are different hypothetical examples[2] of how the key hurdles are applied and how the Management Stock Plan would be calculated in five successive periods (from Year 1 to Year 5).

(1)	EPRA NAV BoP	BoP= Beginning of the Period. Starting EPRA NAV is assumed to be 100 for the purpose of clarity.
(2)	EPRA NAV EoP	EoP= End of the Period. Final EPRA NAV.
(3)	EPRA NAV Growth	Assumption of NAV growth for the year. EPRA NAV EoP = EPRA NAV BoP (1) + EPRA NAV Growth (3)
(4)	Dividends Paid in the year	Assumption of dividends paid on every year.
(5)	Total Shareholder Return	Is the total value created for the Shareholder, equivalent to the growth in NAV plus the dividends paid in the year. Total Shareholder Return = EPRA NAV Growth(3) + Dividends Paid(4)
(6)	Shareholder Return Rate (%)	Shareholder Return Rate = Total Shareholder Return (5) / EPRA NAV BoP(1)
(7)	Hurdle Return on EPRA NAV (8%)	The amount that would have produced a 8% Shareholder Return Rate Hurdle Return on EPRA NAV (8%) = EPRA NAV BoP(1) x 8%
(8)	Shareholder Return Outperformance vs. 8%	The amount of Shareholder Return in excess of the 8% hurdle return. Total Shareholder Return(5) - Hurdle Return on EPRA NAV-8%(7)
(9)	Relevant High Watermark	The higher of the Initial EPRA NAV, and the EPRA NAV EoP (2) of the most recent year in respect of which a Management Stock Plan was payable
(10)	EPRA Nav EoP + Dividends Paid since last promote	The sum of EPRA NAV EoP (2) and the total dividends that are paid in such year or in any preceding year since the most recent year in respect of which a Management Stock Plan was payable.
(11)	High Watermark Outperformance	Amount in excess of Relevant High Watermark Relevant EPRA NAV (10) - Relevant High Watermark (9)
(12)	Key Hurdeles Test	Only when the two Key Hurdles are met (High Watermark Outperfonce and Shareholder Return Outperformance) the Stock Management Plan is due on a given year.

	Shareholder Returns Example and Key Hurdle Test	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
(1)	EPRA NAV BoP	100,0	104,5	98,8	107,2	110,4
(2)	EPRA NAV EoP	104,5	98,8	107,2	110,4	114,9
(3)	EPRA NAV Growth	4,5	(5,7)	8,4	3,2	4,5
(4)	Dividends Paid in the year	4,0	3,8	4,0	4,3	4,4
(5)	**Total Shareholder Return**	**8,5**	**(1,9)**	**12,4**	**7,5**	**8,9**
(6)	*Shareholder Return Rate (%)*	*8,5%*	*(1,8%)*	*12,5%*	*7,0%*	*8,1%*
(7)	Hurdle Return on EPRA NAV (8%)	8,0	8,4	7,9	8,6	8,8
(8)	**Shareholder Return Outperformance vs. 8%**	**0,5**	**0,0**	**4,4**	**0,0**	**0,1**
(9)	Relevant High Watermark	100,0	104,5	104,5	107,2	107,2
(10)	EPRA Nav EoP + Dividends Paid since last promote	108,5	102,6	115,0	114,7	123,6
(11)	**High Watermark Outperformance**	**8,5**	**0,0**	**10,5**	**7,5**	**16,4**
(12)	**Key Hurdles Test**					
	Shareholder Return above 8%	Yes	No	Yes	No	Yes
	High Waternark Outperformance	Yes	No	Yes	Yes	Yes
	Key Hurdles met	***Yes***	***No***	***Yes***	***No***	***Yes***

2 These are examples only and not Shareholder Return forecasts. There can be no assurance that the Shareholder Returns 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, prospective investors should carefully consider the risk factors described in Part I (Risk Factors) of the Prospectus.

Based on the previous hypothetical example for several years, the calculation of the Management Stock Plan is explained in the following table.

Management Stock Plan Calculation		Year 1		Year 2		Year 3		Year 4		Year 5	
	Key Hurdles Test met	Yes		No		Yes		No		Yes	
	Promote Calculation	Inv.	Man.	Inv.	Man.	Inv.	Man.	Inv.	Man.	Inv.	Man.
(1)	Until 8% Shareholder Return Rate	8,0	0	0,0	0	7,9	0	7,5	0	8,8	0
	From 8% and up to 12% Shareholder Return rate										
	"Catch up" to Management until 90/10% split		*0,5*		*0,0*		*0,9*		*0,0*		*0,1*
	90/10% Split of Shareholder Return from "catch up" to 12%	*0,0*	*0,0*	*0,0*	*0,0*	*2,8*	*0,3*	*0,0*	*0,0*	*0,0*	*0,0*
(2)	Total distributions from 8% to 12% Shareholder Return	0,0	0,5	0,0	0,0	2,8	1,2	0,0	0,0	0,0	0,1
	Accumulated distributions up to 12% Shareholder Return	8,0	0,5	0,0	0,0	10,7	1,2	7,5	0,0	8,8	0,1
	From 12% Shareholder Return Rate onwards						0,5				
	"Catch up" to Management until 85/15% split		0,0		0,0		0,5		0,0		0,0
	85/15% Split of Shareholder Return from "catch up" onwards	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
(3)	Total distributions from 12% Shareholder Return onwards	0,0	0,0	0,0	0,0	0,0	0,5	0,0	0,0	0,0	0,0
(4)	**Accumulated distributions of Shareholder Return**	**8,0**	**0,5**	**0,0**	**0,0**	**10,7**	**1,7**	**7,5**	**0,0**	**8,8**	**0,1**
(5)	**Total Promote on Shareholder Return**		**0,5**		**0,0**		**1,7**		**0,0**		**0,1**
(6)	**20% of High Watermark Outperformance**		**1,7**		**0,0**		**2,1**		**1,5**		**3,3**
(7)	**Management Stock Plan** (Lesser of Promote and 20% High Watermark Outperformance)		**0,5**		**0,0**		**1,7**		**0,0**		**0,1**
	Shareholder Return:										
	Shareholder return (EPRA NAV Growth + Dividends)		8,5		(1,9)		12,4		7,5		8,9
	(- Management Stock Plan)		(0,5)		0,0		(1,7)		0,0		(0,1)
(8)	**Total Net Shareholder Return**		**8,0**		**(1,9)**		**10,7**		**7,5**		**8,8**

"Inv." refers to the Investor

"Mgt." refers to the Management Team

(1)	Until 8% Shareholder Return Rate	The amount of Shareholder Return, up to a 8% Shareholder Return Rate, distributed between the Investor and the Management Team. Until 8%, 100% of the Return is distributed to the Investor.
(2)	Total distributions from 8% to 12% Shareholder Return	Total amount of Shareholder Return distributed between the Investor and the Management Team for a Shareholder Return Rate going from 8% to 12%. After the catch-up, 90% of the Shareholder Return is distributed to the Investor.
(3)	Total distributions from 12% Shareholder Return onwards	Total amount of Shareholder Return distributted between the Investor and the Management Team for a Shareholder Return Rate in excess of 12%. After the catch-up 85% of the Shareholder Return is distributed to the Investor.
(4)	Accumulated distributions of Shareholder Return	The total amount of Shareholder Return distributed between the Investor and the Management team for a given year. For the Investor and the Management Team, it's the Is the addition of (1) + (2) + (3).
(5)	Total Promote on Shareholder Return	Total amount of Shareholder Return that would be assigned (if the Key Hurdles Test was met) to the Management Team based on the Shareholder Return.
(6)	20% of High Watermark Outperformance	The total amount of High Watermark Outperformance, that would be assigned to the Management Team (if the Key Hurdles Test was met). It's equivalent to 20% of High Watermark Outperformance.
(7)	**Management Stock Plan**	The Management Stock Plan amount due for the year, if the Key Hurdle Test is met. It's the lesser of the Promote on Shareholder Return (5) and the High Watermark Outperformance (6).
(8)	Total Net Shareholder Return	Is the Net Shareholder Return that remains for the Shareholder after the Management Stock Plan is deducted. It is equivalent to the Shareholder Return minus the Management Stock Plan.

The detail of the calculation for each of the year following the above example would be:

(a) On Year 1, the Shareholder Return is 8.5 economic units (equivalent to a Shareholder Return Rate of 8.5%) and the excess NAV on the High Watermark is also 8.5. Therefore the Key Hurdles Test is met and the Management Stock Plan would be due on Year 1, according to the following detail:

   (i) Until 8% Shareholder Return Rate (8 economic units in Year 1) all of the Return is distributed to the Investor.
   (ii) From 8% to 12% Shareholder Return Rate (0.5 economic units in Year 1) an amount of 0.5 would be distributed to the Management Team and none to the Investor, given that the excess return above 8% would be below the catch-up. In total for that hurdle, 8 economic units would be distributed to the Investor and 0.5 to the Management Team.
   (iii) No Return would be applicable above the 12% hurdle, since the Shareholder Return Rate is lower than 12%.
   (iv) Therefore, the Promote for the Management Team on the Shareholder Return would be 0.5 economic units.
   (v) The excess on the High Watermark NAV is an amount of 8.5 economic units and the Promote attributable to the Management Team would be 20% of that excess, that is 1.7 economic units.
   (vi) The Mangement Stock Plan for Year 1 would be 0.5 economic units, the lower of the Promote on the Shareholder Return (0.5) and the Promote on the excess over the High Watermark NAV (1.7).

(b) No Management Stock Plan would be due on Year 2 since the Key Hurdles Test is not met.

(c) On Year 3, the Shareholder Return is 12.4 economic units (equivalent to a Shareholder Return Rate of 12.5%) and the excess NAV on the High Watermark is 10.5 economic units. Therefore the Key Hurdles Test is met and the Management Stock Plan would be due on Year 3 according to the following detail:

   (i) Until 8% Shareholder Return Rate (7.9 economic units in value in Year 3) all of the Return is distributed to the Investor.
   (ii) From 8% and up to the 12% Shareholder Return Rate (11.9 economic units in value in Year 3), 2.8 economic units would be distributed to the Investor and 1.2 to the Management Team.
   (iii) From 12% Shareholder Return Rate and onwards, 0.5 economic units would be distributed to the Management Team and none to the Investor, given that the excess return above 12% would be below the catch-up.
   (iv) Therefore the Promote for the Management Team on the Shareholder Return would be 1.7 economic units.
   (v) The excess on the High Watermark NAV is an amount of 10.5 economic units and the Promote attributable to the Management Team would be 20% of that excess, that is 2.1 economic units.
   (vi) Therefore the Mangement Stock Plan for Year 3 would be 1.7 economic units, that is, the lower of the Promote on the Shareholder Return and the Promote on the excess over the High Watermark NAV.

(d) No Management Stock Plan would be due on Year 4 since the Key Hurdles Test is not met in that year.

(e) On Year 5, the Shareholder Return is 8.9 economic units (equivalent to a Shareholder Return Rate of 8.1%) and the excess NAV on the High Watermark is 16.4 economic units. Therefore the Key Hurdles Test is met and the Management Stock Plan would be due. The Management Stock Plan would be an amount of 0.1 economic units, that is the lower of the Promote on the Shareholder Return (0.1 economic units in Year 5) and the Promote on the excess on High Watermark NAV (3.3 economic units).

It should be noted that the Company's ability to pay dividends and the amount thereof will depend on the Company's ability to generate distributable profits.

This variable incentive shall be paid to the members of the Management Team by the delivery of Ordinary Shares of the Company, according to the following general rules:

- Beneficiaries:

Members of the management team annually designated by the Remuneration and Nominations Committee of the Company in order to participate in the Management Stock Plan (the "***Beneficiaries***"). For the first version of the Management Stock Plan, the Beneficiaries are the members of the Management Team of the Company.

- Calculation Date:

For these purposes, the calculation date will be the date falling 10 Madrid business days after the date of preparation of the annual statements of the year in which the key hurdles are measured (the "***Calculation Date***").

- Number of Shares granted:

The amount of the Management Stock Plan shall first be calculated annually by the Company as a cash figure according to the rules established above (the "Incentive"). The number of Ordinary Shares to be delivered at the delivery date will be calculated dividing the Incentive by the average of the market price of the Ordinary Shares relating to the 30 Madrid stock market sessions prior to the Calculation Date (the "Awarded Shares").

The annual Incentive will be allocated among the Beneficiaries:

- o The Remuneration and Nomination Committee will allocate the annual Incentive to be granted to the Chairman.
- o The Chairman of the Company will annually distribute the Incentive among the Beneficiaries with the previous approval of the Remuneration and Nomination Committee,

- Vesting Period:

The Awarded Shares determined according to the above paragraph will be subject to a cliff vesting period from the Calculation Date subject to continuing services, and according to the following calendar:

- 25% of the Awarded Shares will vest on the Calculation Date (First Vesting Date).
- 25% of the Awarded Shares will vest in three different dates (Second, Third and Fourth Vesting Dates) after the first, second, and third anniversary of the First Vesting Date.

- Shares Dividends:

From each vesting date, the members of the Management Team will also be entitled to receive the dividends that, according to the resolutions held by General Shareholder´s Meetings, would derive from vested Shares (the "Shares Dividends"). This amount will also be paid by the delivery of additional Ordinary Shares at the Delivery Date.

In this regard:

- As from the First Vesting Date, Beneficiaries will be entitled to receive a number of Ordinary Shares corresponding to the dividends generated by 25% of the Awarded Shares.
- As from the Second Vesting Date, Beneficiaries will be entitled to receive a number of Ordinary Shares corresponding to the dividends generated by 50% of the Awarded Shares.
- As from the Third Vesting Date, Beneficiaries will be entitled to receive a number of Ordinary Shares corresponding to the dividends generated by 75% of the Awarded Shares.
- As from the Fourth Vesting Date, Beneficiaries will be entitled to receive a number of Ordinary Shares corresponding to the dividends generated by 100% of the Awarded Shares.
- The number of Shares Dividends to be delivered to the Beneficiaries will be calculated dividing the accumulated amount of dividends to be considered, by the average price of the Ordinary Shares relating to the thirty (30) Madrid stock market sessions prior to the date of distribution of dividends approved by the General Shareholder´s Meeting.

- Delivery Date:

"***Delivery Date***" means the date of delivery of the Awarded Shares and Shares Dividends, which will be established on the fifth anniversary of the Calculation Date.

- Final number of Ordinary Shares to be delivered

The Company will charge the Beneficiaries or their successors, as appropriate, for any withholdings or prepayments relating to personal income tax chargeable in accordance with tax legislation in force at any given time.

The final number of Ordinary Shares to be delivered to each Beneficiary will result from applying the following formula:

$$\boxed{FNS = NS \times (1-TW)}$$

Where:

- *FNS = Number of Shares to be finally delivered to each Beneficiary, at Delivery Date, rounded down.*
- *NS = Number of Shares to be received by the Beneficiary.*
- *TW = Estimate of the rate of withholding on account of personal income tax or tax of a similar nature applicable on the market value of the total Shares on the Delivery Date, bearing in mind the other salary compensation received by each Beneficiary. Any differences arising as a consequence of the estimation of that withholding rate and the withholding rate finally applied will be adjusted in the pay slip of the month following that in which the Shares are delivered.*

The cash amount resulting from the round-off applied to determine the number of Ordinary Shares to be delivered to each Beneficiary will be paid by the Company, in each Beneficiary's pay slip of the month following that in which the Ordinary Shares have been delivered, or by the procedure established by the Company, as the case may be.

- Conditions of delivery of Awarded Shares and Shares Dividends:

The delivery of any Awarded Shares and Shares Dividends will be conditioned to the maintenance at the Delivery Date of the employment or mercantile relationship between each member of the Management Team and the Company, in accordance with the good leavers / bad leavers regulation set out below.

- Lock-up period:

The Awarded Shares and Shares Dividends delivered to the Beneficiaries shall be subject to a lock-up period of one year, during which time there shall be no disposal of the Awarded Shares and Share Dividends by the Beneficiaries who therefore will not be entitled to sale or otherwise transfer or dispose by them until one year period has elapsed from the Delivery Date.

Such lock-up will not apply if any of following circumstances takes place during the lock-up period:

- if the employment or mercantile relationship is terminated or ends as a result of the retirement, redundancy, death, death, or permanent total disability,; or
- under a change of control event.

- Leavers:

In case of early termination of the employment or mercantile relationship between the Company and each member of the Management Team, the following rules will be applicable in relation to the Awarded Shares and Share Dividends to be delivered and, if applicable, the lock-up provisions:

- If the employment or mercantile relationship is terminated or ends as a result of retirement, death, or permanent total disability, it will be considered as an accelerated vesting and payment event, so the Awarded Shares and Share Dividends will be fully delivered and transferred, and lock-up provisions will not be applicable.
- In case of termination of the employment or mercantile relationship due to (i) justified dismissal on disciplinary grounds, or (ii) the removal from the position of executive Director due to the breach of duties, performance of any action or omission that causes harm to the Company, or the existence of the filing by the Company of a corporate liability claim against the director, or (iii) if a member of the Management Team leaves voluntarily the Company and afterwards a claim is filed against him due to unfair competition or unlawful attracting customers, there shall be no entitlement to receive any Ordinary Share or equivalent cash amount in concept of Management Stock Plan.
- Under any other circumstances different than the ones included in provisions above, the vested Incentive would be delivered in Awarded Shares and Shares Dividends at the Delivery Date being subject to lock-up provisions.

- Change of control event:

In case of a change of control event, the Awarded Shares and Shares Dividends will be fully vested and delivered at the date in which the change of control occurs, and lock-up provisions will not be applicable.

For this purpose, it should be understood as a change of control event, when any of the following situations occurs:

i) a new Shareholder directly or indirectly acquires a percentage of the stock capital of the Company higher than 30% of the stock capital of the Company; or

ii) a new Shareholder is able to appoint the majority of the members of the Board of Directors.

If the change of control in the Company is materialized through a successful tender offer, the Management Stock Plan of the year in which the tender offer takes place shall be calculated on the date on which such event occurred.

Under this scenario, the achievement of the key hurdles and calculation of the Incentive will be made taking into consideration the following:

- Shareholder Return corresponding to the year of the tender offer would be considered as the sum of (a) the difference between the price of the equity value of the Company taking into consideration the tender offer price (multiplying the tender offer price per Ordinary Share by the total number of Ordinary Shares) and the EPRA NAV of the Company as of 31 December of the immediately preceding year less the net proceeds of any issues of Ordinary Shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year.
- High Watermark Outperformance would be the amount by which the sum of (A) the equity value of the Company taking into consideration the tender offer price (multiplying the tender offer price per Ordinary Share by the total number of Ordinary Shares) and (B) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Management Stock Plan was payable, exceeds the Relevant High Watermark.

The number of Awarded Shares to be delivered will be calculated dividing the Incentive by the average stock price of 30 Madrid stock market sessions prior to the date in which the tender offer takes place.

The final number of Shares shall be delivered within 10 Madrid business days following the date in which the tender offer takes place.

▪ Administration of the Plan:

The Board of Directors and the Remuneration and Nomination Committee will be responsible for administering the Management Stock Plan. All material decisions in relation to the Management Stock Plan in relation to executive Directors will be made by the Board of Directors or the Remuneration and Nomination Committee.

▪ Approval of the Plan:

The Management Stock Plan will be subject to prior approval by the General Shareholders' Meeting, which will also determine the market value to be taken into account when determining the total number of Ordinary Shares subject to the Plan, and delegating to the Board of Directors the power to determine the general conditions and the specific documents required for governing the Plan.

The Board of Directors intends to ratify the Plan at its first meeting to be held following Admission.

▪ Shares of the Plan:

The Incentive may be granted over Ordinary Shares which are newly issued, held in treasury or purchased in the market.

Severance Indemnity Provisions

The Management Team (including the existing executive Directors) has entered into employment contracts with the Company which will come into effect upon Admission. The following is a description of the severance indemnity provisions that are included in these contracts:

- In the case of termination of the employment or mercantile relationship due to (i) voluntary resignation, (ii) death, retirement or permanent total disability; (iii) justified dismissal on disciplinary grounds in case of employment relationships, or (iv) in the case of executive Directors, the removal from the position of Director due to a breach of its duties, performance of any action or omission that causes any harm to the Company, or the existence of a corporate liability claim against the executive Director filed by the Company, the executive Director shall not be entitled to any kind of payment in concept of leaving compensation.
- If the termination of the employment or mercantile relationship (in the case of the executive Directors) is motivated by any different reason, including at the will of the Company even without just cause, unfair dismissal or a change in control event (in the terms described in the applicable employment legislation), the Company will recognise to the members of the Management Team in the referred employment or mercantile contracts, the right to receive an indemnity that will include any legal indemnity that could be applicable.

  The maximum amount of such indemnity will be equivalent to a multiple of the total gross remuneration (including all concepts, such as base salary and bonus paid, any Awarded Shares related to the Management Stock Plan awarded to the member of the Management Team and any restricted bonus to which such member was entitled) in the 12-month period prior to termination. If the termination takes place during the first year following Admission, the relevant member will be entitled to five times such total gross remuneration. In the event such termination takes place after the first year following Admission, such indemnity would be reduced by 20% in each year during the subsequent four years. The minimum indemnity to be received by the members of the Management Team will be the indemnity established by the labour legislation for severance payments under unfair dismissals or, in the case of executive Directors, the equivalent amount of severance payment calculated as if the executive Director had been under a labour contract with the Company. For clarification purposes, a table is shown below with the indemnity applicable as long as the referred minimum is surpassed, otherwise the indemnity established by the labour legislation for severance payments under unfair dismissals or, in the case of executive Directors, the equivalent amount of severance payment calculated as if the executive Director had been under a labour contract with the Company, will apply.

Year	1	2	3	4 and onwards
Indemnity Multiple over gross remuneration	5	4	3	2

2. POTENTIAL MANAGEMENT TEAM CONFLICTS OF INTEREST

Four employees of the Company, Mr. Ismael Clemente (Executive Chairman & CEO), Mr. Miguel Ollero (CFO/COO), Mr. Luis Lázaro (Asset Management) and Mr. Miguel Oñate (Asset Management) will continue as key employees to several contracts currently in place, signed between MAGIC Real Estate and various third parties and will be considered MAGIC Contracts Key Employees.

The MAGIC Contracts Key Employees will devote part of their time to the supervision and management of certain assets ultimately managed by MAGIC Real Estate by virtue of the Legacy Mandates (the agreements on Delegated Management and on Separate Accounts Management). For further information please see section 4 of Part VII (*Information on the Company*).

Selected members of the Management Team (Mr. Francisco Rivas, Mr. Enrique Gracia and Mr. Enrique Fonseca) will also devote part of their time to the acquisition of assets related to projects currently being analysed by MAGIC Real Estate as a consequence of existing mandates signed with third parties. If the assets are finally acquired, MAGIC Real Estate will continue performing the services agreed with these third parties, including the supervision and management of the eventually acquired assets.

Exclusivity

Save for the obligations in respect of the Pipeline Mandate and the Legacy Mandates explained in section 4 of Part VII (*Information on the Company*), the Management Team will act exclusively for the Company in respect of any type of deal sourcing until all net proceeds raised by the Company are fully invested in suitable opportunities. This exclusivity covers the raising of proceeds in the Issue as well as any other capital raisings that the Company may execute in the future in the public market. However, an exception to the foregoing is that the Management Team will not act exclusively for the Company in respect of the acquisition of residential assets and/or non-performing loans to the extent that these activities arise from existing or future engagements with The Blackstone Group and/or Deutsche Bank AG as a result of the long standing commercial relationship between the members of the Management Team and these two entities. The Company believes that these engagements would not have a material impact on the Company or the Business Strategy given that the Business Strategy does not include the acquisition of residential real estate assets and any acquisitions of non-performing loans by the Company will, in any event, be limited to 20% of the assets or 20% of the revenues of the Company in each taxable year pursuant to the obligations under the SOCIMI Regime (see Part XV (*Spanish SOCIMI Regime*) of this Prospectus).

Non-Compete

In addition, each member of the Management Team will not, and will procure a Controlled Person does not, whether directly or indirectly (i) acquire or invest (on its own behalf or on behalf of a third party) in a property asset which is within the parameters of the Business Strategy of the Company (except for the following asset acquisitions which are expressly permitted (a) non-income producing property assets with a market value lower than €5 million (this limit to be applied on a cumulative basis); (b) residential assets for own use; (c) property assets where the Company has had the opportunity to invest but has declined to do so and has consented that the relevant member of the Management Team may pursue the opportunity), or (ii) act as an adviser to any investor in competition with the Company for the acquisition of property with the same exceptions set out in connection with (i) above.

Conflicts of interest

The members of the Management Team are required to disclore to the Board of Directors in writing any potential conflicts of interest. The Board of Directors will decide upon the existence of a conflict of interest by simple majority vote of the Directors. Executive Directors will abstain from voting when the Board of Directors decides upon the existence of a conflict of interest but will count toward the quorum for such a vote and will not frustrate such vote by failing to attend the relevant meeting.

MAGIC Real Estate will not establish or invest in a SOCIMI and/or real estate company which is involved in a business with the same, analogous or complementary object to the corporate object of the Company.

In addition, in order to further reduce the risk of potential conflicts of interest, the shareholders of MAGIC Real Estate have entered into a letter of intent with the Company dated 5 June 2014, pursuant to which they have agreed, during the 12-month period following Admission, to negotiate in good faith the sale of 100% of the shares in MAGIC Real Estate to the Company if the Company deems it appropriate. This potential acquisition by the Company would need to be approved by the General Shareholders' Meeting. If approved, the Company shall entrust its supervision and implementation to an *ad-hoc* committee formed in its entirety by independent Directors.

3. OTHER DIRECTORSHIPS AND PARTNERSHIPS

Save as set out below, members of the Management Team have not held any directorships of any company in the same sector of activity of the Company, or been a partner in a partnership in any such sector, at any time during the 5 years prior to the date of this Prospectus.

Management Team member	Current Directorship
Mr. Ismael Clemente	Ardim, S.A. Ardim Casa Port I, S.àr.l. Ardim Parc Logistique, S.àr.l. Bincomerc, S.A. Bosque Portfolio Management, S.L. Caesar Park Hotel Portugal, S.A. DB Real Estate Iberian Value Added I, S.A., SICAR Diars Tamouda, S.àr.l. Felting, S.G.P.S. LV Bureau, S.A. MAGIC Kingdom, S.L. MAGIC Real Estate, S.L. MERLIN Properties, S.A. Proargos Tánger, S.A. (under insolvency proceedings) Prodec Immobilier, Sci QPL Empreendimentos, S.A. QPL Lux, S.àr.l. RREEF Iberian Value Added II, S.A., SICAR RREEF Moroccan Explorer I, S.A., SICAR Silcoge, S.A. Tree Inversiones Inmobiliarias, S.A Tree Investments, S.A.
Mr. Miguel Ollero	Ardim, S.A. Ardim Casa Port I, S.àr.l. Ardim Parc Logistique, S.àr.l. Bincomerc, S.A. Caesar Park Hotel Portugal, S.A. DB Real Estate Iberian Value Added I, S.A., SICAR Diars Tamouda, S.àr.l. Felting, S.G.P.S. Fidere Residencial, S.L.U. LV Bureau, S.A. MAGIC Kingdom, S.L.

	MAGIC Real Estate, S.L. MERLIN Properties, S.A. Proargos Tánger, S.A. (under insolvency proceedings) Prodec Immobilier, Sci QPL Empreendimentos, S.A. RREEF Iberian Value Added II, S.A., SICAR RREEF Moroccan Explorer I, S.A., SICAR Silcoge, S.A. Tree Investments, S.A.
Mr. Enrique Gracia	Corporate Inmofin, S.A. Silcoge, S.A.
Mr. Miguel Oñate	Fidere Residencial S.L.U. Marina Isla Cristina S.A. Martell Investments, SL (on behalf of MAGIC Real Estate, S.L.)

Within the period of five years preceding the date of this Prospectus, none of the members of the Management Team:

- had any convictions in relation to fraudulent offences;
- has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a director or senior manager (save for the cases mentioned in the table above); or
- has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

There are no family relationships between any of the members of the Management Team.

PART IX: DIRECTORS AND CORPORATE GOVERNANCE

1. DIRECTORS

The business of the Company is managed by the Directors, each of whose business address is Paseo de la Castellana 42, 28010 Madrid, Spain.

The By-laws and the Regulations of the Board of Directors provide for a Board of Directors consisting of three to 15 members. As at the date of this Prospectus there are seven Directors who are as follows:

Name	Position	Date appointed	Date of expiration
Mr. Ismael Clemente	Executive Chairman	27/05/2014	27/05/2016
Mr.Miguel Ollero	Executive Director	27/05/2014	27/05/2016
Ms. Ana García Fau	Non-executive independent Director	06/06/2014	06/06/2016
Mr.Alfredo Fernández	Non-executive independent Director	06/06/2014	06/06/2016
Mr.Fernando Ortiz	Non-executive independent Director	06/06/2014	06/06/2016
Ms. Maria Luisa Jordá	Non-executive independent Director	10/06/2014	10/06/2016
Mr.Donald Johnston	Non-executive independent Director	11/06/2014	11/06/2016

As of the date of this Prospectus, all Directors have been appointed and have accepted their appointment. However, the appointments of Ms. Ana García Fau, Mr. Alfredo Fernández, Mr. Fernando Órtiz, Ms. María Luisa Jordá and Mr. Donald Johnston are pending registration with the Commercial Registry of Madrid.

It is envisaged that before Admission, two additional non-executive proprietary Directors will be appointed by the Shareholders of the Company at the request of certain Cornerstone Investors. The appointment and acceptance of the non-executive proprietary Directors will be communicated through the publication of a significant information announcement (*Hecho Relevante*).

Following Admission, it is the Company's intention to have a Board of Directors comprising between 12 and 15 members, out of which two members will be executive Directors, eight to nine members will be independent Directors and two to four members will be non-executive proprietary Directors.

As at the date of this Prospectus, the category assigned to each Director has not been confirmed by the Company's Remuneration and Nomination Committee, as this committee was not in place yet on the date of each of the appointments. However, once this committee is formed, as soon as practicable following Admission, it will confirm the assigned categories in accordance with the Regulations of the Board of Directors.

The Secretary of the Board of Directors is Mr. Miguel Ollero. However, Mr Miguel Ollero will be substituted before Admission by a new non-executive Company Secretary whose appointment will be communicated through the publication of a significant information announcement (*Hecho Relevante*).

Under the By-laws, Directors are appointed for a term of two years, which may be renewed by Shareholders. However, Directors holding office for a consecutive period of more than six years cannot qualify as independent Directors.

There are no family relationships between any of the Directors.

Brief biographical details of the Directors, are as follows:

Mr. Ismael Clemente

Mr. Ismael Clemente is the Chief Executive Officer of the Company. Mr. Ismael Clemente is one of the founding partners of MAGIC Real Estate as well as the Chief Executive Officer of Tree. He is a former Managing Director of RREEF and has over 18 years of experience at Bankers Trust and Deutsche Bank Real Estate. He has led the execution of transactions with an aggregate value of over €5,000 million, and the equity raising of above €500 million. Mr. Ismael Clemente holds superior degrees in Law and in Economics & Business Administration and major in Finance from ICADE.

Mr. Miguel Ollero

Mr. Miguel Ollero is the Chief Operating Officer and Chief Financial Officer of the Company. Mr. Miguel Ollero is one of the founding partners of MAGIC Real Estate as well as Chief Operating Officer of Tree. He was a former Managing Director at RREEF after 12 years at Deutsche Bank (eight years in Real Estate and four years in M&A). Mr. Miguel

Ollero holds superior degrees in Law and in Economics & Business Administration and major in Finance from ICADE.

Ms. Ana García Fau – Independent Director

Over the last 20 years, Ms. Ana García Fau has worked at McKinsey & Company, Goldman Sachs, Wolff Olins, Telefónica Group and hibü (formerly Yell Group). During her tenure at hibü, she was CEO for Spain, Latin America and the US Hispanic market, member of the Executive Committee, and since 2013, Group Chief Strategy and Business Development Officer as well. Prior to joining hibü, she worked for the Telefónica Group for ten years where she held several positions at TPI-Páginas Amarillas, such as CFO and Managing Director of Corporate Development.

Ms. Ana García Fau was also a member of the board of directors of Publiguías-Chile, TPI Peru, TPI Internacional, Telinver-Argentina, Adquira and Telfisa.

Ms. Ana García Fau holds a superior degree in Law and in Economics & Business Administration from ICADE and an MBA in Business Administration from MIT Sloan School of Management.

Mr. Alfredo Fernández – Independent Director

Mr. Alfredo Fernández is currently the Managing Partner at AF Corporate Finance, an independent corporate finance advisory firm, as well as an active private investor in different enterprises.

Over the last 19 years, he has worked in investment banking as Managing Director and co-head at 360 Corporate (a corporate finance advisory firm), and Managing Director at UBS Investment Bank. He previsouly worked at Merrill Lynch and Morgan Stanley in London. Mr. Alfredo Fernández has multiple M&A and equity transactions experience in Southern Europe. He previously worked at Arthur Andersen as a corporate and tax lawyer. He holds superior degrees in Law and in Economics & Business Administration from ICADE.

Mr. Fernando Ortiz – Independent Director

Mr. Fernando Ortiz is founder and Managing Partner at ProA Capital de Inversiones, SGECR, S.A., one of the largest private equity firms in Spain with over €300 million under management. He currently represents ProA interests in Saba, Eugin, Ibermática and Hospital de Llevant.

Prior to founding ProA, Mr. Fernando Ortiz was a Partner at N+1 and was a member of the Executive Committee. Over the course of his tenure in N+1, which he joined in 2001, his primary responsibility was transaction origination, execution and the monitoring of portfolio company investments through to divestment. Mr. Fernando Ortiz had prior private equity and venture capital experience as a Director of Private Equity New Technologies at BBVA. Prior to BBVA, Mr. Fernando Ortiz was a Corporate Finance Director at ING Barings. Mr. Fernando Ortiz started his professional career at Arthur Andersen Legal and Tax Advisors in 1992, where he dedicated five years principally in tax and legal advisory work.

Mr. Fernando Ortiz has been a member of the Board of Directors of Saba, Eugin, Ibermática, Iberdroper (Bodybell), Cadyssa, Aseguramiento Técnico y Calida, S.L. and Ydilo Advanced Voice Solutions.

He holds superior degrees in Law and in Economics & Business Administration from ICADE.

Ms. María Luisa Jordá – Independent Director

Ms. María Luisa Jordá is the current Chief Economic and Financial Officer of the Deoleo Group.

Previously she served as Chief of Internal Auditing and Corporate Governance of SOS Corporación Alimentaria (currently Deoleo, SA) and Chief Financial and Economic Officer at Metrovacesa.

She serves as independent director for Jazztel since June 2010 where she also acts as Chairwoman of this company's Audit and Control Committee. Ms. Jordá is a board member of serveral international subsidiaries within the Deoleo Group.

Ms. María Luisa Jordá has a bachelor's degree in Business Administration, and a master in Business Administration from the IE. She is a member of of the Official Register of Auditors (ROAC) and Member the Institute of Directors and Managers (ICA).

Mr. Donald Johnston – Independent Director

Mr. Donald Johnston has over 30 years' experience as investment banker with an extensive strategic advisory and capital markets expertise. He is currently a chairman of Yankee Kingdom Advisory, which he set up to provide advisory services, and a Senior External Adviser to Deutsche Bank.

Mr. Donald Johnston was a Chairman of the European Mergers & Acquisitions Group at Deutsche Bank from 2005 to 2010. Prior to 2005, he was CEO of the European Mergers and Acquisitions Group and a member of the European Management Committee and Global Banking Operating Committee for Deutsche Bank's Global Corporate Finance Division. He joined Deutsche Bank on the acquisition of Bankers Trust in 1999. He was a board member at Bankers Trust International and a member of the Global Management Committee. He joined Bankers Trust as head of European M&A in 1992 and subsequently became co-head of Investment Banking in Europe while continuing to run BT

Wolfensohn, the bank's European M&A practice.

Prior to setting up his own advisory business, Johnston Associates, between 1990 and 1992 in Madrid and London, he worked at Salomon Brothers for 11 years where he had responsibility in Investment Banking for Spain, Austria, Italy and Portugal from 1984 to 1990.

Mr. Donald Johnston holds a B.A. degree in Political Science and Spanish from the Middlebury College and a M.A. degree in International Economics and Latin American Studies from The John Hopkins University School in Advanced International Studies.

2. CONFLICTS OF INTEREST

Subject to certain exceptions, the Spanish Companies Act and the By-laws generally prohibit Directors from voting at Board of Directors' meetings or meetings of committees of the Board of Directors on any resolution concerning a matter in which they have a direct or indirect interest which is material, or a duty which conflicts or may conflict with the interests of the Company. Directors may not be counted in the quorum in relation to resolutions on which they are not entitled to vote. See section 6 of Part XVII (*Additional Information*) for a summary of the By-laws and details of the exceptions to the prohibition referred to above.

Mr. Ismael Clemente is executive Chairman of the Company as well as member of the Management Team and CEO of the Company. In addition, Mr Ismael Clemente is one of the founding partners of MAGIC Real Estate as well as executive chairman and CEO of Tree.

Mr. Miguel Ollero is an executive Director of the Company as well as a member of the Management Team and COO of the Company. In addition, Mr. Miguel Ollero is founding partner at MAGIC Real Estate as well as COO at Tree.

Each of Ms. Ana García Fau, Mr. Alfredo Fernández, Mr. Fernando Ortiz, Ms. María Luisa Jordá and Mr. Donald Johnston,are independent in connection with both the Company and Tree.

3. INTERESTS OF THE DIRECTORS IN THE SHARE CAPITAL

As at the date of this Prospectus, MAGIC Kingdom holds 60,000 Ordinary Shares that were purchased from MAGIC Real Estate, the founder of the Company, representing 100% of the issued share capital of the Company.

Mr. Ismael Clemente and Mr. Miguel Ollero are members of the Management Team (CEO and COO/CFO respectively) as well as Directors of the Company.

Seven out of the eight current members (nine upon acquisition of Tree and Bosque) of the Management Team (Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Francisco Rivas, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate and Mr. Fernando Ramírez) are currently partners of MAGIC Real Estate (with Mr. Ismael Clemente and Miguel Ollero being founding partners of MAGIC Real Estate) and shareholders of MAGIC Kingdom, the sole Shareholder of the Company.

In addition, Mr. Ismael Clemente is also director and CEO and Mr. Miguel Ollero is COO of Tree.

The Management Team, including Mr. Ismael Clemente and Mr. Miguel Ollero, has undertaken to invest in the Company €7.5 million through their investment vehicle, MAGIC Kingdom. MAGIC Kingdom acquired on 9 June 2014 the 60,000 Ordinary Shares that MAGIC Real Estate held in the Company at a price of €10.00 per Ordinary Share and will subscribe 690,000 Issue Shares, at the Issue Price, for an aggregate of €6.9 million. As a result, MAGIC Kingdom will hold 750,000 Ordinary Shares representing 0.5% of the share capital of the Company (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised). MAGIC Kingdom will incur indebtedness to finance in part such acquisition and subscription of Ordinary Shares. As a result, it is envisaged that some or all of the Ordinary Shares held by MAGIC Kingdom will be pledged as security for such indebtedness.

4. LOCK-UP ARRANGEMENTS

Company lock-up

The Company will agree under the Placing Agreement during a period commencing on the date thereof and ending 270 days following Admission, that it will not, without the prior written unanimous consent of the Joint Bookrunners (which consent shall not be unreasonably withheld or delayed):

(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 Securities Act with respect to any of the foregoing; or

(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,

whether any such swap or transaction described in (i) or (ii) 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.

Such lock-up arrangement shall not apply to (i) the issue and delivery of the Issue Shares, (ii) the Ordinary Shares to be issued in connection with the Over-allotment Option, (iii) any Ordinary Shares to be issued with respect to the potential acquisition of MAGIC Real Estate by the Company during the 12 months following Admission, provided that MAGIC Real Estate shall agree to be bound by the lock-up obligations during the remainder of the lock-up period.

<u>Management lock-up</u>

The Placing Agreement includes as a condition precedent that the Joint Bookrunners shall have received a lock-up letter from MAGIC Kingdom, the investment vehicle through which the members of the Management Team hold Ordinary Shares. Under the terms of such lock-up letter, MAGIC Kingdom will agree that during the period commencing on the date of the Placing Agreement and ending 720 following Admission, that it will not, without the prior written unanimous consent of the Joint Bookrunners (which consent shall not be unreasonably withheld or delayed):

(i) directly or indirectly, 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

(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,

whether any such swap or transaction described in sub-clause (i) or (ii) 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.

Such lock-up arrangement will not apply to (i) any arrangements between MAGIC Kingdom and any financial institutions which have provided, or may provide in the future, financing for the purposes of the subscription of such Ordinary Shares by MAGIC Kingdom, provided that such Ordinary Shares may only be used to secure MAGIC Kingdom's payment or other obligations under any such financing; (ii) transfers of Ordinary Shares in favour of members of the shareholders of MAGIC Kingdom or their direct family members (being a parent, brother, sister, spouse or civil partner or a lineal descendant of any of the foregoing), provided that any such transferee shall agree to be bound by the lock-up obligations during the remainder of the lock-up period; (iii) in the event of the whole or partial takeover of the issued share capital of the Company which has been recommended by the Board of Directors; (iv) the implementation of a scheme of arrangement in respect of the sale of the Ordinary Shares of the Company that has been recommended by the Board of Directors; (v) a scheme of reconstruction of the Company which has been recommended by the Board of Directors; and (vi) any buyback by the Company of Ordinary Shares on identical terms to the terms offered to all Shareholders.

In addition, each member of the Management Team, pursuant to the terms of the Mangement Stock Plan and subject to the exceptions below, shall not dispose of any Ordinary Shares received as part of or pursuant to the Management Stock Plan prior to the first anniversary of the date on which the Ordinary Shares are delivered to any member of the Management Team. The lock-up shall not apply (i) if the employment or commercial relationship is terminated or ends as a result of the retirement, redundancy, death, ill-health, injury or disability of the relevant member of the Management Team or (ii) under a change of control of the Company.

5. REMUNERATION ARRANGEMENTS

Pursuant to article 38 of the By-laws and article 22 of the Regulations of the Board of Directors, Directors shall be entitled to receive per diem allowances for attending any meetings of the Board of Directors and of the different Committees of the Company of which they form part at any given time, consisting of a fixed annual amount per Director to be set by the general meeting of Shareholders. The Shareholders can also decide when or for what reason such amount can be reviewed and/or updated periodically. As of the date of this Prospectus no shareholder resolution has been passed fixing the annual amount of per diem allowances for attending any meetings of the Board of Directors and/or of the different Committees of the Company of which they form part at any given time.

Pursuant to a resolution adopted by the Company's sole Shareholder on 4 June 2014, the remuneration of each independent Director and, where relevant, of the other external Directors of the Company, for 2014 is expected to be €30,000. The remuneration of independent Directors and, where relevant, of the other external Directors of the Company, on an annual basis is expected to be €60,000.

Pursuant to article 38 of the By-laws, the Proprietary Directors will not be entitled to remuneration.

Mr. Ismael Clemente and Mr. Miguel Ollero, who will be executive Chairman and executive Director, respectively, will not be entitled to receive any remuneration in connection with their positions as executive Directors of the Board of Directors. However, they will be entitled to receive remuneration in compensation for their executive duties.

6. DIRECTORS' LETTERS OF APPOINTMENT

Mr. Ismael Clemente and Mr. Miguel Ollero will receive remuneration pursuant to their condition as members of the Management Team. For further information on the remuneration of the Management Team see section 1 of Part VIII (*The Management Team*).

Each Director has the same general legal responsibilities to the Company as any other Director of the Company and the Board of Directors of the Company as a whole is collectively responsible for the overall success of the Company.

No compensation is payable to any of the non-executive Directors in the event of the lawful termination of his or her appointment.

Executive Directors are entitled to a severance payments in case their employment contracts as members of the Management Team are terminated. The maximum amount of such severance payments will be equivalent to a multiple of the total gross remuneration (including all concepts, such as base salary and bonus paid, any Awarded Shares related to the Management Stock Plan awarded to the member of the Management Team and any restricted bonus to which such member was entitled) in the 12-month period prior to termination. If the termination takes place during the first year following Admission, the relevant member will be entitled to five times such total gross remuneration. In the event such termination takes place after the first year following Admission, such severance package would be reduced by 20% in each year during the subsequent four years. For further information, please refer to section 1 of Part VIII (*The Management Team*).

Furthermore, Tree entered into a Portfolio Management Agreement with Bosque, a company where both Mr. Ismael Clemente and Mr. Miguel Ollero are part-time employees. At the same time, Bosque entered into a Strategic Advisory Services Agreement with MAGIC Real Estate where Mr Ismael Clemente and Mr. Miguel Ollero are the founding partners.

7. OTHER DIRECTORSHIPS AND PARTNERSHIPS

Save as set out below, the Directors have not held any directorships of any company in the same sector of activity of the Company, or been a partner in a partnership in any such sector, at any time during the 5 years prior to the date of this Prospectus.

Director	Current Directorships
Mr. Ismael Clemente	Please refer to section 3 of Part VIII (*The Management Team*)
Mr. Miguel Ollero	Please refer to section 3 of Part VIII (*The Management Team*)
Ms. Ana García Fau	—
Mr. Alfredo Fernández	RREEF Iberian Value Added II, S.A., Sicar
Mr. Fernando Ortiz	Saba Infraestructuras, S.A.
Ms. María Luisa Jordá	—
Mr. Donald Johnston	—

In respect of the companies described above, within the period of five years preceding the date of this Prospectus, and save as disclosed below, none of the Directors:

- has had any convictions in relation to fraudulent offences;
- has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a director or senior manager (save for the cases mentioned in the table above); or

  has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

Save as discussed above, there are no arrangements or understandings with major Shareholders, members, suppliers or others pursuant to which any Director was selected. This notwithstanding, it is envisaged that, before Admission, two additional non-executive proprietary Directors will be appointed by the Shareholders of the Company at the request of certain Cornerstone Investors. The appointment and acceptance of the non-executive proprietary Directors will be communicated throught the publication of a significant information announcement (*Hecho Relevante*).

There are no family relationships between any of the Directors.

8. CORPORATE GOVERNANCE AND BOARD PRACTICES

8.1 Corporate Governance for the Company

The Spanish Corporate Governance Code sets out the recommendations on corporate governance to be considered by companies listed on the Spanish stock exchanges. The Board of Directors supports high standards of corporate governance and the development of corporate governance policies and procedures in accordance with the requirements of the Spanish Corporate Governance Code.

Although the Company believes that it substantially complies with the Spanish Corporate Governance Code, in certain instances, as of the date of this Prospectus, the Company has been unable to follow these recommendations in their entirety. In particular, and contrary to Recommendation 13 of the Spanish Corporate Governance Code, the category assigned to each Director has not been confirmed by the Company's Remuneration and Nomination Committee, as the Company is newly formed and this committee was not in place on the date of each of such appointments. Nonetheless, arrangements have been put in place such that, following Admission, the Company can comply with applicable corporate governance principles in a consistent manner.

8.2 The Board of Directors

The Spanish Companies' Act provides that a company's board of directors is responsible for the management, administration and representation of a company in all matters concerning the business of the company, subject to the provisions of the company's by-laws and the powers conferred by Shareholders' resolutions.

The By-laws and the Regulations of the Board of Directors provide for a Board of Directors consisting of three to 15 members. Directors are elected by the Shareholders to serve for a term of two years and may be re-elected to serve for an unlimited number of terms except for independent Directors, who may only be re-elected to serve for two additional terms after their initial term has been completed. A Director may resign or be removed from office at the recommendation of the Board of Directors at a general meeting of Shareholders. However, the Board of Directors of the Company can only make such recommendation in the case of an independent Director if there is just cause, which shall be perceived by the Board of Directors subject to a report from the Remuneration and Nomination Committee. This may be the case where, for example, a Director has breached an applicable corporate governance recommendation or has not fulfilled his or her duties or when he/she no longer complies with the definition of independent Director.

As at the date of this Prospectus, there are seven Directors on the Board of Directors. Mr. Ismael Clemente and Mr. Miguel Ollero are considered to be executive Directors as they are both members of the Management Team. Ms. Ana García Fau, Mr. Alfredo Fernández, Mr. Fernando Ortiz, Ms. María Luisa Jordá and Mr. Donald Johnston, are each considered independent pursuant to Ministerial Order ECC/461/2013.

The Board of Directors of the Company is responsible for the management and establishes the strategic, accounting, organisational and financing policies of the Company. The By-laws provide that the Chairman of the Board of Directors shall be elected by the Board of Directors from among the members of the Board of Directors subject to a report from the Remuneration and Nomination Committee.

The Board of Directors supervises the operations of the Company. Moreover, the Board of Directors is entrusted with preparing General Shareholders' meetings and carrying out their resolutions.

The Directors are also responsible for the determination of the Business Strategy of the Company and have overall responsibility for overseeing the performance of the Management Team and the Company's activities.

The By-laws provide that the Board of Directors of the Company meet as frequently as necessary, and at least four times in each calendar year, to effectively execute its duties and whenever its Chairman deems appropriate. In addition, the Board of Directors must meet when required to do so by at least a Director representing one third of its members, the Director especially authorised to do so or by two of the independent Directors, in which case it shall be called by the Chairman, by any written means personally addressed to each Director, to meet within the next 15 days following the request. The Directors representing at least one third of the Board of Directors' members may call for a Board of Directors' meeting, indicating the agenda if, prior request to the Chairman, the latter, with no justified cause, had not called the meeting within the period of one month. The By-laws provide that a majority of the members of the Board of Directors (represented in person or by proxy by another member of the Board of Directors) constitutes a quorum. Resolutions of the Board of Directors are passed by an absolute majority of the Directors present or represented at a Board of Directors meeting unless otherwise indicated in applicable laws, the By-laws or the regulations of the Board of Directors. In the event of a tie, the Chairman will have a casting vote.

The Board of Directors currently intends to meet at least four times in each calendar year and all Directors are to be given full and timely access to the information necessary to assist them in the performance of their duties. As a general rule, an agenda and Board of Directors' papers are circulated to the Directors in advance of Board of Directors' meetings to allow them an adequate opportunity for review and preparation for Board of Directors meetings. The Company Secretary will be responsible for ensuring Board of Directors procedures are followed and all Directors have access to his advice and services. With a view to receiving assistance in the exercise of their duties, non-executive Directors may request, at the expense of the Company, the services of legal, accounting, financial or other experts. These requests must necessarily refer to specific problems of a certain significance and complexity arising in the performance of their duties.

Any Director co-opted to the Board of Directors by the Directors will carry out his/her duties until the next General Shareholders' Meeting is held or until the legal deadline for holding the General Shareholders' Meeting that is to decide on the approval of the accounts for the previous financial year has passed.

In the performance of its duties, the Board of Directors is committed to maintaining a good understanding of the views of Shareholders and considerable importance will be given to communicating with Shareholders.

Directors are expected to attend all Board of Directors' meetings and the General Shareholders' Meetings of the Company.

Details of the remuneration of Directors are set out at section 5 of this Part V (*Directors and Corporate Governance*).

8.3 Delegation of powers

Applicable law provides that when the company's By-laws do not state otherwise, the Board of Directors may appoint an executive committee or one or more chief executive officers (CEO). However, the Board of Directors may not delegate its responsibility to present the annual report and accounting statements to the General Shareholders' meeting, or any powers granted to it by a General Shareholders' Meeting (unless it is expressly authorised to do so by the General Shareholders' Meeting).

The By-laws of the Company allow for the appointment of a CEO with general decision-making powers over those matters which are not Reserved Matters. As of the date of this Prospectus, Mr. Ismael Clemente Orrego is the CEO and executive Chairman of the Company.

The Board of Directors may also grant general or specific powers of attorney to any person, whether or not that person is a Director or a Shareholder, subject to certain legal limitations and exceptions.

8.4 Reserved matters

The Board of Directors is invested with the widest powers of representation of the Company with the exception of those matters legally reserved to the General Shareholders' Meeting.

The Board of Directors shall ensure that no action or decision is taken to proceed with any of the following matters unless it is approved by an absolute majority of the Directors who are present or represented and entitled to vote at the relevant Board of Directors' meeting. In addition to the specific reserved matters contemplated under applicable legislation, the reserved matters of the Company are the following (each a "***Reserved Matter***"):

(i) approval of the Company's long-term Business Strategy, annual business plan and five-year strategic plans;

(ii) proposal to the General Shareholders'' Meeting relating to changes to the Company's capital structure including share capital reductions, share issues (except under the Management Stock Plan) and share buy backs, mergers, transformations, spin-offs, etc., and any changes to the Company's listing or its status as a SOCIMI;

(iii) approval of the annual report, the statement of responsibility and statements regarding the interim financial information (upon recommendation of the Audit and Control Committee);

(iv) approval of any material changes in the Company's accounting policies or practices (upon recommendation of the Audit and Control Committee);

(v) any matter concerned with or proposal to the General Shareholders' Meeting of the takeover of, or merger with, another listed company;

(vi) property acquisitions, disposals, developments, refurbishments, and other transactions in excess of €150 million or any significant transaction under €150 million where the transaction is not in the normal course of the Group's business;

(vii) appointment or removal of the Chairman, a Director and the Secretary of the Board of Directors (upon recommendation of the Remuneration and Nomination Committee);

(viii) remuneration policy and remuneration of Directors of the Board of Directors and their direct reports (upon recommendation of the Remuneration and Nomination Committee);

(ix) any joint or co-investment between the Company (or any Group Company) and one or more third parties;

(x) authorisation of any external financing for the acquisition of an individual asset in excess of 50% LTV together with any expected or proposed initial capital expenditure in respect of such asset;

(xi) authorisation for the entering into hedging or derivatives transactions, unless such hedging transactions are related to the hedging of an external financing;

(xii) the entering into any agreement with any third party (including in relation to the property management services) with an annual value per outsourcing contract exceeding €3 million;

(xiii) changes relating to the Company's gearing policy;

(xiv) conflicts of interest resolution; and

(xv) approval for surpassing the Annual Total Overheads.

8.5 Board Committees of the Company

Pursuant to the By-laws, the Board of Directors will establish an Audit and Control Committee, and a Remuneration and Nomination Committee. All members of the Audit and Control Committee and of the Remuneration and Nomination Committee shall be non-executive Directors, and the majority of their members shall be independent Directors.

Audit and Control Committee

The Audit and Control Committee is responsible for, among other things, the following basic functions:

(i) informing in the General Shareholders' Meeting on issues of its competence brought up by Shareholders;

(ii) making proposals to the Board of Directors, for submission by the Board of Directors to the General Shareholders' Meeting, regarding the appointment, revocation, renovation, scope of the mandate and terms of retention of the Company's external auditors;

(iii) examining the circumstances that motivate the resignation of the external auditor;

(iv) ensuring the independence and effectiveness of the internal auditing function, and verifying its adequacy and integrity;

(v) proposing the selection, appointment and substitution of the personnel responsible for the internal auditing services; proposing the budget for such services; receiving periodical information in relation to its activities and verifying that the members of the Management Team take into account the conclusions and recommendations included in their reports;

(vi) acting as a channel of communication between the Board of Directors and the auditors, evaluating the results of each audit and supervising the responses of the Management Team to the recommendations of the external auditors and mediating in the event of discrepancies between the two in relation to the principles and criteria applicable in the preparation of the financial statements and, where appropriate, investigating the circumstances giving rise to the resignation of the auditors;

(vii) reviewing, on a regular basis, the internal control and risk management systems of the Company and in particular, the correct design of the internal control system on the financial information ("***SCIIF"***), in order to duly identify, manage and give notice of the main risks;

(viii) approving the internal auditing plan for the evaluation of SCIIF and receiving regular information of the outcome of its work, as well as of the action plan for dealing with the identified deficiencies;

(ix) dealing with the external auditors in order to receive information about any matters that might jeopardise such auditors' independence and any other matters related to the audit process and other communications as provided in laws regarding the auditing and technical standards applied to auditing;

(x) overseeing the auditors' compliance with the terms of the auditors' engagement and ensuring that the audit opinion in respect of the Company's financial statement is clearly and precisely formulated;

(xi) reviewing the accounts and periodic financial information furnished by the Board of Directors to the securities regulatory authorities and the regulatory bodies of the stock exchanges on which the Company's shares are traded, ensuring that the Company is in compliance with the rules and regulations of such regulatory authorities and that it is correctly applying generally accepted accounting principles, and reporting on any proposals for modification of the Company's accounting principles and criteria suggested by its senior management;

(xii) annually issuing, prior to the audit report, a report on the independence of the auditors;

(xiii) informing the Board, prior to the adoption of a decision, on the creation or acquisition of shares of special purpose vehicles or with domicile in countries considered tax haven, as well as any other transaction of similar nature that, due to its complexity, might damage the transparency of the Group;

(xiv) overseeing compliance with regard to related party transactions regulations, conflicts of interest and the other matters referred to in the Board of Directors' regulations and communicating as appropriate with the regulatory authorities in relation to such matters, among other things;

(xv) supervising the compliance with the internal codes of conduct and the rules of corporate governance;

(xvi) setting up and supervising the mechanisms that allow employees to communicate, confidentially, the financial and accountancy irregularities within the Company;

(xvii) appointing and supervising the services provided by the external appraiser in relation to the valuation of the Company's assets.

The Audit and Control Committee must have a minimum of three and a maximum of five members, who are appointed by the Board of Directors following proposals from the Remuneration and Nomination Committee. Only external or non-executive Directors can form part of the Audit and Control Committee. The majority of its members shall be independent Directors. Members of the Audit and Control Committee serve for a term of up to two years and may be re-elected to serve for an unlimited number of terms of the same duration.

The Chairman of the Audit and Control Committee, who shall be an independent Director, can serve a term of up to two years, and may only be re-elected as chairman at least a year after completing the original two-year term. The members of the Audit and Control Committee, and in particular its chairman, shall be appointed taking into account the appointees' knowledge and experience in accountancy, auditing and risk management standards. The Audit and Control Committee will appoint a Secretary and may appoint a Vice-Secretary, who may not be members of the Committee. In the event such appointments are not made, their roles will be carried out by the Secretary, or Vice-Secretary, of the Board of Directors.

The Audit and Control Committee shall meet at least once every quarter to review periodic financial information to be submitted by the Board of the Directors to the securities regulatory authorities, and the information to be approved by the Board of Directors and included in the Company's annual report. The Audit and Control Committee will be convened by its chairman, either at his or her own initiative or at the request of the Board of Directors' Chairman or of any of the Committee's members.

The Audit and Control Committee shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by the majority of members attending in person or by proxy. In the event of a tie, the Chairman of the Audit and Control Committee will have a casting vote.

Minutes of the meetings of the committee must be prepared and passed on to the members of the Board of Directors.

Upon Admission, the members of the Audit and Control Committee will be Ms. Ana García Fau, Mr. Alfredo Fernández and Ms. María Luisa Jordá. It is expected that the Company Secretary also acts as the Secretary of the Committee.

The establishment of the Audit and Control Committee has been approved by the Company conditional upon Admission.

Remuneration and Nomination Committee

Notwithstanding other duties which may be assigned thereto by the Board of Directors, the Remuneration and Nomination Committee shall have the following basic responsibilities:

(i) to evaluate the competence, knowledge and experience required of the members of the Board of Directors and the time commitment required to duly perform their duties;

(ii) to bring before the Board of Directors the proposals for appointment, re-election or removal of independent Directors in order for the Board of Directors to proceed with their appointment (co-optation) or take on such proposals for submission to the decision of the General Shareholders' Meeting, and report on the appointments, re-elections or removals of the other Directors;

(iii) to report on the appointment of the Chairman, Vice-Chairman, Secretary and Vice-Secretary of the Board of Directors;

(iv) to report on the proposed appointment of the members of the Audit and Control Committee;

(v) to report to the Board of Directors on the performance by the Chairman of his or her duties;

(vi) examining and organising the succession of the Chairman and, as the case may be, the CEO, and make proposals to the Board of Directors so the succession is done in an orderly manner;

(vii) to report on the proposed appointment and removal of senior management (including the member of the Management Team);

(viii) to report to the Board of Directors on matters of gender diversity;

(ix) set up and supervise an annual evaluation and review programme of qualification, development and, if necessary, independence, as well as maintaining the conditions of respectability, capability, expertise, competence, availability, and commitment to their duties that must be satisfied in order to serve as director and as a member of a committee, and propose to the Board of Directors such measures as it deems advisable in this regard, while collecting any information or documentation that it deems necessary or appropriate for such purposes;

(x) to consider the suggestions of the Chairman, the Board of Directors members, the managers or Shareholders of the Company;

(xi) to propose to the Board of Directors (i) the system and amount of the annual remuneration of Directors, (ii) the individual remuneration of executive Directors and other basic terms of their contracts and (iii) the remuneration policy of the members of the Management Team;

(xii) to analyse, formulate and periodically review the remuneration programmes, assessing their adequacy and performance;

(xiii) to monitor observance of the remuneration policy established by the Company; and

(xiv) to assist the Board of Directors in the compilation of the report on the remuneration policy of the Directors and to submit to the Board of Directors any other reports on retributions established in the Board of Directors Regulations.

The Remuneration and Nomination Committee will determine the Bonus Incentive Plan of the Chairman in his condition as member of the Management Team. The Remuneration and Nomination Committee, together with the Board of Directors, will also be responsible for administering the Management Stock Plan. All material decisions in relation to the Management Stock Plan in relation to the executive Directors will be made by the Board of Directors or the Remuneration and Nomination Commitee. In addition, the Remuneration and Nomination Committee will allocate the annual Incentive (as defined under section 1 of Part VIII (*The Management Team*)) to be granted to the Chairman and approve the distribution of the Incentive among the Beneficiaries (as defined under section 1 of Part VIII (*The Management Team*)) resolved by the Chairman.

The Remuneration and Nomination Committee must have a minimum of three and a maximum of five members. Its members will be external or non-executive Directors and will be appointed by the Board of Directors. The majority of its members must be independent Directors. Members of the Remuneration and Nomination Committee shall serve for a term of up to two years and may be re-elected to serve for an unlimited number of terms of the same duration.

Directors who are members of the Remuneration and Nomination Committee will carry out their role while they still hold the position of Director, unless otherwise agreed by the Board of Directors. The re-appointment, re-election or termination of the appointment of a member of the Remuneration and Nomination Committee will be in accordance with what was agreed by the Board of Directors.

The chairman of the Remuneration and Nomination Committee, who shall be an independent Director, can serve a term of up to two years, and may only be re-elected as chairman at least a year after completing the original two-year term. The members of the Remuneration and Nomination Committee, and in particular its chairman, shall be appointed taking into account the appointees' knowledge and experience in accountancy, auditing and risk management standards. The Remuneration and Nomination Committee will appoint a secretary and may appoint a vice-secretary, who may not be members of the Remuneration and Nomination Committee. In the event such appointments are not made, their roles will be carried out by the Secretary, or vice-Secretary, of the Board of Directors.

The Remuneration and Nomination Committee shall meet at least once a year. In addition, it shall meet each time it is convened by its chairman, who must do so whenever the Board of Directors or the Chairman of the Board of Directors requests the issuance of a report or the adoption of proposals and, in any case, whenever expedient for the proper fulfilment of its functions.

The Committee is to be convened by the chairman of the Committee, either at his own initiative, or at the request of the Chairman of the Board of Directors or of any of the members of the Committee itself.

The Nomination and Remuneration Committee shall be validly assembled when the majority of its members attend in person or by proxy. Resolutions shall be adopted by the majority of members attending in person or by proxy. In the event of a tie, the chairman of the Nomination and Remuneration Committee will have a casting vote.

The committee must keep minutes of its meetings and circulate them to the members of the Board of Directors.

Upon Admission, the members of the Remuneration and Nomination Committee will be Mr. Alfredo Fernández, Mr.

Fernando Ortiz and Mr. Donald Johnston. It is expected that the Company Secretary also acts as the Secretary of the Committee.

The establishment of the Remuneration and Nomination Committee has been approved by the Company conditional upon Admission.

Executive Committee

Pursuant to the By-laws, the Board of Directors may establish an executive committee. However, as at the date of this Prospectus no such committee is expected to be established.

8.6 Internal controls

The Board of Directors acknowledges it is responsible for overseeing the efficiency of the system of internal control and risk management, in order to safeguard the Company's assets. Such a system is designed to identify, manage and mitigate financial, operational and compliance risks inherent to the Company. The 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.

PART X: THE SEED PORTFOLIO

1. THE SEED PORTFOLIO

The Company has agreed to acquire Tree, a company which owns a real estate portfolio which will form the seed assets of the Company (the "***Seed Portfolio***") and Bosque, Tree's properties manager.

On 25 September 2013, Tree applied for the special tax status pursuant to the SOCIMI Regime with effect as from the financial year commencing on 1 January 2013.

As at the date of this Prospectus, the Seed Portfolio comprised 880 branch offices and five buildings located across Spain, fully leased to BBVA. The Company approved the acquisition, of the Seed Portfolio on 11 April 2014 following a market and asset review and a financial analysis with support from independent valuations of the assets comprising the Seed Portfolio. The acquisition of the Seed Portfolio will be executed by way of the acquisition of 100% of the shares of Tree.

The Company believes that the Seed Portfolio satisfies the Company's Business Strategy set out in Part VII (*Information on the Company*) of this Prospectus.

The total consideration to be paid by the Company for the Seed Portfolio (i.e., 100% of the shares of Tree) is based on the independent property valuation report prepared by Savills dated 9 June 2014 and described in Part XI (*Valuation Reports*).

On 11 April 2014, the Company entered into an Irrevocable Undertaking Agreement with the Shareholders of Tree, to acquire, conditional on Admission, 100% of the shares in Tree and 100% of the shares in Bosque. In accordance with the Irrevocable Undertaking Agreement, the total consideration for Tree amounts to €739,483,659 (excluding acquisition costs and expenses). The purchase price for the shares in Bosque amounts to €3,006. For further details on the Irrevocable Undertaking Agreement entered into by the Company and the shareholders of Tree and Bosque, please see section 11 of Part XVII (*Additional Information*) of this Prospectus.

2. TREE INVERSIONES INMOBILIARIAS, S.A.

Tree is a private limited company in the form of a *sociedad anónima*, incorporated and existing under the laws of Spain, with registered address at Paseo de la Castellana 42, 28046 Madrid, Spain, the issued share capital of which on 31 March 2014 amounted to €9,323,197, represented by 9,323,197 shares of €1 par value each, fully subscribed and paid-up, and all of which are of the same class and pertain to the same series and are represented by share certificates.

On 25 September 2009, 22 December 2009, 29 July 2010 and 27 October 2010, Tree acquired from BBVA and certain BBVA subsidiaries, by entering into relevant public deeds for sale and purchase, a portfolio of 1,105 real estate assets (1,097 branches and eight buildings) located throughout Spain. As part of that transaction, the portfolio was simultaneously leased back to BBVA (for a minimum term of 30 years for the branches and of 20 years for the buildings with the right to renew the leases for up to three successive periods of five years each), subject to a purchase option in favour of BBVA in the 45th year and the 35th year, respectively. Such purchase option only applies if BBVA remains the tenant at that time, i.e. if it has exercised its renewal rights in full. Furthermore, on 20 December 2011, Tree acquired certain additional properties from BBVA, as a consequence of the exercise by the latter of its substitution right (as further described in section 7 of this Part X (*The Seed Portfolio*)) under the BBVA Lease Agreement, by entering into an additional public deed for sale and purchase (together with the public deeds for sale and purchase entered into on 25 September 2009 and 29 July 2010, the "***SPA Agreements***"). As of the date of this Prospectus, the portfolio comprises 880 branches and five buildings as a result of disposals made up to date.

Tree elected for Spanish SOCIMI status under the SOCIMI Act on 25 September 2013. An entity eligible for the SOCIMI Regime may apply for the special tax regime even if at the time the election is made such entity does not meet all the eligibility requirements, provided that it meets such requirements within two years (as from the date the corresponding election is filed with the Spanish tax authorities). In addition, such entity will have a one-year grace period to cure any non-compliance with certain eligibility requirements. Pursuant to the Spanish SOCIMI Regime, the shares of a SOCIMI are required to be listed on a regulated market or multilateral trading facility in Spain or another EU or EEA country, or on a regulated market of any other country which has a tax information exchange agreement with Spain.

The Company has confirmed with the Spanish General Directorate of Taxes (DGT) that a listing of Tree will not be required following its acquisition by the Company on the basis that, at that time, the shares of the Company, as Tree's parent, would already be listed on a regulated market.

3. VALUATION

Asset Valuation by Savills

The Seed Portfolio was valued by Savills as at 31 December 2013 in accordance with the "Market Value" definition under the valuation standards of the RICS Red Book at an aggregate value of €1,656 million (excluding acquisitions costs and expenses). The above valuation is the result of subtracting €31.14 million from the Savills Valuation Report prepared as at 31 December 2013 (€1,687.63 million) corresponding to 20 assets sold by Tree in 2014, up to date of this

Prospectus. Please see Part XI (*Valuation Reports*) of this Prospectus for additional information.

The valuation methodology used by Savills considers each asset as an individual unit. For each particular asset, the assumed market yield over the rent was adjusted by the following parameters: (i) term of the lease and solvency of the tenant; (ii) exact location of the asset within the area of the municipality where it is located (prime area, secondary area or outskirts of the city); (iii) the specific surroundings of the property; (iv) the maintenance conditions of the asset (internal and external); (vi) the façade to one or more streets (corner units); and (vii) the current rental level compared to the market.

Details of the Seed Portfolio as at the date of the Prospectus are as follows:

	No. of Proper-ties	**Lettable Space (sqm)**	**Vacancy Rate (%)**	**Gross Rental Income per annum(1) (€ million)**	**Market Value(2) (€ million)**	**Seed Portfolio by market value (%)**	**Gross Initial Yield(3) (%)**	**Estima-ted 2014 Net Yield (%)**
Branch offices	880	350,419	0	84.96	1,604	96.9	5.29	5.56
Buildings	5	23,762	0	3.56	52	3.1	6.90	7.17
TOTAL	885	374,181	0	88.52	1,656	100	5.34	5.61

(1) Annualised rent for 2014 as at the date of the Prospectus.

(2) As at 31 December 2013, in accordance with Savills Valuation Report prepared as at 31 December 2013, and subtracting the amount corresponding to the value of 20 assets sold by Tree in 2014, up to the date of the Prospectus.

(3) Gross Rental Income per annum divided by Market Value.

In terms of the quality of the real estate assets, given that the Seed Portfolio properties are mainly used to serve clients and customers, the Company believes that the assets are generally maintained in good conditions. In addition, the Seed Portfolio has been regularly visited by the technical department of Tree to supervise the current maintenance status of the assets.

Tree Share Valuation by PwC

For the benefit of full disclosure, a separate new valuation has been prepared by PricewaterhouseCoopers Asesores de Negocio, S.L. ("***PwC***") which is based on Tree's gross asset value calculated by Savills as of 31 December 2013 (i.e. €1,687 million), adjusted for the sales of assets by Tree that took place between 31 December 2013 and 28 February 2014 (the date of the first draft of such valuation report by PwC) (the "***PwC Valuation***").

In order to benchmark the PwC Valuation, PwC has used the following valuation criteria:

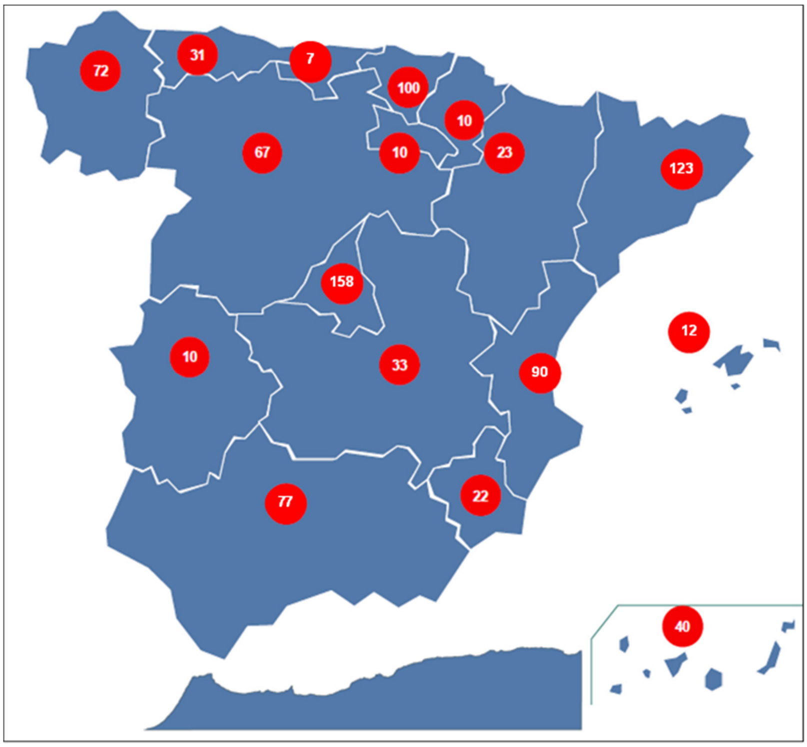
(a) Benchmarking of Savills implied yields, rents and the Seed Portfolio valuation versus market yields, market rents and purchase offers received for individual branches, respectively. PwC concludes that Savills assumptions under the Savills Valuation Report are consistent with market references;

(b) Cross-checking Savills valuation with a discounted cash flow ("DCF") valuation of the Seed Portfolio. Under the DCF analysis (excluding term extensions of the BBVA Lease Agreement), PwC arrived at a valuation of the Seed Portfolio of €1,845 million as of 31 December 2013; and

(c) Benchmarking of Savills valuation versus European comparable listed companies. Under this valuation method, the enterprise value (as defined in the PwC Valuation) of the Seed Portfolio is €1,722 million. PwC considers that the risks of all comparable listed companies are higher than that of Tree given their shorter and riskier profile of the lease agreements and the occupancy rate being below the 100% in the Seed Portfolio.

The report containing the PwC Valuation is included in this Prospectus as an Annex. The PwC Valuation does not include the disposal of 18 assets between 1 April 2014 and 31 May 2014.

4. GEOGRAPHICAL DISTRIBUTION



The 885 real estate assets comprising the Seed Portfolio are widely distributed across Spain. The Seed Portfolio assets are located in 442 different Spanish municipalities in 49 different provinces.

Nevertheless, the majority of the branches are located in the regions of Madrid, Catalonia and the Basque Country with 156, 123 and 100 branches, respectively.

The total regional weighting of the Seed Portfolio as at the date of the Prospectus is as follows:

Autonomous Region	**Number of properties**		**Area (sqm)**		**Annual Rent 2014 (excluding tax and charges) (€)**		**Average Monthly Rent per sqm[2]**
	#	% Total	Sqm	% Total	€	%Total	
Madrid	156	17.6%	57,782	15.4%	20,047,050	22.6%	33.4
Catalonia	123	13.9%	53,143	14.2%	11,406,820	12.9%	19.8
Basque Country	100	11.3%	33,555	9.0%	10,083,430	11.4%	28.1
Valencia	89	10.0%	36,286	9.7%	6,806,679	7.7%	17.4
Castile and León	67	7.6%	26,460	7.1%	6,683,640	7.6%	23.6
Top 5 Subtotal	**535**	**60.4%**	**207,225**	**55.4%**	**55,027,619**	**62.2%**	**24.9**
Rest of Spain	345	39.0%	143,194	38.3%	29,927,519	33.8%	19.4
Branches	**880**	**99.4%**	**350,419**	**93.7%**	**84,955,138**	**96.0%**	**22.7**

Buildings [1]	**5**	**0.6%**	**23,762**	**6.3%**	**3,561,188**	**4.0%**	**13.5**

Total	**885**	**100%**	**374,181**	**100%**	**88,516,326**	**100%**	**22.1**

(1) Includes two logistics properties in the Greater Madrid area and three office buildings located in Alicante, Jaen and Las Palmas.

(2) Average monthly rent is calculated as the "Annual Rent 2014" divided by "Area (sqm)", where above ground square metres are weighted by a factor of 1.0x and below ground square metres are weighted by a factor of 0.5x.

The Seed Portfolio comprises a mix of ground floor retail bank branches with ancillary office accommodation above, a number of pure office buildings and logistics warehouse properties on the outskirts of Madrid.

The buildings are of varying ages, ranging from recently constructed properties to much older turn-of-the-century properties. The total lettable area of the Seed Portfolio is 374,181 sqm, of which 294,678 sqm are above ground and 79,503 sqm are below ground. The properties range substantially in size, from 57 sqm of lettable area at the low end of the spectrum to, at the high end thereof, an office building located in Las Palmas, Canary Islands which comprises 10,112 sqm.

5. THE BBVA LEASE AGREEMENT

Tree entered into two master lease agreements with BBVA on 25 September 2009 (as amended by means of addendum agreements on 29 July 2010 for the purposes of including new acquisitions of properties) which apply, respectively, to all the branches and buildings comprising the Seed Portfolio. In addition, Tree and BBVA entered into individual lease agreements which contain the specific conditions (e.g., address, registry details, rent agreed, lease term, etc.) for each of the branches and buildings currently included in the Seed Portfolio.

The terms of the master lease agreement for the buildings and the master lease agreement for the branches have essentially the same general conditions. The two master lease agreements for the branches and the buildings, together with their respective addendum agreements and individual lease agreements are referred in this Prospectus as the "***BBVA Lease Agreement***". The main terms and conditions of the BBVA Lease Agreement are the following:

(a) *Term*: mandatory term of 30 years for the branches (26 years left) and of 20 years for the buildings (16 years left). The average lease term is 25.6 years. The tenant may renew up to three times for a five-year period each, with the maximum term being 45 years for the branches and 35 years for the buildings (with no mark-to-market).

(b) *Payment of rent*: quarterly payment on the 15th day of the second month of each calendar quarter.

(c) *Expenses*: both ordinary expenses (community expenses, property tax, local taxes, insurance, utilities and ordinary maintenance) and extraordinary expenses (community contributions and extraordinary expenses) will be borne by the tenant. Notwithstanding the foregoing, extraordinary maintenance expenses made during the last five years of the lease term shall be shared pro-rata between Tree and BBVA in the event that the estimated life of such expenses exceeds the term of the lease.

(d) *Insurance*: BBVA is required to enter into insurance policies where Tree shall be the beneficiary thereof to cover potential damages and the potential loss of two years of rent.

(e) *Rent step-up*: to be updated on the first day of January of each year during which the BBVA Lease Agreement is in force. During the first eight-year term of the BBVA Lease Agreement, the rent will be indexed at 1.85 times the positive variation of the annual HICP. From the ninth year onwards, the rents will be updated annually at 1.5 times the positive variation of the HICP until the end of the term of the BBVA Lease Agreement (including any extension of the initial term executed by the tenant).

(f) *Sublease and assignment*: the tenant may sublease or assign the properties but if any property is assigned, a joint and several guarantee of BBVA is required.

(g) *Substitution*: BBVA has the right to substitute a branch that is to be closed for business, subject to a time limit of the remaining mandatory lease term and subject to a maximum number of substitutions per annum of 1% (in terms of rent) of the assets comprising the initial portfolio acquired by Tree and up to a maximum of 27% (in terms of rent) minus the unilateral terminations (as described below). BBVA will assume the substitution costs, and, if applicable, any market value differences. The new properties will maintain the same lease terms and conditions as the substituted properties (i.e., same rent and same lease term). The substitution right also applies to buildings between the 10th year of the lease until the end of the 20th year, but the rent limitations mentioned for branches do not apply.

(h) *Unilateral termination*: BBVA has the right to unilaterally terminate the leases in respect of the branches up to a maximum of 6% (in terms of rent) of the assets comprising the initial portfolio acquired by Tree. This maximum percentage of 6% (in terms of rent) is limited to 0.5% per year and it cannot exceed, together with the number of substitutions (during the mandatory lease term), 27% (in terms of rent) of the assets. This right can only be exercised between the 12th and 24th year from the date of execution of the BBVA Lease Agreement. If BBVA unilaterally terminates the leases the lessor has the right to receive, at its choice, (i) two years of rent or (ii) the net present value of the pending rents corresponding to the mandatory lease term (discounted at a rate of 5.5% and assuming no inflation for the pending rents). In the latter case, BBVA will be entitled to the usufruct of the relevant property. This right is only applicable to the branches.

(i) *BBVA's purchase option*: BBVA has the right to exercise a purchase option at market price for the branches and for the buildings in the 45th year and the 35th year, respectively, provided that the three five-year renewals have been exercised by BBVA.

(j) *Sales and pre-emptive right*: Tree may freely sell any property subject to a pre-emptive right conferred to BBVA. This requires Tree to notify BBVA of its intention to sell any property and entitles BBVA to acquire the properties within a specific term. This pre-emptive right comprises both direct and indirect sales (such as the sale of the shares of Tree). In addition, properties are not to be sold to BBVA's competitors or restricted purchasers (due to, among other factors, anti-money laundering, compliance and know your client tests).

In light of the terms of the BBVA Lease Agreement, the Company believes that Tree has great visibility as to its future recurrent income derived from such leasing activity. Additionally and as further explained below, the Company believes Tree holds suitable hedging instruments in order to cover any fluctuation risks related to rental income until 2017.

The period established under the BBVA Lease Agreement for BBVA to exercise its pre-emptive right to acquire the Seed Portfolio deriving from the proposed acquisition of the shares of Tree by the Company lapsed on 9 June 2014 without BBVA having exercised such right.

6. THE TENANT

BBVA is a Spanish financial multinational group founded in 1857 which provides a full range of financial and non-financial products and services across 32 countries and to 50 million customers throughout the world. BBVA's market capitalisation as at 31 March 2014 was €53,200 million.

The Company believes that BBVA is one of the leading Spanish financial institutions. It also has important franchises in South America, is the main financial institution in Mexico and one of the 15 largest banks in the United States, where it has a leading franchise in the Sunbelt region. BBVA also has a relevant presence in Turkey and China (through its strategic investments in Garanti Bank and CITIC) and operates an extensive branch network worldwide.

As of 31 March 2014, BBVA employed approximately 109,100 people worldwide and had around one million shareholders.

As at 31 December 2013, BBVA had €599,482 million in assets and €44,815 million in total equity, with a core capital of 11.6% and a tier I capital of 12.2%, with long-term ratings of A- with stable outlook (Fitch, May 2014), Baa2 with positive outlook (Moody's, March 2014) and BBB with stable outlook (Standard and Poor's, June 2014).

Information with respect to BBVA in this Prospectus has been taken from publicly available sources and has not been independently verified.

7. BUSINESS PLAN OF TREE

Tree's core business is the acquisition and holding of real estate assets for lease and, where appropriate, disposal of assets. Therefore, the main business areas of Tree are the lease and sale of real estate assets.

Tree does not carry out any other activities besides real estate activities.

<u>*Lease activity*</u>

Real estate leasing is the main activity of Tree and represented rental annual revenues of approximately €89.9 million in 2012 and €91.7 million in 2013 (54.3% of total turnover, including sale of assets). As at the date of the Prospectus, the portfolio of real estate assets held by Tree is comprised of 880 branches and five buildings located throughout Spain.

The evolution of the revenues, costs and margins of the lease activity of Tree during the period covered by the historical financial information is as follows:

Lease activity (€ thousands, except total sqm and average €/sqm)	**31/05/2014(1)**	**31/03/2014(2)**	**31/12/2013**	**31/12/2012**	**31/12/2011**	**31/12/2010**
Rental invoiced to BBVA	44,961	22,516	91,726	89,884	90,319	88,985
Reinvoiced expenses	863	544	4,289	4,852	4,887	3,607
Expenses pending reinvoicing	144	2	118	(82)	(112)	250
<u>Revenue subtotal</u>	**45,968**	**23,062**	**96,133**	**94,654**	**95,094**	**92,842**

Costs (condominium expenses, property and local taxes and deferred maintenance)	(1,012)	(554)	(4,426)	(4,782)	(4,754)	(3,884)
Net revenue from leasing activity	**44,956**	**22,508**	**91,707**	**89,872**	**90,340**	**88,958**
Total sqm	**374,181**	**379,053**	**380,095**	**391,298**	**400,637**	**434,637**
€/sqm	**236.5**	**236.8**	**233.8**	**227**	**214.3**	**210.4**

(1) From 1 January 2014 to 31 May 2014.

(2) From 1 January 2014 to 31 March 2014.

The expected rental revenue for 2014, taking into account current contractual commitments, amounts to €88,516,326, of which €84,995,138 corresponds to branches (96.0%) and €3,561,188 to buildings (4.0%). For clarification, differences between the rental income in 2013 and 2014 are a result not only of updates to annual rents but also of disposals of branches.

As already indicated, all the assets comprising the Seed Portfolio are owned by Tree as a result of the sale and lease back transaction executed between Tree and BBVA during 2009 and 2010 and, consequently, all assets are leased to BBVA.

Asset disposal

Tree has carried out occasional asset disposals due to the interest of third parties in purchasing such assets.

During the most recent four-year period covered by the historical financial information and until 31 March 2014, 205 properties (including branches and buildings) were disposed of for a total amount of €451 million. Nevertheless, these disposals do not derive from a divestment strategy nor does Tree's business plan contemplate a sustained policy of future asset disposals.

The asset disposal activity represented annual gross income of €77.1 million in 2013 (45.7% of total turnover, including lease activity) as a result of the sale of 33 branches (3.5% of the portfolio of assets).

The evolution of the gross income of the asset disposal activity is as follows:

Asset disposal (€ thousands, except no. of assets and % of the portfolio)	**31/05/2014**	**31/12/2013**	**31/12/2012**	**31/12/2011**	**31/12/2010**	**TOTAL**
No. of assets	20	33	27	116	27	**223**
As % of the portfolio[(1)]	2.2	3.5	2.8	10.7	2.4	**21.6**
Sale price	29,824	77,130	38,373	174,116	156,120	**475,563**
Sales Costs	(646)	(1,257)	(526)	(2,223)	(1,567)	**(6,219)**
Net Revenues	29,178	75,873	37,847	171,893	154,553	**469,344**
Savills valuation upon sale[(2) (3) (4)]	29,402	79,899	36,309	160,054	152,343	**458,007**

(1) As measured at the time of the relevant disposal.

(2) Aggregated value of disposed assets from the individual value assigned by Savills to each disposed asset as at the date when the offer was received. As a result, although the Savills Valuation Report states that the value of the 20 branches sold during 2014 is €31,142,000, according to Savills, the aggregate value of these 20 branches as at that date when the offer was received (and pursuant to which the sale price was determined) was €29,402,000.

(3) The sales completed in year 2013 include the sale of the largest branch by value in the portfolio (Paseo de Gracia, 25 - Barcelona) which was sold for €31.1 million. Without including this specific transaction, the total sale price in 2013 amounted to € 46.0 million compared to €45.8 million value appraised by Savills.

(4) The largest office building by value in the portfolio (Gran Vía, 12 - Bilbao), sold in 2010, has been valued in accordance with the valuation prepared by Atis Real upon its acquisition on 29 July 2010.

As a result of the substitution right granted under the BBVA Lease Agreement and at the request of BBVA, on 20 December 2011, the Company sold six units and simultaneously acquired five units from BBVA (with the same market value as the six sold units). The new branches are subject to the same terms as the other branches in the portfolio.

During 2014 up until the date of the Prospectus, the Company sold 20 branches for a total gross income of €29,823,500, with estimated associated costs of €645,836. Estimated net revenues amounted to €29,177,664.

In order to comply with the minimum holding period requirements established under the SOCIMI Regime, the Company intends not to dispose of any of the assets comprising the Seed Portfolio during the period of three years following Admission. Following such period, the Company may resume the sale of individual assets under the asset rotation policy established under section 5.6 of Part VII (*Information on the Company*) of this Prospectus.

8. EMPLOYEES AND PORTFOLIO MANAGEMENT AGREEMENT

Tree has had one full-time employee since 2009.

Pursuant to the Portfolio Management Agreement Bosque provides Tree with management services in relation to the real estate portfolio acquired by Tree from BBVA.

The services rendered by Bosque to Tree include the exclusive management of Tree's real estate portfolio, assisting Tree in designing and implementing its business plan (including the management and implementation of disposals of the properties owned by Tree), the administration and monitoring of Tree's financing and hedging arrangements, the administration of general corporate matters and carrying out any related management activities.

In order to comply with its duties under the Portfolio Management Agreement, Bosque currently has nine employees: two general managers, two executives, a project officer, a financial manager, an accountant, an architect and an administrative officer. Four of these employees are part-time employees and are also MAGIC Real Estate's employees (Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Luis Lázaro and Mr. Francisco Rivas). Additionally, Bosque maintains professional indemnity insurance in order to cover any claims arising out of the negligent performance of the services to be provided by the employees of Bosque.

In consideration for the services performed by Bosque, Tree is required to pay the following fees:

(i) A management fee to Bosque equivalent to 2.75% of the rental payments received by BBVA less any legal or audit expenses or any other operating expenses invoiced to Tree in connection with the portfolio of assets.

The base fee received over the rents during 2013 amounted to 2.21% of the total gross rental income received from BBVA.

(ii) A business plan incentive fee on the basis of the gross proceeds of any disposals of the properties comprising the real estate portfolio held by Tree. This business plan incentive fee may vary depending on the return received by Bosque's shareholders at the time of such disposals.

The annual evolution of management fee and business plan incentive fee of Bosque is as follows:

(€)	31/03/2014	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Management Fee	495,353.79	2,027,975.48	2,017,444.58	1,951,573.16	2,072,430.86	480,127.72
Business Plan Incentive Fee	7,332.50	96,412.75	47,966.19	206,590.63	195,150.00	0
Total	502,686.29	2,124,388.23	2,065,410.77	2,158,163.79	2,267,580.86	480,127.72

As a result of the sale of Tree to the Company, Bosque is due to receive a business plan incentive fee of approximately €4.9 million before taxes (€2.2 million after taxes).

The annual evolution of Bosque's personnel expenses (including the aggregate of personnel salaries and Social Security) is as follows:

(€)	31/03/2014	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Personnel Expenses	473,803.56	1,553,952.35	1,300,738.24	2,782,782.26	1,015,822.53	0

Following the proposed acquisition of Bosque, the Company intends to merge with Bosque or otherwise acquire its business, such that all current employees of Bosque would be incorporated into the Company. Following such merger or business combination, which must be approved by the General Shareholders' Meeting, the Company would substitute Bosque in managing the Seed Portfolio on a day-to-day basis on the same terms as those under the existing Portfolio Management Agreement.

In addition, on 17 December 2013 Bosque entered into an agreement with MAGIC Real Estate and the Bosque shareholders in order for MAGIC Real Estate to render certain strategic advisory services in relation to the day-to-day administration and management of the portfolio assets to be performed by Bosque (the "***Strategic Advisory Services Agreement***"). These strategic advisory services include, *inter alia*:

(i) to present strategic initiatives for the enhancement of the returns and profitability of Tree;

(ii) to achieve the target assets sales under Tree's business plan;

(iii) to maintain the top management relationship with BBVA as tenant;

(iv) to ensure compliance with the BBVA Lease Agreement; and

(v) to maintain the relationship with the financing entities under the Facility Agreements.

In consideration for MAGIC Real Estate providing the strategic advisory services, MAGIC Real Estate is entitled to an advisory fee payable by Bosque, being a variable fee, consisting of 66.67% of the business plan incentive fee to which Bosque is entitled pursuant to the Portfolio Management Agreement. Therefore, upon completion of the acquisition of Tree, MAGIC Real Estate, by virtue of the Strategic Advisory Services Agreement is entitled to a one time fee of approximately €1.5 million after taxes (€3.3 million before taxes) payable by Bosque.

In addition, certain members of the Management Team will be entitled to a payment by Deutsche Bank, S.A.E. of approximately €28 million before taxes (an estimated €12.8 million after taxes) as a result of the acquisition of Tree by the Company. This payment derives from the executive incentive plan of Deutsche Bank, S.A.E. and from a delegated management agreement entered into on 26 July 2013 between MAGIC Real Estate and Deutsche Bank, S.A.E. Under the term of these arrangements with Deutsche Bank, S.A.E., payments will be done either to MAGIC Real Estate or to its employees (some of whom are members of the Management Team) during the year 2015. Deutsche Bank, S.A.E. agreed to make these payments following the departure from RREEF, in 2012, of certain members of the Management Team who had previously managed RREEF Iberian Value Added II S.A. SICAR and Tree Investments S.A. (both indirect shareholders of Tree) and Alcudia Cartera e Inversiones, S.A. (a direct shareholder of Tree). These payments by Deutsche Bank, S.A.E. relate to the success fee that these three investment vehicles will pay to Deutsche Bank, S.A.E. upon the acquisition of Tree by the Company.

After the acquisition of Bosque, it is envisaged that the Strategic Advisory Services Agreement will be terminated.

9. FACILITY AGREEMENTS

In order to finance the acquisition of the portfolio acquired from BBVA between 2009 and 2010 and related costs, Tree was funded by a combination of equity contributions, profit participating loans (which were converted into equity on 7 January 2014) and external financing.

As of 31 March 2014, Tree is a party to a Senior Facility Agreement and a Mezzanine Facility Agreement under the following terms:

	Facility Agreements (as of 31 March 2014)					
(€)	**Principal amount**	**Debt arrangement expenses**	**Withdrawn amounts**			**Short term interest**
			Long term	Short term	Total withdrawn amounts	
Senior Facility Agreement	1,139,002,613	(13,623,713)	791,667,838	10,402,924	802,070,762	1,987,710
Mezzanine Facility Agreement	112,173,576	(1,091,964)	45,991,166	17,863,642	63,854,808	456,236
Total amounts	**1,251,176,189**	**(14,715,677)**	**837.659,004**	**28,266,566**	**865,925,570**	**2,443,946**

	Facility Agreements (as of 31 December 2013)					
(€)	**Principal amount**	**Debt arrangement expenses**	**Withdrawn amounts**			**Short term interest**
			Long term	Short term	Total withdrawn amounts	
Senior Facility Agreement	1,139,002,613	(14,708,132)	799,862,306	9,403,292	809,265,598	2,026,187
Mezzanine Facility Agreement	112,173,576	(1,256,559)	50.478.109	17,583,208	68,061,317	497,869
Total amounts	**1,251,176,189**	**(15,964,691)**	**850,340,415**	**26,986,500**	**877,326,915**	**2,524,056**

The total outstanding principal amounts under the Facility Agreements as of 31 May 2014 was €842,857,680

(€783,854,379 under the Senior Facility Agreement and €59,003,301 under the Mezzanine Facility Agreement).

As of 31 May 2014, short-term outstanding principal under the Senior Facility Agreement amounts to €11,235,956 whilst under the Mezzanine Facility Agreement amounts to €18,340,380. Long-term outstanding principal under the Senior Facility Agreement amounts to €772,618,423 whilst under the Mezzanine Facility Agreement amounts to €40,662,921.

In addition, as of 31 May 2014, debt arrangement expenses under the Facility Agreements amount to €13,679,553 (€12,694,336 under the Senior Facility Agreement and €985,216 under the Mezzanine Facility Agreement). This results in short term debt arrangement expenses for the Senior Facility Agreement amounting to €3,913,904 whilst under the Mezzanine Facility Agreement they amount to €525,252. Long-term debt arrangement expenses under the Senior Facility Agreement amount to €8,780,432 whilst under the Mezzanine Facility Agreement amount to €459,964.

Deutsche Bank Luxembourg, S.A. acts as the security agent under the Facility Agreements.

On 23 May 2014, the relevant counterparties to the Facility Agreements granted the required waiver in respect of the change of control in Tree, which will occur following the acquisition by the Company of the shares of Tree.

Senior Facility Agreement

On 23 September 2009, a syndicate of financing entities, as lenders, and Tree, as borrower, entered into a senior facility agreement, governed by Spanish law, for a maximum amount of €1,139,002,613 (as amended and restated on 29 July 2010) for the purpose of partially financing the acquisition price of the portfolio of real estate assets acquired from BBVA and the payment of any fees, commissions, costs, taxes and expenses related thereto (as amended and restated on 25 March 2014, the "***Senior Facility Agreement***").

The Senior Facility Agreement establishes no repayment obligations for the first three years. Thereafter, 8% of the principal amount to be repaid until termination of the Senior Facility Agreement (1% to be repaid on the fourth year, 1% to be repaid on the fifth year, 1.5% to be repaid on the sixth year, 2% to be repaid on the seventh year and 2.5% to be repaid on the eighth year).

The outstanding principal amount under the Senior Facility Agreement as at 31 March 2014 was €802,070,762. As at 31 May 2014, the outstanding principal amount under the Senior Facility Agreement was €783,854,379.

The Senior Facility Agreement matures on 23 September 2017 and accrues an annual interest of three-month Euribor plus a margin of 2.50%. The interest accrued during 2013, 2012 and 2011 amounted to €48,881,427, €51,615,708 and €53,789,303, respectively, after taking into account the hedging arrangements, and were recorded under the "Financial Expenses" line item in Tree's profit and loss account.

This Senior Facility Agreement includes commitments to comply with certain loan-to-value coverage ratios in the event of a downgrade of BBVA's credit rating by any credit rating agency below certain rating levels (for further details see *"Covenants: BBVA Required Rating"* under this section X (*The Seed Portfolio*)).

Mezzanine Facility Agreement

On 23 September 2009, a syndicate of financing entities, as lenders, and Tree, as borrower, entered into a mezzanine facility agreement, governed by Spanish law, for a maximum amount of €112,173,576 for the purpose of partially financing the acquisition price of the portfolio of real estate assets acquired from BBVA and the payment of any fees, commissions, costs, taxes and expenses related thereto (as amended and restated on 29 July 2010 and on 25 March 2014, respectively, the "***Mezzanine Facility Agreement***", and together with the Senior Facility Agreement, the "***Facility Agreements***").

The Mezzanine Facility Agreement is to be totally repaid during the eight-year term of the agreement up until the year 2017. Therefore, the Company has to comply with a pre-established payment calendar which, if so complied, ensures the total repayment of the amounts owed under the Mezzanine Facility Agreement.

The outstanding principal amount under the Mezzanine Facility Agreement as at 31 March 2014 was €63,854,808. As at 31 May 2014, the outstanding principal amount under the Mezzanine Facility Agreement was €59,003,301.

The Mezzanine Facility Agreement matures on 29 May 2017 and accrues an annual interest of three-month Euribor plus a margin of 7.75%. The interest accrued during 2013, 2012 and 2011 amounted to €8,009,747, €9,500,466 and €11,023,788, respectively, after taking into account the hedging arrangements which were recorded under the "Financial Expenses" line item in Tree's profit and loss account.

The debt repayment schedule as at 31 March 2014 for the Senior Facility Agreement and the Mezzanine Facility Agreement was as follows:

	Senior Facility Agreement		Mezzanine Facility Agreement	
Repayment Date	**%**	**Amount (€)**	**%**	**Amount (€)**

30/05/2014	0.250%	2,080,585	4.325%	4,851,507
29/08/2014	0.250%	2,080,585	3.950%	4,430,856
28/11/2014	0.375%	3,120,877	3.650%	4,094,336
27/02/2015	0.375%	3,120,877	4.000%	4,486,943
29/05/2015	0.375%	3,120,877	4.750%	5,328,245
28/08/2015	0.375%	3,120,877	4.400%	4,935,637
30/11/2015	0.500%	4,161,170	4.200%	4,711,290
29/02/2016	0.500%	4,161,170	4.500%	5,047,811
31/05/2016	0.500%	4,161,170	5.150%	5,776,939
30/08/2016	0.500%	4,161,170	4.500%	5,047,811
29/11/2016	0.625%	5,201,462	4.500%	5,047,811
28/02/2017	0.625%	5,201,462	4.500%	5,047,811
				TOTAL: 58,806,997
29/05/2017	-	-	Any outstanding balance	Any outstanding balance
30/05/2017	0.625%	5,201,462	-	-
29/08/2017	0.625%	5,201,462	-	-
23/09/2017	0.625%	5,201,462	-	-
		TOTAL: 59,296,668		
Termination date	Any outstanding balance	Any outstanding balance		

During the year ended 31 December 2013, Tree repaid €76,410,832 of the amounts due under the Senior Facility Agreement and the Mezzanine Facility Agreement, of which €50,317,611 were repaid due to the early repayment obligations as a result of the sale of assets, €22,193,221 due to the debt repayment schedule and €3,900,000 associated with other obligations included in the Financing Agreements.

During the first three months of 2014, Tree repaid €11,401,345 of the amounts due under the Facility Agreements (€7,194,836 under the Senior Facility Agreement and €4,206,509 under the Mezzanine Facility Agreement), of which €3,614,251 were repaid due to the early repayment obligations as a result of the sale of assets, €6,287,094 due to the debt repayment schedule and €1,500,000 associated with other obligations included in the Financing Agreements.

Between 31 March 2014 and 31 May 2014, Tree repaid €23,067,890 of the amounts due under the Facility Agreements (€18,216,382 under the Senior Facility Agreement and €4,851,507 under the Mezzanine Facility Agreement), of which €15,073,482 were repaid due to the early repayment obligations as a result of the sale of assets, €6,894,408 due to the debt repayment schedule and €1,100,000 associated with other obligations in the Financing Agreements.

At maturity, 23 September 2017, there is a refinancing event for Tree. Please see Section 2. A (II) of Part II (*Risk Factors*) of this Prospectus for additional information.

Covenants: BBVA Required Rating

In accordance with the terms of the Senior Facility Agreement, if BBVA's ceases to have the Required Rating (long term rating of BBVA being at least A- under Standard & Poor's rating or A3 under Moody's rating) with immediate effect:

(i) all amounts in excess of €2,000,000 standing to the credit of the bank account identified in the Senior Facility Agreement as the "Debt Service Reserve Account" shall be applied in prepayment or payment (as the case may be) *pari passu* of: (A) amounts due under the Senior Facility Agreement; and (B) any payments as a result of termination or closing out due but unpaid under a Hedging Agreement. In total €11.9 million were repaid on 4 July 2012 until now as per this clause; and

(ii) if such circumstance is continuing on an interest payment date, certain amounts (approximately €5 million per year) deposited in the bank account identified in the Senior Facility Agreement as the "Rent Account" shall be applied in prepayment or payment (as the case may be) *pari passu* of: (A) amounts due under the Senior Facility Agreement; and (B) payments as a result of termination or closing out due but unpaid under a Hedging Agreement, unless Tree can demonstrate that, taking into account any principal payment to be made on such date, the loan-to-value under the Ratings LTV Test would be less than 50%.

In June 2012, a breach of the Required Rating occurred and as a result (i) €11.9 million of the Senior Facility Agreement was repaid early by using part of the Debt Service Reserve Account; and (ii) cash sweeps of the rental incomes were implemented. At the date of this Prospectus, BBVA is still below the Required Rating and, as a consequence, the full cash sweeps of the rental incomes of Tree remain in place.

Additionally, if BBVA's long-term credit rating falls below a rating of (i) BBB- under Standard & Poor's rating and Baa3 under Moody's rating; or (ii) BB under Standard & Poor's rating or Ba2 under Moody's rating, Tree must deliver the Ratings LTV Test which comprises three loan-to-value tests (based on loan-to-value valuations of the properties made by an independent valuer) on the date falling (i) six months after the date of the occurrence of such event (the "*First Valuation*"), (ii) six months after the date of delivery of the first valuation and (iii) nine months after the date of delivery of the first valuation. During the relevant time periods between these dates, Tree must ensure that the loan-to-value resulting from the Ratings LTV Test is less than certain thresholds (these thresholds range from 50% to 75%) for those time periods. In the event that, at any time during a relevant time period, the loan-to-value resulting from such loan-to-value tests exceeds or is equal to the specified thresholds corresponding to such time period, Tree must either: (i) make prepayments under the Senior Facility Agreement in such amount as will ensure that the loan-to-value is less than or equal to the relevant threshold; or (ii) deposit in a bank account identified in the Senior Facility Agreement as the "Rectification Account" an amount that would need to be prepaid to effect compliance with the loan-to-value test.

If upon the expiry of a relevant period referred to above, the loan-to-value resulting from the Ratings LTV Test exceeds the thresholds specified in the Senior Facility Agreement, there shall be an immediate Event of Default.

Since Tree entered into the Senior Facility Agreement, BBVA's long-term rating has not fallen below (i) BBB- under Standard & Poor's rating and Baa3 under Moody's rating; or (ii) BB under Standard & Poor's rating or Ba2 under Moody's rating.

As of the date of this Prospectus, BBVA's latest long-term rating is A- with stable outlook (Fitch, May 2014), Baa2 with positive outlook (Moody's, March 2014) and BBB with stable outlook (Standard and Poors, June 2014).

Hedging Agreements

With the purpose of eliminating any risk associated with the evolution of the interest rates and the potential negative impact on the cost of the Facility Agreements, Tree and certain lenders under the Senior Facility Agreement and the Mezzanine Facility Agreement entered into interest hedging agreements in connection with the Facility Agreements on 25 September 2009 and on 29 July 2010, respectively (the "***Interest Hedging Agreements***").

The Interest Hedging Agreements have a term expiring on the Termination Date of the Facility Agreements. As a result, the financial cost will be fixed until September 2017 (3.33% for the Senior Facility Agreement and 2.71% for the Mezzanine Facility Agreement) plus the applicable margin of 250 bps for the Senior Facility Agreement and 775 bps for the Mezzanine Facility Agreement, respectively.

Likewise, and with the purpose of eliminating any risk associated with the evolution of the HICP (which is the parameter used for the indexation of the rent under the lease agreement with BBVA), Tree and certain lenders under the Facility Agreements entered into inflation hedging agreements on 23 September 2009 and on 29 July 2010, respectively (the "***Inflation Hedging Agreements***" and together with the Interest Hedging Agreements, the "***Hedging Agreements***").

The termination date of the Inflation Hedging Agreements is the same as the Termination Date of the Facility Agreements. The Inflation Hedging Agreements fix the annual review of the rent at a rate of 3.34% (including the multiplier) until September 2017.

The following table set forth certain information in relation to Tree's Hedging Agreement as of 31 March 2014:

Hedging Agreements (as of 31 March 2014)								
Concept	**Maturity**	**Fixed Rate**	**Floating Rate**	**Original Notional**	**Remaining Notional**	**Fair Value**	**(Cr) Liability**	**Profits and Losses**
				(€ thousands)				
IRS SENIOR	2017	3.46%	Euribor 3M	734,000	646,092	(66,679)	66,679	(185)
IRS SENIOR	2017	2.78%	Euribor 3M	177,202	155,979	(12,361)	12,361	(22)
IRS MEZZANINE	2017	2.81%	Euribor 3M	91,500	52,086	(2,307)	2,307	—
IRS MEZZANINE	2017	2.25%	Euribor 3M	20,674	11,768	(400)	400	—
INFLATION SWAP	2017	3.34%	HICP	80,571	78.090	4,735	(4,735)	—
Total							**77,012**	**(207)**

Hedging Agreements (as of 31 December 2013)								
Concept	**Maturity**	**Fixed Rate**	**Floating Rate**	**Original Notional**	**Remaining Notional**	**Fair Value**	**(Cr) Liability**	**Profits and Losses**

				(€ thousands)				
IRS SENIOR	2017	3.46%	Euribor 3M	734,000	651,887	(65,880)	65,880	106
IRS SENIOR	2017	2.78%	Euribor 3M	177,202	157,378	(11,910)	11,910	29
IRS MEZZANINE	2017	2.81%	Euribor 3M	91,500	55.518	(2,516)	2,516	-
IRS MEZZANINE	2017	2.25%	Euribor 3M	20,674	12.544	(430)	430	-
INFLATION SWAP	2017	3.34%	HICP	80,571	78.090	2,155	(2,155)	-
Total							**78,581**	**135**

As at 31 May 2014 an aggregate of €17,179,309 of the 3.46% IRS Senior hedging agreement, €4,147,424, of the 2.78% IRS Senior hedging agreement and €1,889,425.60 of the 3.34% Inflation Swap hedging agreement have been cancelled.

Debt amortisation in case of sales - Sales targets agreed with the lenders under the Facility Agreements

Tree agreed with the lenders under the Facility Agreements that if the cumulative aggregate gross proceeds from asset disposals received by Tree in connection with the sale, transfer or other disposal by Tree of any properties since 1 January 2013 (i.e., taking into account the amount of the gross asset disposals completed between 1 January 2013 and the end of the relevant year) does not reach the amounts set out in the table below by the end of the relevant year, then the Release Amount corresponding to the properties disposed after the end of any such financial year shall be 147.5% of the allocated loan amount, in relation to such properties, until the cumulative aggregated gross asset disposals (including sales after the end of any such financial year*)* reaches the amount set out in the table below as target by the end of the immediately preceding year.

Once the cumulative aggregated gross asset disposals reach the amount set out below as target by the end of the immediately preceding year, the Release Amount shall be reduced to the initial 122.5%.

Cumulative aggregated gross asset disposals as of 1 January 2013	By the end of Year
€35,000,000	2013
€70,000,000	2014
€105,000,000	2015
€140,000,000	2016

On 28 February 2014, senior loan principal was cancelled for 122.5% of the principal of the mortgage liability assigned to each of the properties sold between 29 November 2013 and 28 February 2014, for a total of €3,614 thousand and €1,500 thousand associated with other obligations included in the Facility Agreements. Likewise, on the same date, the senior swap hedging derivative of €5,146 thousand was cancelled, giving rise to a payment of €519 thousand.

Between 1 April 2014 and 31 May 2014, senior loan principal was cancelled for 122.5% of the principal of the mortgage liability assigned to each of the properties sold between 1 April 2014 and 31 May 2014, for a total of €15,073 thousand and €1,100 thousand associated with other obligations included in the Facility Agreements. Likewise, on the same date, the senior swap hedging derivative of €16,181 thousand was cancelled, giving rise to a payment of €1,588 thousand.

As of the date of the Prospectus, the cumulative gross asset disposals since 1 January 2013 amount to €107 million.

The net sales proceeds received by Tree in connection with the sale, transfer or other disposal of any properties shall be paid directly into the bank account identified in the Facility Agreements as the "Deposit Account" and, on the next interest payment date under the Facility Agreement, the applicable Release Amount shall be applied towards prepayment or payment (as the case may be) *pari passu* of: (i) the amounts due under the Facility Agreements; and (ii) any mark to market payments as a result of termination or closing out due but unpaid under a Hedging Agreement.

Distributions Reinvestment Agreement

On 25 March 2014 Tree, the Tree Shareholders and Deutsche Bank Luxembourg, S.A. (in its capacity as agent under the Senior Facility Agreement), amongst others, entered into a distributions reinvestment agreement (the "***Distributions Reinvestment Agreement***").

In respect of mandatory distributions of profits to be paid by Tree to the Tree Shareholders until full repayment of any and all amounts due under the Senior Facility Agreement, in accordance with the application of the SOCIMI Regime as from the election of the SOCIMI Regime by Tree and until full repayment of any and all amounts due under the Senior Facility Agreement, the parties of the Distributions Reinvestment Agreement agreed that at the same general shareholders' meeting of Tree at which a distribution is approved, the Tree Shareholders shall promote, pass the necessary resolutions and subscribe a share capital increase in cash to be executed in full on the same date as the dividend payment date, for an amount equivalent to 50% of the total net mandatory distributions of profits as per the SOCIMI Act paid by Tree to the Tree Shareholders.

Tree shall use the proceeds of each share capital increase for the early repayment of the amounts due under the Senior Facility Agreement and under the Hedging Agreements. For such purpose, Tree shall ensure that such proceeds are directly paid into the Debt Service Reserve Account.

In addition, the Tree Shareholders have agreed upon certain information and indemnity commitments vis-à-vis Tree in the event that the special tax levy provided for in the SOCIMI Act is requested to Tree.

In the event of a transfer of any Tree Shareholder of its shares in Tree, if the purchaser of such shares is not a party to the Distributions Reinvestment Agreement, it shall adhere to this Distributions Reinvestment Agreement and, in particular, to the obligations of the Tree Shareholders, on identical terms and conditions as the seller as at the date of the transfer, including the execution and/or delivery of such private or public documents (including any deed) as may be necessary for such purpose.

In accordance with the accession provisions of the Distributions Reinvestment Agreement, the Company will enter into a New Distributions Reinvestment Agreement with Tree and Deutsche Bank Luxembourg, S.A. (in its capacity as agent under the Senior Facility Agreement), amongst others, upon acquisition of 100% of the shares in Tree. Consequently, the Company will reinvest 50% of the total net mandatory distributions of profits as per the SOCIMI Act paid by Tree to the Company.

Security Package

In order to secure the obligations assumed by Tree under the Facility Agreements and the Hedging Agreements, Tree and the Tree Shareholders (as applicable) granted, by means of the relevant public deeds, a number of security interests on 25 September 2009 (as extended and ratified, amongst others, on 29 July 2010 and on 25 March 2014, the "***Security Package***"), including, among others:

(i) a first ranking mortgage granted by Tree over the properties in favour of the lenders under the Senior Facility Agreement;

(ii) a second ranking mortgage granted by Tree over the properties in favour of the lenders under the Mezzanine Facility Agreement;

(iii) a pledge granted by Tree over the surplus to which it may be entitled as a result and after full enforcement of the mortgages listed in paragraphs (i) and (ii) above, to secure the obligations under the Hedging Agreements;

(iv) a first ranking pledge granted by Tree Shareholders over 99.74% of the shares of Tree in favour of the finance parties under the Senior Facility Agreement and the Hedging Agreements entered into in connection with the Senior Facility Agreement;

(v) a second ranking pledge granted by Tree Shareholders over 99.74% of the shares of Tree in favour of the finance parties under the Mezzanine Facility Agreement and the Hedging Agreements entered into in connection with the Mezzanine Facility Agreement;

(vi) a first ranking pledge granted by Tree Shareholders over the surplus to which they may be entitled as a result an after full enforcement of the first ranking pledge listed in paragraph (iv) above, to secure the obligations under the Mezzanine Facility Agreement and the Hedging Agreements entered into in connection with the Mezzanine Facility Agreement;

(vii) a first ranking pledge granted by Tree over the credit rights deriving from sale and purchase deeds, lease agreements, insurance policies and bank accounts, to secure the obligations under the Senior Facility Agreement and the Hedging Agreements entered into in connection with the Senior Facility Agreement;

(viii) a second ranking pledge granted by Tree over the credit rights deriving from sale and purchase deeds, lease agreements, insurance policies and bank accounts, to secure the obligations under the Mezzanine Facility Agreement and the Hedging Agreements entered into in connection with the Mezzanine Facility Agreement;

(ix) a first ranking pledge granted by Tree over the surplus to which it may be entitled as a result an after full enforcement of the first ranking pledge listed in paragraph (vii) above, to secure the obligations under the

Mezzanine Facility Agreement and the Hedging Agreements entered into in connection with the Mezzanine Facility Agreement;

(x) a first ranking pledge granted by Tree Shareholders over the credit rights deriving from the bank accounts opened pursuant to the Distributions Reinvestment Agreement, to secure the obligations under the Senior Facility Agreement and the Hedging Agreements entered into in connection with the Senior Facility Agreement;

(xi) a second ranking pledge granted by Tree Shareholders over the credit rights deriving from the bank accounts opened pursuant to the Distributions Reinvestment Agreement, to secure the obligations under the Mezzanine Facility Agreement and the Hedging Agreements entered into in connection with the Mezzanine Facility Agreement;

(xii) a first ranking pledge granted by Tree Shareholders over the surplus to which they may be entitled as a result an after full enforcement of the first ranking pledge listed in paragraph (x) above, to secure the obligations under the Mezzanine Facility Agreement and the Hedging Agreements entered into in connection with the Mezzanine Facility Agreement; and

(xiii) English law assignment by way of security granted by Tree over any credit rights deriving from the Hedging Agreements, to secure the obligations under the Facility Agreements and the Hedging Agreements.

In respect of the pledges over the shares in Tree, Tree's shareholders granted a pledge over 99.74% of the shares in Tree. In the event that the Spanish tax authorities confirm that it is not necessary for the shares of Tree to be listed on a regulated market following the acquisition of Tree by the Company for the purposes of Tree qualifying as a SOCIMI, the pledges granted to the lenders would cover 100% of the shares in Tree.

Debt arrangement expenses

Tree paid certain arrangement fees and expenses under the Facility Agreements at the time it entered into such Facility Agreements. As at 31 December 2013 Tree was pending the amortisation of €15,965,691 in debt arrangement expenses as a result of due amounts under the Senior Facility Agreement. In accordance with applicable accounting legislation, these expenses must be directly assigned to the income statement of each year.During year 2013 Tree has assigned €6,080,304 under the "Financial expenses" account of the income statement. Debt arrangement expenses as at 31 March 2014 amount to €14,715,677.

10. PROJECTED RENTAL INCOME

Although Tree has obtained negative results for the past three financial years which is expected to continue in 2014 due to debt interest and amortisation payments, in 2014, the Seed Portfolio is expected to generate gross rental income of approximately €88.5 million in 2014, reflecting a gross initial yield of approximately 5.61%.

The minimum rental income (as per the BBVA Lease Agreement) for the Seed Portfolio can be summarised as follows (assuming 0% inflation):

(in € thousands)	31 May 2014	31 March 2014	31 December 2013	31 December 2012	31 December 2011
Less than 1 year	88.516	89,782	90,064	92,764	90,679
Between 1 and 5 years	442.582	448,908	450,322	463,821	462,932
Beyond 5 years	1.702.544	1,727,262	1,755,326	1,902,093	1,992,466
Total	**2.233.642**	**2,265,952**	**2,295,712**	**2,458,678**	**2,546,077**

11. ACQUISITION PRICE OF TREE

The acquisition price of Tree is based on the enterprisevValue of Tree. Pursuant to the Irrevocable Undertaking Agreement, the parties thereto have agreed this enterprise value amounts to €1,577 million for the current portfolio of 880 branches and five buildings with an annual rent for 2014 of €88,516,326, which implies an Entry Yield of 5.61%. The Company will be acquiring 100% of the shares of Tree and Bosque, after Admission, for a total consideration of €739,483,659 (excluding acquisition costs and expenses). The calculations are shown below:

Portfolio	Tree acquisition 880 Branches 5 Landmarks **885 assets**
	(€ except Entry Yield)
Rent	88,516,326
Pricing of the assets	1,577,452,880
Entry Yield	5.61%
Portfolio sales price	**1,577,452,880**
Outstanding Senior Debt as at 30 June 2014	(783,854,379)
Outstanding Mezzanine Debt as at 30 June 2014	(59,003,301)
Total outstanding debt	**(842,857,680)**
Equity Value	734,595,200
Cash generated by the sales 2Q'2014	4,888,459
Purchase price of Tree	**739,483,659**
Transaction costs[(1)]	(5,431,745)
Cash to Tree Shareholders	**734,051,915**

(1) Sale expenses payable by the Company include incentive fees (before taxes) pursuant to the Portfolio Management Agreement with Bosque and legal fees.

PART XI: VALUATION REPORTS

SECTION A: SAVILLS VALUATION REPORT OF THE SEED PORTFOLIO

See ANNEX 6.

SECTION B: PWC VALUATION REPORT OF TREE

See ANNEX 6

PART XII: SELECTED HISTORICAL FINANCIAL INFORMATION

SECTION A: SELECTED HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

The selected financial information of the Company for the seven-day period ended 31 March 2014, prepared in accordance with Spanish GAAP and presented below, has been derived from, and should be read together with, the historical financial information of the Company, together with the accompanying notes, included elsewhere in this Prospectus. See Annex 1 (*Historical Audited Interim Financial Statements for MERLIN Properties for the seven-day period 31 March 2014*) for further information on the Company's historical financial information.

The information contained in the selected financial information of the Company for the seven-day period ended 31 March 2014 prepared in accordance with Spanish GAAP and presented below, would not present significant differences if IFRS-EU were applied.

The Company has not carried on business or incurred borrowings and there has been no significant change in the financial or trading position of the Company since 31 March 2014 (the date to which the financial information reported on in the accountants' report in respect of the Company was prepared) other than as disclosed in this Prospectus.

(I) Summary Balance Sheet

	As of 31 March 2014
	(in €)
ASSETS	
CURRENT ASSETS	**60,084**
− Trade and other receivables	84
− Other tax receivables	84
− Cash and cash equivalents	60,000
− Cash	60,000
Total Assets	**60,084**
EQUITY AND LIABILITIES	
EQUITY	**54,564**
− Shareholder´s equity	54,564
− Share capital	60,000
− Reserves	(390)
− Profit (loss) for the year	(5,046)
CURRENT LIABILITIES:	**5,520**
− Trade and other payables	5,520
− Suppliers	5,445
− Other tax payables	75
Total Equity and Liabilities	**60,084**

(II) Summary Profit and Loss Account

	7 days to 31/03/2014
	(in €)
CONTINUING OPERATIONS	
Other operating expenses	(5,046)
LOSS FROM OPERATIONS	**(5,046)**
LOSS BEFORE TAX	**(5,046)**
LOSS FOR THE PERIOD	**(5,046)**

(III) Summary Cash Flow Data

	7 days ended 31 March 2014
	(in €)
Cash flows from operating activities	390
Cash flows from investing activities	—
Cash flows from financing activities	59,610
Effect of foreign exchange rate changes	—
Net increase/decrease in cash and cash equivalents	**60,000**
Cash and cash equivalents at end of period	60,000

SECTION B: SELECTED HISTORICAL FINANCIAL INFORMATION OF TREE

The selected financial information of Tree as of and for the three month period ended 31 March 2014 and as of and for each of the years ended 31 December 2013, 2012 and 2011, prepared in accordance with Spanish GAAP and presented below, has been derived from, and should be read together with, the historical financial information of Tree, together with the accompanying notes, included elsewhere in this Prospectus. See Annex 2 (*Historical Unaudited Interim Financial Statements for Tree Inversiones Inmobiliarias, S.A. for the three-month period ended 31 March 2014*), Annex 3 (*Historical Audited Financial Statements for Tree Inversiones Inmobiliarias, S.A. for the period ended 31December 2013*), Annex 4 (*Historical Audited Financial Statements for Tree Inversiones Inmobiliarias, S.A. for the period ended 31 December 2012*) and Annex 5 (*Annex 5: Audited Financial Statements for Tree Inversiones Inmobiliarias, S.A. for the period ended 31 December 2011*) for further information on Tree's historical financial information,

The information contained in the selected financial information of Tree as of and for the three-month period ended 31 March 2014 and as and for the years ended 31 December 2013, 2012 and 2011 prepared in accordance with Spanish GAAP and presented below, would not present significant differences if IFRS-EU were applied,

There has been no significant change in the financial or trading position of Tree since 31 March 2014 (the date to which the interim financial information reported on in the accountants' report in respected of Tree was prepared) other than the sale of 18 branches for a total price of €24.0 million, as further described in section 11 of Part X (*The Seed Portfolio*).

(I) Summary Balance Sheet

	As of			
	31 March 2014 (unaudited)	**31 December 2013 (audited)**	**31 December 2012 (audited)**	**31 December 2011 (audited)**
	(in € thousands)			
ASSETS				
NON-CURRENT ASSETS:	**1,036,159**	**1,047,481**	**1,165,482**	**1,218,147**
− Intangible fixed assets	64	56	—	—
− Property, plant and equipment	23	18	21	23
− Investment property	1,011,710	1,022,848	1,102,180	1,159,037
− Long-term financial investments	12,610	12,674	12,938	13,474
− Deferred tax assets	11,752	11,885	50,343	45,613
CURRENT ASSETS:	**11,075**	**15,978**	**9,634**	**24,451**
− Trade and other receivables	180	377	161	146
− Short-term investments in group companies and associates	—	646	704	—
− Short-term financial investments	97	119	40	47
− Cash and cash equivalents	10,798	14,836	8,729	24,258
Total Assets	**1,047,234**	**1,063,459**	**1,175,116**	**1,242,598**
EQUITY AND LIABILITIES				
EQUITY	**100,408**	**(111,183)**	**(106,163)**	**(46,578)**
− Shareholder's equity	171,356	(39,110)	(19,625)	21,911
− − Share capital	9,323	6,960	6,960	6,960
− − Share premium	260,648	52,873	52,873	52,873
− − Reserves	(481)	(481)	(497)	(497)
− − Profit (loss) from previous year	(98,462)	(78,961)	(37,425)	(29,585)
− − Profit (loss) for the year	328	(19,501)	(41,536)	(7,840)
− Valuation adjustments	(70,948)	(72,073)	(86,538)	(68,489)
NON-CURRENT LIABILITIES:	**914,200**	**1,125,032**	**1,251,861**	**1,261,509**

− Long-term debts	914,200	927,221	1,054,050	1,082,191
− Long-term debts with group companies and associates	—	197,811	197,811	179,318
CURRENT LIABILITIES:	**32,626**	**49,610**	**29,418**	**27,667**
− Short-term debts	30,711	29,511	26,776	24,317
− Short-term debts with group companies and associates	—	16,966	—	365
− Trade and other payables	1,915	3,133	2,642	2,985
Total Equity and Liabilities	**1,047,234**	**1,063,459**	**1,175,116**	**1,242,598**

On 7 January 2014 there was a share capital increase amounting to €2,339 thousand with a share premium of €205,649 thousand by means of the issuance of 2,338,917 new shares at €1 nominal value, fully subscribed, through credit compensation relating to the principal of profit participating loans, (€197,811 thousand), as well as interests due but not paid to date (€10,177 thousand).

On 7 January 2014 there was a second capital increase amounting to €24,000 with a share premium of €2,126 thousand, by means of the issuance of 24,178 new shares at €1 nominal value, fully subscribed and paid in.

(II) Summary Profit and Loss Account

	31 March 2014 (unaudited)	31 March 2013 (unaudited)	31 December 2013 (audited)	31 December 2012 (audited)	31 December 2011 (audited)
		(in € thousands)			
Revenue	22,304	22,895	93,387	92,978	95,245
Other operating income	546	323	12	—	32
Personnel expenses	(14)	(13)	(90)	(91)	(75)
Other operating expenses	(1,164)	(1,321)	(9,847)	(8,567)	(11,793)
Depreciation and amortisation charges	(7,620)	(7,829)	(31,004)	(31,726)	(33,282)
Impairment leases and proceeds from sale of real estate assets	2,142	2,444	27,541	12,713	51,863
Other gains and losses	—	—	(3)	8	29
OPERATING PROFIT (LOSS)	**16,194**	**16,499**	**79,996**	**65,315**	**102,019**
Finance income	3	3	90	180	589
Finance expenses	(14,996)	(21,142)	(88,754)	(90,390)	(113,355)
− Debts with Group companies and associates	(361)	(5,263)	(25,766)	(22,848)	(35,320)
− Third-party borrowings	(14,635)	(15,879)	(62,988)	(67,542)	(78,035)
Change in fair value of financial instruments	(337)	(613)	(5,220)	(4,628)	(459)
FINANCIAL PROFIT (LOSS)	**(15,330)**	**(21,752)**	**(93,884)**	**(94,838)**	**(113,225)**
PROFIT (LOSS) BEFORE TAXES	**864**	**(5,253)**	**(13,888)**	**(29,523)**	**(11,206)**
PROFIT (LOSS) FOR THE YEAR	**328**	**(8,755)**	**(19,501)**	**(41,536)**	**(7,840)**

(III) Summary Cash Flow Data

	31 March 2014 (unaudited)	31 March 2013 (unaudited)	31 December 2013 (audited)	31 December 2012 (audited)	31 December 2011 (audited)
		(in € thousands)			

Cash flows from operating activities	(498)	5,410	6,439	(16,029)	(28,776)
Cash flows from investing activities	5,711	7,972	76,079	38,363	163,900
Cash flows from financing activities	(9,251)	11,952	(76,411)	(37,863)	(320,483)
− Proceeds and repayments relating to equity instruments					
− Issuance and repayment of equity instruments	2,150	—	—	—	(9,227)
− Acquisition of own equity instruments	—	—	—	—	5
− Proceeds and payments relating to financial liabilities					
− Issuance of debt to group companies and associates		—	—	18,493	—
− Redemption and repayment of debt to financial entities	(11,401)	(11,952)	(76,411)	(56,356)	(283,579)
− Redemption and repayment of debt to Group companies				—	(27,682)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	**(4,038)**	**1,430**	**6,107**	**(15,529)**	**(185,359)**
Cash and cash equivalents at end of period	10,798	10,159	14,836	8,729	24,258

(IV) Investment property

	As of				
	31 March 2014 (unaudited)	**31 December 2013 (audited)**	**31 December 2012 (audited)**	**31 December 2011 (audited)**	**31 December 2010 (audited)**
	(in thousands €)				
Cost:					
Lands	373,315	375,462	403,797	414,545	460,095
Buildings	771,054	772,725	796,095	812,243	885,270
	1,144,369	**1,148,187**	**1,199,892**	**1,226,788**	**1,345,365**
Accumulated depreciation:					
Buildings	(132,659)	(125,339)	(97,712)	(67,751)	(39,596)
	(132,659)	**(125,339)**	**(97,712)**	**(67,751)**	**(39,596)**
Net balance:	**1,011,710**	**1,022,848**	**1,102,180**	**1,159,037**	**1,305,769**

Investment property includes several properties acquired from the BBVA Group in 2009, 2010 and 2011. The acquisition process consisted of the following stages:

- In 2009, there was an initial purchase of 946 properties and a subsequent purchase of 2 more properties.
- In 2010, 150 properties were purchased along with 2 buildings and 3 more properties later.
- There was a property replacement process in 2011 as provided for in the BBVA Lease Agreement. During this process, the Company acquired 5 properties and sold 6 of the ones acquired in previous stages. Likewise, the lease agreement with respect to the sold properties was terminated, and a new lease agreement was entered into for the 5 acquired properties. The same terms, conditions and leasing periods as for the sold properties were maintained.

The retirements of fixed assets in the three month period ended 31 March 2014 correspond to the sale of 2 properties for €5,866 thousand, with associated sale costs amounting to €199 thousand. The results on sales are entirely registered under the heading “Proceeds from real estate sales” in the profit and loss account for the three month period ended 31 March 2014.

The retirements of fixed assets in 2013 include the sale of 33 properties for €77,130 thousand, with associated selling costs of €1,257 thousand. The results of those sales are entirely recorded under the heading “Impairment leases and proceeds from sale of real estate assets” in the profit and loss account for 2013.

The retirements of fixed assets for 2012 include the sale of 27 properties for €38,373 thousand.

The retirements of fixed assets for 2011 record the sale of 117 properties (including the replaced properties) for €174,116 thousand.

The retirements of fixed assets for 2010 record the sale of 26 properties and 1 singular building for €156,120 thousand.

(V) Summary reconciliation of financial investments and indebtness

	As of				
	31 March 2014	**31 December 2013**	**31 December 2012**	**31 December 2011**	**31 December 2010**
	(in € thousands)				
SENIOR FACILITY AGREEMENT					
Principal amount (Long term)	(791,668)	(799,862)	(861,827)	(908,204)	(1,024,930)
Debt arrangement expenses	13,624	14,708	20,032	25,557	37,651
Total Principal amount (Long term)	(778,044)	(785,153)	(841,796)	(882,647)	(987,279)
Principal amount (Short term)	(10,403)	(9,404)	(10,248)	(4,972)	(114,072)
Short term interests	(1,988)	(2,026)	(2,150)	(3,227)	(5,436)
Total Senior Facility Agreement	**(802,071)**	**(809,266)**	**(872,075)**	**(913,176)**	**(1,139,003)**
MEZZANINE FACILITY AGREEMENT					
Principal amount (Long term)	(45,991)	(50,478)	(68,061)	(81,662)	(96,918)
Debt arrangement expenses	1,092	1,257	2,014	2,915	3,958
Total Principal amount (Long term)	(44,899)	(49,222)	(66,047)	(78,747)	(92,960)
Principal amount (Short term)	(17,864)	(17,583)	(13,601)	(15,256)	(12,676)
Short term interests	(456)	(498)	(594)	(795)	(1,019)
Total Mezzanine Facility Agreement	**(63,855)**	**(68,061)**	**(81,662)**	**(96,918)**	**(109,594)**
Total Senior and Mezzanine Facility Agreements	**(865,926)**	**(877,327)**	**(953,738)**	**(1,010,094)**	**(1,248,596)**

The above table contains the relevant outstanding principal amounts under the Senior Facility Agreement and the Mezzanine Facility Agreement, without showing interests or expenses.

PART XIII: UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

See ANNEX 7.

PART XIV: THE ISSUE

1. THE ISSUE

The Issue is expected to be for up to €1,500 million in gross proceeds (assuming no exercise of the Over-allotment Option). The Company expects to raise Net Proceeds of approximately €1,461,600,000 (on the basis of a €1.500 million Issue and assuming Over-allotment Option is not exercised), after the deduction of commissions and other estimated fees and expenses payable by the Company and incurred in connection with the Issue of approximately €38.4 million. The final size of the Issue is expected to be determined and announced through the publication of a significant information announcement (*Hecho Relevante*) on or about 26 June 2014, once the Placing is concluded and the Joint Bookrunners and the Company have agreed the number of Ordinary Shares that will constitute the Placing Shares.

In addition, the Company has granted to Credit Suisse Securities (Europe) Limited (the "***Stabilisation Manager***") acting on behalf of the Joint Bookrunners an Over-allotment Option pursuant to which the Company may issue a total of up to 22,500,000 additional Ordinary Shares at the Issue Price (the "***Over-allotment Shares***"), representing up to 15% of the Ordinary Shares comprised in the Issue before any utilisation of the Over-allotment Option. For further information please see section 10 of this Part XIV (*The Issue*).

Pursuant to the Placing Agreement, the Banca March Underwriting and Placing Agreement and the DBPWM Placing Agreement, the Managers, Banca March and DBPWM, as applicable, will agree, subject to certain conditions, acting severally and not jointly nor jointly and severally, to use reasonable endeavours to procure subscribers for up to 89,785,000 Ordinary Shares at the Issue Price representing up to 59.833% of the issued share capital of the Company on Admission (on the basis of a €1,500 million Issue and assuming no exercise of the Over-allotment Option).

BNP PARIBAS Securities Services, Sucursal en España, with registered address in Calle Ribera del Loira 28, 28042 Madrid, will be the agent bank in the Issue.

The Ordinary Shares to be issued pursuant to the Issue will rank *pari passu* in all respects with the existing Ordinary Shares, including as regards the right to vote and the right to receive all dividends and other distributions declared, made or paid on the Company's share capital after Admission. Immediately following Admission, the Ordinary Shares will be freely transferable under the By-laws, but will be subject to the restrictions referred to in section 11 of this Part XIV (*The Issue*).

The Placing, the Banca March Placing and the DBPWM Placing will be made by way of an offer to investors in accordance with the selling restrictions described in section 11 of this Part XIV (*The Issue*) (a) outside the United States in offshore transaction as defined in, and in compliance with Regulation S and (b) in the United States to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

The Placing, the Banca March Placing and the DBPWM Placing are conditional upon, among other things, the Placing Agreement having become unconditional in all respects subject to the satisfaction of certain conditions precedent and provided the Agreement has not been terminated by the Joint Bookrunners in accordance with its terms.

Prior to the Issue, MAGIC Kingdom holds 100% of the issued share capital of the Company and has undertaken to subscribe 690,000 Ordinary Shares in the Issue. Immediately following Admission, it will hold a total of 750,000 Ordinary Shares and 0.5% of the beneficial interest in the Company (on the basis of a €1,500 million Issue and assuming no exercise of the Over-allotment Option). The Issue will result in the beneficial interest of MAGIC Kingdom in the Company being diluted by 99.50% (on the basis of a €1,500 million Issue and assuming no exercise of the Over-allotment Option).

The Company has entered into certain Cornerstone Investor Subscription Agreements pursuant to which the Cornerstone Investors have agreed to subscribe, at the Issue Price, for an aggregate of 52,025,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms and certain other conditions being satisfied.

The Placing and the Issue will automatically terminate if Admission has not been completed by 30 September 2014. In such case, where the Issue Shares have already been paid by the Joint Bookrunners or the final subscribers (as applicable), the Joint Bookrunners, or the final subscribers (as applicable) would be obligated to return the Issue Shares to the Company (if delivered) and the Company would be obligated to return the moneys paid at the Issue Price (if any) by the Joint Bookrunners, the final subscribers or any holder of Issue Shares (as applicable), together with interest accrued from the date on which the Joint Bookrunners or the final subscribers or holders of shares (as applicable) paid for the Issue Shares until the date on which the Company repays the Issue Price. Please see the representations and warranties under section 4 of Part XVIII (*Terms and Conditions of the Placing*).

For further information on termination events under the Placing Agreement please see section 11 of Part XVII (*Additional Information*).

The Company's principal use of the Net Proceeds of the Issue will be to fund the acquisition of 100% of the shares of Tree and 100% of the shares of Bosque, respectively, and future real estate acquisitions, as well as to fund the Company's operating expenses consistent with the Business Strategy as described in section 5 of Part VII (*Information* *on the Company*). The Company aims to have the Net Proceeds fully invested in the 24 months following Admission.

In addition, in connection with the Issue, the Joint Bookrunners or any affiliate acting as an investor for its own account may take up Ordinary Shares and in that capacity may retain, purchase or sell such shares (or related acquisitions), for its own account and may offer or sell such shares (or other acquisitions) otherwise than in connection with the Placing.

2. AUTHORISATIONS OF THE ISSUE

The Issue Shares will be issued pursuant to a decision adopted on 4 June 2014 by the sole Shareholder of the Company, which resolved to increase the share capital of the Company by up to €1,500 million, through the issue and placement of up to 150,000,000 new Ordinary Shares of the same class and series as those currently in circulation, establishing their issue price as €10 per Ordinary Share (with a nominal value of €1.00 and €9.00 as issue premium), excluding the preferential subscription right corresponding to the existing Shareholder of the Company. The possibility of incomplete subscription has been expressly foreseen.

The issue of the Issue Shares does not require any authorisation 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 Spanish Securities Market Act and its implementing regulations and the Spanish Companies Act.

3. THE ORDINARY SHARES

The Ordinary Shares to be issued will be created pursuant to the Spanish Companies Act. Each of the Ordinary Shares carries one vote at a meeting of the Company's Shareholders. There are no restrictions on the voting rights of the Ordinary Shares. The ISIN number of the Ordinary Shares is ISIN:ES0105025003. The Issue Shares will receive a provisional ISIN number which upon Admission will be replaced with the existing ISIN number of the Ordinary Shares. Immediately following Admission, the Ordinary Shares will be freely transferable under the By-laws, but will be subject to the restrictions referred to in section 11 of this Part XIV (*The Issue*). The Ordinary Shares are represented in registered book-entry form and held through the clearance and settlement system managed by Iberclear.

The Placing of Ordinary Shares and the holding of Ordinary Shares by investors may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such Ordinary Shares. Investors should consult their own advisers prior to an investment in the Ordinary Shares.

4. ALLOCATION AND SIZING

All Issue Shares will be issued at the Issue Price. The Joint Bookrunners and the Company will agree, no later than 26 June 2014, the final number of Ordinary Shares that will constitute the Placing, which will be announced through the publication of a significant information announcement (*Hecho Relevante*) before Admission. The allocations of Placing Shares will be determined by the Joint Bookrunners following consultation and agreement with the Company.

5. PLACING AGREEMENT

The Company and the Joint Bookrunners will enter into the Placing Agreement under which the Joint Bookrunners will agree, subject to certain conditions, acting severally and not jointly nor jointly and severally, to use reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Further details of the Placing Agreement are set out in section 11 of Part XVII (*Additional Information*).

6. LOCK-UPS

<u>Company lock-up</u>

The Company will agree under the Placing Agreement during a period commencing on the date thereof and ending 270 days following Admission, that it will not, without the prior written unanimous consent of the Joint Bookrunners (which consent shall not be unreasonably withheld or delayed):

(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 Securities Act with respect to any of the foregoing; or

(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,

whether any such swap or transaction described in (i) or (ii) 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

Such lock-up arrangement shall not apply to (i) the issue of the Issue Shares, (ii) the Ordinary Shares to be issued in connection with the Over-allotment Option and (iii) any Ordinary Shares to be issued with respect to the potential acquisition of MAGIC Real Estate by the Company during the 12 months following Admission, provided that MAGIC Real Estate shall agree to be bound by the lock-up obligations during the remainder of the lock-up period.

Management lock-up

The Placing Agreement includes as a condition precedent that the Joint Bookrunners shall have received a lock-up letter from MAGIC Kingdom, the investment vehicle through which the members of the Management Team hold Ordinary Shares. Under the terms of such lock-up letter, MAGIC Kingdom will agree that during the period commencing on the date of the Placing Agreement and ending 720 days following Admission, that it will not, without the prior written unanimous consent of the Joint Bookrunners (which consent shall not be unreasonably withheld or delayed):

(i) directly or indirectly, 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

(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,

whether any such swap or transaction described in sub-clause (i) or (ii) 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.

Such lock-up arrangement will not apply to (i) any arrangements between MAGIC Kingdom and any financial institutions which have provided, or may provide in the future, financing for the purposes of the subscription of such Ordinary Shares by MAGIC Kingdom, provided that such Ordinary Shares may only be used to secure MAGIC Kingdom's payment or other obligations under any such financing; (ii) transfers of Ordinary Shares in favour of the shareholders of MAGIC Kingdom or their direct family members (being a parent, brother, sister, spouse or civil partner or a lineal descendant of any of the foregoing), provided that any such transferee shall agree to be bound by the lock-up obligations during the remainder of the lock-up period; (iii) in the event of the whole or partial takeover of the issued share capital of the Company which has been recommended by the Board of Directors; (iv) the implementation of a scheme of arrangement in respect of the sale of the Ordinary Shares of the Company that has been recommended by the Board of Directors; (v) a scheme of reconstruction of the Company which has been recommended by the Board of Directors; and (vi) any buyback by the Company of Ordinary Shares on identical terms to the terms offered to all Shareholders.

In addition, each member of the Management Team, pursuant to the terms of the Mangement Stock Plan and subject to the exceptions below, shall not dispose of any Ordinary Shares received as part of or pursuant to the Management Stock Plan prior to the first anniversary of the date on which the Ordinary Shares are delivered to any member of the Management Team. The lock-up shall not apply (i) if the employment or commercial relationship is terminated or ends as a result of the retirement, redundancy, death, ill-health, injury or disability of the relevant member of the Management Team or (ii) under a change of control of the Company.

7. SUBSCRIPTION AND PAYMENT

Under the Placing Agreement, and in order to expedite the registration and listing of the Issue Shares, it is expected that the Joint Bookrunners, in their capacity as prefunding banks, acting in the name and on behalf of (i) the Managers in respect of the Placing Shares (and each Manager acting on behalf of the final subscribers), (ii) the Cornerstone Investors in respect of each such Cornerstone Investor's respective Cornerstone Investor Shares and (iii) MAGIC Kingdom in respect of the Management Shares, shall subscribe and pay for the Placing Shares, the Cornerstone Investor Shares and the Management Shares on 27 June 2014 (the "***Subscription Date***"). In addition, under the terms of the Banca March Underwriting and Placing Agreement and the DBPWM Placing Agreement, Banca March and DBPWM have agreed to subscribe and pay for the Banca March Placing Shares and the DBPWM Placing Shares, respectively, and those investors that are expected to enter into stocklending agreements with the Stabilisation Manager, will subscribe and pay for a number of Issue Shares up to 22,500,000 Shares (the "***Over-allotment Shares***"). Payment for these shares by such prefunding entities is expected to be made to the Company in the Company's account and these shares will come into existence once registered at the Commercial Registry of Madrid and recorded in book-entry form with Iberclear. These shares will be delivered to (i) the prefunding banks, acting in the name and on behalf of the final subscribers, the Cornerstone Investors and MAGIC Kingdom (as applicable), (ii) Banca March and DBPWM acting in the name and on behalf of the final subscribers under the Banca March Placing and DBPWM Placing and (iii) those investors that are expected to entere into stocklending agreements with the Stabilisation Manager, in each case, following their registration and receipt of evidence thereof by Iberclear on the Subscription Date. Payment by the final subscribers of the Placing Shares, the Banca March Placing Shares and the DBPWM Placing Shares, by the Cornerstone Investors of the Cornerstone Investor Shares, and by MAGIC Kingdom of the Management Shares to the prefunding entities shall be made no later than the third Madrid business day after the Subscription Date against delivery of the relevant shares (as applicable), which is expected to take place on or about 2 July 2014 (the "***Settlement Date***").

8. ADMISSION AND DEALINGS

Application will be made to list the Company's Ordinary Shares on the Spanish Stock Exchanges and to have the Company's Ordinary Shares quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company expects the Ordinary Shares to be listed and quoted on the Spanish Stock Exchanges on or about 30 June 2014.

SIBE

The SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) 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 Exchange.

In a pre-opening session held from 8:30 a.m. to 9:00 a.m. 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 or modify the reference price.

The computerised trading hours are from 9:00 a.m. to 5:30 p.m. 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' and/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., trades may occur outside the computerised matching system without prior authorisation 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 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 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.

At any time trades may take place (with the prior authorisation 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 reorganisation 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. 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.

Clearance and Settlement System

Transactions carried out on the SIBE are cleared and settled through Iberclear. Only those entities participating in Iberclear are entitled to use it, and participation is restricted to authorised members of the Spanish Stock Exchanges, the Bank of Spain (when an agreement, approved by the Spanish Ministry of Economy, is reached with Iberclear) and, with the approval of the CNMV, other brokers who are not members of the Spanish Stock Exchanges, banks, savings banks and foreign settlement and clearing systems. Iberclear is owned by *Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.*, a holding company which holds a 100% interest in each of the Spanish official secondary markets and settlement systems. The clearance and settlement system and its participating entities are responsible for maintaining records of purchases and sales under the book entry system. Shares of listed Spanish companies are held in book-entry form. Iberclear, which manages the clearance and settlement system, maintains a registry reflecting the number of shares held by each of its participating entities on its own behalf as well as the number of shares held on behalf of third parties. Each participating entity, in turn, maintains a registry of the owners of such shares. Spanish law considers the legal owner of the shares to be:

- the participating entity appearing in the records of Iberclear as holding the relevant shares in its own name;

or

- the investor appearing in the records of the participating entity as holding the shares.

Iberclear has approved regulations introducing the so-called "T+3 Settlement System" by which the settlement of any transactions must be made within the three business days following the date on which the transaction was carried out.

Obtaining legal title to shares of a company listed on a Spanish Stock Exchange requires the participation of a Spanish official stockbroker, broker-dealer or other entity authorised under Spanish law to record the transfer of shares. In order to evidence title to shares, the relevant participating entity must, at the owner's request, issue a certificate of ownership. If the owner is a participating entity, Iberclear is in charge of the issuance of the certificate with respect to the shares held in the participating entity's name.

Notwithstanding the foregoing, it should be noted that Law 32/2011, of October 4, which amends the Spanish Securities Market Act, anticipates some changes yet to be implemented in the Spanish clearing, settlement and registry procedures of securities transactions that will substantially modify the abovementioned system and will allow the connection of the post–trading Spanish systems to the European system Target-2 Securities, which is scheduled to be fully implemented in February 2017.

Euroclear and Clearstream, Luxembourg

Shares deposited with depositories 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. Persons on whose behalf accounts at Euroclear or Clearstream are maintained and to which shares have been credited ("***investors***") shall have the right to receive the number of shares equal to the number of shares so credited, upon compliance with the foregoing regulations and procedures of Euroclear or Clearstream.

With respect to the shares that are deposited with depositories 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 described below, if any, and upon obtaining the relevant recording in the book-entry registries kept by the members of Iberclear.

Under Spanish law, only the record holder of the shares according to the registry kept by Iberclear is entitled to receive dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear or its nominee or Clearstream or its nominee will be the sole record holder of the shares that are deposited with the depositories for Euroclear and Clearstream, respectively, until such time as investors exercise their rights to withdraw such shares and cause them to obtain the recording of the investor's ownership of the shares in the book-entry registries 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 depositories for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction for applicable withholding taxes, in accordance with the applicable regulations and procedures of Euroclear and Clearstream.

Each of Euroclear and Clearstream will endeavour to inform investors of any significant events of which they have notice 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 to direct the exercise of voting rights in respect of the shares. Such actions may include (i) acceptance of instructions from investors to execute or to arrange for the execution of, proxies, powers of attorney or other similar certificates for delivery to the Company, or its agent or (ii) voting of such shares by Euroclear or its nominees and Clearstream or its nominees in accordance with the instructions of investors.

If the Company offers or causes to be offered to Euroclear or its nominees and Clearstream or its nominees, as the record holders of the Ordinary Shares that are deposited with the depositories for Euroclear and Clearstream, respectively, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will endeavour to inform investors of the terms of any such rights issue of which it has notice in accordance with the provisions of its regulations and procedures referred to above. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or 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.

9. STABILISATION

In connection with the Issue, the Stabilisation Manager, acting on behalf of the Joint Bookrunners, may (but will be under no obligation to) engage in transactions that stabilise, support, maintain or otherwise affect the price, as well as over-allot Ordinary Shares or effect other transactions with a view to supporting the market price of the Ordinary Shares. Any stabilisation transaction must be undertaken in accordance with applicable laws and regulations, in particular, Commission Regulation (EC) No 2273/2003, of 22 December 2003 as regards exemptions for buy back programmes and stabilisation of financial instruments.

Stabilisation transactions may be carried out for a period of a maximum of 30 calendar days from the date the Ordinary Shares are listed on the Spanish Stock Exchanges. The Stabilisation Period is expected to commence on 30 June 2014 and end on 29 July 2014. Stabilisation transactions may be effected on or off a regulated market and may be carried out at any time during the Stabilisation Period. The Stabilising Manager is under no obligation to effect stabilisation transactions and there can be no assurance that any stabilisation transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice, without prejudice to the duty of give notice to the CNMV of the details of the transactions carried out under Commission Regulation (EC) No 2273/2003. In no event will measures be taken to stabilise the market price above the Issue Price. In accordance with article 9.2 of Commission Regulation (EC) No 2273/2003, the details of all stabilisation transactions will be provided by the Stabilising Manager to the CNMV no later than closing of the seventh daily market session following the date of execution of the relevant stabilisation transactions.

In addition, in accordance with article 9.3 of Commission Regulation (EC) No 2273/2003, the following information will be disclosed to the CNMV by the Stabilising Manager within one week of the end of the Stabilisation Period: (i) whether or not stabilisation transactions were undertaken; (ii) the date on which stabilisation transactions were initiated; (iii) the date on which stabilisation transactions last occurred; and (iv) the price range within which stabilisation transactions were carried out, for each of the dates during which stabilisation transactions were carried out.

10. OVER-ALLOTMENT OPTION

In connection with the Issue, the Company will grant to the Stabilisation Manager, acting on behalf of the Joint Bookrunners, an option to procure subscribers for the Over-allotment Shares, at the Issue Price (the "***Over-allotment Option***"). The Over-allotment Option is exercisable by the Stabilisation Manager, acting on behalf of the Joint Bookrunners, on one occasion in whole or in part, only for the purpose of covering over-allotments (if any), at any time on or before the 30th calendar day after the commencement of trading of the Shares on the Spanish Stock Exchanges. This period is expected to commence on 30 June 2014 and end on 29 July 2014. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* with the other Issue Shares, including for all dividends and other distributions declared, made or paid on the other Issue Shares, will be purchased on the same terms and conditions as the other Issue Shares being issued or sold in the Issue and will form a single class for all purposes with the other Ordinary Shares.

It is expected that certain investors will, before Admission, enter into stocklending agreements with the Stabilisation Manager, acting on behalf of the Managers, for the overallotment of Ordinary Shares to be carried out in connection with the Issue and which will be covered with the Over-allotment Option provided by the Company. The Company will inform the CNMV and investors of the number of Ordinary Shares which will be the subject of such stocklending arrangements in a regulatory information announcement (*Hecho Relevante*) through which it will also make public the final number of Ordinary Shares that will constitute the Placing as described in section 10 of this Part XIV (*The Issue*) and ahead of investors' confirmations.

11. SELLING AND TRANSFER RESTRICTIONS

No action has been or will be taken in any jurisdiction that would permit a public offer of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of Ordinary Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute an offer to acquire any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

11.1 United States

Restrictions on offering under the US Securities Act

The Ordinary Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Ordinary Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S. The Placing Agreement will provide that the Joint Bookrunners may, directly or through its US broker-dealer affiliates, arrange for the offer and sale of Ordinary Shares within the United States only to QIBs in reliance on Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

In addition, until 40 days after the commencement of the offering of the Ordinary Shares, an offer or sale of Ordinary Shares within the United States by a dealer that is not participating in the offering may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Transfer restrictions on Rule 144A securities

Each person that is purchasing or otherwise acquiring Ordinary Shares and that is located within the United States will be deemed by its subscription for, or purchase of, Ordinary Shares to have represented and agreed as follows:

(a) it is (a) a QIB, (b) aware, and each beneficial owner of Ordinary Shares has been advised, that the sale of the Ordinary Shares to it is being made in reliance on Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and (c) acquiring the Ordinary Shares for its own account or for the account or benefit of a QIB;

(b) it understands that the Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person whom the purchaser and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account or benefit of a QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) and (B) in accordance with all applicable securities laws of the states of the United States. Such purchaser acknowledges that the Ordinary Shares offered and sold in accordance with Rule 144A are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Company's shares;

(c) unless otherwise agreed in writing by the Company, it is not, and is not acting on behalf of (a) an employee benefit plan (as defined in Section 3(3) ERISA) subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Code") including an individual retirement account or other arrangement that is subject to Section 4975 of the Code, or (c) any entity whose underlying assets could be deemed to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity pursuant to the U.S. Department of Labor Regulation Section 2510.3-101, as modified by section 3(42) of ERISA or (d) a governmental, church, non-U.S. or other plan which is subject to any federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility and/or the prohibited transaction provisions of ERISA and/or Section 4975 of the code and/or laws or regulations that provide that the assets of the Company could be deemed to include "plan assets" of such plan;

(d) the Company, the Joint Bookrunners and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations and agreements; and

(e) if any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company and the Joint Bookrunners, and if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

Transfer restrictions on Regulation S securities

Each purchaser to whom the Ordinary Shares are distributed, offered or sold outside the United States will be deemed by its subscription for, or purchase of, Ordinary Shares, to have represented and agreed as follows:

(a) it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;

(b) it is aware that the Ordinary Shares have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States absent registration or an exemption from, or in a transaction not subject to, registration under the US Securities Act;

(c) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act;

(d) it has carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Ordinary Shares to any persons within the United States, nor will it do any of the foregoing;

(e) unless otherwise agreed in writing by the Company, it is not, and is not acting on behalf of (a) an employee benefit plan (as defined in Section 3(3) of ERISA)) subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "***Code***") including an individual retirement account or other arrangement that is subject to Section 4975 of the Code, or (c) any entity whose underlying assets could be deemed to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity pursuant to the U.S. Department of Labor Regulation Section 2510.3-101, as modified by section 3(42) of ERISA or (d) a governmental, church, non-U.S. or other plan which is subject to any federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility and/or the prohibited transaction provisions of ERISA and/or Section 4975 of the code and/or laws or regulations that provide that the assets of the Company could be deemed to include "plan assets" of such plan;

(f) the Company, the Joint Bookrunners and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations and agreements; and

(g) if any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company and the Joint Bookrunners, and if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

11.2 European Economic Area

Whilst it is considered unlikely, the Company may be considered to be an AIF once Spain has implemented the AIFMD. Spain has not yet implemented the AIFMD. The Company may, however, be considered an AIF under the laws of certain other EEA jurisdictions (where the AIFMD has already been implemented). Accordingly, Ordinary 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. For the purposes of the AIFMD "marketing" means a direct or indirect offering or placement at the initiative of the Company or on behalf of the Company of Ordinary Shares to or with investors domiciled or with registered office in the EEA.

As regards EEA jurisdictions that have implemented the Prospectus Directive (each, a "***Relevant Member State***"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "***Relevant Implementation Date***"), no offer of any Placing Shares have been made to the public in that Relevant Member State except that an offer of Placing Shares may, with effect from and including the Relevant Implementation Date, be made to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100 natural or legal persons or if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of the above, the expression an "offer of Placing Shares to the public" in relation to any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Placing Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Placing Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

In the case of any Placing Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Placing Shares acquired by it in the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Placing Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale. The Company and the Joint Bookrunners and others will rely (and the Company acknowledges that the Joint Bookrunners and its affiliates, and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgments, and agreements.

11.3 United Kingdom

The Joint Bookrunners (A) have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 of England (the "***FSMA***")) received by it in connection with the issue or sale of any Placing Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company and (B) have complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom.

11.4 Switzerland

This Prospectus and any accompanying supplement does not constitute an issue prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issue prospectuses under article 652a or article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under article 27 ff of the SIX Swiss Exchange Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

The Ordinary Shares will not be listed on the SIX Swiss Exchange Ltd. or on any other stock exchange or regulated trading facility in Switzerland.

The Ordinary Shares shall not be distributed in or from Switzerland, as the term distribution is defined in the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, as amended ("***CISA***"), and neither this Prospectus nor any other offering materials relating to the Company shall be made available through distribution in or from Switzerland. The Ordinary Shares may only be acquired by (i) regulated qualified investors, as defined in Article 10(3)(a) and (b) of the CISA and (ii) other investors in a way which does not represent 'distribution' within the meaning of the CISA. Acquirers of the Ordinary Shares (investors) do not benefit from protection under the CISA or supervision by the Swiss Financial Market Supervisory Authority ("***FINMA***").

Neither this Prospectus (including any accompanying supplement) nor any other offering or marketing material relating to the offering, the Fund or the Units have been or will be filed with, registered or approved by any Swiss regulatory authority. In particular, the Fund has not registered, and will not register itself with FINMA as a foreign collective investment scheme.

This Prospectus is personal to each specific offeree and does not constitute an offer to any other person. This Prospectus (and any other offering or marketing material relating to the Ordinary Shares or the offering) may only be used by those persons to whom it has been handed out in connection with the offer described therein and may neither be copied nor be distributed or otherwise made available to other persons, directly or indirectly, without the express consent of the Company.

11.5 Dubai International Financial Centre

This Prospectus relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority (the "***DFSA***") Rulebook. This Prospectus is intended for distribution only to Professional Clients who are not natural persons. It must not be delivered to, or relied on by, any other person.

The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set out in it, and has no responsibility for it. The Ordinary Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Ordinary Shares offered should conduct their own due diligence on the Ordinary Shares.

If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

Each Joint Bookrunner has represented and agreed that it has not offered and will not offer the Ordinary Shares to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules Module of the DFSA Rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the Conduct of Business Module of the DFSA Rulebook.

11.6 Hong Kong

Each Joint Bookrunner has represented, warranted and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any shares other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

11.7 Mexico

The Ordinary Shares of the company have not been and, should there be an offering, will not be registered with the national securities registry (*Registro Nacional de Valores*) maintained by the Mexican national banking and securities commission (*Comision Nacional Bancaria y de Valores*) (the "***CNBV***"), and may not be offered or sold publicly, or otherwise be the subject of intermediation activities, in Mexico, except pursuant to the private placement exemption set forth in Article 8 of the Mexican securities market law (*Ley del Mercado de Valores*). In the event of an offering, the CNBV will be notified of the terms and conditions thereof as required under applicable law and for informational purposes only. Delivery or receipt of such notice does not constitute or imply a certification as to the investment quality of such securities or the company's solvency, liquidity or credit quality or the accuracy or completeness of the information set forth herein. These materials are solely the Company's responsibility and have not been reviewed or authorised by the CNBV. Any interested party that receives this presentation, solely by receipt hereof, hereby acknowledges that it is either an institutional or a qualified investor, as such terms are defined in the Mexican securities market law and related securities regulations.

11.8 Qatar

This Prospectus is provided on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, and for the recipient's personal use only.

Nothing in this Prospectus constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the state of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the state of Qatar or in the Qatar Financial Centre.

This Prospectus and the Ordinary Shares have not been approved, registered or licensed by the Qatar Central Bank, the Qatar Financial Centre Regulatory Authority, the Qatar Financial Markets Authority or any other regulator in the state of Qatar or the Qatar Financial Centre.

This document and any related documents have not been reviewed or approved by the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank.

Recourse against the Company, and those involved with it, may be limited or difficult and may have to be pursued in a jurisdiction outside Qatar and the Qatar Financial Centre.

Any distribution of this Prospectus by the recipient to third parties in Qatar or the Qatar Financial centre beyond the terms hereof is not authorised and shall be at the liability of such recipient.

11.9 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Ordinary Shares may not be circulated or distributed, nor may any Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Ordinary Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(c) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(d) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Ordinary Shares pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

11.10 United Arab Emirates

The Joint Bookrunners have represented and agreed that the Ordinary Shares have not been and will not be offered, sold or publicly promoted or advertised by them in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

11.11 Australia

No prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission in relation to the issue of Ordinary Shares in the Company.

This Prospectus is not a prospectus, product disclosure statement or other disclosure document for the purposes of the Corporations Act 2001 (Cth) of Australia (Corporations Act) and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. Any offer or invitation made in this Prospectus is only an offer or invitation to make offers where the offer or invitation does not require disclosure to investors under Chapter 6D or Part 7.9 of the Corporations Act.

No offer or application made following the receipt of this Prospectus will be considered unless the offer or invitation does not need disclosure to investors under Chapter 6D or Part 7.9 of the Corporations Act. Without limitation to the above, no offer or invitation may be made except to persons ("Exempt Persons") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act or "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Ordinary Shares without disclosure to investors under Chapter 6D of the Corporations Act.

The Ordinary Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment, except in circumstances where disclosure to investors under Chapter 6D or Part 7.9 of the Corporations Act would not be required pursuant to an exemption or where the offer is pursuant to a disclosure document which complies with Chapter 6D or Part 7.9 of the Corporations Act (as applicable). Any person acquiring Ordinary Shares must observe such Australian on-sale restrictions.

The Company is not a registered scheme or registered as a foreign company in Australia. Neither the Australian Securities and Investments Commission nor any other similar authority in Australia has reviewed or in any way approved this document or the merits of acquiring Ordinary Shares in the Company.

This document contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or investment advice. Before making an investment decision, investors need to consider whether the information in this document is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

11.12 Chile

Neither the Company, the Joint Bookrunners nor the Ordinary Shares will be registered in the *Registro de Valores Extranjeros* (Foreign Securities Registry) maintained by the *Superintendencia de Valores y Seguros* (Chilean Securities and Insurance Commission or "SVS") and will not be subject to the supervision of the SVS. If such securities are offered in Chile, they will be offered and sold only pursuant to General Rule 336 of the SVS, an exemption to the registration requirements, or in circumstances which do not constitute a public offer of securities in Chile within the meaning of Article 4 of the Chilean Securities Market Law 18,045. The commencement date of this offering is the one contained in the cover pages of this Prospectus. The Joint Bookrunners nor the Company has any obligation to deliver public information in Chile. These Ordinary Shares shall not be subject to public offering in Chile unless registered in the Foreign Securities Registry.

La Compañía, los Distribuidores Conjuntos, y las Acciones Ordinarias no serán registradas en el Registro de Valores Extranjeros de la Superintendencia de Valores y Seguros de Chile o “SVS” y no están sujetos a la fiscalización de la SVS. Si dichos valores son ofrecidos dentro de Chile, serán ofrecidos y colocados sólo de acuerdo a la Norma de Carácter General 336 de la SVS, una excepción a la obligación de registro, o en circunstancias que no constituyan una oferta pública de valores en Chile según lo definido por el Artículo 4 de la Ley 18.045 de Mercado de Valores de Chile. La fecha de inicio de la presente oferta es la indicada en la portada de este Prospecto. La Compañía y los Distribuidores Conjuntos no están obligados a entregar información pública en Chile. Las Acciones Ordinarias no podrán ser objeto de oferta pública mientras no sean inscritos en el Registro de Valores Extranjeros de la SVS.

11.13 Colombia

THE ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED BEFORE THE COLOMBIAN

NATIONAL REGISTRY OF SECURITIES AND ISSUERS OR WITH ANY COLOMBIAN SECURITIES EXCHANGE OR TRADING SYSTEM.

THIS PROSPECTUS DOES NOT CONSTITUTE AND MAY NOT BE USED FOR, OR IN CONNECTION WITH, A PUBLIC OFFERING AS DEFINED UNDER COLOMBIAN LAW AND SHALL BE VALID IN COLOMBIA ONLY TO THE EXTENT PERMITTED BY COLOMBIAN LAW. THE ORDINARY SHARES MAY ONLY BE EXCHANGED INSIDE THE TERRITORY OF THE REPUBLIC OF COLOMBIA TO THE EXTENT PERMITTED BY COLOMBIAN LAW.

THIS PROSPECTUS IS FOR THE SOLE AND EXCLUSIVE USE OF THE ADDRESSEE AS A DESIGNATED INDIVIDUAL/INVESTOR, WHO HAS REQUESTED FROM US THE PROVISION OF THE INFORMATION AND CANNOT BE CONSIDERED AS BEING ADDRESSED TO OR INTENDED FOR THE USE OF ANY THIRD PARTY, INCLUDING ANY OF SUCH PARTY'S SHAREHOLDERS, ADMINISTRATORS OR EMPLOYEES, OR BY ANY OTHER THIRD PARTY RESIDENT IN COLOMBIA. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY AND NO REPRESENTATION OR WARRANTY IS MADE AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

PLEASE NOTE THAT, UNDER COLOMBIAN REGULATIONS, ANY OFFERING ADDRESSED TO 100 OR MORE NAMED INDIVIDUALS OR COMPANIES SHALL BE CONSIDERED A PUBLIC OFFERING REQUIRING PRIOR APPROVAL OF COLOMBIA'S FINANCIAL SUPERINTENDENCY AND LISTING ON THE COLOMBIAN STOCK EXCHANGE.

11.14 Peru

The Ordinary Shares of the Company have not been and will not be approved by or registered with the Peruvian Securities Regulatory Authority, the Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*). The offering of the Ordinary Shares of the Company will be deemed a private offering of securities in Peru under Section 5 of the Peruvian securities law (*Ley del Mercado de Valores*), directed exclusively to "institutional investors" (as such term is defined under Peruvian law). Application will be made to register the Ordinary Shares of the Company with the Foreign Investment and Derivative Instruments Registry (*Registro de Instrumentos de Inversión y de Operaciones de Cobertura de Riesgo Extranjeros*) of the Peruvian Banks, Insurance and Private Pension Fund Managers Superintendency (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones*) in order to make the Ordinary Shares eligible for investment by Peruvian private pension funds, as required by Peruvian law. The Ordinary Shares may not be offered or sold in Peru or any other jurisdiction except in compliance with the securities laws thereof.

12. INTERESTS OF PERSONS INVOLVED IN THE ISSUE

As further described in section 11 of Part XVII (Additional Information), on 11 April 2014, the Company entered into an Irrevocable Undertaking Agreement to acquire, shortly after Admission, 100% of the share capital of Tree, the company owning the Seed Portfolio, and 100% of the share capital of Bosque, the company managing the Seed Portfolio, for an approximate purchase price of €739,483,659 (excluding costs and expenses) and €3,006, respectively. The shares of Tree and Bosque are currently owned by Forest 2009 BV and Tree 2009 BV, among others, which are companies ultimately owned by Deutsche Bank AG, one of the Joint Bookrunners involved in the Issue. Forest 2009 BV and Tree 2009 BV, and Alcudia, which together hold a majority shareholding in both Tree and Bosque have entered into certain shareholder agreements in order to regulate their relations as shareholders of Tree and Bosque.

As a result of the acquisition of Tree by the Company, certain members of the Management Team will be entitled to receive certain fees as a result of the following agreements and arrangements:

(a) *Portfolio Management Agreement*. Pursuant to the Portfolio Management Agreement, Bosque provides Tree with management services in relation to the Seed Portfolio. In consideration for the services performed by Bosque, Tree is required to pay Bosque (i) a management fee and (ii) a business plan incentive fee on the basis of the gross proceeds of any disposals of the properties (which may vary depending on the return received by Bosque's shareholders at the time of such disposals). Further details on these fees can be found in Section 8 of Part X (*The Seed Portfolio*). Therefore, as a result of the sale of Tree to the Company, Bosque is due to receive a business plan incentive fee of approximately €2.2 million after taxes (€4.9 million before taxes), of which €0.7 million after taxes (€1.6 million before taxes) will be kept at Bosque whilst the remaining €1.5 million after taxes (€3.3 million before taxes) will be paid to MAGIC Real Estate as further explained below.

(b) *Strategic Advisory Services Agreement*. Pursuant to the Strategic Advisory Services Agreement, MAGIC Real Estate agreed to render certain strategic advisory services in relation to the management of the Seed Portfolio to be performed by Bosque. In consideration for MAGIC Real Estate providing these strategic advisory services, MAGIC Real Estate is entitled to an advisory fee payable by Bosque, being a variable fee, consisting of 66.67% of such business plan incentive fee to which Bosque is entitled pursuant to the Portfolio Management Agreement. Therefore, upon completion of the acquisition of Tree, MAGIC Real Estate, by virtue of the Strategic Advisory Services Agreement, is entitled to a one-time fee of approximately €1.5 million after taxes (€3.3 million before taxes) payable by Bosque.

(c) *Arrangements with Deutsche Bank, S.A.E.* In addition, certain members of the Management Team will be entitled to a payment by Deutsche Bank, S.A.E. of approximately €12.8 million after taxes (€28 million before taxes) as a result of the acquisition of Tree by the Company. This payment derives from the executive incentive plan of Deutsche Bank, S.A.E. and from a delegated management agreement entered into on 26 July 2013 between MAGIC Real Estate and Deutsche Bank, S.A.E. Under the term of these arrangements with Deutsche Bank, S.A.E., payments will be done either to MAGIC Real Estate or to its employees (some of whom are members of the Management Team) during the year 2015. Deutsche Bank, S.A.E. agreed to make these payments following the departure from RREEF, in 2012, of certain members of the Management Team who had previously managed RREEF Iberian Value Added II S.A. SICAR and Tree Investments S.A. (both indirect shareholders of Tree) and Alcudia Cartera e Inversiones, S.A. (a direct shareholder of Tree). These payments by Deutsche Bank, S.A.E. relate to the success fee that these three investment vehicles will pay to Deutsche Bank, S.A.E. upon the acquisition of Tree by the Company.

Set out below are the estimated net amounts of the fees attributable to the members of the Management Team (excluding Mr. David Brush) as a result of the fees payable to MAGIC Real Estate pursuant to the Portfolio Management Agreement, the Strategic Advisory Services Agreement and the arrangements with Deutsche Bank, S.A.E. described above:

NET AMOUNT OF FEES ATTRIBUTABLE TO CERTAIN MEMBERS OF THE MANAGEMENT TEAM(1) (€ in million)	**Portfolio Management Agreement**(2)	**Strategic Advisory Services Agreement**(3)	**Arrangements with Deutsche Bank, S.A.E.**(4)	**TOTAL**
Executive Chairman	0.2	0.4	5.7	6.3
Executive Director	0.2	0.4	4.3	4.9
Rest of Management team (and other employees)	0.3	0.7	2.8	3.8
TOTAL	**0.7**	**1.5**	**12.8**	**15**

(1) All amounts are net of 54% personal income tax.
(2) Business plan incentive fee payable to Bosque under the Portfolio Management Agreement and attributed to individuals based on their remuneration.
(3) Advisory fee payable to MAGIC Real Estate under the Strategic Advisory Services Agreement and attributed to individuals based on their involvement in the origination, execution and subsequent management of the transaction.
(4) Performance fee payable to MAGIC Real Estate under Deutsche Bank, S.A.E.'s executive incentive plan and the delegated management agreement with Deutsche Bank, S.A.E.

The estimated fees set out above result from agreements negotiated in the past between independent parties and will be paid either by the Tree Shareholders or by Deutsche Bank, S.A.E, as the case may be.

In addition:

(a) Banca March is a Co-Lead Manager and also a mandated lead arranger and a lender under the Facility Agreements. In addition, it is the ultimate shareholder of Alcudia (a Tree Shareholder);

(b) BBVA is a Co-Lead Manager and the tenant under the BBVA Lease Agreement;

(c) BNP PARIBAS is a a Co-Lead Manager and its affiliate, BNP PARIBAS Securities Services, Sucursal en España, is the agent bank of the Issue;

(d) Deutsche Bank, S.A.E. is a Co-Lead Manager and also a party to a Delegated Management agreement with MAGIC Real Estate as well as an investment manager of certain Tree Shareholders;

(e) Deutsche Bank Luxembourg, S.A., a company forming part of the Deutsche Bank group, is a mandated lead arranger as well as the security agent under bothe the Facility Agreements and the Hedging Agreements; and

(f) Société Générale is a Co-Lead Manager and a mandated lead arranger and a lender under the Senior Facility Agreement.

Save for the matters set forth above and the professional relationships derived from the provision of legal and financial advice in relation to the Issue as disclosed in section 1 of this Part XIV (The Issue), the Company is not aware of any link or significant economic interest between the Company and the entities participating in the Issue (Directors, Company Secretary, Joint Bookrunners, Agent Bank and legal advisers).

PART XV: SPANISH SOCIMI REGIME AND TAXATION INFORMATION

1. 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 that has been amended at the end of 2012. The amendments introduced in 2012 have improved the regime and have facilitated the incorporation of the first SOCIMI during the second semester of 2013. Accordingly interpretation of the rules is likely to develop as participants gain exposure to the regime. 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.

1.1 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. One of the primary aims of these types of regimes is to minimise tax inefficiency of holding real estate through corporate ownership by removing corporate taxation at the level of the SOCIMI, promote rental activities and professional management of these type of business.

Provided certain conditions and tests are satisfied (see "Qualification as Spanish SOCIMI" below), a SOCIMI does not generally pay Spanish corporate 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 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 requirement (e.g., contributions to legal reserve), to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits arising from the transfer of Qualifying Assets carried out once the minimum three-year holding period described in section 1.2 of this Part XV (*Spanish SOCIMI Regime and Taxation Informatin*) has ended (in which case the remainder of such profits must be reinvested in other Qualifying Assets within a maximum period of three years from the date of the sale, or otherwise distributed as dividends once such reinvestment period has elapsed); (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries; and (iii) at least 80% of all other profits obtained (i.e., profits derived from ancillary activities). If the relevant dividend distribution resolution was not adopted in a timely manner or the Company fails to pay (total or partially) the corresponding dividends, the SOCIMI would lose its SOCIMI status as from the year in which the undistributed profits were obtained (inclusive).

1.2 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 alternative investment market in Spain or in other European Union or European Economic Area member state, or on a regulated market of any other country which has a tax information exchange agreement with Spain, uninterruptedly for the entire tax period.

The Company has confirmed with the Spanish tax authorities that such a listing will not be required for Tree following its acquisition by the Company on the basis that, at that time, the shares of the Company as Tree's parent would already be listed on a regulated market.

Purpose of the SOCIMI / Minimum share capital

SOCIMIs must take the form of a public limited liability company (*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 going to be represented in nominative book entry form, this requirement is met.

A SOCIMI must have as their main corporate purpose:

- the acquisition, development and refurbishment of urban real estate for rental purposes; and/or
- the holding of shares of Qualifying Subsidiaries.

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 income of the SOCIMI in each tax 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 property to be leased;
- land plots acquired for the development of urban real property to be leased afterwards, provided that the development of such property starts within three years as from the acquisition date; and/or
- participations in Qualifying Subsidiaries (see "Purpose of the SOCIMI / Minimum share capital" above).

The Spanish General Directorate of Taxes (DGT) has confirmed that the assets should be measured on a gross basis, disregarding depreciation or impairments, in accordance with Spanish GAAP. Furthermore the DGT has also confirmed that the embedded derivative that might result from the accounting treatment under IFRS of the annual rental update under the BBVA Lease Agreement would not qualify as an independent asset for the purposes of calculating the above described restrictions on investment (as such derivative would be linked to the Seed Portfolio and would not in itself constitute a indepdendent asset or right).

As of the date of this Prospectus, the accounting treatment of such annual rental update conditions and the corresponding need to bifurcate them from the main contract and recognise them as an embedded derivative is still under discussion pending a final decision by competent regulators. Following any such decision, the definitive accounting treatment may imply that the annual rental update conditions may not qualify as an embedded derivative and may therefore not be bifurcated, valued and recognised separately from the main contract in the Company's financial statements relating to any future accounting periods

In the event the 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 "Purpose of the SOCIMI / Minimum share capital" above.

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 "Restrictions on investments" above), or from dividends distributed by Qualifying Subsidiaries and real estate collective investment funds and companies.

The Spanish General Directorate of Taxes (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.

Lease agreements between related entities would not be deemed a qualifying activity and therefore, the rent deriving from such agreements cannot exceed 20% of the 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, 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 (currently, a 30% rate); 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 the SOCIMI for a three-year period since (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. For these purposes, the period of time during which the asset is on the market for rent (even if vacant) is taken into account for up to one year.

Mandatory dividend distribution

Under the Spanish SOCIMI Regime, a SOCIMI is required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement (e.g., contribution to legal reserve), to shareholders annually within the six months following the end of the Company's financial year of: (i) at least 50% of the profits arising from the transfer of Qualifying Assets carried out once the minimum three-year holding period described in section 1.2 of this Part XV (*Spanish SOCIMI Regime and Taxation Information)* has ended (in which case the remainder of such profits must be reinvested in other Qualifying Assets within a maximum period of three years from the date of the sale, or otherwise distributed as dividends once such reinvestment period has elapsed); (ii) 100% of the profits derived from dividends received from Qualifying Subsidiaries; and (iii) at least 80% of all other profits obtained (*i.e.*, profits derived from ancillary activities). If the relevant dividend distribution resolution was not adopted in a timely manner, or the Company fails to pay (total or partially) the corresponding dividends, the SOCIMI would lose its SOCIMI status as from the year in which the undistributed profits were obtained (inclusive).

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 due within the month following the distribution agreement.

In addition, according to the SOCIMI Regime (i) the SOCIMI legal reserve could not exceed 20% of the share capital of the SOCIMI; and (ii) the SOCIMI's by-laws could not establish any reserve that it is not available for distribution to its shareholders other than the legal reserve.

Leverage

SOCIMI has no specific limitation on indebtedness.

Recently approved tax limitations by the Spanish Government (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.

Sanctions

The loss of the SOCIMI status triggers adverse consequences for the SOCIMI. 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 dividend distribution resolution or to effectively satisfy the dividends within the deadlines described under "Mandatory dividend distribution" above. In this case, the loss of SOCIMI status would have effects in the tax year in which the profits not distributed were obtained;
- waiver of the SOCIMI Regime by the company; and/or
- 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 the 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 (i.e. 30%).

Should the SOCIMI fall into any of the above scenarios, the SOCIMI Regime will be lost and the Company would be taxed in accordance with the general Spanish Corporate Income Tax Regime and the general Corporate Income Tax rate (currently 30%), and will not be able to elect for the SOCIMI Regime for the following three fiscal years as from the end of the last tax period in which the SOCIMI was applicable. 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.

Furthermore, non-compliance of the information and reporting obligations will constitute a serious breach by the Company resulting in financial penalties.

2. SPANISH TAXATION

The statements of Spanish tax law set out below are based on existing Spanish tax laws, including relevant regulations, administrative rulings and practices in effect on the date of this Prospectus and which may apply to investors who are the beneficial owners of shares in a SOCIMI. Legislative, administrative or judicial changes may modify the tax consequences described below.

The following is a summary of the material Spanish tax consequences of the acquisition, ownership and disposition of Ordinary Shares by Spanish and non-Spanish tax resident investors. This summary is not a complete analysis or listing of all the possible Spanish tax consequences of such transactions and does not address all tax considerations that may be relevant to all categories of potential purchasers, some of whom may be subject to special rules. In particular, this tax section does not address the Spanish tax consequences applicable to "lookthrough" entities (such as trusts or estates) that may be subject to the tax regime applicable to such non-Spanish tax resident entities under the Spanish Non-Resident Income Tax Law, approved by Royal Legislative Decree 5/2004 of March 5, as amended (the "***NRIT Law***").

Accordingly, prospective investors in the shares should consult their own tax advisers as to the applicable tax consequences of their purchase, ownership and disposition of the shares, including the effect of tax laws of any other jurisdiction, based on their particular circumstances.

The description of Spanish tax laws set forth below is based on law currently in effect in Spain as of the date of this Prospectus, and on the administrative interpretations thereof. 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 Ordinary 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.

As used in this particular section "Spanish Tax Considerations", the term "Non-Spanish Shareholder" means a beneficial owner of 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) and that does not hold 5% or more of the Ordinary Shares.

2.1 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 tax year when the SOCIMI Regime is expected to apply. Such election will remain applicable until the company waives its applicability. The Company has elected to become a Spanish SOCIMI and benefit from the SOCIMI Regime.

An entity eligible for the SOCIMI Regime may apply for the special tax regime even if at the time the election is made such entity does not meet all the eligibility requirements, provided that it meets such requirements within two years (as from the date the corresponding election is filed with the Spanish tax authorities). In addition, such entity will have a one-year grace period to cure any non-compliance with certain eligibility requirements.

*Corporate Income Tax ("**CIT**")*

As per 1 January 2013, all income received by a SOCIMI is taxed under CIT at a 0% rate. Nevertheless, the breach of the requirement regarding the minimum holding period of Qualifying Assets would result in: (i) all income (including rental income) derived from Qualifying Assets that are real estate assets in all tax periods where the SOCIMI's special tax regime would have been applicable to be taxed in accordance with the general Corporate Income Tax regime and at the general Corporate Income Tax rate; and (ii) capital gains arising from the transfer of Qualifying Subsidiaries to be taxed in accordance with the general Corporate Income Tax regime and at the general Corporate Income Tax rate.

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 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% (for these purposes, final tax due under the Spanish Non Resident Income Tax Law is also taken into consideration). Such Corporate Tax will be considered an expense for the Company thus reducing the profits distributable to Shareholders. The By-laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. 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 a worse position).

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 assets 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.

2.2 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. PIT is levied on net capital income at a flat rate of 21% for the first €6,000, 25% between €6,001 and €24,000 and 27% for any amount in excess of €24,000. Exemption in relation to the first €1,500of dividends received would not be applicable to dividends paid out of profits taxed under the special tax regime for SOCIMIs.

The payment to Spanish Shareholders of dividends or any other distribution made by a SOCIMI is subject to a withholding tax at the rate of 21%. 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 be 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 for more than one year by a Spanish Shareholder are included in such Spanish holder's capital income corresponding to the period when the transfer takes place; any gain resulting from such compensation is taxed at a flat rate of 21% for the first €6,000, 25% between €6,001 and €24,000 and 27% for any amount in excess of €24,000. However, capital gains or losses arising from the transfer of shares held for less than one year by a Spanish Shareholder shall be included in such Spanish Shareholder's general taxable base corresponding to the period when the transfer takes place, and are taxed at marginal rates (ranging in tax year 2014 from 24.75% up to 56%, depending on the region of residency).

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 tax year 2014. Spanish Wealth Tax Law (*Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio*) provides that the first €700,000 of net wealth owned by an individual Spanish Shareholder will be exempt from taxation, while the rest of the net wealth will be taxed at a rate ranging between 0.2% and 2.5%. However, this varies depending on the autonomous region of residency of the taxpayer; some regions, like Madrid, do not effectively levied Net Wealth Tax.

The Wealth Tax return must resport the assets and rights existing at the value they have as of 31 December of the relvant year. The value of the Ordinary Shares held as of such date should be calculated by reference to its average market prive over the last quarter of the year.

As such, prospective Shareholders should consult their tax advisers. *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 effective tax rate, after applying all relevant factors, ranges from 7.65% to 81.6% depending on the amount of the gift or inheritance, the net wealth of the heir or done, and the kinship with the deceased or the donor. Some tax benefits could reduce the effective tax rate.

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.

2.3 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 the Ordinary Shares, through a permanent establishment in Spain, as a consequence of the ownership of the shares, less any expenses inherent to holding the shares, are included in the CIT or NRIT taxable base. The general CIT or NRIT tax rate is currently 30%. No tax credits for the avoidance of double taxation may apply in relation to dividends paid out of profits taxed under the special tax regime for SOCIMIs.

Also, CIT and NRIT taxpayers are subject to withholding tax on dividends at a 21% rate. *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 30%. No tax credits for the avoidance of double taxation may apply in relation to income obtained corresponding to reserves originated from profits taxed under the special tax regime for SOCIMIs.

Spanish Wealth Tax

Not applicable.

Spanish Inheritance and Gift Tax

In the event of acquisition of the 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.

2.4 Non-resident Shareholders

Taxation on dividends

Dividends distributed to non-resident individuals are subject to Non-Resident Income Tax ("***NRIT***"), at the standard withholding tax rate (currently 21%). Exemption in relation to the first €1,500 of dividends received would not be applicable to dividends paid out of profits taxed under the special tax regime for SOCIMIs.

This standard rate can be reduced or eliminated as per the application of the EU Parent-Subsidiary Directive (provided, amongst other requirements, that the non-resident shareholders holds 5% of the Company and maintains such shareholding during a year; as the Spanish General Directorate of Taxes (DGT) has confirmed that SOCIMIs should qualify for its application.

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 US-Spain DTC provides for a tax rate of 15% on dividends.

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, it will immediately receive the excess amount withheld, which will be credited to the shareholder. In the case of US 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 established by the Royal Decree 1776/2004, dated 30 July 2004, and the Order EHA/3316/2010 dated 17 December 2010, as amended.

Spanish Refund Procedure

According to Spanish Regulations on NRIT Law, approved by Royal Decree 1776/2004 and the Order dated 17 December 2010, a refund for the amount withheld in excess of any applicable DTC-reduced rate can be obtained from the relevant Spanish tax authorities. To pursue the refund claim, the non-Spanish holder is required to file: (i) the corresponding Spanish Tax Form (currently, Form 210); (ii) the certificate of tax residence and or equivalent document referred to above; (iii) a certificate from us stating that Spanish NRIT was withheld with respect to such non-Spanish holder; and (iv) documentary evidence of the bank account in which the excess amount withheld should be paid.

In particular, the non-Spanish holder would need to file a Form 210 (together with the corresponding documentation) from 1 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 Revenue Office must make the refund within the six-month period after the filing of the refund claim. If such period elapses without the non-Spanish holder receiving the corresponding refund, the non-Spanish holder would be entitled to receive interest for late payment on the amount of the refund claimed.

For further details, prospective Holders should consult their tax advisers.

Dividends distributed to non-resident investors qualified as foreign REITs

Dividends paid to non-resident investors that are qualifying foreign REITs may be exempt from withholding tax under the SOCIMI Regime.

Taxation on capital gains

Capital gains derived from the transfer or sale of the shares are deemed income arising in Spain, and, therefore, are taxable in Spain at a general tax rate of 21%. However, capital gains would be exempt from Spanish taxation for non-resident investors eligible to benefit from a DTC that provides for taxation only in such investors' country of residence

(US investors should note that the US- Spain DTC does not provide for taxation only in the US in the case of the sale of shares of an entity the property of which is, directly or indirectly, mainly real estate, such as the Company).

Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses against capital gains.

Domestic exemption contained in Article 14.1.i) of the NRIT Law in relation to capital gains derived from the transfer of the shares on an official Spanish secondary stock market would not be applicable.

According to the Order of 17 December 2010, non-Spanish holders would be obliged to file the corresponding Spanish tax form (currently Form 210), declaring and paying the Spanish tax in relation to such capital gains. If there is a tax payment to be made, submission of the relevant tax form to the Spanish tax authorities would need to be made within the first 20 calendar days of April, July, October and January in relation to the capital gains obtained during the immediately preceding quarter. The non-Spanish holder's tax representative in Spain and the custodian of the Ordinary Shares are also entitled to make such filing on a non-Spanish Holder's behalf.

Spanish Wealth Tax

Unless an applicable DTC provides otherwise, Spanish non-resident tax individuals are subject to Spanish Wealth Tax (Spanish Law 19/1991) for tax year 2014, which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, on the last day of any year. The Spanish tax authorities are of the view that the shares of a Spanish company (such as the Ordinary Shares of the Company) should be considered assets located in Spain. Non-Spanish tax resident individuals whose net worth is above €700,000 and who hold Ordinary Shares on the last day of any year would therefore be subject to Spanish Wealth Tax for such year at marginal rates varying between 0.2% and 2.5%.

The Wealth Tax return must report the assets and rights existing at the value they have as of 31 December of the relevant year. The value of the Ordinary Shares held as of such date should be calculated by reference to its average market price over the last quarter of the year.

Shareholders who benefit from a DTC that provides for taxation only in the shareholder's country of residence are not subject to Spanish Wealth Tax.

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, regardless of the residence of the heir or the beneficiary. The applicable tax rate, after applying all relevant factors, ranges between 7.65% and 81.6% for individuals.

Non-Spanish resident corporations are not taxpayers of the Spanish Inheritance and Gift Tax and income inherited or obtained by gift (*a título lucrativo*) will generally be subject to NRIT, unless otherwise provided under an applicable double tax treaty.

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.

3. CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary based on present law of certain material US federal income tax considerations relevant to the acquisition, ownership and disposition of the Ordinary Shares. This summary addresses only US Holders (as defined below) that purchase the Ordinary Shares in the offering, use the US dollar as their functional currency and will hold the Ordinary Shares as capital assets. The discussion is a general summary only; it is not a substitute for tax advice. This summary does not purport to be a comprehensive description of all US federal income tax considerations that may be relevant to particular investors in light of their particular circumstances. This summary does not address the tax treatment of US Holders subject to special treatment under the US federal income tax laws, including banks and certain other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers in securities, securities traders that elect to mark-to-market, investors liable for the alternative minimum tax, certain US expatriates, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, or investors that will hold the Ordinary Shares as part of a straddle, hedging, conversion or other integrated financial transaction or investors that own (directly, indirectly or constructively) 10% or more by vote or value of the Company's equity interests. This summary does not address US federal taxes other than the income tax (such as estate or gift taxes), state, local, non-US or other tax laws or matters.

THE STATEMENTS ABOUT US FEDERAL TAX CONSIDERATIONS ARE MADE TO SUPPORT THE MARKETING OF THE ORDINARY SHARES. NO TAXPAYER CAN RELY ON THEM TO AVOID TAX

PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE ORDINARY SHARES UNDER THE LAWS OF SPAIN, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTIONS WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

As used herein, the term US Holder means a beneficial owner of the Ordinary Shares that is, for US federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation, or other business entity treated as a corporation, created or organised under the laws of the United States or its political subdivisions, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust.

If a business entity or arrangement treated as a partnership for US federal income tax purposes acquires, holds or disposes of the Ordinary Shares, the US federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships and their partners should consult their own tax advisers concerning the US federal income tax consequences to their partners of the acquisition, ownership and disposition of the Ordinary Shares.

Passive Foreign Investment Company

The taxation of US Holders will depend on whether the Company is treated for US federal income tax purposes as a passive foreign investment company or PFIC. The Company believes that it will be a PFIC for the current year and expects to be a PFIC in the future. A non-US corporation is a PFIC if in any taxable year either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the quarterly average value of its assets is attributable to assets that produce or are held to produce "passive income." In applying these tests, the Company generally is treated as holding its proportionate share of the assets and receiving its proportionate share of the income of any other corporation in which the Company owns at least 25% by value of the shares. Passive income for this purpose generally includes dividends, interest, royalties, rent and capital gains, and passive assets are those assets that are held for production of passive income or do not produce income at all. However, rents and gains derived in the active conduct of a trade or business in certain circumstances are considered active income and the associated properties are considered active assets. The Company believes that the rents received by Tree from leasing the Seed Portfolio to BBVA will not qualify as active income because the Company does not, through its own employees or those of Tree or Bosque, regularly perform active and substantial management and operational functions with respect to the Seed Portfolio. Thus, the Company expects the assets making up the Seed Portfolio to be passive assets. Accordingly, the Company believes that it and Tree will be PFICs for the current year and expects that they will remain PFICs. Whether an entity is a PFIC is determined annually, however, and the Company's status could change based on changes in its assets, income and activities. The Company may in the future also own, directly or indirectly, equity interests in Lower-tier PFICs in addition to Tree.

If the Company is or becomes a PFIC while a US Holder holds Ordinary Shares, unless the US Holder makes a qualified electing fund (QEF) election or mark-to-market election with respect to the Ordinary Shares, as described below, a US Holder generally would be subject to additional taxes (including taxation at ordinary income rates and an interest charge) on any gain realised from a sale or other disposition of the Ordinary Shares and on any "excess distributions" received from the Company, regardless of whether the Company continues to be a PFIC in the year such distribution is received or gain is realised. For this purpose, a pledge of the Ordinary Shares as security for a loan may be treated as a disposition. The US Holder would be treated as receiving an excess distribution in a taxable year to the extent that distributions on the Ordinary Shares during that year exceed 125% of the average amount of distributions received during the three preceding taxable years (or, if shorter, the US Holder's holding period). To compute the tax on excess distributions or on any gain, (i) the excess distribution or gain would be allocated rateably over the US Holder's holding period, (ii) the amount allocated to the current taxable year and any year before the first taxable year for which it was a PFIC would be taxed as ordinary income in the current year, and (iii) the amount allocated to other taxable years would be taxed at the highest applicable marginal rate in effect for each such year (i.e., at ordinary income tax rates) and an interest charge would be imposed to recover the deemed benefit from the deferred payment of the tax attributable to each such prior year.

Under proposed Treasury regulations, a US Holder would be subject to tax under the rules described above on (i) excess distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the US Holder held such shares directly, even though the US Holder has not actually received the proceeds of those distributions or dispositions. As noted above, the Company may hold equity interests in other entities that are Lower-tier PFICs. Thus, if these proposed regulations are finalised in their current form, US Holders of the Ordinary Shares would, unless a QEF election is available and made with respect to any Lower-tier PFIC, be subject to tax under the PFIC rules described above if the Company or the entity owning the shares of such Lower-tier PFIC were to receive distributions from, or dispose of the shares of, such Lower-tier PFIC. Because these proposed regulations are not currently in effect, the treatment of distributions with respect to and dispositions of shares of a Lower-tier PFIC is uncertain and, therefore, US Holders should consult their tax advisers as to how to treat distributions by, and dispositions of shares of, a Lower-tier PFIC.

A US Holder may avoid the excess distribution rules described above by electing to treat the Company (for the first taxable year in which the US Holder owns Ordinary Shares) and Tree or any other Lower-tier PFIC (for the first taxable year in which the US Holder is treated as owning an equity interest in such Lower-tier PFIC) as QEFs. US Holders could make a QEF election with respect to the Company and Tree only if the Company provides certain information, including as to the amount of its (and Tree's) ordinary earnings and net capital gains determined under US tax principles. The Company has not determined whether it will provide US Holders with this information if it is a PFIC. If a US Holder makes a QEF election with respect to the Company or Tree, the US Holder will be required to include in gross income each year, whether or not the Company makes distributions, as capital gains, its pro rata share of the Company's net capital gains and, as ordinary income, its pro rata share of the Company's net earnings in excess of its net capital gains. Such inclusions will increase the US Holder's tax basis in its Ordinary Shares. Amounts recognised by a US Holder making a QEF election generally are treated as income from sources outside the United States. Because the US Holder has already paid tax on them, distributions of amounts previously included in income will not be subject to tax when they are distributed to the US Holder (except to the extent of any gain or loss attributable to exchange rate movements) but will decrease the US Holder's tax basis in the Ordinary Shares. An electing US Holder's tax basis in the Ordinary Shares will increase by any amounts the holder includes in income currently and decrease by any amounts not subject to tax when distributed. A US Holder that makes a QEF election may recognise taxable income in amounts significantly greater than the distributions received from the Company.

A US Holder that wants to avoid the possible application of the excess distribution rules (including the interest charge and treatment of gain as ordinary income) with respect to interests in Tree and any other Lower-tier PFICs would be required to make a separate QEF election with respect to each such Lower-tier PFIC. The Company has not determined, however, whether it will provide the information necessary for a QEF election in respect of Tree and any other Lower-tier PFICs that the Company controls, and does not expect that this information will be available for any Lower-tier PFICs that it does not control.

A US Holder making a QEF election other than in respect of the first taxable year in which it owns (or is treated as owning) an equity interest in a PFIC (including the Ordinary Shares and any equity interest in a Lower-tier PFIC) would continue to be subject to the excess distribution rules described above as well as the QEF rules with respect to such PFIC, unless the US Holder makes a "deemed sale" election in the taxable year the QEF election is made and recognises gain taxed under the "excess distribution" regime described above for the relevant equity interest's appreciation before the year for which the QEF election is made.

As an alternative to a QEF election, a US Holder may also be able to avoid some of the adverse US tax consequences described above with respect to the Ordinary Shares by electing to mark the Ordinary Shares to market annually. A US Holder may elect to mark-to-market the Ordinary Shares only if they are "marketable stock." The Ordinary Shares will be treated as "marketable stock" only if they are regularly traded on a qualified exchange. The Ordinary Shares will be treated as regularly traded in any calendar year in which more than a de minimis quantity of the Ordinary Shares are traded on at least 15 days during each calendar quarter. A foreign exchange will be treated as a qualified exchange if it is regulated by a governmental authority in the jurisdiction in which the exchange is located and with respect to which certain other requirements are met. Although the Company expects that the Spanish Stock Exchanges, on which the Ordinary Shares are expected to be listed, would be considered qualified exchanges, no assurance can be given as to whether the Spanish Stock Exchanges are qualified exchanges or that the Ordinary Shares will be traded in sufficient frequency and quantity to be considered "marketable stock" for purposes of the mark-to-market election. US Holders should consult their own tax advisers as to whether the Spanish Stock Exchanges are qualified exchanges for this purpose. If a US Holder makes the mark-to-market election, any gain from marking the Ordinary Shares to market or from disposing of them would be ordinary income. Any loss from marking the Ordinary Shares to market would be recognised only to the extent of unreversed gains previously included in income. Loss from marking the Ordinary Shares to market would be ordinary, but loss on disposing of the Ordinary Shares would be capital loss except to the extent of mark-to-market gains previously included in income. US Holders will not be able to make mark-to-market elections with respect to Tree or any other Lower-tier PFICs.

Each US Holder generally will be required to file a separate annual information return with the United States Internal Revenue Service (IRS) with respect to the Company and any Lower-tier PFICs.

US Holders should consult their own tax advisers concerning the Company's PFIC status and the consequences to them of treatment of the Company and entities in which the Company holds equity interests as PFICs for any taxable year, and the availability and advisability of QEF elections and mark-to-market elections.

Taxation of Distributions

Subject to the discussion of the PFIC rules above, distributions with respect to the Ordinary Shares, including taxes withheld therefrom, if any, generally will be included in a US Holder's gross income as foreign source ordinary dividend income when received to the extent paid out of the company's earnings and profits. To the extent the amount of any distribution exceeds the current and accumulated earnings and profits of the Company, such distribution will be treated (a) first, as a tax-free return of capital to the extent of a US Holder's tax basis in the Ordinary Shares, (and reducing such US Holder's adjusted basis of the Ordinary Shares) and (b) thereafter, as capital gain from the sale or exchange of Ordinary Shares. However, because the Company has not determined whether it will keep books recording its earnings and profits as determined for US federal income tax purposes, US Holders may be required to assume that all distributions paid will be dividends. Assuming, as the Company expects to be the case, it is a PFIC, any dividends it pays will not be eligible for the preferential tax rate applicable to "qualified dividend income" received by individuals and certain other non-corporate US Holders, since this preferential rate does not apply to dividends from PFICs. Any dividends will not be eligible for the dividends received deduction generally allowed to US corporations.

Dividends paid in Euro will be includable in income in the US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are actually or constructively received by the US Holder, regardless of whether the Euro are converted into US dollars at that time. A US Holder will have a basis in the Euro received equal to the US dollar value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is includable in the income of the US Holder to the date such payment is converted into US dollars (or the US Holder otherwise disposes of the Euro) will be exchange gain or loss and will be treated as US source ordinary income or loss for foreign tax credit limitation purposes. If dividends received in Euro are converted into US dollars on the day the dividends are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

A US Holder may claim a foreign tax credit (subject to applicable limitations) for tax withheld from dividends (if any) at a rate not in excess of the maximum rate applicable to such US Holder after applying any rate reductions available under the tax treaty between the United States and Spain (the Treaty).

Sale or Other Disposition

Subject to the discussion of the PFIC rules above, a US Holder generally will recognise gain or loss for US federal income tax purposes on the sale, exchange or other disposition of the Ordinary Shares equal to the difference, if any, between the amount realised on the sale, exchange or other disposition and the US Holder's adjusted tax basis in such Ordinary Shares, each determined in US dollars. Gains and losses would generally be long-term capital gain or loss if the US Holder's holding period in the Ordinary Shares exceeds one year. Any gain or loss generally will be treated as arising from US sources. The deductibility of capital losses is subject to limitations. A US Holder's adjusted tax basis in the Ordinary Shares generally will be its US dollar cost, except to the extent its basis has been increased as a result of inclusion of undistributed earnings as a result of a QEF election, or is adjusted as a result of a mark-to-market election.

If a US Holder receives Euros upon a sale, exchange or other disposition of the Ordinary Shares, such US Holder generally will realise an amount equal to the US dollar value of the Euros received at the spot rate on the date of disposition (or if the US Holder is a cash-basis or electing accrual basis taxpayer, at the spot rate on the settlement date). A US Holder will have a tax basis in the currency received equal to the US dollar value of the Euros on the settlement date. Any currency gain or loss realised on the settlement date or recognised on the subsequent sale, conversion or other disposition of the Euros for a different US dollar amount generally will be US source ordinary income or loss for foreign tax credit limitation purposes.

As described in "Spanish Taxation—Non-resident Shareholders—Taxation on capital gains" transfers or sales of Ordinary Shares will be subject to Spanish taxation. A US Holder that pays Spanish tax on gain from a disposition of the Ordinary Shares may, due to treatment of such gain as U.S. source income under U.S. domestic law rules and the absence of an express rule in the Treaty requiring the United States to treat such gain as foreign source, be unable to claim credit for such Spanish tax. Limitations on creditability of foreign taxes are complex, and US Holders should consult their tax advisers as to whether they would be able to credit any such Spanish taxes against their US federal income tax liabilities in their particular circumstances.

Medicare Surtax on Net Investment Income

Non-corporate US Holders whose income exceeds certain thresholds generally will be subject to a 3.8% surtax on their "net investment income" (which generally includes, among other things, dividends on, and capital gain from the sale or other taxable disposition of, the Ordinary Shares). Absent an election to the contrary, if a QEF election is available and made, QEF inclusions will not be included in net investment income at the time a US Holder includes such amounts in income, but rather will be included at the time distributions are received or gains are recognised. Although it is not entirely clear how the surtax should apply with respect to distributions by, and gains from the sale of shares of, a Lower-tier PFIC, a non-corporate US Holder should generally expect that such distributions and gains would be included in the holder's "net investment income" at the time they would, in the absence of a QEF election in respect of that Lower-tier PFIC, be subject to US federal income tax, even though the holder did not receive the proceeds of such distributions or gains. Non-corporate US Holders should consult their own tax advisers regarding the possible effect of such tax on their ownership and disposition of the Ordinary Shares, in particular the applicability of this surtax with respect to a non-corporate US Holder that makes a QEF or mark-to-market election in respect of their Ordinary Shares.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain US-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the US Holder is a corporation or other exempt recipient (and if required, establishes its status as such) or (ii) in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's

US federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain US Holders who are individuals (and under proposed regulations, certain entities controlled by individuals) may be required to report information relating to their ownership of the Company's Ordinary Shares, unless the Ordinary Shares are held in accounts at financial institutions (in which case the accounts may be reportable if maintained by non-US financial institutions). US Holders should consult their tax advisers regarding their reporting obligations with respect to the Ordinary Shares.

PART XVI: CERTAIN ERISA CONSIDERATIONS

ERISA and Section 4975 of the Code impose certain requirements and restrictions on (a) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, (b) plans (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts and Keogh plans, (c) any entities whose underlying assets include plan assets by reason of an investment described in (a) or (b) in such entities (each of (a), (b) and (c), a "***Benefit Plan Investor***") and (d) persons having certain relationships to such Benefit Plan Investors (such persons referred to as "Parties in Interest" under ERISA or "Disqualified Persons" under the Code). Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Benefit Plan Investor, unless a statutory or administrative exception or exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. Governmental plans, certain church plans and certain non-US plans, while not subject to the fiduciary responsibility and prohibited transaction provisions of ERISA or the provisions of section 4975 of the Code, may nevertheless be subject to substantially similar rules under Federal, state, local or non-US laws ("***Similar Laws***"), and may be subject to the prohibited transaction rules of section 503 of the Code.

Under ERISA and a regulation issued by the United States Department of Labor (29 C.F.R. section 2510.3-101, the "**Plan Asset Regulations**"), as modified by section 3(42) of ERISA, if a Benefit Plan Investor invests in an "equity interest" of an entity that is neither a "publicly offered security" (which requires registration with the SEC) nor a security issued by an investment company registered under the Investment Company Act of 1940, the Benefit Plan Investor's assets are generally deemed to include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established (a) that the entity is an "operating company" as that term is defined in the Plan Asset Regulations, or (b) equity participation by Benefit Plan Investors is not "significant".

Under the Plan Asset Regulations equity participation in an entity by Benefit Plan Investors is significant on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent or more of the total value of each class of equity interest in the entity is held by Benefit Plan Investors (the "***25 per cent. Limitation***"). For purposes of the 25 per cent Limitation, the value of any equity interests held by persons (other than Benefit Plan Investors) with discretionary authority or control with respect to the assets of the entity or who provide investment advice for a fee with respect to such assets, and their respective affiliates is disregarded, which in the case of the Company will include equity interests held by the Management Team and their affiliates.

If the underlying assets of the Company are deemed to be plan assets under the Plan Asset Regulations, the obligations and other responsibilities of the plan sponsors, plan fiduciaries and plan administrators, and of Parties in Interest, under Parts 1 and 4 of Subtitle B of Title I of ERISA and section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code. In addition, various providers of fiduciary or other services to the Company, and any other parties with authority or control with respect to the Company, could be deemed to be plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

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 US Investment Company Act and (iii) the Company may not qualify as an operating company within the meaning of the Plan Asset Regulations. Therefore, in order to avoid having the Company's assets treated as plan assets under the Plan Asset Regulations, the Company intends to prohibit investments by Benefit Plan Investors in Ordinary Shares in the Offering.

Each purchaser in the Offering, and each subsequent transferee of the Ordinary Shares will be required to, and will be deemed to, represent, warrant and agree, unless otherwise agreed in writing by the Company that (i) it is not, and is not acting on behalf of, a Benefit Plan Investor and (ii) if it is a governmental, church, non-US or other plan it is not, and for so long as it holds such Ordinary Shares or interest therein will not be, subject to any federal, state, local, non-US or other laws or regulations that could cause the underlying assets of the Company to be treated as assets of a Shareholder by virtue of its interest in the Ordinary Shares and thereby subject the Company (or any persons responsible for the investment and operation of the Company's assets) to laws or regulations that are substantially similar to the prohibited transaction provisions of section 406 of ERISA or section 4975 of the Code and (iii) it will not transfer its interest in such Ordinary Shares to any person that cannot make the representations, warranties and agreements set out in clauses (i) and (ii) above.

Although, on the basis of the foregoing, it is contemplated that the assets of the Company should not be deemed to be plan assets under the Plan Asset Regulations, no assurance can be given that such treatment can be avoided after the Ordinary Shares become publicly traded and that the fiduciary and prohibited transaction provisions of ERISA and the Code would not become applicable to transactions entered into by the Company.

PART XVII: ADDITIONAL INFORMATION

1. RESPONSIBILITY

Mr. Ismael Clemente, acting in the name and on behalf of the Company in his condition as Chairman of the Board of Directors and Chief Executive Officer, duly authorised pursuant to the resolutions approved by MAGIC Real Estate (in its capacity as sole shareholder of the Company at the time) on 5 June 2014, and by the Board of Directors of the Company on 5 June 2014, accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the signing Director (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

2. INFORMATION ON THE COMPANY

The Company was incorporated in Spain on 25 March 2014 pursuant to the Spanish Companies Act as a public limited company (a *sociedad anónima* or S.A.) under the name MERLIN Properties, S.A., subsequently changed to MERLIN Properties SOCIMI, S.A. upon election of the SOCIMI Regime. The Company is incorporated for an unlimited term.

The principal legislation under which the Company operates, and under which the Ordinary Shares were created, is the Spanish Companies Act and the regulations made thereunder.

The registered office of the Company is at Paseo de la Castellana, 42, 28046 Madrid, Spain. The financial year end of the Company is 31 December.

The Company is domiciled in Spain and resident in Spain for tax purposes.

The Company is recently incorporated and has limited operating or financial data. The Company's audited interim financial statements as of 31 March 2014 and for the seven-day period ended on such date are included elsewhere herein. Deloitte, with address is Plaza Pablo Ruiz Picasso, 1,Torre Picasso, 28020 Madrid (Spain), has been appointed as the auditor of the Company and has been the only auditor of the Company since its incorporation.

Save for matters connected with the Issue and the entry into of the contracts discussed in section 11 of this Part XVII (*Additional Information*) the Company has not engaged in operations since its incorporation and has not incurred borrowings.

Notwithstanding the foregoing, on 22 May 2014 the sole Shareholder of the Company approved a contribution to the reserves of the Company of €540,000, paid on 5 June 2014, in order to compensate the difference existing between (i) the issue rate of the 60,000 Ordinary Shares it subscribed for at the moment of the Company's incorporation (€1 par value), and (ii) the Issue Price (€10 per Ordinary Share, since each Ordinary Share has a nominal value of €1 and is issued with a share premium of €9).

3. SHARE CAPITAL

At the date of this Prospectus, the issued share capital of the Company consists of €60,000 divided into a single series of 60,000 shares in book-entry form, with a nominal value of €1 each. All of these shares are fully paid.

On incorporation, the sole Shareholder of the Company was MAGIC Real Estate which subsequently sold its Ordinary Shares in the Company to MAGIC Kingdom. Consequently as at the date of the Prospectus, MAGIC Kindgdom, holds 60,000 Ordinary Shares representing 100% of the issued share capital of the Company.

Mr. Ismael Clemente and Mr. Miguel Ollero are members of the Management Team (CEO and COO/CFO respectively) as well as directors of the Company.

Seven out of the eight current members (nine upon the acquisition of Tree and Bosque) of the Management Team (Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate, Mr. Francisco Rivas and Mr. Fernando Ramírez) are current partners of both MAGIC Real Estate (with Mr. Ismael Clemente and Miguel Ollero being the founding partners of MAGIC Real Estate) and MAGIC Kingdom.

In addition, Mr. Ismael Clemente is also director and CEO and Mr. Miguel Ollero is COO of Tree.

See section 6 of this Part XVII (*Additional Information*) in respect of the Directors' authority to issue Ordinary Shares.

The Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue.

4. INTERESTS OF MAJOR SHAREHOLDERS

Subject to the arrangements set out in section 11 of this Part XVII (Additional Information), insofar as the Company is aware, immediately prior to, or following, Admission, the name of each person who, directly or indirectly, is interested in 0.5% or more of the Company's capital (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised), and the amount of such person's interest will be as follows:

	Immediately prior to Admission		Immediately following Admission (assuming the Over-allotment Option is not exercised)		Immediately following Admission (assuming the Over-allotment Option is exercised in full)	
Name	**Number of Ordinary Shares**	**Percentage of issued Ordinary Share Capital**	**Number of Ordinary Shares**	**Percentage of issued Ordinary Share Capital**	**Number of Ordinary Shares**	**Percentage of issued Ordinary Share Capital**
Marketfield Asset Management LLC	—	—	17,250,000	11.495%	17,250,000	9.997%
Funds advised by Moore Capital Management LP(1)	—	—	7,400,000	4.931%	7,400,000	4.288%
EII Capital Management Inc.	—	—	6,700,000	4.465%	6,700,000	3,883%
Monarch Master Funding 2 (Luxembourg), S.à r.l	—	—	5,000,000	3.332%	5,000,000	2.898%
Funds / accounts advised by EJF Capital LLC	—	—	5,000,000	3.332%	5,000,000	2.898%
Gruss Capital Management LLP(2)	—	—	4,675,000	3.115%	4,675,000	2.709%
Chenavari Investment Managers	—	—	3,000,000	1.999%	3,000,000	1.739%
Bennett Restructuring Fund, L.P.	—	—	1,920,000	1.279%	1,920,000	1.113%
Bennett Offshore Restructuring Fund, Inc.	—	—	1,080,000	0.720%	1,080,000	0.626%
SUB-TOTAL	—	—	52,025,000	34.669%	52,025,000	30.149%
MAGIC Kingdom, S.L.(1)	60,000	100%	750,000	0.500%	750,000	0.435%
GRAND TOTAL	60,000	100%	52,775,000	35.169%	52,775,000	30,584%
Banca March, S.A.(4)	—	—	7,500,000	4.998%	7,500,000	4.346%
Total Raised Funds	—	—	60,275,000	40.167%	60,275,000	34.930%

Notes:

(1) Moore Capital Management LP has indicated to the Company that the Moore Capital Investors may hold their Ordinary Shares through a derivative arrangement to be entered into with a counterparty prior to Admission, whereby the Moore Capital Investors would be exposed to the economic benefit of the Ordinary Shares but would not hold the political rights attaching to such Ordinary Shares.

(2) Gruss Capital Management LLP has indicated to the Company that it may hold its Ordinary Shares through a derivative arrangement to be entered into with a counterparty prior to Admission, whereby Gruss Capital Management LLP would be exposed to the economic benefit of the Ordinary Shares but would not hold the political rights attaching to such Ordinary Shares.

(3) The Management Team, including Mr. Ismael Clemente and Mr. Miguel Ollero, has undertaken to invest in the Company €7.5

million through their investment vehicle, MAGIC Kingdom. MAGIC Kingdom acquired on 9 June 2014 the 60,000 Ordinary Shares that MAGIC Real Estate held in the Company at a price of €10.00 per Ordinary Share and will subscribe 690,000 Issue Shares, at the Issue Price, for an aggregate of €6.9 million. As a result, MAGIC Kingdom will hold 750,000 Ordinary Shares representing 0.5% of the share capital of the Company (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised). MAGIC Kingdom will incur indebtedness to finance in part such acquisition and subscription of Ordinary Shares. As a result it is envisaged that some or all of the Ordinary Shares held by MAGIC Kingdom will be pledged as security for such indebtedness.

(4) Pursuant to the Banca March Underwriting and Placing Agreement, Banc March will agree, amongst other, to procure subscribers or, failing which, to subscribe itself 7.5 million in Ordinary Shares

The persons listed in the table above do not have different voting rights than those corresponding to the Ordinary Shares. For the avoidance of doubt, it is hereby stated that the Cornerstone Investors and the members of the Management Team are subject to the applicable Spanish securities market regulations governing market abuse and price-sensitive information.

The Company is not aware of any person who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company as at, or immediately following, Admission.

Under the Spanish SOCIMI Regime, the Company may become subject to a 19% CIT on the amount of dividends received by a Substantial Shareholder. The By-laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. 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. These provisions are summarised at section 6 of Part XVII (*Additional Information*).

5. TENDER OFFERS

Tender offers are governed in Spain by the Spanish Securities Market Act and Royal Decree 1066/2007, of 27 July 2007, which have implemented Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004). Tender offers in Spain may qualify as either mandatory or voluntary offers.

Mandatory public tender offers must be launched for all the shares of the target company or other securities that might directly or indirectly give the right to subscription thereto or acquisition thereof (including convertible and exchangeable bonds) at an equitable price and not subject to any conditions when any person acquires control of a Spanish company listed on the Spanish Stock Exchanges, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly give the right to subscribe or acquire voting shares in such company;
- through agreements with shareholders or other holders of such securities; or
- as a result of other situations of equivalent effect as provided in the regulations (*i.e.*, indirect control acquired through mergers, share capital decreases, target's treasury stock variations or securities exchange or conversion, etc.).

A person is deemed to have obtained the control of a target company, individually or jointly with concerted parties, whenever:

- it acquires directly or indirectly a percentage of voting rights equal to or greater than 30%; or
- it has acquired a percentage of less than 30% of the voting rights and appoints, in the 24 months following the date of acquisition of said percentage, a number of directors that, together with those already appointed, if any, represent more than one-half of the members of the target company's board of directors. Regulations also set forth 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.

Notwithstanding the above, Spanish regulations establish certain exceptional situations 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 the financial feasibility of which is subject to serious and imminent danger, even if the company is not undergoing bankruptcy proceedings, provided that such transactions are intended to ensure the company's financial recovery in the long term; or

- 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 offeree 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; and
- 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 per cent of the voting rights to which the bid was directed.

For the purposes of calculating the percentages of voting rights acquired, the regulations establish the following rules:

- percentages of voting rights corresponding to (i) companies belonging to the same group of the bidder; (ii) members of the board of directors of the bidder or of companies of its group; (iii) persons acting for the account of or in concert with the bidder (a concert party shall be deemed to exist when two or more persons collaborate under an agreement, be it express or implied, oral or written, in order to obtain control of the offeree company); (iv) voting rights 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 specific instructions with respect thereto; and (v) shares held by a nominee, such nominee being understood as a third-party whom the bidder totally or partially covers against the risks inherent in acquisitions or transfers of the shares or the possession thereof, will be deemed to be held by the bidder (including the voting rights attaching to shares that constitute the underlying asset or the subject matter of financial contracts or swaps when such contracts or swaps cover, in whole or in part, against the risks inherent in ownership of the securities and have, as a result, an effect similar to that of holding shares through a nominee);
- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or upon any other title of a contractual nature will be counted towards establishing the number of voting rights held;
- the percentage of voting rights shall be calculated based on the entire number of shares carrying voting rights, even if the exercise of such rights has been suspended; voting rights attached to treasury shares shall be excluded; and 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 giving the right to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer either until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the regulations, the CNMV will conditionally dispense with the obligation to launch a mandatory bid when another person or entity not in concert with the potential bidder directly or indirectly holds an equal or greater voting percentage in the target company.

The price of the mandatory tender offer is deemed equitable when it is at least equal to the highest price paid by the bidder or by any person acting in concert therewith for the same securities during the 12 months prior to the announcement of the tender offer. When the mandatory tender offer must be made without the bidder having previously acquired the shares over the above–mentioned 12–month period, the equitable price shall not be less than the price calculated in accordance with other rules set forth in the regulations. In any case, the CNMV may change the price so calculated in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched within one month from the acquisition of the control of the target company. Voluntary tender offers may be launched when a mandatory offer is not 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 by-laws or adoption of certain resolutions by the target company, acceptance of the offer by a minimum number of securities, approval of the offer by the shareholders' meeting of the bidder; and any other deemed by the CNMV to be in accordance with law), provided that such conditions can be met before the end of the acceptance period of the offer; and
- they may be launched at any price, regardless of whether it is lower than the abovementioned

"equitable price".

Spanish regulations on tender offers set forth further provisions, including:

- subject to shareholder approval within 18 months from the date of announcement of the tender offer, the board of directors of a target company will be exempt from the rule prohibiting frustrating action against a foreign bidder whose board of directors is not subject to an equivalent passivity rule;
- defensive measures included in a listed company's by-laws 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 resolve otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected will be entitled to compensation at the target company's expense); and
- squeeze-out and sell-out rights will apply provided that following a tender offer for all the target's share capital, the bidder holds securities representing at least 90% of the target company's voting capital and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights other than those held by or attributable to the bidder previously to the offer.

6. BY-LAWS AND CERTAIN APPLICABLE REGULATION

The following is a summary of the By-laws of the Company. Any Shareholder requiring further detail than that provided in the summary is advised to consult the By-laws which are available at the address specified in section 2 of this Part XVII (*Additional Information*) and, following Admission, at the corporate website of the Company (www.merlin-socimi.com).

Share capital

At the date of this Prospectus, the issued share capital of the Company consists of €60,000 divided into a single series of registered shares in book-entry form, with a nominal value of €1 each. All of these shares are fully paid. Non-residents of Spain may hold shares and vote, subject to the restrictions described under "*Restrictions on Foreign Investment*" of this Part XVII (*Additional Information*).

The ISIN number of the Ordinary Shares is ISIN:ES0105025003. The Issue Shares will receive a provisional ISIN number which upon Admission will be replaced with the original ISIN number of the Ordinary Shares.

Dividend and liquidation rights

Payment of dividends is proposed by the Board of Directors and must be authorised by the Shareholders at a general meeting. Holders of shares participate in such dividends from the date agreed by a general meeting.

The Spanish Companies Act requires each company to contribute 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 company's issued share capital. A company's legal reserve is not available for distribution to its Shareholders except upon such company's liquidation. The legal reserve of the Company will not exceed 20% of the share capital of the Company. The Company's By-laws do not establish any reserve that is not available for distribution to its Shareholders.

According to the Spanish Companies Act, dividends may only be paid out of profits (after the necessary transfer to mandatory reserves or distributable reserves and only if the value of the Company's net worth is not, and as a result of distribution would not be, less than its share capital).

In addition, no profits may be distributed unless the amount of the distributable reserves is at least equal to the amount of the research and development expenses recorded as an asset in the Company's balance sheet.

The Spanish Companies Act also requires the creation of a non-distributable reserve equal to the amount of goodwill recorded as an asset on the balance sheet and that an amount at least equal to 5% of such goodwill be transferred from the profit from each financial year to such non-distributable reserve until such time as the non-distributable reserve is of an amount at least equal to the goodwill recorded on balance sheet. If, in any given financial year, there are no profits or there are insufficient profits to transfer an amount equal to 5% of the goodwill recorded on the balance sheet, the Spanish Companies Act requires that the shortfall be transferred from freely distributable reserves to the non-distributable reserve.

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.

Company's indemnity from Substantial Shareholder's CIT liability and Shareholders' reporting obligation

The By-laws require any Shareholder to give notice to the Company's Board of Directors of any acquisition of Ordinary Shares which results in such Shareholder reaching a stake in the Company equal or higher to 5% of its share capital. Furthermore, together with this notice, such Shareholder must provide evidence of its tax residence and status (*i.e.*, such Shareholder must provide a certificate issued by the relevant tax authorities of its country of residence, indicating the following: (i) that, according to the records of such authorities, such Shareholder is a tax resident of such country and (ii) the rate at which dividends from the Company are subject to taxation in the relevant country).

A Shareholder will be deemed to be a Substantial Shareholder if it 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 By-laws.

If a dividend payment is made to a Substantial Shareholder, the Company will 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.

For example, assuming that: (i) a gross dividend of €100 is due to a Substantial Shareholder, (ii) the CIT rate applicable to dividend distributions made to such Substantial Shareholder is 19% (in accordance with the provisions of the Spanish SOCIMI Regime relating to dividend distributions to Substantial Shareholders) and (iii) the Company is subject to a 0% CIT rate on any indemnity amount to be deducted from the dividend payment to such Substantial Shareholder, the indemnity amount to be deducted to such Substantial Shareholder will be the following:

Gross Dividend: €100

Special Taxation: $100 \text{ x } 19\% = €19$
Special Taxation CIT Expense ("***CITst***"): €19
Indemnity amount to be deducted ("*I*"): €19
CIT tax base for the indemnity ("***TBi***"): €19
CIT Expense derived from the indemnity ("***CITi***"): €0
Effect for the Company: $\mathrm{C} - \mathrm{CITst} - \mathrm{CITi} = 19 - 19 - 0 = €0$

The By-laws 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 Substantial Shareholder 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 Substantial Shareholder 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 Substantial Shareholder 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.

Provisions relating to Shareholders who are subject to a special legal regime applicable to pension funds or benefit plans

The By-laws contain certain information obligations with respect to Shareholders or beneficial owners of

Ordinary Shares are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). 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. Furthermore, according to the By-laws, 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 regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimise the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company.

Shareholders' meetings and voting rights

Pursuant to the By-laws, rules of the general Shareholders' meeting of the Company and the Spanish Companies Act, ordinary annual general Shareholders' meetings are held during the first six months of each fiscal year on a date fixed by the Board of Directors. Extraordinary general Shareholders' meetings may be called by the Board of Directors whenever it deems appropriate, or at the request of Shareholders representing at least 5% of the share capital. Notices of all general Shareholders' meetings are published in the Commercial Registry's Official Gazette (*Boletín Oficial del Registro Mercantil*) and on the corporate website of the Company at least one month prior to the meeting. Once the shares are trading, notices of all general Shareholders' meetings will be published in the Commercial Registry's Official Gazette (*Boletín Oficial del Registro Mercantil*), on the corporate website of the Company and on the website of CNMV.

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 Shareholders' meetings may be reduced to at least 15 days before an extraordinary Shareholders' meeting. The decision to abbreviate the period between the notice date and the extraordinary Shareholders' meeting is to be taken by a majority of not less than two thirds of the voting capital represented in an ordinary annual general Shareholders' meeting, and remains in force until no later than the following annual general Shareholders' meeting.

Action is taken at ordinary meetings on the following matters: the approval of the management carried out by the Directors, the approval of the annual accounts 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.

Shareholders will need to hold, at least, a number of shares equivalent to the smaller of: (i) 500 Ordinary Shares of the Company; or (ii) a number of Ordinary Shares representing 1/1000 of the Company's share capital, in order to be able to attend Shareholders' meetings. However, Shareholders who do not reach this threshold may group their holdings and choose a proxy to represent them. In the event a Shareholder does not reach such threshold and is unable to group its holdings with those of other Shareholders, such Shareholder will not be able to attend or vote at Shareholders' meetings, whether in person or by proxy. Shareholders who reach this threshold and hold shares with voting rights are entitled to attend the General Shareholders' Meeting with the right to speak and vote provided that such Shareholders holds the shares which have allowed for the threshold to be reached five (5) days prior to the meeting.

Only holders of shares duly registered in the book-entry records maintained by Iberclear, and its member entities, at least five days prior to the day on which a general Shareholders' meeting 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 By-laws, and are valid for a single general Shareholders' meeting. Proxies may be given to any person, whether or not a Shareholder. Proxies must specifically refer to the general Shareholders' meeting. A proxy may be revoked by giving notice to the Company prior to the meeting or by attendance by the relevant Shareholder at the meeting.

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.

Pursuant to the Spanish Companies Act, entities rendering investment services may exercise voting rights on behalf of their clients when the latter appoint them as proxy holders. Financial intermediaries so appointed may cast votes for a shareholder differently from votes cast for another Shareholder. In this respect, financial intermediaries will have to provide the relevant company, within seven days prior to the day on which the general shareholders' meeting is scheduled, with the identity of each client that has appointed them as proxy holders, the number of shares in respect of which votes shall be cast as well as the voting instructions received by the financial intermediary.

The By-laws of the Company provide that, on the first call of an ordinary or extraordinary General Shareholders' Meeting, the presence in person or by proxy of Shareholders representing at least 25.0% 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, a resolution in a general shareholders' meeting to modify the By-laws of the Company (including increases and reductions of share capital, bond issues, suppressions or limitations on the pre-emptive right over new shares, transformations, mergers, spin-offs, global assignments of assets and liabilities and the transfer of the registered address of the Company abroad), requires the presence in person or by proxy of shareholders representing at least 50.0% of the voting capital of the Company on first call, and the presence in person or by proxy of shareholders representing at least 25.0% of the voting capital of the Company on second call. On second call, and in the event that less than 50.0% 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 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 shareholders' meeting must be at least 24 hours. Resolutions in all other cases are passed by a majority of the votes corresponding to the capital stock present or represented at such meeting.

Under the Spanish Companies Act, shareholders who voluntarily aggregate their shares so that the capital stock so aggregated is equal to or greater than the result of dividing the total capital stock 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 at a general shareholders' meeting is binding on all shareholders, although a resolution which is (i) contrary to Spanish law or the By-laws 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. In the case of resolutions contrary to Spanish law, the right to contest is extended to all shareholders, directors and interested third parties. In the case of resolutions prejudicial to the interest of the company or contrary to the By-laws, such right is extended to shareholders who attended the general shareholders' meeting and recorded their opposition in the minutes, to shareholders who were absent and to those unlawfully prevented from casting their vote as well as to members of the Board of Directors. In certain circumstances (such as a significant modification of corporate purpose or change of the corporate form or transfer of domicile to a foreign country), the Spanish Companies Act gives dissenting or absent shareholders the right to withdraw from the company. If this right were exercised, the company would be obliged to purchase the relevant shareholding(s) in accordance with the procedures established under the Spanish Companies Act.

Shareholders right of information

The Ordinary Shares grant their holders the right of information foreseen in the Spanish Companies Act, as well as any other rights which, as special manifestations of this right of information, are gathered in the Spanish Securities Market Act and in Law 3/2009, of 3 April, on structural changes in corporations (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*).

Shareholder suits

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 By-laws 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 (currently Madrid, Spain).

Registration and transfers

The shares of the Company are in book-entry form and are indivisible. Joint holders of one share must designate a single person to exercise their shareholders' rights, but they are jointly and severally 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 manages the Spanish clearance and 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*) as well as the amount of these shares held by beneficial owners. 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.

Restrictions on foreign investment

Exchange controls and foreign investments were, with certain exceptions, completely liberalised by Royal Decree 664/1999, of April 23, 1999 (Royal Decree 664/1999), in conjunction with the Spanish Foreign Investment Law (Ley 18/1992), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the European Union.

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:

- 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
- foreign shareholdings that do not exceed 50.0% 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 authorisation from the Spanish government.

Exchange control regulations

Pursuant to Royal Decree 1816/1991 of December 20, 1991 relating to economic transactions with non-residents, 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 and/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, if made in cash or by check payable to bearer, must be notified to the Spanish exchange control authorities.

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 shareholders' meeting or the board of directors (when the company is listed and the general shareholders' meeting delegates to the board of directors the right to increase the capital stock 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.

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 or a merger in which shares are issued as consideration. 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 shares may be offered for subscription at prices lower than prevailing market prices.

Capital increases excluding pre-emptive rights may result from the exercise of the Over-allotment Option as well as the delivery of new Ordinary Shares under the Management Stock Plan.

Reporting requirements

In addition to reporting obligations imposed on Substantial Shareholders, pursuant to Royal Decree 1362/2007 of October 19, 2007, 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 3.0% threshold of the company's total voting rights. The notification obligations are also triggered at thresholds of 5.0% and multiples thereof (excluding 55.0%, 65.0%, 85.0%, 95.0% and 100.0%).

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 business days from the date on which the transaction is acknowledged (Royal Decree 1362/2007 deems a transaction to be acknowledged within two business 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.

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 Company's shares is reduced to 1% (and successive multiples thereof).

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 held by them at the time of becoming or ceasing to become a member of the Board of Directors within four trading days.

In addition, pursuant to Royal Decree 1333/2005 of November 11, 2005 (implementing European Directive 2004/72/EC), any member of the Board of Directors or senior managers (*directivos*) of the Company, as defined therein and any persons having a close link (*vínculo estrecho*) with any of them must similarly report any acquisition or disposal of Company's shares, derivative or financial instruments linked to Company's shares regardless of the size, including information on the percentage of voting rights which they hold as a result of the relevant transaction within five business days. In addition, any member of the Board of Directors or senior managers (*directivos*) of the Company, as defined therein must also report any stock based compensation that they may receive pursuant to any of the Company's compensation plans.

The Spanish Companies Act requires parties to disclose certain types of shareholders' agreements that affect the exercise of voting rights at a general shareholders' meeting or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares. If shareholders enter into such agreements with respect to the Company's shares, they must disclose the execution, amendment or extension of such agreements to the Company and to the CNMV, and file such agreements with the appropriate commercial registry.

Moreover, 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 (as further supplemented by several delegated regulations regulating technical aspects necessary for its effective enforceability and to ensure compliance with its provisions), persons or entities having a net short position in relation to the issue share capital of a company that has shares admitted to trading on a trading venue shall notify the relevant competent authority where the position reaches or falls below a percentage that equals 0.2% of the issued share capital of the company concerned and each 0.1% above that. In addition, details of any net short position reaching or falling a percentage that equals 0.5% of the issued share capital of the company concerned and each 0.1% above that must be publicly disclosed before 15:30 on the following trading day.

In addition, on 19 December 2007 the CNMV issued Circular 3/2007 setting out the requirements to be met by liquidity contracts entered into by issuers with financial institutions for the management of their treasury shares to constitute an accepted market practice and, therefore, be able to rely on a safe harbour for the purposes of market abuse regulations.

Share repurchases

Pursuant to the Spanish Companies Act, the Company may only repurchase its own shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorised by the General Shareholders' Meeting in a resolution establishing the maximum number of shares to be acquired, the minimum and maximum acquisition price and the duration of the authorisation, 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 subsidiaries, 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 shareholders' meetings as well as majority voting requirements to pass resolutions at general shareholders' meetings.

7. EMPLOYEES

Upon Admission, the Company will have 11 employees out of which eight are members of the Management Team. Upon acquisition of Tree, the Company will have 17 employees.

8. WORKING CAPITAL

In the opinion of the Company, taking into consideration the Net Proceeds to be received by the Company from the Issue, the working capital available to the Company is sufficient for the Company's present requirements and, in particular, is sufficient for at least the next 12 months from the date of this Prospectus.

9. NO SIGNIFICANT CHANGE

Since its incorporation on 25 March 2014, the Company has not carried on business or incurred borrowings and there has been no significant change in the financial or trading position of the Company since 31 March 2014 (the date to which the financial information reported on in the accountant's report in respect of the Company in Part XII (*Selected Historical Financial Information*) was prepared).

Notwithstanding the foregoing, on 22 May 2014 the sole Shareholder of the Company approved a contribution to the reserves of the Company of €540,000, paid on 5 June 2014, in order to compensate the difference existing between (i) the issue rate of the 60,000 Ordinary Shares it subscribed for at the moment of the Company's incorporation (€1 par value), and (ii) the Issue Price (€10 per Ordinary Share, since each Ordinary Share has a nominal value of €1 and is issued with a share premium of €9).

10. RELATED PARTY TRANSACTIONS

The Company undertakes all transactions with its related parties on an arm's length basis and in accordance with the terms and conditions stipulated in the relevant agreements.

Seven of the Company's employees are currently employed by MAGIC Real Estate, and six of the Company's employees are currently employed by Bosque and are involved in the management of the Seed Portfolio.

As further described in section 11 of this Part XVII (*Additional Information*), on 11 April 2014, the Company entered into an Irrevocable Undertaking Agreement to acquire, shortly after Admission, 100% of the share capital of Tree, the company owning the Seed Portfolio, and 100% of the share capital of Bosque, the company managing the Seed Portfolio, respectively, for an approximate purchase price of €739,483,659 (excluding costs and expenses) and €3,006, respectively.

As a result of the acquisition of Tree by the Company, certain members of the Management Team will be entitled to receive certain fees as a result of the following agreements and arrangements:

(a) *Portfolio Management Agreement.* Pursuant to the Portfolio Management Agreement, Bosque provides Tree with management services in relation to the Seed Portfolio. In consideration for the services performed by Bosque, Tree is required to pay Bosque (i) a management fee and (ii) a business plan incentive fee on the basis of the gross proceeds of any disposals of the properties (which may vary depending on the return received by Bosque's shareholders at the time of such disposals). Further details on these fees can be found in Section 8 of Part X (*The Seed Portfolio*). Therefore, as a result of the sale of Tree to the Company, Bosque is due to receive a business plan incentive fee of approximately €2.2 million after taxes (€4.9 million before taxes), of which €0.7 million after taxes (€1.6 million before taxes) will be kept at Bosque whilst the remaining €1.5 million after taxes (€3.3 million before taxes) will be paid to MAGIC Real Estate as further explained below.

(b) *Strategic Advisory Services Agreement.* Pursuant to the Strategic Advisory Services Agreement, MAGIC Real Estate agreed to render certain strategic advisory services in relation to the management of the Seed Portfolio to be performed by Bosque. In consideration for MAGIC Real Estate providing these strategic advisory services, MAGIC Real Estate is entitled to an advisory fee payable by Bosque, being a variable fee, consisting of 66.67% of such business plan incentive fee to which Bosque is entitled pursuant to the Portfolio Management Agreement. Therefore, upon completion of the acquisition of Tree, MAGIC Real

Estate, by virtue of the Strategic Advisory Services Agreement, is entitled to a one-time fee of approximately €1.5 million after taxes (€3.3 million before taxes) payable by Bosque.

(c) *Arrangements with Deutsche Bank, S.A.E.* In addition, certain members of the Management Team will be entitled to a payment by Deutsche Bank, S.A.E. of approximately €12.8 million after taxes (€28 million before taxes) as a result of the acquisition of Tree by the Company. This payment derives from the executive incentive plan of Deutsche Bank, S.A.E. and from a delegated management agreement entered into on 26 July 2013 between MAGIC Real Estate and Deutsche Bank, S.A.E. Under the term of these arrangements with Deutsche Bank, S.A.E., payments will be made either to MAGIC Real Estate or to its employees (some of whom are members of the Management Team) during the year 2015. Deutsche Bank, S.A.E. agreed to make these payments following the departure from RREEF, in 2012, of certain members of the Management Team who had previously managed RREEF Iberian Value Added II S.A. SICAR and Tree Investments S.A. (both indirect shareholders of Tree) and Alcudia Cartera e Inversiones, S.A. (a direct shareholder of Tree). These payments by Deutsche Bank, S.A.E. relate to the success fee that these three investment vehicles will pay to Deutsche Bank, S.A.E. upon the acquisition of Tree by the Company.

Set out below are the estimated net amounts of the fees attributable to the members of the Management Team (excluding Mr. David Brush) as a result of the fees payable to MAGIC Real Estate pursuant to the Portfolio Management Agreement, the Strategic Advisory Services Agreement and the arrangements with Deutsche Bank, S.A.E. described above:

NET AMOUNT OF FEES ATTRIBUTABLE TO CERTAIN MEMBERS OF THE MANAGEMENT TEAM(1) (€ in million)	**Portfolio Management Agreement(2)**	**Strategic Advisory Services Agreement(3)**	**Arrangements with Deutsche Bank, S.A.E.(4)**	**TOTAL**
Executive Chairman	0.2	0.4	5.7	6.3
Executive Director	0.2	0.4	4.3	4.9
Rest of Management team (and other employees)	0.3	0.7	2.8	3.8
TOTAL	**0.7**	**1.5**	**12.8**	**15**

(1) All amounts are net of 54% personal income tax.

(2) Business plan incentive fee payable to Bosque under the Portfolio Management Agreement and attributed to individuals based on their remuneration.

(3) Advisory fee payable to MAGIC Real Estate under the Strategic Advisory Services Agreement and attributed to individuals based on their involvement in the origination, execution and subsequent management of the transaction.

(4) Performance fee payable to MAGIC Real Estate under Deutsche Bank, S.A.E.'s executive incentive plan and the delegated management agreement with Deutsche Bank, S.A.E.

The estimated fees set out above result from agreements negotiated in the past between independent parties and will be paid either by the Tree Shareholders or by Deutsche Bank, S.A.E, as the case may be.

In order to further reduce the risk of potential conflicts of interest, the shareholders of MAGIC Real Estate have entered into a letter of intent with the Company dated 5 June 2014, pursuant to which they have agreed, during the 12-month period following Admission, to negotiate in good faith the sale of 100% of the shares in MAGIC Real Estate to the Company if the Company deems such acquisition appropriate. This potential acquisition by the Company would need to be approved by a General Shareholders' Meeting. If approved, the Company shall entrust its supervision and implementation to an *ad-hoc* committee formed in its entirety by independent Directors.

11. MATERIAL CONTRACTS

The following is a summary of the material contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company since incorporation and any other contracts which have been entered into by the Company which contain any provision under which the Company has any obligation or entitlement which is or may be material to the Company at the date of this Prospectus.

11.1 Irrevocable Undertaking Agreement

The Company has entered on 11 April 2014 into an irrevocable undertaking agreement with Ebro BV, Tree 2009 BV, Forest 2009 BV and Alcudia (the "***Tree Shareholders***") pursuant to which the Company irrevocably agrees to acquire 100% of the shares of Tree, the company which holds real estate portfolio which will form the Seed Portfolio of the Company, and the Tree Shareholders have irrevocably agreed to sell their shares in Tree to the Company. For further information, please refer to Part X (*The Seed Porfolio*).

The Tree Shareholders are the sole legal owners of 9,323,197 shares representing 100% of the share capital of Tree. The aggregate purchase price for the shares in Tree will be fully paid in cash by the Purchaser to the Tree

Shareholders in accordance with the following breakdown:

Shareholder	Shareholdings (%)	Number of shares in Tree	Purchase price (€)
Forest 2009 BV	16.27	1,517,003	120,323,418
Tree 2009 BV	18.51	1,725,801	136,884,551
Alcudia	18.12	1,689,165	133,978,711
Ebro BV	47.1	4,391,228	348,296,979
TOTAL	**100**	**9,323,197**	**739,483,659**

The price per Tree share shall be based on the enterprise value of Tree, which the parties to this agreement have agreed amounts to €1,577 million for the current portfolio of 880 branches and five buildings with an annual rent for 2014 of €88,516,326 which implies an Entry Yield of 5.61%.

The Company also irrevocably undertakes to acquire 100% of the shares in Bosque held by the Tree Shareholders at a price of €0.3006 per share in Bosque, and the Sellers have irrevocably agreed to sell all of the shares in Bosque to the Company.

The aggregate purchase price for the shares in Bosque will be fully paid in cash by the Purchaser to the Tree Shareholders in accordance with the following breakdown:

Shareholder	Shareholdings (%)	Number of Sellers' shares in Bosque	Purchase price (€)
Forest 2009 BV	16.27	1,627	489.08
Tree 2009 BV	18.51	1,851	556.41
Alcudia	18.12	1,812	544.69
Ebro BV	47.1	4,710	1,415.83
TOTAL	**100**	**10,000**	**3,006**

Should Tree and/or Bosque make any distribution of dividends, reserves, premium or any equivalent form of equity distribution, whether ordinary or extraordinary, to its shareholders between the date of signing of the Irrevocable Undertaking Agreement and the Closing Date or any payment to the Sellers or any person related to the Sellers, other than in the ordinary course of business, then the share price of the shares in Tree and Bosque shall be reduced by an amount equal to the gross per share in Tree amount and/or gross per share in Bosque amount of any such distribution or payment.

The acquisition of the Tree and Bosque shares by the Company shall be subject to the prior fulfilment of the following conditions precedent (the "***Conditions Precedent***"):

(a) The Company completing a successful initial public offering of its Ordinary Shares in a regulated stock exchange, raising net proceeds, of equal or greater value than the purchase price of Tree, which shall be used to purchase the Sellers Shares.

(b) The relevant counterparties to the Financing Documents granting the required waiver in respect of the change of control in Tree, and to the extent required in Bosque, pursuant to the acquisition by the Company of the shares in Tree and Bosque. This condition was fulfilled on 23 May 2014.

(c) BBVA waiving any rights it may have under the existing lease agreement to acquire the Seed Portfolio for the Tree Share Price and in the same conditions or otherwise lapse of the period established in the BBVA Lease Agreement without BBVA having exercised its rights. This condition was fulfilled on 9 June 2014.

As at the date of this Prospectus the only outstanding Condition Precedent is the initial public offering of the shares of the Company (i.e. the Issue). If the Issue is not completed before 31 July 2014, the Irrevocable Undertaking Agreement shall automatically terminate, and neither party shall have any claim under the Irrevocable Undertaking Agreement of any nature whatsoever against the other party except in respect of any rights and liabilities which arise as a result of acts or omissions which have occurred before termination.

Upon fulfilment of the last of the Conditions Precedent, the Sellers shall request the Company to appear before a Notary Public of Madrid chosen by the Company in order to execute the sale and purchase of the shares in Tree and the shares in Bosque. In the closing notice the Sellers shall indicate the closing date, which shall be the fifth business day following the date of fulfilment of the last of the Conditions Precedent (the "***Closing Date***").

For the purpose of the Irrevocable Undertaking Agreement, business day means a day other than a Saturday or Sunday or any public holiday in Amsterdam, London or Madrid, on which retail banks are open for general commercial business.

All sums payable by the Company under the Irrevocable Undertaking Agreement shall be paid in full to the Sellers in immediately available funds by electronic transfer on the due date for payment and further:

(i) without any set-off, condition or counterclaim whatsoever; and

(ii) free and clear of any deductions or withholdings whatsoever except as may be required by law or regulation which is binding on the Company.

The Irrevocable Undertaking Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and interpreted in accordance with, Spanish law.

All disputes arising out of or in connection with the Irrevocable Undertaking Agreement, including disputes relating to any non-contractual obligations arising out of or in connection with it, shall be referred to and finally resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said rules. The seat of the arbitration shall be Madrid and the arbitral proceedings shall be conducted in English. The parties shall have the right to seek interim relief from a court of competent jurisdiction, at any time before and after the arbitrators have been appointed, up until the arbitrators have made their final award.

11.2 Placing and Underwriting Arrangements

(A) Placing Agreement

The Placing Agreement will be entered into between the Company and the Managers on or around the date of registration of this Prospectus with the CNMV.

Placing

On the basis of certain customary representations, warranties, undertakings and covenants and customary conditions precedent, each of the Managers, acting severally and not jointly nor jointly and severally, agrees to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. "***Placing Shares***" means the Ordinary Shares in respect of which the Managers shall procure subscribers under the Placing.

Sizing and allocation

All Placing Shares will be issued at the Issue Price. The Joint Bookrunners (on behalf of the Manager) and the Company will agree, no later than 23:59 p.m. CET on 26 June 2014, the final number of Placing Shares that will constitute the Placing, which will be announced through the publication of a significant information announcement (*Hecho Relevante*). The Joint Bookrunners (on behalf of the Managers) and the Company will consult each other to determine the basis of allocation to subscribers of the Placing Shares under the Placing and the validity of applications received in relation thereto. In case of disagreement between the Company and the Joint Bookrunners (on behalf of the Managers), the opinion of the Company shall prevail.

Estimated fees and expenses

In consideration for the services of the Managers in connection with the Placing, and provided the Placing Agreement becomes wholly unconditional and is not terminated in accordance with its terms, the Company has agreed to pay to Joint Bookrunners and the other Managers a placing commission equal to 2.00% of the value of the Issue Price multiplied by the sum of the number of Placing Shares and Cornerstone Investor Shares subscribed for hereunder (the "***Base Commission***").

The Company will also agree to pay the fees, costs and expenses of the Joint Bookrunners in connection with or incidental to the Placing and Admission (subject to certain caps), irrespective of whether the Placing Agreement terminates in accordance with its terms.

Representations, warranties and indemnity

Under the Placing Agreement, the Company will give certain representations and warranties. The Company will give an indemnity to each Manager concerning, amongst other things, the accuracy of the information contained in this Prospectus.

Lock-ups

Company lock-up

The Company will agree under the Placing Agreement during a period commencing on the date thereof and ending 270 days following Admission, that it will not, without the prior written unanimous consent of the Joint Bookrunners (which consent shall not be unreasonably withheld or delayed):

(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 Securities Act with respect to any of the foregoing; or

(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,

whether any such swap or transaction described in (i) or (ii) 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

Such lock-up arrangement shall not apply to (i) the issue of the Issue Shares, (ii) the Ordinary Shares to be issued in connection with the Over-allotment Option and (iii) any Ordinary Shares to be issued with respect to the potential acquisition of MAGIC Real Estate by the Company during the 12 months following Admission, provided that MAGIC Real Estate shall agree to be bound by the lock-up obligations during the remainder of the lock-up period.

Management lock-up

The Placing Agreement includes as a condition precedent that the Joint Bookrunners shall have received a lock-up letter from MAGIC Kingdom, the investment vehicle through which the members of the Management Team hold Ordinary Shares. Under the terms of such lock-up letter, MAGIC Kingdom will agree that during the period commencing on the date of the Placing Agreement and ending 720 days following Admission, that it will not, without the prior written unanimous consent of the Joint Bookrunners (which consent shall not be unreasonably withheld or delayed):

(i) directly or indirectly, 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

(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,

whether any such swap or transaction described in sub-clause (i) or (ii) 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.

Such lock-up arrangement will not apply to (i) any arrangements between MAGIC Kingdom and any financial institutions which have provided, or may provide in the future, financing for the purposes of the subscription of such Ordinary Shares by MAGIC Kingdom, provided that such Ordinary Shares may only be used to secure MAGIC Kingdom's payment or other obligations under any such financing; (ii) transfers of Ordinary Shares in favour of the shareholders of MAGIC Kingdom or their direct family members (being a parent, brother, sister, spouse or civil partner or a lineal descendant of any of the foregoing), provided that any such transferee shall agree to be bound by the lock-up obligations during the remainder of the lock-up period; (iii) in the event of the whole or partial takeover of the issued share capital of the Company which has been recommended by the Board of Directors; (iv) the implementation of a scheme of arrangement in respect of the sale of the Ordinary Shares of the Company that has been recommended by the Board of Directors; (v) a scheme of reconstruction of the Company which has been recommended by the Board of Directors; and (vi) any buyback by the Company of

Ordinary Shares on identical terms to the terms offered to all Shareholders.

In addition, each member of the Management Team, pursuant to the terms of the Management Stock Plan and subject to the exceptions below, shall not dispose of any Ordinary Shares received as part of or pursuant to the Management Stock Plan prior to the first anniversary of the date on which the Ordinary Shares are delivered to any member of the Management Team. The lock-up shall not apply (i) if the employment or commercial relationship is terminated or ends as a result of the retirement, redundancy, death, ill-health, injury or disability of the relevant member of the Management Team or (ii) under a change of control of the Company.

Subscription and payment of the Placing Shares

In order to expedite the registration and listing of the Issue Shares, it is expected that the Joint Bookrunners, in their capacity as prefunding banks, acting in the name and on behalf of (i) the Managers in respect of the Placing Shares (and each Manager acting on behalf of the final subscribers), (ii) the Cornerstone Investors in respect of each such Cornerstone Investor's respective Cornerstone Investor Shares and (iii) MAGIC Kingdom in respect of the Management Shares, shall subscribe and pay for the Placing Shares, the Cornerstone Investor Shares and the Management Shares on the Subscription Date. Payment for the Placing Shares, the Cornerstone Investor Shares and the Management Shares by the prefunding banks is expected to be made to the Company in the Company's account and these Ordinary Shares will come into existence once registered at the Commercial Registry of Madrid and recorded in book-entry form with Iberclear. These shares will be delivered to the prefunding banks acting on behalf of the final subscribers, the Cornerstone Investors and MAGIC Kingdom (as applicable), following their registration and receipt of evidence thereof by Iberclear on the Subscription Date. Payment by final investors to the prefunding banks shall be made no later than the third Madrid business day after the Subscription Date against delivery of the relevant shares (as applicable), which is expected to take place on or about 2 July 2014.

Termination of the Placing Agreement

The Joint Bookrunners (on behalf of the Managers) may, in the absolute discretion of the Joint Bookrunners, acting unanimously, terminate the Placing Agreement by notice to the Company, at any time from and including the date of the Placing Agreement until the time of registration of the notarial deed of the capital increase relating to the issue of the Issue Shares with the relevant Commercial Registry or, only with regard to the Ordinary Shares to be issued pursuant to the Over-alottment Option, to and including the time of registration of the notarial deed of the capital increase relating to such Ordinary Shares with the relevant Commercial Registry, if there shall have occurred any of the following:

(i) there has been a breach by the Company of any of the representations or warranties contained in the Placing Agreement or any of the representations and warranties of the Company contained in the Placing Agreement is not, or has ceased to be true and correct in all material respects, or a material breach by the Company of any of the undertakings contained in the Placing Agreement has occurred;

(ii) since the time of execution of the Placing Agreement or the earlier respective dates as of which information is given in this Prospectus and the sizing agreement (exclusive of any supplements thereto), there has been a Material Adverse Change, the effect of which change or development is, in the judgment of the Joint Bookrunners, acting unanimously (on behalf of the Managers), so material and adverse as to make it impracticable or inadvisable to proceed with the Issue or the delivery of the Issue Shares on the terms and in the manner contemplated in this Prospectus and the sizing agreement;

(iii) any moratorium on or suspension of commercial banking activities shall have been declared by competent authorities in the European Union, Spain, the United Kingdom, the United States or the State of New York, or a material disruption in commercial banking activities, securities settlement, payment or clearance services in the European Union, Spain, the United Kingdom, the United States or the State of New York; or

(iv) prior to the Subscription Date, the Company and the Joint Bookrunners determine that the subscription commitments received from investors are insufficient to raise sufficient Net Proceeds for the Company to be able to acquire Tree and Bosque following Admission;

(v) there has occurred:

  (a) a suspension or material limitation in trading in securities generally on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange;

  (b) any change or any development involving a prospective change in the national or international financial, political or economic conditions, any financial markets or any currency exchange rates or controls;

(c) an outbreak or escalation of hostilities or acts of terrorism or a declaration of a national emergency or war or martial law, or

(d) any other calamity, crisis or event,

if the effect of any such event under (ii) and (v) above, individually or together with any other such event, in the judgment of the Joint Bookrunners, acting unanimously (on behalf of the Managers), is so material and adverse as to make it impracticable or inadvisable to proceed with the Issue or the delivery of the Issue Shares on the terms and in the manner contemplated in this Prospectus.

"***Material Adverse Change***" means:

(a) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial, operational, legal or otherwise) or in the earnings, management, business affairs, solvency, or prospects of the Company (including its ability to achieve its investment objective as set out in the Prospectus) and/or, to the Company's knowledge, of Tree, whether or not arising in the ordinary course of business;

(b) any development reasonably likely to adversely affect the ability of the Company to remain a SOCIMI; or

(c) a Key Person Event (meaning in relation to any one of Ismael Clemente, Miguel Ollero and David Brush, an event wherein any of them (i) dies or is seriously incapacitated by reason of ill health or accident; (ii) becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement or enters into any analogous or similar procedure in any jurisdiction; (iii) is charged with, or convicted of, an offence under any statutory enactment or regulation other than an offence under any road traffic legislation in Spain for which a fine or non-custodial penalty is imposed; or (iv) is subject to any sanction, suspension or disqualification by any regulatory body under any applicable fitness and probity regime.

In addition, there are certain conditions precedent that must be complied with. Also, the Placing Agreement shall terminate automatically in the event that Admission has not been completed by 30 September 2014. If the Placing Agreement is terminated, the Placing Shares, the Cornerstone Investor Shares and the Management Shares will not be subscribed and paid for by the Joint Bookrunners. Where the Placing Shares, the Cornerstone Investor Shares and the Management Shares have already been paid by the Joint Bookrunners, the Cornerstone Investors, MAGIC Kingdom or the final subscribers, the principal consequences of the termination of the Placing Agreement are: (i) the Joint Bookrunners, the Cornerstone Investors, MAGIC Kingdom or the final subscribers (as applicable) would be obligated to return the Ordinary Shares to the Company (if delivered), and (ii) the Company would be obligated to return the moneys paid at the Issue Price by the Joint Bookrunners, the Cornerstone Investors, MAGIC Kingdom, the final subscribers or any holder of shares (as applicable), together with interest accrued from the date on which the Joint Bookrunners, the Cornerstone Investors, MAGIC Kingdom, the final subscribers or holder of shares (as applicable) paid for the shares until the date on which the Company repays the Issue Price.

Governing law and jurisdiction

The Placing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law.

The courts of England are to have exclusive jurisdiction to settle any disputes (including claims for set-off and counter-claims) in connection with the Placing Agreement.

(B) Banca March Underwriting and Placing Agreement

The Banca March Underwriting and Placing Agreement was entered into between the Company and Banca March on 12 June 2014.

Pursuant to the Banca March Underwriting and Placing Agreement, Banca March will agree to (i) procure subscribers, or, failing which, to subscribe itself, for 7,500,000 Ordinary Shares, (ii) procure subscribers for up to 2,000,000 Ordinary Shares, and (iii) procure subscribers for Ordinary Shares that have not been placed by the Joint Bookrunners under the Placing and/or DBPWM under the DBPWM Placing.

In consideration for the services of Banca March in connection with the Banca March Placing, and provided the Placing Agreement becomes wholly unconditional and is not terminated in accordance with its terms, the Company has agreed to pay Banca March a placing and underwriting commission equal to 2.00% of the value of the Issue Price multiplied by the sum of the number of Banca March Placing Shares subscribed for thereunder.

(C) DBPWM Placing Agreement

The DBPWM Placing Agreement will be entered into between the Company and DBPWM on or around the date of registration of this Prospectus with the CNMV.

Pursuant to the DBPWM Placing Agreement, DBPWM will agree to (i) procure subscribers for up to 8,500,000 Ordinary Shares, and (ii) procure subscribers for Ordinary Shares that have not been placed by the Joint Bookrunners under the Placing and/or Banca March under the Banca March Placing.

In consideration for the services of DBPWM in connection with the DBPWM Placing, and provided the Placing Agreement becomes wholly unconditional and is not terminated in accordance with its terms, the Company has agreed to pay DBPWM a placing and underwriting commission equal to 2.00% of the value of the Issue Price multiplied by the sum of the number of DBPWM Placing Shares subscribed for thereunder.

11.3 Undertakings by the Management Team

The members of the Management Team have undertaken to subscribe in the Issue, indirectly through MAGIC Kindgom, at the Issue Price, an aggregate of €6.9 million of Issue Shares. In addition, MAGIC Kingdom, as current sole Shareholder of the Company, currently owns 60,000 Ordinary Shares that were purchased from MAGIC Real Estate, the founder of the Company.

11.4 Cornerstone Investor Subscription Agreement

The Company has entered into nine respective cornerstone investor subscription agreements with (i) Bennett Offshore Restructuring Fund, Inc., (ii) Bennett Restructuring Fund, L.P., (iii) Chenavari Investment Managers, (iv) EJF Capital LLC, (v) EII Capital Management Inc., (vi) Gruss Capital Management LLP, (vii) Marketfield Asset Management LLC, (viii) Monarch Master Funding 2 (Luxembourg), S.à r.l. and (ix) Moore Capital Management LP.

Cornerstone Agreement with Marketfield Asset Management LLC

On 9 June 2014, the Company entered into a cornerstone agreement with Marketfield Asset Management LLC ("***Marketfield***"), pursuant to which the Company has agreed to issue and allocate, and Marketfield has agreed to subscribe and pay for, conditional upon completion of the Issue (which includes that the Placing Agreement shall have been executed and not have been terminated), 10% of the Ordinary Shares being issued pursuant to the Issue (assuming for the purposes of this calculation that the Over-allotment Option had been exercised in full) at the Issue Price. This cornerstone agreement contains standard representations and warranties from Marketfield.

Cornerstone Agreement with Moore Capital Management LP

On 11 June 2014, the Company entered into a cornerstone agreement with various funds advised by Moore Capital Management LP (the "***Moore Capital Investors***"), pursuant to which the Company has agreed to issue and allocate, and the Moore Capital Investors have agreed to subscribe and pay for, conditional upon completion of the Issue (which includes that the Placing Agreement shall have been executed and not have been terminated), 7,400,000 Ordinary Shares at the Issue Price. This cornerstone agreement contains standard representations and warranties from the Moore Capital Investors.

Cornerstone Agreement with EII Capital Management Inc.

On 6 June 2014, the Company entered into a cornerstone agreement with EII Capital Management Inc. ("***EII Capital Management***"), pursuant to which the Company has agreed to issue and allocate, and EII Capital Management has agreed to subscribe and pay for, conditional upon completion of the Issue (which includes that the Placing Agreement shall have been executed and not have been terminated), 6,700,000 Ordinary Shares at the Issue Price. This cornerstone agreement contains standard representations and warranties from Gruss Capital Management to the Company.

Cornerstone Agreement with Monarch Master Funding 2 (Luxembourg), S.à r.l.

On 10 June 2014, the Company entered into a cornerstone agreement with Monarch Master Funding 2 (Luxembourg), S.à r.l. ("***Monarch***"), a Luxembourg entity that is indirectly owned by several investment funds managed by Monarch Alternative Capital L.P., pursuant to which the Company has agreed to issue and allocate, and Monarch has agreed to subscribe and pay for, conditional upon completion of the Issue (which includes that the Placing Agreement shall have been executed and not have been terminated), 5,000,000 Ordinary Shares at the Issue Price. Under this cornerstone agreement, which contains standard representations and warranties from Monarch, the Company has granted Monarch the right to nominate one person for appointment to the Board of Directors for as long as Monarch holds at least 3% of the Company's share capital.

Cornerstone Agreement with EJF Capital LLC

On 9 June 2014, the Company entered into a cornerstone agreement with EJF Capital LLC, in its capacity as the investment manager of, and acting in the name and on behalf of certain funds and accounts ("***EJF Capital***"), pursuant to which the Company has agreed to issue and allocate, and EJF Capital has agreed to subscribe and pay for, conditional upon completion of the Issue (which includes that the Placing Agreement shall have been executed and not have been), 5,000,000 Ordinary Shares at the Issue Price. This cornerstone agreement contains standard representations and warranties from EJF Capital to the Company.

Cornerstone Agreement with Gruss Capital Management LLP

On 9 June 2014, the Company entered into a cornerstone agreement with Gruss Capital Management LLP ("***Gruss Capital Management***"), pursuant to which the Company has agreed to issue and allocate, and Gruss Capital Management has agreed to subscribe and pay for, conditional upon completion of the Issue (which includes that the Placing Agreement shall have been executed and not have been terminated), 4,675,000 Ordinary Shares at the Issue Price. This cornerstone agreement contains standard representations and warranties from Gruss Capital Management to the Company.

Cornerstone Agreement with Chenavari Investment Managers

On 9 June 2014, the Company entered into a cornerstone agreement with Chenavari Investment Managers, acting as investment manager/adviser on behalf of relevant funds under management ("***Chenavari***"), pursuant to which the Company has agreed to issue and allocate, and Chenavari has agreed to subscribe and pay for, conditional upon completion of the Issue (which includes that the Placing Agreement shall have been executed and not have been terminated), the lower of (i) 3,000,000 Ordinary Shares at the Issue Price and (ii) 4.5% of the Ordinary Shares issued pursuant to the Issue (excluding for these purposes any Ordinary Shares issued pursuant to the Over-allotment Option). Under this cornerstone agreement, which contains standard representations and warranties from Chenavari, the Company has granted Chenavari the right to nominate one person for appointment to the Board of Directors for as long as Chenavari holds at least 3% of the Company's share capital (save that Chenavari is only required to fulfil this condition as of and from the first anniversary of Admission).

Cornerstone Agreement with Bennett Restructuring Fund, L.P.

On 6 June 2014, the Company entered into a cornerstone agreement with Bennett Restructuring Fund, L.P. ("***Bennett Restructuring Fund***"), pursuant to which the Company has agreed to issue and allocate, and Bennett Restructuring Fund has agreed to subscribe and pay for, conditional upon completion of the Issue (which includes that the Placing Agreement shall have been executed and not have been terminated and that the Issue is for a minimum size of €1,250,000,000), 1,920,000 Ordinary Shares at the Issue Price. This cornerstone agreement contains standard representations and warranties from Bennett Restructuring Fund to the Company.

Cornerstone Agreement with Bennett Offshore Restructuring Fund, Inc.

On 6 June 2014, the Company entered into a cornerstone agreement with Bennett Offshore Restructuring Fund, Inc. ("***Bennett Offshore Restructuring Fund***"), pursuant to which the Company has agreed to issue and allocate, and Bennett Offshore Restructuring Fund has agreed to subscribe and pay for, conditional upon completion of the Issue (which includes that the Placing Agreement shall have been executed and not have been terminated and that the Issue is for a minimum size of €1,250,000,000), 1,080,000 Ordinary Shares at the Issue Price. This cornerstone agreement contains standard representations and warranties from Bennett Offshore Restructuring Fund to the Company.

11.5 Audit Services

Deloitte will provide audit services to the Company. As long as the Company does not have any subsidiary and does not prepare consolidated financial statements, the Company's financial statements will be prepared in accordance with Spanish GAAP. Following the acquisition of Tree, the Company's financial statements will be prepared in accordance with IFRS-EU with respect to its annual accounts.

The audit fees charged by Deloitte are negotiated annually and are set forth in Deloitte's annual engagement letter.

12. GOVERNMENTAL, LEGAL OR ARBITRAL PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the previous 12 months from the date of this Prospectus which may have, or have had in the recent past (covering the 12 months preceding the date of this Prospectus) significant effects on Company's financial position or profitability.

13. INFORMATION ON HOLDINGS

As at the date of this Prospectus, the Company does not hold a proportion of capital in any undertakings. The Company has entered into an Irrevocable Undertaking Agreement with the Tree Shareholders in order to acquire after Admission 100% of the shares in Tree and 100% of the shares in Bosque. For further information on the Irrevocable Undertaking Agreement please refer to section 11 of this Part XVII (*Additional Information*).

14. REAL ESTATE ACQUISITIONS

The Company has made no asset acquisitions since 25 March 2014 (being the date of incorporation). The Company has entered into an Irrevocable Undertaking Agreement with the Tree Shareholders in order to acquire after Admission 100% of the shares in Tree, a company which holds a real estate portfolio which will form the Seed Portfolio of the Company. For further information on the Seed Portfolio please refer to Part X (*The Seed Portfolio*).

15. PROPERTY, PLANT AND EQUIPMENT

The Company does not own or occupy any premises or other real estate as at the date of this Prospectus and does not own any plant or equipment.

16. EXPENSES

The total costs and expenses (exclusive of VAT) of, or incidental to, the Issue and Admission payable by the Company are estimated to be approximately €38.4 million (on the basis of a €1,500 million Issue and assuming the Over-allotment Option is not exercised).

17. GENERAL

Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company is aware and is able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

There are no patents, intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are or may be material to the Company's business or profitability.

There have been no interruptions in the business of the Company, which may have or have had in the period since incorporation to the date of the publication of this Prospectus a significant effect on the financial position of the Company or which are likely to have a material effect on the prospects of the Company for the next 12 months.

Save as disclosed in section 6 of Part VII (*Information on the Company*) the Company is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Company for at least the current financial year.

The financial information of the Company set out in the Annex 1 (*Historical Financial Information*) does not constitute full accounts within the meaning of the Spanish Companies Act. The Company has only recently been incorporated and has not yet been required to prepare statutory accounts for any financial year. Therefore, the Company's auditors have not made a report under the Spanish Companies Act for any complete financial year.

18. DOCUMENTS ON DISPLAY

Copies of the documents referred to below will be available for inspection in physical form between the hours of 9.30 a.m. and 5.30 p.m. (Madrid time) on any weekday (Saturday, Sundays and public holidays excepted) at the Company's registered office up to Admission:

(i) deed of incorporation of the Company;

(ii) the By-laws of the Company (which, following Admission, will also be available at the webpage of the Company (www.merlin-socimi.com));

(iii) Regulations of the General Shareholders' Meeting, Regulations of the Board of Directors, and Regulations of Internal Conduct in the Capital Markets (which, will also be available at the webpage of the CNMV (www.cnmv.es) and, following Admission, at the webpage of the Company (www.merlin-socimi.com)) and;

(iv) this Prospectus (which, will also be available at the webpage of the CNMV (www.cnmv.es) and, following Admission, at the webpage of the Company (www.merlin-socimi.com));

(v) audited interim financial statements of the Company as of 31 March 2014 and for the seven days ended on such date; and

(vi) certificate of the resolutions approved by the current sole shareholder and the Board of Directors of the Company in connection with the Issue and the Placing.

Documents referred to in (i) to (vi) above, as well as copies of the Cornerstone Subscription Agreements will also be available for inspection in physical form at the CNMV's premises at Edison 4, 28006 (Madrid) or Paseo de Gracia 19, 08007 (Barcelona).

PART XVIII: TERMS AND CONDITIONS OF THE PLACING

1. INTRODUCTION

Each person who is invited to and who chooses to subscribe for Shares in the Issue (including individuals, funds or others) (a "***Placee***") confirms its agreement (whether orally or in writing) to the Joint Bookrunners, Banca March and DBPWM to subscribe for Placing Shares under the Placing, Banca March Placing Shares under the Banca March Placing and DBPWM Placing Shares under the DBPWM Placing, and that it will be bound by these terms and conditions and will be deemed to have accepted them.

The Joint Bookrunners, Banca March and DBPWM may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (Placing Letter).

2. AGREEMENT TO SUBSCRIBE FOR ORDINARY SHARES

Conditional on (i) the Placing Agreement becoming otherwise unconditional in all respects once certain conditions precedent have been satisfied and the Placing Agreement not having been terminated; and (ii) the Joint Bookrunners, Banca March and DBPWM, as applicable, confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a shareholder of the Company and agrees to subscribe for those Placing Shares, Banca March Placing Shares and DBPWM Placing Shares allocated to it by the Joint Bookrunners, Banca March and DBPWM, as applicable, at the Issue Price.

3. PAYMENT FOR ORDINARY SHARES

Each Placee must pay the Issue Price for the Ordinary Shares issued to the Placee in the manner and by the time directed by the Joint Bookrunners, Banca March and DBPWM, as applicable. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Placing Shares shall be rejected.

Under the Placing Agreement, and in order to expedite the registration and listing of the Issue Shares, it is expected that the Joint Bookrunners, in their capacity as prefunding banks, acting in the name and on behalf of (i) the Managers in respect of the Placing Shares (and each Manager acting on behalf of the final subscribers), (ii) the Cornerstone Investors in respect of each such Cornerstone Investor's respective Cornerstone Investor Shares and (iii) MAGIC Kingdom in respect of the Management Shares, shall subscribe and pay for the Placing Shares, the Cornerstone Investor Shares and the Management Shares on the Subscription Date. In addition, under the terms of the Banca March Underwriting and Placing Agreement and the DBPWM Placing Agreement, Banca March and DBPWM have agreed to subscribe and pay for the Banca March Placing Shares and the DBPWM Placing Shares, respectively, and those investors that are expected to enter into the stocklending agreements with the Stabilisation Manager, will subscribe and pay for the Over-allotment Shares. Payment for these shares by such prefunding entities is expected to be made to the Company in the Company's account and these shares will come into existence once registered at the Commercial Registry of Madrid and recorded in book-entry form with Iberclear. These shares will be delivered to (i) the prefunding entities, acting in the name and on behalf of the final subscribers, the Cornerstone Investors and MAGIC Kingdom (as applicable), (ii) Banca March and DBPWM acting in the name and on behalf of the final subscribers under the Banca March Placing and DBPWM Placing and (iii) those investors that are expected to enter into stocklending arrangements with the Stabilisation Manager, in each case, following their registration and receipt of evidence thereof by Iberclear on the Subscription Date. Payment by the final subscribers of the Placing Shares, the Banca March Placing Shares and DBPWM Placing Shares, by the Cornerstone Investors of the Cornerstone Investor Shares, by MAGIC Kingdom of the Management Shares to the prefunding banks shall be made no later than the third Madrid business day after the Subscription Date against delivery of the relevant shares (as applicable), which is expected to take place on the Settlement Date.

4. REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for Placing Shares, Banca March Placing Shares and DBPWM Placing Shares, as applicable, each Placee who enters into a commitment to subscribe for Placing Shares, Banca March Placing Shares and DBPWM Placing Shares, as applicable will (for itself and any person(s) procured by it to subscribe for Placing Shares, Banca March Placing Shares and DBPWM Placing Shares, as applicable and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Joint Bookrunners, Banca March and DBPWM that:

(a) in agreeing to subscribe for the Placing Shares under the Placing, the Banca March Placing Shares under the Banca March Placing and the DBPWM Placing Shares under the DBPWM Placing, as applicable, it is relying solely on this Prospectus and any supplementary prospectus issued by the

Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Placing, the Banca March Placing or the DBPWM Placing, as applicable. It agrees that none of the Company, or the Joint Bookrunners, Banca March or DBPWM nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

(b) the content of this Prospectus is exclusively the responsibility of the Company and its Board of Directors and apart from the liabilities and responsibilities, if any, which may be imposed on the Joint Bookrunners, Banca March or DBPWM under any regulatory regime, neither the Joint Bookrunners, Banca March or DBPWM nor any person acting on their behalf nor any of their affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by them or on its or their behalf in connection with the Company, the Placing Shares, the Banca March Placing Shares or the DBPWM Placing Shares;

(c) it warrants that it has complied with all laws applicable to its agreement to subscribe for Placing Shares under the Placing, Banca March Shares under the Banca March Placing and DBPWM Placing Shares under the DBPWM Placing, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Joint Bookrunners, Banca March or DBPWM or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction in connection with the Placing, the Banca March Placing or the DBPWM Placing;

(d) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;

(e) it agrees that, having had the opportunity to read this Prospectus, it shall be deemed to have had notice of all information and representations contained in this Prospectus, that it is acquiring Ordinary Shares solely on the basis of this Prospectus and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for Ordinary Shares;

(f) no person is authorised in connection with the Placing, the Banca March Placing and the DBPWM Placing, as applicable, to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Joint Bookrunners, Banca March or DBPWM, as applicable;

(g) neither this Prospectus nor any other offering, marketing or other material in connection with the Placing, the Banca March Placing and the DBPWM Placing, as applicable, constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the Placing, the Banca March Placing and the DBPWM Placing, as applicable, unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

(h) it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;

(i) it is a qualified investor within the meaning of the law in the Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; or other person who is permitted to subscribe for the Ordinary Shares pursuant to the law in the relevant member state implementing article 3(2) of the Prospectus Directive and, if it is resident in the United Kingdom, it is a "relevant person";

(j) it and the prospective beneficial owner of the Ordinary Shares is, and at the time the Ordinary Shares are acquired will be either (i) outside the United States and acquiring the Ordinary Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the US

Securities Act, or (ii) if it is inside the United States, a QIB;

(k) the Ordinary Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Ordinary Shares under the securities laws of the United States, Australia, Canada, South Africa, Switzerland, Singapore or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, Australia, Canada, South Africa, Switzerland, Singapore or Japan or in any country or jurisdiction where any action for that purpose is required;

(l) if it is a pension fund or investment company, its acquisition of the Ordinary Shares is in full compliance with applicable laws and regulations;

(m) unless otherwise agreed in writing by the Company, it is not, and is not acting on behalf of (a) an employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Code") including an individual retirement account or other arrangement that is subject to Section 4975 of the Code, or (c) any entity whose underlying assets could be deemed to include "plan assets" by reason of such employee benefit plan's or plan's investment in the entity pursuant to the U.S. Department of Labor Regulation Section 2510.3-101, as modified by section 3(42) of ERISA or (d) a governmental, church, non-U.S. or other plan which is subject to any federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility and/or the prohibited transaction provisions of ERISA and/or Section 4975 of the code and/or laws or regulations that provide that the assets of the Company could be deemed to include "plan assets" of such plan;

(n) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Issue or the Ordinary Shares to any persons within the United States, nor will it do any of the foregoing;

(o) its participation in the Placing, the Banca March Placing and the DBPWM Placing, as applicable, is on the basis that it is not and will not be a client of the Joint Bookrunners, Banca March and DBPWM or any of its affiliates and that the Joint Bookrunners, Banca March and DBPWM and any of their affiliates do not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Issue nor in respect of any representations, warranties, undertaking or indemnities contained in these terms or any Placing Letter;

(p) where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing, the Banca March Placing or the DBPWM Placing, as applicable, in the form provided by the Company and/or the Joint Bookrunners, Banca March or DBPWM, as applicable. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;

(q) it irrevocably appoints any Director and any director of the Joint Bookrunners, Banca March or DBPWM, as applicable, to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the Placing, the Banca March Placing or the DBPWM Placing, as applicable, in the event of its own failure to do so;

(r) it accepts that if the Placing, the Banca March Placing or the DBPWM Placing, as applicable, does not proceed or the conditions to the Placing Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to listing and trading on the Spanish Stock Exchanges for any reason whatsoever then none of the Company, or the Joint Bookrunners or Banca March or DBPWM or any of their affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

(s) in connection with its participation in the Placing, the Banca March Placing and the DBPWM Placing, it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and that its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person (i) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (ii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a county in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

(t) due to anti-money laundering and the countering of terrorist financing requirements, the Joint Bookrunners, Banca March, DBPWM and/or the Company may require proof of identity of a Placee and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes the Joint Bookrunners, Banca March, DBPWM and/or the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify the Joint Bookrunners, Banca March, DBPWM and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis; and

(u) the Joint Bookrunners, Banca March, DBPWM and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf).

If a Placee is domiciled (for the purposes of the AIFMD) in an EEA jurisdiction that has been implemented the AIFMD, the Company, the Joint Bookrunners, Banca March and DBPWM will require from Placees resident in such EEA jurisdictions additional representations that the investor is domiciled in such jurisdiction, that the order to subscribe Placing Shares, has been placed on its own account or for the account of a final investor domiciled in a jurisdiction with a regime under the AIFMD permitting such marketing or offer, or outside the EEA, and that it and the final investor, if applicable, qualify as professional investors under Directive 2004/29/EC.

The representations, undertakings and warranties contained in this Prospectus are irrevocable. Each Placee acknowledges that the Joint Bookrunners, Banca March, DBPWM, the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares are no longer accurate, it shall promptly notify the Joint Bookrunners, Banca March, DBPWM and the Company.

Where each Placee or any person acting on behalf of it is dealing with the Joint Bookrunners, Banca March or DBPWM, as applicable, any money held in an account with the Joint Bookrunners, Banca March or DBPWM, as applicable on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the applicable rules and regulations which therefore will not require the Joint Bookrunners to segregate such money, as that money will be held by the Joint Bookrunners, Banca March or DBPWM, as applicable under a banking relationship and not as trustee.

Each Placee accepts that the allocation of Ordinary Shares shall be determined by the Joint Bookrunners, Banca March and DBPWM, as applicable (following consultation and agreement with the Company) in its absolute discretion.

Time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the Placing, the Banca March Placing and the DBPWM Placing, as applicable.

5. SUPPLY AND DISCLOSURE OF INFORMATION

If the Joint Bookrunners, Banca March, DBPWM, the Company or any of their agents request any information in connection with a Placee's agreement to subscribe for Ordinary Shares under the Placing, the Banca March Placing and the DBPWM Placing, as applicable, or to comply with any relevant legislation, such Placee must promptly disclose it to them.

6. MISCELLANEOUS

The rights and remedies of the Joint Bookrunners, Banca March, DBPWM and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing, the Banca March Placing and the DBPWM Placing, as applicable, will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the By-laws (as amended from time to time) once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Placing, the Banca March Placing and the DBPWM Placing, as applicable, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England. Each Placee irrevocably submits to the jurisdiction of the courts of England and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Ordinary Shares under the Placing, the Banca March Placing and the DBPWM Placing, as applicable, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

The Joint Bookrunners, Banca March and DBPWM expressly reserves the right to modify the Placing, the Banca March Placing and the DBPWM Placing, as applicable (including, without limitation, their timetable and settlement) at any time before allocations are determined.

The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement (which include but are not limited to those set out in section 2 of this Part XVIII (*Terms and Conditions of the Placing*) above), and such agreement not having been terminated. The Joint Bookrunners have the right to not waive any such condition or terms and shall exercise that right without recourse or reference to Placees. Further details of the terms of the Placing Agreement, the Banca March Underwriting and Placing Agreement and the DBPWM Placing Agreement are contained in section 11.2 of Part XVII (*Additional Information*).

Under the Placing Agreement, and in order to expedite the registration and listing of the Issue Shares, it is expected that the Joint Bookrunners, in their capacity as prefunding banks, acting in the name and on behalf of (i) the Managers in respect of the Placing Shares (and each Manager acting on behalf of the final subscribers), (ii) the Cornerstone Investors in respect of each such Cornerstone Investor's respective Cornerstone Investor Shares and (iii) MAGIC Kingdom in respect of the Management Shares, shall subscribe and pay for the Placing Shares, the Cornerstone Investor Shares and the Management Shares on the Subscription Date. In addition, under the terms of the Banca March Underwriting and Placing Agreement and DBPWM Placing Agreement, Banca March and DBPWM have agreed to subscribe and pay for the Banca March Placing Shares and the DBPWM Placing Shares, respectively, and those investors that are expected to enter into stocklending agreements with the Stabilisation Manager, will subscribe and pay for a number of Issue Shares up to the Over-allotment Shares. Payment for these shares by such prefunding entities is expected to be made to the Company in the Company's account and these shares will come into existence once registered at the Commercial Registry of Madrid and recorded in book-entry form with Iberclear. These shares will be delivered to (i) the prefunding banks, acting in the name and on behalf of the final subscribers, the Cornerstone Investors and MAGIC Kingdom (as applicable), (ii) Banca March and DBPWM acting in the name and on behalf of the final subscribers under the Banca March Placing and DBPWM Placing and (iii) those investors that are expected to enter into stocklending arrangements with the Stabilisation Manager, in each case, following their registration and receipt of evidence thereof by Iberclear on the Subscription Date. Payment by the final subscribers of the Placing Shares, the Banca March Placing Shares and DBPWM Placing

Shares, by the Cornerstone Investors of the Cornerstone Investor Shares, by MAGIC Kingdom of the Management Shares to the prefunding entities shall be made no later than the third Madrid business day after the Subscription Date against delivery of the relevant shares (as applicable), which is expected to take place on the Settlement Date.

PART XIX: DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the context requires otherwise:

"***Admission***"………………………………….	the listing of the Ordinary Shares on the Spanish Stock Exchanges and quoting of the Ordinary Shares through the SIBE (*Sistema de Interconexión Bursátil or Mercado Continuo*) of the Spanish Stock Exchanges;
"***Ahorro Corporación***"………………………	Ahorro Corporación Financiera, S.V., S.A., a company incorporated under the laws of Spain, with registered office at Paseo de la Castellana 89, 1ª Planta, 28046 Madrid, Spain;
"***Alcudia***" ……………………………………	Alcudia Cartera e Inversiones, S.A., a company incorporated under the laws of Spain with registered office at Núñez de Balboa 70 bis, 28001 Madrid (Spain) managed by Banca March, S.A.;
"***Annual Running Costs***"……………………	running costs of the Company including, among other things, personnel expenses of the employees of the Company (other than the Management Team), audit expenses, legal, tax and labour advisers, appraisers expenses, office costs, property management fees, housekeeping, bookkeeping, travel expenses, remuneration of the Board of Directors, and transaction costs associated with new acquisitions ultimately not completed and/or assets sales ultimately not completed;
"***Annual Total Overheads***"…………………	the annual total overheads of the Company, which will be set at the higher of (a) 6.0 %. of the Company's consolidated GRI or (b) 0.6% of the Company's consolidated EPRA NAV plus any cash balance available at the Company's consolidated level, and will be calculated over the year-end metrics of the Company with reference to its consolidated financial statement for the relevant year;
"***Ares Group***"………………………………..	the private asset management group comprising Ares Management LLC and its affiliated entities;
"***Audit and Control Committee***"……………..	the audit and control committee of the Company as described in section 8.5 of Part IX (*Directors and Corporate Governance*);
"***AIF***"…………………………..………..….	an alternative investment fund within the meaning of AIFMD;
"***AIFMD***"…………………………………….	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers;
"***Banca March***" ……………………………	Banca March, S.A., a company incorporated under the laws of Spain with registered office at Avenida de Alejandro Rosselló, 8, Palma de Mallorca (Spain);
"***Banca March Placing***" ……………………	the placing of the Banca March Placing Shares with final subscribers pursuant to the Banca March Underwriting and Placing Agreement;
"***Banca March Placing Shares***"……………	the Ordinary Shares to be placed by Banca March under the

	Banca March Placing;
"*Banca March Underwriting and Placing Agreement*" ………………………………….	the agreement entered into between Banca March and the Company on or around the date of the Placing Agreement in connection with the Banca March Placing;
"*BBVA*" ……………………………………..	Banco Bilbao Vizcaya Argentaria, S.A., a company incorporated under the laws of Spain with registered office at Plaza de San Nicolás 4, Bilbao (Vizcaya), Spain;
"*BBVA Lease Agreement*" …………………	the lease agreements entered into by Tree with BBVA on 25 September 2009 and 29 July 2010 in relation to the Seed Portfolio;
"*Benefit Plan Investor*"……………………..	(a) an employee benefit plan (as defined in section 3(3) of ERISA) subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the Code to which section 4975 of the Code applies or (c) any other entity whose underlying assets could be deemed to include plan assets by reason of an employee benefit plan's or a plan's investment in the entity within the meaning of the Plan Asset Regulations or otherwise;
"*BNP PARIBAS*" ……………………................	BNP PARIBAS, a company incorporated under the laws of France, with its registered office at 16, Boulevard des Italiens, 75009 Paris (France);
"*Board of Directors*"………………..........	the board of directors of the Company;
"*Bosque*"……………………………………..	Bosque Portfolio Management, S.L. a company incorporated under the laws of Spain with its registered office at Paseo de la Castellana 42, 28046 Madrid (Spain);
"*Business Strategy*"…………….……..…	the Company's business strategy to be implemented by the Management Team;
"*By-laws*"…………………….……………....	the by-laws (*Estatutos*) of the Company, as amended from time to time;
"*CAGR*" …………….……………..............	compound annual growth rate;
"*CBD*" ……………….……………..............	central business district
"*CBRE*"………………………………………	CBRE Group, Inc.
"*CIT*"…………………………………………	the Spanish corporate income tax;
"*Closing Date*"…………………………….	in respect of the Irrevocable Undertaking Agreement, the fifth business day following the date of fulfilment of the last of the Conditions Precedent;
"*CNMV*"…………………………….....…..	*Comisión Nacional del Mercado de Valores*, the Spanish securities market regulator;
"*Co-Lead Managers*"……………………..	Ahorro Corporación, BBVA, BNP PARIBAS, N+1 and Société Générale;

"***Code***"………………………….…………	the US Internal Revenue Code of 1986, as amended;
"***Commercial Property Assets***"…...............	(i) office properties; (ii) retail (shopping centres, retail parks including big box properties (i.e., retail stores that occupy large warehouse-style buildings) on a selective basis, and high street retail properties (i.e., retail stores located in the primary business and retail streets of a city, such as top fashion boutiques) on a selective basis); (iii) logistics, including industrial properties; (iv) prime urban hospitality (urban hospitality located in prime areas); and (v) other commercial real estate properties, which are expected to represent a limited percentage of Total GAV;
"***Company***"………………………...............	MERLIN Properties SOCIMI, S.A., incorporated under the laws of Spain, with registered office at Paseo de la Castellana 42, 28046 Madrid, Spain;
"***Conditions Precedent***"……………………...	the conditions precedent set out in the Irrevocable Undertaking Agreement to which the acquisition by the Company of Tree and Bosque is subject to;
"***Controlled Person***"…………………………	person that is controlled by a member of the Management Team;
"***Controlling Person***"………………..............	any person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Company or that provides investment advice for a fee (direct or indirect) with respect to such assets or an "affiliate" (within the meaning of the Plan Asset Regulations) of such a person;
"***Core***" ……………………………..……..	segment characterised as high quality real estate assets, with a stabilised long-term cash flow stream derived from leases and low capital expenditure needs, which are easier to finance and generally command the lowest capitalisation rates;
"***Core Plus***"………………………………….	segment characterised as assets of good quality, normally representing to an investor the opportunity to increase the asset's investment yield through some event (for example, the asset might have some scheduled vacancy or leases rolling over which would give the owner the opportunity to increase rents) as well as assets which can benefit from some upgrades or renovations by which the investor can then command higher rents and improve its returns;
"***Cornerstone Investors***"……………........	Bennett Offshore Restructuring Fund, Inc., Bennett Restructuring Fund, L.P., Chenavari Investment Managers, EJF Capital LLC, EII Capital Management Inc., Gruss Capital Management LLP, Marketfield Asset Management LLC, Monarch Master Funding 2 (Luxembourg), S.à r.l. and Moore Capital Management LP;
"***Cornerstone Investor Subscription Agreements***"…………………..…………..	the subscription agreements entered into between the Company and the Cornerstone Investors, as described in section 11.4 of Part XVII (*Additional Information*);
"***Cornerstone Investor Shares***"…………..….	the Ordinary Shares to be issued by the Company and subscribed for by the Cornerstone Investors pursuant to the Cornerstone Subscription Agreements;

"***Credit Suisse***" ……………………..………….	Credit Suisse Securities (Europe) Limited, a corporation organised under the laws of England and Wales, whose registered office is at One Cabot Square, London E14 4QJ, United Kingdom;
"***DBPWM***" …………………………….………	Deutsche Bank, *Sociedad Anónima Española*, a company incorporated under the laws of Spain with registered office at Paseo de la Castellana, 18, Madrid (Spain);
"***DBPWM Placing***" ………………..……..…	the placing of the DBPWM Placing Shares with final subscribers pursuant to the DBPWM Placing Agreement;
"***DBPWM Placing Shares***"…………………..…	the Ordinary Shares to be placed by DBPWM under the DBPWM Placing;
"***DBPWM Placing Agreement***"……………………………….….	the agreement entered into between DBPWM and the Company on or around the date of the Placing Agreement in connection with the DBPWM Placing;
"***Delegated Management***"…………………...	the ultimate management by MAGIC Real Estate pursuant to certain agreements entered into with third parties, of assets under management owned by investment vehicles;
"***Deloitte***"…………………………………….	Deloitte, S.L.;
"***Deutsche Bank***"…………………………….	Deutsche Bank AG, London Branch, a London branch of Deutsche Bank AG, a company incorporated under the laws of Germany, whose London branch has its registered office at 1 Great Winchester Street, London EC2N 2DB, United Kingdom;
"***Directors***"…………...…………...…………	the directors of the Company, whose names as at the date of this Prospectus are set out in Part V (*Directors, Company Secretary, Registered Office and Advisers*);
"***Distributions Reinvestment Agreement***"….	the agreement entered into on 25 March 2014 by the Tree Shareholders with Tree and Deutsche Bank Luxembourg, S.A. (in its capacity as agent under the Senior Facility Agreement), amongst others, that regulates certain reinvestment provisions and as further described in section 9 of Part X (*The Seed Portfolio*);
"***Ebro BV***"……………………………………	Ebro Real Estate B.V. a company incorporated under the laws of The Netherlands with registered office at Jan van Goyenkade 12, 1075HP Amsterdam (The Netherlands), whose ultimate shareholders are investment vehicles managed by the Ares Group and the Europa Capital Group;
"***EC***"………………………………………….	European Commission;
"***ECB***"………………………………………..	European Central Bank;
"***Entry Yield***" ………………………………...	the entry yield of 5.61% for Tree on the basis of an annual expected rent for 2014 of €88,516,326;
"***EPRA***"………………………………………	European Public Real Estate Association. Further information on the EPRA, as well as the EPRA Reporting Best Practice

	Recommendations (August 2011) are available at www.epra.com;
"***EPRA NAV***"………………………………..	the net asset value of the Company adjusted to include properties and other investment interests at fair value and excluding certain items not expected to crystallise in a long-term investment property business in accordance with guidelines issued by the European Public Real Estate Association (August 2011 version only), unless otherwise agreed by the Company;
"***ERISA***"……………………………..............	the US Employee Retirement Income Security Act of 1974;
"***EU***"……………………………….…………	the European Union;
"***€***" or "***euro***"…………………………..........	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;
"***Facility Agreements***"……………………….	the Senior Facility Agreement and the Mezzanine Facility Agreement;
"***Financing Documents***"…………………….	the financing documents entered into by Tree and the relevant financing counterparties including, amongst others, the Facility Agreements, the Hedging Agreements;
"***Forest 2009 BV***"……………..…………….	Forest 2009 Investments B.V. a company incorporated under the laws of The Netherlands with registered office at De Entree 99-197, 1101HE Amsterdam (The Netherlands), whose ultimate shareholder is an investment vehicle managed by the Deutsche Bank Group;
"***GDP***" or "***Gross Domestic Product***"…….	the market value of all officially recognised final goods and services produced within a country in a given period of time;
"***GLA***"………………………………………..	gross leasable area;
"***GRI***" or "***Gross Rental Income***"….…………………...………………	gross rental income;
"***Genereral Shareholders' Meeting***"………....	the general meeting of the Shareholders;
"***HICP***"……………………………………….	the Harmonised Index of Consumer Prices of the Eurozone excluding tobacco;
"***High Water Mark Outperformance***"………	the amount by which the sum of (A) the EPRA NAV of the Company on 31 December of the relevant year and (B) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Management Stock Plan was payable exceeds the Relevant High Watermark;
"***Iberclear***"……………………………..........	the Spanish securities clearance and settlement system, *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*;
"***IFRS-EU***"…………………………..............	International Financial Reporting Standards as adopted by the European Union;

"***IMF***"…………………………………….....	International Monetary Fund;
"***industrial and logistics***"…………………..	an industrial type real estate asset which may, for example, be used for manufacturing and distribution operations;
"***Initial EPRA NAV***"………………..............	the Net Proceeds of the Issue;
"***Irrevocable Undertaking Agreement***"…...	the agreement between the Company and the Tree Shareholders dated 11 April 2014, a summary of which is set out in section 11.1 of Part XVII (*Additional Information*);
"***ISIN***"…………………………..…...........	International Security Identification Number;
"***Issue***"………………………………...........	the issue of the Issue Shares;
"***Issue Price***"…………………...…………….	per Ordinary Share (each Ordinary Share has a nominal value of €1 and is issued with a share premium of €9);
"***Issue Shares***"……………………................	the Placing Shares, the Cornerstone Investor Shares and the Over-allotment Shares, if any;
"***Joint Bookrunners***"………………………...	Credit Suisse, Deutsche Bank and UBS;
"***Legacy Mandates***" ……………………….…..	the manadates pursuant to which the MAGIC Contracts Key Employees will devote part of their time to the supervision and management of certain assets ultimately managed by MAGIC Real Estate by virtue of certain agreements on Delegated Management and on Separate Accounts Management;
"***leverage***" or "***gearing***"………………...	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 as a percentage of the market value of the total assets of the company (also referred to as loan-to-value or LTV ratio). In the Business Strategy context, gearing refers to the use of various financial instruments or borrowed capital to increase the potential return of the asset portfolio;
"***LTV***" ………………………………………..	loan-to-value;
"***MAGIC Contracts Key Employees***"………..	Mr. Ismael Clemente, Mr. Miguel Ollero, Mr. Luis Lázaro and Mr. Miguel Oñate;
"***MAGIC Real Estate***"…………….………..	MAGIC Real Estate, S.L. a company incorporated under the laws of Spain, with its registered office at Paseo de la Castellana 42, 28046 Madrid (Spain);
"***Management Committee***"…………………..	the management committee of the Company as described in section 1.1 of Part VIII (*The Management Team*);
"***Management Shares***"…………………..	the Ordinary Shares to be subscribed for by the Management Team through MAGIC Kingdom;
"***Management Stock Plan***"…………………..	the variable remuneration incentive linked to Ordinary Shares of the Company to which the Management Team is entitled;

"***Management Team***"……………..…...........	Mr. Ismael Clemente, Mr. David Brush, Mr. Miguel Ollero, Mr. Enrique Gracia, Mr. Luis Lázaro, Mr. Miguel Oñate, Mr. Francisco Rivas, Mr. Fernando Ramírez and following the acquisition of Tree and Bosque, Mr. Manuel García Casas;
"***Managers***"…………………………………..	the Joint Bookrunners and the Co-Lead Managers;
"***Mezzanine Facility Agreement***"……………	a mezzanine facility agreement, governed by Spanish law, entered into on 23 September 2009 between a syndicate of financing entities, for a maximum amount of €112,173,576 for the purpose of partially financing the acquisition price of the Seed Portfolio and the payment of any fees, commissions, costs, taxes and expenses related thereto (as amended and restated on 29 July 2010 and on 25 March 2014);
"***Moody's***"……………………………………	Moody's Investors Services Limited;
"***Net Proceeds***"…….………………..............	the aggregate value of all of the Ordinary Shares issued pursuant to the Issue less expected expenses relating to the Issue;
"***New Distributions Reinvestment Agreement***" ………………………………….	the agreement to be entered into by the Company with Tree and Deutsche Bank Luxembourg, S.A. (in its capacity as agent under the Senior Facility Agreement), amongst others, upon acquisition of 100% of the shares in Tree that regulates certain reinvestment provisions and as further described in section 9 of Part X (*The Seed Portfolio*);
"***N+1***"……………………………………...	Nmás1 Equities Sociedad de Valores, S.A.U., a company incorporated under the laws of Spain, whose registered office is at Calle Padilla 17, 28006 Madrid (Spain);
"***Opportunistic***"………………………………	segment involving high risk real estate investments. Properties in this segment typically require a high degree of enhancement or involve investments in development, greenfield land, and niche property sectors;
"***Ordinary Shares***"……………..………….....	the ordinary shares of the Company, with a nominal value of €1 each;
"***Over-Allotment Shares***"……………….	the Ordinary Shares that are expected to be lent to the Stabilisation Manager pursuant to stocklending agreements to be entered into by certain investors and the Stabilistation Manager in connection with the Over-allotment Option;
"***PFIC***"……………………………………….	passive foreign investment company;
"***Pipeline Mandate***"………………………….	projects currently being analysed by MAGIC Real Estate in connection with an existing mandate signed with a third party;
"***Placee***"……………..………..…………….	each person who is invited to and who chooses to participate in the Placing;
"***Placing***"……………….……….………………	the conditional placing of the Placing Shares by the Joint Bookrunners pursuant to the Placing Agreement;

"***Placing Agreement***"…………………...............	the Placing Agreement to be entered into between the Company, the Joint Bookrunners and the other managers named therein on or about the date of registration of this Prospectus with the CNMV, a summary of which is set out in section 11.2 of Part XVII (*Additional Information*);
"***Placing Shares***"…………………………….	the Ordinary Shares to be allotted and issued by the Company pursuant to the Placing;
"***Plan Asset Regulations***"………………...........	US Department of Labor regulation 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA);
"***Portfolio Management Agreement***"………..	the agreement for the management of the Seed Portfolio entered into on 24 September 2009 by Bosque and Tree, amended on 28 July 2010, and as further amended or replaced from time to time;
"***Property Rental Business***"………………….	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 and/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;
"***Prospectus***"………………………………...	this document issued by the Company in relation to admission of the Ordinary Shares to trading on the regulated markets of the Spanish Stock Exchanges and approved under the Prospectus Directive;
"***Prospectus Directive***"……………..……….	European Parliament and Council Directive 2003/71/EC of 4 November 2003 (and amendments thereto, including Directive 2010/73/EU);
"***qualified institutional buyer***" or "***QIB***"…...	a qualified institutional buyer within the meaning of Rule 144A under the US Securities Act;
"***Qualifying Assets***"………………………….	pursuant to the SOCIMI Regime, the types of assets which must comprise the assets portfolio of a SOCIMI and which include the following (i) urban real property to be leased; (ii) land plots acquired for the development of urban real property to be leased afterwards, provided that the development of such property starts within three years as from the acquisition date; and/or (iii) participations in Qualifying Subsidiaries;
"***Qualifying Subsidiaries***"…………..............	(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;
"***Ratings LTV Test***"………………………...	the three loan-to-value tests to be delivered by Tree in the event that BBVA's long-term credit rating were to fall below (i) BBB- under Standart and Poor's rating and Baa3 under Moody's rating; (ii) BB under Standard and Poor's rating or (iii) Ba2 under Moody's rating, in accordance with the terms of the Facility

	Agreements;
"*REIT*"……………………………………….	a real estate investment fund;
"*Regulations of the Board of Directors"*	the internal regulations of the Company's Board of Directors approved on 27 May 2014;
"*Regulation S*"……………………..............	Regulation S under the US Securities Act;
"*Relevant High Water Mark*"…………….....	the higher of (i) the Initial EPRA NAV (ii) the EPRA NAV on 31 December (adjusted to include total dividends paid during that year and exclude the net proceeds of any issuance of Ordinary Shares during that year) of the most recent year in respect of which a Management Stock Plan was payable;
"*Remaining Net Proceeds*"………………….	the Net Proceeds of the Issue which remain after the acquisition of Tree and Bosque and which amount to approximately €722 million;
"*Remuneration and Nomination Committee*"	the remuneration and nomination committee of the Company as described in section 8.5 of Part IX (*Directors and Corporate Governance*);
"*Required Rating*"………………………….....	BBVA's long term rating being at least A- under Standard & Poor's rating or A3 under Moody's rating in accordance with the terms of the Senior Facility Agreement;
"*RICS*"……………………………………….	the Royal Institute of Chartered Surveyors;
"*RICS Red Book*"……………….................	the Seventh Edition of the Appraisal and Valuation Manual (or if it has been replaced, its equivalent) published by RICS;
"*RSA*"………………….………..................	The New Hampshire Revised Statutes Annotated, 1955;
"*Rule 144A*"………………………………….	Rule 144A under the US Securities Act;
"*Savills Valuation Report*"…………………..	the Seed Portfolio valuation report produced by Savills and dated 9 June 2014;
"*SAREB*"…………………………................	the Spanish Company for the Management of Assets Proceeding from Restructuring of the Banking System (*Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria*);
"*Seed Portfolio*"……………..……………….	the real estate portfolio held by Tree which will form the seed assets of the Company;
"*Senior Facility Agreement"* ……..…………	a senior facility agreement, governed by Spanish law, entered into on 23 September 2009 between a syndicate of financing entities, as lenders, and Tree, as borrower, for a maximum amount of €1,139,002,613 (as amended and restated on 29 July 2010 and 25 March 2014);
"*Shareholder*"………………………………..	a holder of Ordinary Shares in the Company;
"*Shareholder Return*"…….……...……….	the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of Ordinary

	Shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year;
"***Shareholder Return Outperformance***"…….	the amount in euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a 8% Shareholder Return Rate;
"***Shareholder Return Rate***"………..………...	the Shareholder Return for a given year divided by the EPRA NAV of the Company as of 31 December of the immediately preceding year;
"***Similar Law***"………..……..……………….	any federal, state, local or non-US law or regulation that is similar to the fiduciary responsible and/or prohibited transaction provisions of ERISA and/or section 4975 of the Code and/or laws or regulations that provide that the assets of the Company could be deemed to include "plan assets" of such plan;
"***Société Générale***"…………………………..	Société Générale, a company incorporated under the laws of France, whose registered office is at 29 Boulevard Haussmann, 75009 Paris (France);
"***SOCIMI***"…………..….……….................	a listed limited liability company for investment in the real estate market (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario*);
"***SOCIMI Act***"………..……………………..….	Spanish Law 11/2009, of 26 October, as modified by Spanish Law 16/2012, of 27 December;
"***SOCIMI Regime" or "Spanish SOCIMI Regime***"…….…………………………………...	Spanish legal provisions applicable to a Spanish SOCIMI pursuant to the SOCIMI Act;
"***Sole Global Coordinator***"…………………..	Credit Suisse;
"***Spain***"……………………………….……….....	the Kingdom of Spain;
"***Spanish Corporate Governance Code***"…….	the Spanish Unified Good Governance Code of Listed Companies (*Código Unificado de Buen Gobierno de las Sociedades Cotizadas*);
"***Spanish GAAP***"……………...……………..	Royal Decree 1514/2007, of 16 November, approving the Spanish General Accounting Plan (Plan General de Contabilidad) and sector specific plans, if applicable, and Royal Decree 1159/2010, of 17 September 2010, approving the Rules for the Preparation of Consolidated Annual Accounts;
"***Spanish INE***" or "***INE***" …………………..….	the Spanish National Institute of Statistics (*Instituto Nacional de Estadística*)
"***Spanish Companies Act***"…………………..….	the consolidated text of the Spanish Companies Act adopted under Royal Legislative Decree 1/2010, of 2 July, as amended;
"***Spanish Securities Market Act***" …………	Spanish Law 24/1988, of 28 July, on the securities market, as amended;
"***Spanish Stock Exchanges***"…………………	the Madrid, Barcelona, Bilbao and Valencia stock exchanges;

"***sqm***"……………………………………...	square meters;
"***Stabilisation Manager***"……………………	Credit Suisse;
"***Stabilisation Period***"	the period commencing on 30 June 2014 and ending on 29 July 2014 during which the stabilisation transactions will be carried out by the Stabilisation Manager;
"***Strategic Advisory Services Agreement***"…...	the agreement entered into by Bosque and MAGIC Real Estate on 17 December 2013 in order for MAGIC Real Estate to render certain strategic advisory services in relation to the management of the Seed Portfolio by Bosque;
"***Subscription Date***"……………………….……	the date on which the Joint Bookrunners, in their capacity as prefunding banks, acting in the name and on behalf of (i) the Managers in respect of th Placing Shares (and each Manager acting on behalf of the final subscribers), (ii) the Cornerstone Investors in respect of each such Cornerstone Investor's respective Cornerstone Investor Shares and (iii) MAGIC Kingdom in respect of the Management Shares, shall subscribe and pay for the Placing Shares, the Cornerstone Investor Shares and the Management Shares, which date is expected to be 27 June 2014;
"***Substantial Shareholder***"……………..........	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 By-Laws;
"***Summary***"………………………..................	the summary of this Prospectus set out in Part I of this Prospectus;
"***Standard & Poor's***"	Standard & Poor's Rating Services;
"Target Return" ……………………….……	the total annual leveraged return targeted by the Company and as further explained in Part VII (*Information on the Company*) of this Prospectus;
"***Transfer Tax***"………………………………	Spanish transfer tax (*Impuesto sobre Transmisiones Patrimoniales - ITP*);
"***Tree***"………………………………………...	Tree Inversiones Inmobiliarias, S.A. a company incorporated under the laws of Spain with registered office at Paseo de la Castellana 42, 28046 Madrid (Spain);
"***Tree 2009 BV***"……………………………....	Tree 2009 Investments B.V., a company incorporated under the laws of The Netherlands with registered office at De Entree 99-197, 1101HE Amsterdam (The Netherlands), whose ultimate shareholder is an investment vehicle managed by the Deutsche Bank Group;

"***Tree Shareholders***"…………………………	Ebro BV, Forest 2009 BV, Tree 2009 BV and Alcudia;
"***Total GAV***"….…………………..................	the total gross asset value of the Company's assets from time to time;
"***Treaty***"………………………………………	income tax treaty between the United States and Spain;
"***UBS***"……………………………………...	UBS Limited, a subsidiary of UBS AG. UBS Limited is a company limited by shares incorporated in the United Kingdom registered in England and Wales with number 2535362. Registered office1 Finsbury Avenue London EC2M 2PP United Kingdom. UBS Limited as authorised by the Prudential Regulating Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority;
"***Unaudited Pro Forma Condensed Financial Information***" ……………………..…	the Company's unaudited pro forma condensed financial information, which has been included in this Prospectus to illustrate, on a pro forma basis, how the Company's income statement and balance sheet might have been affected by the Company's acquisition of Tree assuming such acquisition had occurred on 1 January 2013 (in respect of the Company's income statement) and 31 March 2014 (in respect of the Company's balance sheet);
"***United Kingdom***" or "***UK***"………………….	the United Kingdom of Great Britain and Northern Ireland;
"***United States***" or "***US***"………...…………....	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"***US dollars***"………………...………………..	the lawful currency of the United States;
"***US Exchange Act***"…………….…………...	the US Securities Exchange Act of 1934, as amended;
"***US Holder***"……………………...................	a person that is eligible for the benefits of the Treaty, and for US federal income tax purposes is a beneficial owner of Ordinary Shares that is: (i) a citizen or individual resident of the United States; (ii) 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 (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source;
"***US Investment Company Act***"……………...	the US Investment Company Act of 1940, as amended;
"***US Securities Act***"……………...………..	the US Securities Act of 1933, as amended;
"***Value Added***"……………………………….	segment involving medium-to-high risk real estate investments. Properties in this category typically exhibit management or operational problems, require physical improvement, lease-up and/or suffer from capital constraints;
"***VAT***" or "***Value Added Tax***"…………………..………....................	Spanish value added tax (*Impuesto sobre el Valor Añadido – IVA*);

"***yield***"……………………………………….	a measure of return on an asset calculated as the income arising on an asset expressed as a percentage of the total cost of the asset, including costs.

For the purpose of this Prospectus, references to one gender include the other gender.

Any references to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof for the time being and unless the context otherwise requires or specifies, shall be deemed to be legislation or regulations of Spain.

Mr. Ismael Clemente, duly authorised pursuant to the resolutions approved by MAGIC Real Estate (in its capacity as sole shareholder of the Company at the time) on 5 June 2014, and by the Board of Directors of the Company on 5 June 2014, signs this Prospectus in Madrid, on 12 June 2014.

MERLIN Properties SOCIMI, S.A.

Mr. Ismael Clemente

ANNEX 1: HISTORICAL AUDITED INTERIM FINANCIAL STATEMENTS FOR MERLIN PROPERTIES, S.A. FOR THE SEVEN-DAY PERIOD ENDED 31 MARCH 2014

Merlin Properties, S.A. (Sociedad Unipersonal)

Interim Financial Statements at 31 March 2014, together with the notes thereto for the seven-day period ended 31 March 2014 and Auditors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte, S.L.
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Torre Picasso
28020 Madrid
España

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Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITORS' REPORT ON INTERIM FINANCIAL STATEMENTS

To the Sole Shareholder of Merlin Properties, S.A. (Sociedad Unipersonal):

Report on the interim financial statements

We have audited the accompanying interim financial statements of Merlin Properties, S.A. (Sociedad Unipersonal), which comprise the balance sheet at 31 March 2014 and the related income statement, statement of changes in equity, statement of cash flows and explanatory notes thereto for the seven-day period then ended.

Responsibility of the directors in relation to the interim financial statements

The directors are responsible for the preparation of the accompanying interim financial statements, so that they present fairly the equity, financial position and results of operations of Merlin Properties, S.A. (Sociedad Unipersonal), in conformity with the regulatory financial reporting framework applicable to the Company in Spain (identified in explanatory Note 2.1 to the accompanying interim financial statements for the seven-day period ended 31 March 2014), and for the internal control that they consider necessary to permit the preparation of the interim financial statements free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our responsibility is to express an opinion on the accompanying interim financial statements based on our audit. Our work was performed in accordance with the audit regulations in force in Spain. These regulations require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance that the interim financial statements are free from material misstatement.

An audit requires the performance of procedures in order to obtain audit evidence supporting the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement in the interim financial statements, whether due to fraud or error. In performing the aforementioned risk assessments, the auditor takes into account the internal control relevant to the preparation by the entity of the interim financial statements in order to design audit procedures that are appropriate based on the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes the assessment of the appropriateness of the accounting policies used, of the reasonableness of the accounting estimates made by management and of the presentation of the interim financial statements taken as a whole.

We consider that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

Opinion

In our opinion, the accompanying interim financial statements present fairly, in all material respects, the equity and financial position of Merlin Properties, S.A. (Sociedad Unipersonal) at 31 March 2014, and the results of its operations and its cash flows for the seven-day period then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Emphasis of matter paragraph

We draw attention to explanatory Notes 1 and 2.2 to the accompanying interim financial statements, which indicates that the Company was incorporated on 25 March 2014. The accompanying interim financial statements were prepared as part of the Company's stock exchange flotation in order to provide the Company's historical information. This matter does not qualify our audit opinion.

Antonio Sánchez- Covisa Martín-González
26 May 2014

DELOITTE, S.L.
Pza. Pablo Ruiz Picasso, 1, Torre Picasso
28020 Madrid (Spain)

Registered in ROAC under no. S0692

Merlin Properties, S.A. (Sole-Shareholder Company)

Interim Financial Statements for the seven-day period ended 31 March 2014

Translation of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.

Translation of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.

Merlin Properties, S.A. (Sole-Shareholder Company)

INTERIM BALANCE SHEET AT 31 MARCH 2014

(Euros)

ASSETS	Notes	03/31/2014	EQUITY AND LIABILITIES	Notes	03/31/2014
			EQUITY	**Note 5**	**54,564**
			SHAREHOLDERS' EQUITY-		**54,564**
			Share capital		**60,000**
			Reserves		**(390)**
			Loss for the year		**(5,046)**
CURRENT ASSETS		**60,084**			
Trade and other receivables		**84**	**CURRENT LIABILITIES**		**5,520**
Other tax receivables	**Note 6**	84	**Trade and other payables**		**5,520**
Cash and cash equivalents		**60,000**	Suppliers		5,445
Cash		60,000	Other tax payables	**Note 6**	75
TOTAL ASSETS		**60,084**	**TOTAL EQUITY AND LIABILITIES**		**60,084**

The accompanying Notes 1 to 12 are an integral part of the balance sheet at 31 March 2014

Translation of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.

Merlin Properties, S.A. (Sole-Shareholder Company)

INTERIM INCOME STATEMENT FOR THE SEVEN-DAY PERIOD ENDED 31 MARCH 2014

(Euros)

	Notes	7 days to 03/31/2014
CONTINUING OPERATIONS		
Other operating expenses		**(5,046)**
Outside services	Note 7.1	(5,046)
LOSS FROM OPERATIONS		**(5,046)**
LOSS BEFORE TAX		**(5,046)**
Income taxes	Note 6	-
LOSS FOR THE PERIOD		**(5,046)**

The accompanying Notes 1 to 12 are an integral part of the income statement for the seven-day perido ended 31 March 2014

Translation of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.

Merlin Properties, S.A. (Sole-Shareholder Company)

INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SEVEN-DAY PERIOD ENDED 31 MARCH 2014

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Euros)

	7 days to 03/31/2014
LOSS PER INCOME STATEMENT (I)	(5,046)
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	-
TOTAL TRANSFERS TO PROFIT OR LOSS (III)	-
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)	(5,046)

The accompanying Notes 1 to 12 are an integral part of the interim statement of recognised income and expense for the seven-day period ended 31 March 2014.

Translation of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.

Merlin Properties, S.A. (Sole-Shareholder Company)

INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SEVEN-DAY PERIOD ENDED 31 MARCH 2014

B) STATEMENT OF CHANGES IN TOTAL EQUITY

(Euros)

	Share Capital (Note 5.1)	Reserves (Note 5.2)	Loss for the Year	TOTAL
Transactions with shareholders				
- Incorporation of the Company	60,000	(390)	-	**59,610**
Total recognised income and expense	-	-	(5,046)	**(5,046)**
31 MARCH 2014 ENDING BALANCE	**60,000**	**(390)**	**(5,046)**	**54,564**

The accompanying Notes 1 to 12 are an integral part of the interim statement of changes in total equity for the seven-day period ended 31 March 2014.

Merlin Properties, S.A. (Sole-Shareholder Company)

INTERIM STATEMENT OF CASH FLOWS FOR THE SEVEN-DAY PERIOD ENDED 31 MARCH 2014

(Euros)

	Notes	7 days to 03/31/2014
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**390**
Loss for the year before tax		**(5,046)**
Changes in working capital		**5,436**
- Debtors and other receivables		(84)
- Creditors and other payables		5,520
CASH FLOWS FROM INVESTING ACTIVITIES (II)		-
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**59,610**
Proceeds and payments relating to equity instruments		**59,610**
- Proceeds from issue of equity instruments	Note 5	59,610
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)		-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**60,000**
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		60,000

The accompanying Notes 1 to 12 are an integral part of the interim statement of cash flows for the seven-day period ended 31 March 2014.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.

Merlin Properties, S.A. (Sole-Shareholder Company)
Notes to the financial statements
for the seven-day period ended
31 March 2014.

1. Company's activities

Merlin Properties, S.A., Sociedad Unipersonal (a single shareholder company; hereinafter, the Company) was incorporated in Spain on 25 March 2014 under the Spanish Capital Companies Act (*Ley de Sociedades de Capital*). Its registered office is at Calle Paseo de la Castellana 42, Madrid.

The purposes of the Company are:

- To engage in real estate transactions of all kinds and the acquisition, ownership, management, operation, disposal and encumbrance of rural or urban property, completed or in development.
- Any other activities similar to those described in the preceding paragraph that the Company may require, subject to applicable law.
- Incorporation, acquisition or direct or indirect participation in the management and control of other companies and businesses, in any form allowed by law, and the subscription, purchase, holding and administration of any transferable securities, stocks or shares.
- Coordination, administration and management of all or part of the operations of any company that is a subsidiary of or otherwise controlled by the Company, as well all holding company activities.

All activities subject to special legal requirements that are not fulfilled by this Company are excluded.

The Company will be entitled to carry out any activity listed above, in full or in part, indirectly through holdings in other companies with similar corporate purposes.

All amounts in this report are expressed in euros (€).

2. Basis of presentation of the interim financial statements

2.1 *Regulatory financial reporting framework applicable to the Company*

These interim financial statements for the seven-day period ended 31 March 2014 were formally prepared by the Board of Directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and the industry adaptation for real estate companies.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) All other applicable Spanish accounting legislation.

2.2 Fair presentation

The interim financial statements for the seven-day period ended 31 March 2014, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for the seven-day period ended 31 March 2014.

These interim financial statements for the seven-day period ended 31 March 2014, which were formally prepared by the Company's Board of Directors, were prepared as part of the Company's stock exchange flotation in order to divulge the Company's historical economic and financial information.

2.3 Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying interim financial statements for the seven-day period ended 31 March 2014 estimates were made by the Company's Board of Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the expenses incurred by the Company since its incorporation. Although these estimates were made on the basis of the best information available at the end of the seven-day period ended 31 Mach 2014, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in the future. Changes in accounting estimates would be applied prospectively.

2.4 Comparative information

The Company was incorporated on 25 March 2014. Consequently, there is not information for the purposes of comparison.

3. Accounting policies

The principal accounting policies used by the Company in preparing its interim financial statements for the seven-day period ended 31 March 2014, in accordance with the Spanish National Chart of Accounts, were as follows:

3.1 Financial instruments

3.1.1 Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

a) Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

Initial recognition

In general terms, financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement

Loans and receivables and held-to-maturity investments are measured at amortised cost.

The Company assesses the existence of objective evidence of impairment, in the case of loans and receivables, considering the financial difficulties of the debtor and non-compliance with contractual clauses, although it does take other objective evidence of impairment into consideration, such as, inter alia, delays in payment.

The Company derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

3.1.2 Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

3.1.3 Cash and cash equivalents

This heading covers cash on hand, current bank accounts and deposits and repurchase agreements that meet all of the following requirements:

- They are readily convertible into cash.
- They had an original maturity of three months or less at the date of acquisition.
- They are not subject to a significant risk of change in value.
- They are part of the Company's normal treasury management policy.

For the purposes of the cash flows statement, occasional overdrafts that form part of the Company's cash management are recorded as a reduction in cash and cash equivalents.

3.2 Corporate income tax

Income tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax assessments for a given year. Deductions and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets, on the other hand, are only recognized to the extent that it is considered probable that sufficient future taxable profits will be available against which they can be set off.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognized in equity.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Similarly, deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that they will be recovered through future taxable profits.

3.3 Revenue and expense recognition

Revenue and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Revenue from sales is recognized when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company retains neither continuing managerial involvement nor effective control over the goods sold.

Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment is declared.

3.4 Provisions and contingencies

When preparing the interim financial statements, the Company's Board of directors made a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of funds that is uncertain as to its amount and/or timing will be required to settle the obligations.

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The interim financial statements include all provisions for which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the interim financial statements, but rather are disclosed in the notes, insofar as they are not considered remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognized as interest cost on an accrual basis.

3.5 Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimize environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

In view of the business activities currently carried out by the Company, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the interim financial statements.

3.6 Current/Non-current classification

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year, and other assets expected to be disposed of or realized or whose maturity date is within twelve months from the end of the reporting period, such as cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle and, in general, all obligations that will mature or expire in short term. All other liabilities are classified as non-current liabilities.

3.7 Foreing currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

3.8 Related party transactions

The Company performs all its transactions with related parties on an arm's length basis and in accordance with the terms and conditions reflected in the agreements.

3.9 Statement of cash flows

The following terms are used in the statement of cash flows, which were prepared using the indirect method, with the meanings specified:

- Cash flows: inflows and outflows of cash and equivalents, which are short-term highly liquid investments subject to an insignificant risk of changes in value.

- Operating activities: principal revenue-producing activities of the Company and other activities that are not investing or financing activities.

- Investing activities: acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

4. Information on the nature and level of risk of financial instruments

Qualitative information

The Company's financial risk management is centralized in its Management, which has established the mechanisms required to control exposure to interest rate fluctuations and credit, liquidity and exchange rate risk.

5. Equity and capital and reserves

5.1 Share capital

The Company was incorporated on 25 March 2014 through the issuance of 60,000 registered shares of EUR 1 par value each, fully subscribed and paid by Magic Real Estate, S.L.

At the end of the seven-day period ended 31 March 2014, the Company's share capital was EUR 60,000, represented by 60,000 shares of EUR 1 par value each, all of the same class.

The detail of the share capital as of 31 March 2014 is as follows:

Shareholders	Number of Shares	Percentage of Ownership
Magic Real Estate, S.L.	60,000	100%
Total	60,000	100%

5.2 Legal reserve

Under the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

6. Tax matters

6.1 Current tax receivables and payables

The detail of current tax receivables payables is as follows (in Euros):

Tax Receivables

	03/31/2014
VAT receivable from tax authority	84
Total	**84**

Tax Payables

	03/31/2014
Income tax withholdings payable to tax authority	75
Total	**75**

6.2 Reconciliation of accounting profit to taxable income

At 31 March 2014, taxable income was calculated on the basis of the book income for the accounting period plus the expenses arising from the incorporation of the Company that were recognized directly in equity. At the reporting date of the interim financial statements, the Company had not recognized a deferred tax asset in this connection, since inclusion in the SOCIMI tax regime was being processed, and determination of the carrying amounts of deferred tax assets to be recovered in the future was pending.

6.3 Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired.

7. Income and expenses

7.1 Outside services

"Outside Services" mainly includes the expenses resulting from the audit of the financial statements at 31 March 2014 and the expenses incurred in the Company's initial public offering.

8. Disclosures on deferral of payments to suppliers. Additional Provision Three. "Disclosure obligation" provided for in Act 15/2010, of 5 July.

In relation to the disclosures required by Additional Provision Three of Act 15/2010, of 5 July, at 31 March 2014, the balance payable to suppliers was not past due more than the legally established payment period. No payments were made in the seven-day period ended 31 March 2014.

The maximum payment period applicable to the Company for payment is 60 days. The aforesaid information relates to suppliers and creditors who, by their nature, are trade creditors for the supply of goods and services and, therefore, includes the figures for "Payable to Suppliers" under current liabilities in the balance sheet.

9. Related party transactions and balances

9.1 Remuneration of directors and Senior Executives

In the seven-day period ended 31 March 2014 the Company's directors did not receive any remuneration of any kind and there were no accounts receivable from or payable to them. Likewise, the Company has not granted any loans to its directors, nor has it any pension fund, life insurance or other similar obligations to them. The Company's joint directors are men.

The Company's management duties were performed by the directors, and senior management received no remuneration during the period.

9.2 Detail of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the directors

At 31 March 2014, the joint directors held ownership interests in the following companies engaged in activities identical, analogous or complementary to the Company's corporate purpose. Following is a detail of the positions held at those companies and the functions, if any, that they discharge thereat. (See Annex I).

10. Other disclosures

10.1 Fees paid to auditors

In the seven-day period ended 31 March 2014, the fees for audit and other services provided by the Company's auditor, Deloitte, S.L., or by undertakings related to the audit firm by way of common ownership, control or management, were as follows (in euros):

	Services provided by the auditor of the financial statements and related companies
Audit services	5,000
Total audit and related services	**5,000**
Other services	-
Total professional services	**5,000**

10.2 Comparison with IFRSs

Article 525 of the Spanish Limited Liability Companies Law provides that companies that have issued securities listed on a regulated market of any European Union Member State and that, pursuant to current legislation, only publish separate financial statements for the period, must disclose in the notes to the financial statements for the period the main changes that would have arisen in equity and in the income statement had International Financial Reporting Standards as adopted by the European Union ("EU-IFRSs") been applied.

In this regard, there were no differences in the Company's equity at 31 March 2014 or in the interim income statement for the seven-day period then ended between that established in the Spanish National Chart of Accounts and the EU-IFRSs.

The Board of Directors assessed the main changes arising from the application of the different accounting legislations which would affect the Company's equity and its income statement in the performance of the activities which constitute its company object (see Note 1). The most significant difference concerns the different accounting treatment of investment property. Under the General Chart of Accounts, investment property is measured at the end of each year at the lower of book value and the recoverable amount, whereas EU-IFRS would allow fair value accounting, although the amortized cost criterion is also acceptable. Said difference would therefore only arise if the assets were measured at fair value.

11. Events after the reporting period

After the reporting period date, the Company's sole shareholder is considering (i) the option of applying for the SOCIMI special tax regime, (ii) as a consequence and in accordance with Act 11/2009, changing the previous corporate name (Merlin Properties, S.A.U.) to Merlin Properties SOCIMI, S.A.U.

Pursuant to the First Transitional Provision of Act 11/2009, the Company may apply for the SOCIMI special tax regime even if it does not meet the eligibility requirements for that regime, provided that it meets the requirements within two years of the date the SOCIMI election is filed. The Company fulfills certain requirements of Act 11/2009 and expects to meet all of them within the aforesaid period. Therefore, the SOCIMI special tax regime is applicable.

On 9 April 2014, the Company and the shareholders of Tree Inversiones Inmobiliarias, S.A. entered into an irrevocable sale and purchase agreement whereunder the Company will acquire 100% of Tree Inversiones Inmobiliarias, S.A., thus becoming its sole shareholder. The agreement is subject to the following conditions precedent:

a) The Company completes the Initial Public Offering of its shares on a regulated stock exchange at a price equal or higher than the purchase price. This price will be used for the purchase of the sellers' shares.

b) The financial counterparties grant the required change of control waiver.

c) BBVA waives all rights to purchase the portfolio at the aforesaid price or in the period set out in the lease agreement.

If the above conditions are not met by 31 July 2014, the agreement will be rendered null and the agreement signed on 9 April 2014 will be cancelled.

12. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

ANNEX I

Detail of the positions and ownership interests held by the joint directors in Companies with similar corporate purpose.

Mr. Ismael Clemente Orrego

Company	Position / Functions	Direct Ownership Interest: Number of Shares	Direct Ownership Interest: % Ownership Interest	Indirect Ownership Interest: Number of Shares	Indirect Ownership Interest: % Ownership Interest
Magic Real Estate, S.L.	Joint director	-	-	4,625	46.25%
Bosque Portfolio Management, S.L.	Chairman of the Board of Directors	-	-	-	-
Tree Inversiones Inmobiliarias, S.A.	Chairman of the Board of Directors	-	-	-	-

Mr. Miguel Ollero Barrera

Company	Position / Functions	Direct Ownership Interest: Number of Shares	Direct Ownership Interest: % Ownership Interest	Indirect Ownership Interest: Number of Shares	Indirect Ownership Interest: % Ownership Interest
Magic Real Estate, S.L.	Joint director	-	-	4,625	46.25%
Bosque Portfolio Management, S.L.	Secretary (non-member) of the Board of Directors	-	-	-	-
Tree Inversiones Inmobiliarias, S.A.	Secretary (non-member) of the Board of Directors	-	-	-	-

Formal Formulation of the Interim Financial Statements

In accordance with the provisions of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), the Board of Directors of Merlin Properties, S.A. Sociedad Unipersonal (single shareholder company) on 25 April 2014 approved the Interim Financial Statements for the seven-day period ended 31 March 2014.

Madrid, 25 April 2014.

Mr. Ismael Clemente Orrego	Mr. Miguel Ollero Barrera
Joint Director	Joint Director

ANNEX 2: HISTORICAL UNAUDITED INTERIM FINANCIAL STATEMENTS OF TREE INVERSIONES INMOBILIARIAS, S.A. FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

Tree Inversiones Inmobiliarias, S.A.

Interim financial statements and accompanying notes for the three month period ended 31 March 2014, together with Report on review of Interim Financial Information

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17) In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (sees Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors
Tree Inversiones Inmobiliarias, S.A:

Introduction

We have reviewed the accompanying balance sheet of Tree Inversiones Inmobiliarias, S.A. as of March 31, 2014 and the related statements of income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the regulatory financial reporting framework applicable to the Company, identified in Note 2 to the accompanying interim financial statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of (or "does not present fairly, in all material respects,") the financial position of the entity as at March 31, 2014, and of its financial performance and its cash flows for the three month period then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

DELOITTE, S.L.

Antonio Sánchez-Covisa Martín-González
4 June 2014

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Tree Inversiones Inmobiliarias, S.A.

Interim financial statements and accompanying notes
for the three month period ended 31 March 2014

Translation of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

BALANCE SHEET FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

(Thousands of euros)

ASSETS	Notes	(*) 03/31/2014	12/31/2013
NON-CURRENT ASSETS:		1,036,159	1,047,481
Intangible assets		64	56
Property, plant and equipment		23	18
Investment property-	4	1,011,710	1,022,848
Land		373,315	375,462
Buildings		638,395	647,385
Long-term financial investments-	6	12,610	12,674
Other financial assets		12,610	12,674
Deferred tax assets	11	11,752	11,885
CURRENT ASSETS:		11,075	15,978
Trade and other receivables-		180	377
Trade receivables for sales and services		176	174
Current tax assets	11	4	203
Short-term investments in group companies and associates-	6	-	646
Other financial assets		-	646
Short-term financial investments-	6	97	119
Other financial assets		97	119
Cash and cash equivalents-	7	10,798	14,836
Cash		10,798	14,836
TOTAL ASSETS		1,047,234	1,063,459

EQUITY AND LIABILITIES	Notes	(*) 03/31/2014	12/31/2013
EQUITY		100,408	(111,183)
SHAREHOLDERS ' EQUITY		171,356	(39,110)
Share capital	8.1	9,323	6,960
Share premium	8.1	260,648	52,873
Reserves-		(481)	(481)
Merger reserves		16	16
Other reserves		(497)	(497)
Profit (loss) from previous years		(98,462)	(78,961)
Profit (loss) for the year		328	(19,501)
Valuation adjustments	8.6	(70,948)	(72,073)
NON-CURRENT LIABILITIES:		914,200	1,125,032
Long-term debts-	9	914,200	927,221
Bank borrowings		822,943	834,375
Derivatives		77,012	78,581
Other financial liabilities		14,245	14,265
Long-term debts with group companies and associates	10	-	197,811
CURRENT LIABILITIES:		32,626	49,610
Short-term debts-	9	30,711	29,511
Bank borrowings		30,711	29,511
Short-term debts with group companies and associates	10	-	16,966
Trade and other payables-		1,915	3,133
Suppliers		927	1,464
Personnel (remuneration pending payment)		-	37
Current tax liabilities	11	602	199
Other tax payables	11	64	820
Customers advance payments		322	613
TOTAL EQUITY AND LIABILITIES		1,047,234	1,063,459

(*) Not audited

The accompanying Notes 1 to 17 are an integral part of the balance sheet of the three month period ended 31 March 2014

PROFIT AND LOSS ACCOUNT FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014
(Thousands of euros)

	Notes	(*) 03/31/2014	(*) 03/31/2013
Revenue	12.1	22,304	22895
Other operating income		546	323
Personnel expenses		(14)	(13)
Wages, salaries and similar expenses		(10)	(10)
Welfare expenses		(4)	(3)
Other operating expenses		(1,164)	(1,321)
External services	12.2	(1,042)	(1,219)
Taxes other than income tax	12.3	(122)	(102)
Depreciation and amortization charges	4	(7,620)	(7,829)
Proceeds from sale of real estate assets	12.4	2,142	2,444
OPERATING PROFIT		16,194	16,499
Finance income		3	3
Finance expenses		(14,996)	(21,142)
Debts with Group companies and associates	10	(361)	(5,263)
Third-party borrowings		(14,635)	(15,879)
Change in fair value of financial instruments	9	(337)	(613)
FINANCIAL LOSS		(15,330)	(21,752)
PROFIT (LOSS) BEFORE TAXES		864	(5,253)
Income taxes	11.2	(536)	(3,502)
PROFIT (LOSS) FOR THE YEAR		328	(8,755)

(*) Not audited

The accompanying Notes 1 to 17 are an integral part of the balance sheet of the three month period ended 31 March 2014

TREE INVERSIONES INMOBILIARIAS, S.A.

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

(Thousands of euros)

	(*) 2014	(*) 2013
NET PROFIT (LOSS) FROM PROFIT AND LOSS ACCOUNT (I)	328	(8,755)
Income and expenses recognized directly in equity		
- Cash flow hedges and net investment in foreign operations	(6,072)	7,643
- Tax effect (Note 12.3)	-	(2,293)
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY (II)	(6,072)	5,350
Transfers to profit and loss account		
- Cash flow hedges and net investment in foreign operations	7,197	8,293
- Tax effect	-	(2,488)
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT (III)	7,197	5,805
TOTAL RECOGNIZED INCOME AND EXPENSES (I+II+III)	1,453	2,400

(*) **Not audited**

The accompanying Notes 1 to 17 are an integral part of the statement of recognized income and expenses of the three month period ended 31 March 2014.

B) STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

(Thousands of euros)

	Share Capital	Share premium	Reserves	Merger Reserves	Profit / loss for previous years	Profit / loss for the year	Valuation Adjustments	Total
ENDING BALANCE FOR 2012	6,960	52,873	(497)	-	(37,425)	(41,536)	(86,538)	(106,163)
Total recognised income and expenses	-	-	-	-	-	(8,755)	11,155	2,400
ENDING BALANCE 31/03/2013 (*)	6,960	52,873	(497)	-	(37,425)	(50,291)	(75,383)	(103,763)
ENDING BALANCE FOR 2013	6,960	52,873	(497)	16	(78,961)	(19,501)	(72,073)	(111,183)
Total recognised income and expenses	-	-	-	-	-	328	1,125	1,453
Transactions with shareholders	-	-	-	-	(19,501)	19,501	-	-
Other changes in equity	2,363	207,775	-	-	-	-	-	210,138
ENDING BALANCE 31/03/2014 (*)	9,323	260,648	(497)	16	(98,462)	328	(70,948)	100,408

(*) Not audited

The accompanying Notes 1 to 17 are an integral part of the statement of changes in equity of the three month period ended 31 March 2014.

TREE INVERSIONES INMOBILIARIAS, S.A.

STATEMENT OF CASH FLOW FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

(Thousands of euros)

	Notes	(*) 31/03/2014	(*) 31/03/2013
CASH FLOWS FROM OPERATING ACTIVITIES (I)		(498)	5,410
Profit (loss) for the year before taxes		864	(5,253)
Adjustments to profit (loss):			
- Depreciation and amortization charges		7,620	7,829
- Profit (loss) on retirement and disposal of fixed assets		(2,142)	(2,444)
- Finance income		(3)	(3)
- Finance expenses		14,996	21,142
- Changes in fair value of financial instruments		337	613
Changes in working capital			
- Debtors and other receivables		197	(393)
- Short-term investments in group companies and associates		646	704
- Other current assets		22	(73)
- Creditors and other payables		(1,621)	(896)
- Other non-current assets and liabilities		(20)	(2)
Other cash flows from operating activities			
- Interest paid		(21,396)	(15,817)
- Interest received		2	3
CASH FLOWS FROM INVESTING ACTIVITIES (II)		5,711	7,972
Payments relating to investments			
- Intangible fixed assets		(13)	-
- Property, plant and equipment		(6)	-
- Other financial assets		64	246
Proceeds from disinvestments			
- Investment property		5,666	7,726
CASH FLOWS FROM FINANCING ACTIVITIES (III)		(9,251)	(11,952)
Proceeds and payments relating to equity instruments			
- Issuance of debt to group companies and associates		2,150	-
Proceeds and payments relating to financial liabilities instruments			
- Redemption and repayment of debt to financial entities		(11,401)	(11,952)
EFFECT OF CHANGES IN EXCHANGE RATES (IV)			
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		(4,038)	1,430
Cash and cash equivalents at beginning of period		14,836	8,729
Cash and cash equivalents at end of period		10,798	10,159

(*) Not audited

The accompanying Notes 1 to 17 are an integral part of the statement of cash flows of the three month period ended 31 March 2014

Translation of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

Tree Inversiones Inmobiliarias, S.A.

1. Activity

Tree Inversiones Inmobiliarias, S.A. (hereinafter, the Company) was incorporated on 7 January 2009.

Its registered office is located at Paseo de Castellana 42, Madrid.

Its corporate purpose is the acquisition, sale, ownership and operation of any movable assets and real estate property, intermediation in commercial, corporate and real state transactions, as well as the provision of services related to those activities.

At present, its core activity is focused on the operation and leasing of real state property acquired from Banco Bilbao Vizcaya Argentaria. The whole of said are leased to the BBVA Group.

Corporate transactions

3 month period ended 31 March 2014

1.1 Capitalization PPLs

On 7 January 2014 there was a capital increase amounting to 2,339 thousand euros with a share premium of 205,649 thousand euros by means of the issuance of 2,338,917 new shares at a 1 euro nominal value, fully subscribed, through credit compensation relating to the principals of the participating loans, (197,811 thousand euros), as well as interests due but not paid to date (10,177 thousand euros).

1.2 Free float

On 7 January 2014 there was a second capital increase amounting to 24 thousand euros with a 2,126 thousand euro share premium, by means of the issuance of 24,178 new shares at a 1 euro nominal value, fully subscribed and paid in. These shares will be delivered to the liquidity provider in order to meet one of the requirements set forth in the SOCIMI Act.

2013

1.3 Contribution of shares by the shareholder Ebro Real Estate B.V

On 31 October 2013, Ebro Real Estate B.V. (shareholder of the Company), contributed all its shares in the Company as a part of the capital increase of carried out in Baum Holdings Spain, S.L., which thus became the Company's sole shareholder. Thereafter, the merger by takeover of the company Baum Holdings Spain, S.L. was approved, and the corresponding exchange of shares was carried out.

1.4 Merger process

On 31 October 2013, the General Meeting of Shareholders approved the merger by absorption of Baum Holdings Spain, S.L. (acquired company) by Tree Inversiones Inmobiliarias, S.A. (acquiring company), The merger involved termination and dissolution of the acquired company and transfer of its assets and liabilities to the Company, which acquired by universal succession all of Baum Holdings Spain, S.L. rights and obligations.

Given that the merger is treated as an acquisition of a wholly owned company under article 49(1) Act 3/2009, of 3 April, on structural changes in trading companies (*Ley sobre modificaciones estructurales de las sociedades mercantiles*, hereinafter LME), in relation with Article 52 LME, it has not been necessary:

1 To increase the share capital in Tree Inversiones Inmobiliarias, S.A., as the acquiring company;

2 To issue a Directors' Report or an independent experts' report on the merger project or on the assets contributed by Baum Holdings Spain, S.L.

3 To issue of new shares in Tree Inversiones Inmobiliarias, S.A. as the acquiring company, and in accordance with Article 49(1) (1) LME, it has not been necessary to set a specific exchange ratio or to establish a date as from which the holders of the new shares will be entitled to participate in corporate earnings (as specified in

Article 31(6) LME).

Nevertheless, since Baum Holdings Spain, S.L. (acquired company) was the Company's sole shareholder, an exchange ratio was established in order to distribute Tree Inversiones Inmobiliarias, S.A. shares amongst Baum Holdings Spain, S.L. members pro rata to their shareholding in Baum Holdings Spain, S.L., leaving the following capital distribution in the Company:

Shareholder	Shares in Baum	Shareholding (%)	Shares in Tree
Ebro Real Estate, B.V.	112,018	47.10%	3,278,210
Forest 2009 Investments B.V.	38,699	16.27%	1,132,527
Tree 2009 Investments B.V.	44,025	18.51%	1,288,393
Alcudia Cartera de Inversiones, S.A.	43,088	18.12%	1,260,972
	237,830	**100.00%**	**6,960,102**

Consequently, the abovementioned merger is governed by the following terms and conditions:

1 The balance sheet of the acquiring company at 31 July 2013 is approved as of the merger balance sheet.

2 The transactions of the acquired company shall be treated, for accounting purposes, as being those of the acquiring company as from 31 October 2013.

3 The transaction is governed by the special tax scheme contained in Chapter VII of Title VII of the Recast Text of the Corporate Income Tax Act, approved by Legislative Royal Decree 4/2004 of 5 March.

The merger agreement was executed in a public deed on 26 December 2013, and registered in the Madrid Companies Registry on 18 February 2014 whitout any incident.

At 31 October 2013, the balance sheet of the acquired company was as follows (expressed in thousands of euros:

ASSETS	31-oct-13
NON-CURRENT ASSETS	**199,782**
Long-term investments in group companies and associates	**198,447**
Equity instruments	198,447
Deferred tax assets	**1,335**
CURRENT ASSETS	**143**
Trade and other receivables	**2**
Other tax	2
Cash and cash equivalents	**141**
Cash	141
TOTAL ASSETS	**199,925**

EQUITY AND LIABILITIES	31-oct-13
EQUITY	**198,229**
Capital	**7,149**
Share Premium	**190,532**
Reserves	**130**
Legal and bylaw	41
Other reserves	89
Profit loss for the period	**418**
NON-CURRENT LIABILITIES	**1,569**
Deferred tax liabilities	**1,569**
CURRENT LIABILITIES	**127**
Trade and other payables	**127**
Suppliers	1
Other tax payables	126
TOTAL EQUITY AND LIABILITIES	**199,925**

The assets and liabilities contributed by the acquired to the acquiring company at 31 October 2013 were as follows:

	Thousands of Euros
Assets contributed	**143**
Other tax receivables	2
Cash	141
Liabilities contributed	**127**
Suppliers	1
Other tax payables	126
Merger reserve	**16**

The net effect of the contributed assets and liabilities is recorded under the equity heading "Merger reserves," in amount of 16 thousand euros.

In the merger process the acquired company has contributed no tax loss carryforwards or tax credits pending application.

1.5 SOCIMI tax Regime

On 25 September 2013 the Company requested to be included in the SOCIMI tax regime, effective from 1 January 2013.

The First Transitional Provision of the SOCIMI Act allows the SOCIMI tax regime to be applied as provided in Article 8 of the SOCIMI Act, even when the legal requirements at the inclusion date are not met, as long as these requirements are fulfilled within two years of the date application of SOCIMI is sought. According to the Company's Directors, said requirements will be met in due time and form.

The Company is therefore governed by Act 11/2009 of 26 October, as amended by Act 16/2012 of 27 December, regulating Listed Real Estate Investment Companies. Article 3 of said Act, as amended by the new Act, sets out the investment requirements for this kind of company:

1. At least 80 per cent of a SOCIMI's assets must be invested in urban real estate for leasing purposes and/or in

land to be developed for leasing purposes provided such development starts within three years of acquisition.

The asset's value will be determined on the basis of the individual quarterly balances sheet averages in the year of reference. The Company may choose to calculate such value by taking into account the assets' market value instead of their book value, in which case that value would apply to every balance sheet in the financial year. For this purpose, the cash or receivables from transfer of investment property or shares carried out during the same year or earlier shall not be taken into account, provided, in the latter case, that the reinvestment period of Article 6 of the Act has not expired.

2. Furthermore, at least 80 % of the income for the tax periods for each year, excluding income from transfer of shares and real estate that are earmarked for pursuit of the principal corporate objets once the holding period referred to in the following paragraph has elapsed, must arise from lease of investment property and from dividends or profit shares obtained from those holdings.

   This percentage will be calculated on the basis of the consolidated profit or loss if the company is the parent of a group within the meaning of Article 42 of the Code of Commerce, irrespective of residence and of the obligation to draw up consolidated financial statements. Said group will be exclusively composed of the SOCIMI and all the other entities referred to by Article 2(1) of the Code of Commerce.

3. The company's real estate assets must be leased for at least three years. Computation of that period, will also include the time during which the properties have been offered for lease, up to a maximum of one year.

   The period shall be calculated:

   a) For real estate in the company's asset base before the Company becomes subject to the regime; from the beginning of the first tax period during which the special tax regime applies as regulated by the Act, provided that at the time the asset was leased or on lease. Otherwise, section b) below will apply.

   b) For real estate subsequently developed or acquired by the Company; from the date on which it was leased or offered for lease for the first time.

   With regards to entities' shares or holdings addressed by Article 2(1) of the Code of Commerce, they should be kept in the company's assets at least during three years within their acquisition or, that being the case, from the beginning of the first tax period during which the special tax regime established in this Act applies.

As provided by the First Transitional Provision of Act 11/2009 of 26 October, as amended by Act 16/2012 of 27 December, regulating Listed Real Estate Investment Companies, the companies may choose to be subject to the special tax regime as it is provided by Article 8 of the mentioned Act, even when the legal requirements as at the date of inclusion in that regime are not fulfilled, provided said requirements are met within two years of the date the application of SOCIMI sought.

Failure to fulfil said condition will render the Company subject to the general Corporate Income Tax rules, starting in the tax period in which the non-fulfilment is detected, unless it is remedied within the following tax period. In addition, the Company will have to pay the amount payable for the corresponding tax period, along with the difference between the amount resulting from the application of the general regime and the amount paid pursuant to the special regime in the previous tax periods, without prejudice to such default interest, surcharges or penalties, as may be deemed applicable.

In addition to the foregoing, the amendment of Act 11/2009 of 26 October implemented by Act 16/2012 of 27 December, sets out the following specific modifications:

- Relaxation of the entry and real estate holding criteria: there is no lower limit regarding the amount of real estate properties to be contributed when incorporating the SOCIMI, except for hounsing, with a minimum of 8 units. These properties no longer have to be kept on the Company's balance sheet for 7 years but just for at least 3.

- Reduction in capital requirements and greater leveraging capacity: the minimum capital required is reduced from 15 million euros to 5 million euros, and the limitation on indebtedness for the real estate investment vehicle is eliminated.

- Decrease in dividend distribution: up to the entry into force of the Act, the mandatory dividend distribution was set at a 90%. Starting on 1 January 2013 it is 80%.

- SOCIMIs are taxed at a 0% corporate income tax. However, where dividends distributed to a shareholder who owns at least 5% of the SOCIMI's share capital are exempt from taxation or taxed below 10%, such SOCIMI will be subject to a special charge of 19%, of the dividends distributed to the said shareholders, in respect of corporate income tax. If deemed applicable, this special charge shall be paid by the SOCIMI within two months after the dividend distribution date.

2. Basis of presentation of financial statements

2.1 Regulatory financial reporting framework applicable to the Company

These financial statements were formally prepared by the Board of Directors in accordance with the regulatory financial reporting framework applicable to the Company established in the following:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and the industry adaptation for real estate companies.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, which regulates REITs.

e) All other applicable Spanish accounting legislation.

All amounts in this report are expressed in thousand of euros.

2.2 Fair presentation

The accompanying interim financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows. These interim financial statements were formally prepared by the Company's Directors on 23 April 2014.

The audited financial statements for 2013, which were formally prepared by the Company's Directors, will be submitted for approval by the shareholders, and it is considered that they will be approved without any changes.

2.3 Information relating to annual period 2013

The information contained in these interim financial statements relating to the three month period ended 31 March 2013 is shown for the sole and exclusive purpose of comparing it to the information relating to the three month period ended 31 March 2014.

2.4 Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the Directors aproved these financial statements for issue taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

2.5 Responsibility for the information and use of estimates

In preparing these financial statements, estimates were made by the Directors based on historical experience and other factors considered to be reasonable in light of current circumstances and which constitute the basis for establishing the carrying amounts of assets and liabilities not easily determinable through other sources. These estimates relate primarily to:

- The assessment of possible impairment losses on certain assets (see Notes 3.4 y 3.6).
- The useful life of tangible and intangible and investment property (see Notes 3.1, 3.2 y 3.3).
- The fair value of financial derivatives (see Note 3.8).
- Financial risk management (see Note 8.7).
- The recovery of deferred tax assets (see Note 3.11)

Although these estimates were made on the basis of the best information available at March 31, 2014, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.6 Grouping of Items

Certain items in the balance sheet, income statement and statement of changes in equity and statement of cash-flow are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7 Correction of errors

In preparing the accompanying financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the financial statements for 2013.

2.8 Going concern principle

At 31 March 2014 the Company had a working capital deficit of 21,551 thousand euros (33,632 thousand euros at 31 December 2013), mainly due to the repayment of Senior loan principal out of cash and cash equivalents for an amount of 5,114 thousand euros (see Note 9) and a interest on Debts to group companies and associates for an amount of 7,150 thousand euros (see Note 10).

The Company's Directors have prepared these interim financial statements on a going concern basis, assuming that the Company's activity will continue in the future and that the assets will therefore be realized and the liabilities settled in accordance with the amounts and classification recorded in the financial statements, based on the cash flows generated from the Company's operations and the available cash.

3. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its interim financial statements for the March 31, 2014 are as follows:

3.1 Intangible fixed assets

As a general rule, intangible fixed assets are recognized initially at acquisition or production cost. They are subsequently measured at cost less accumulated amortization and any accumulated impairment losses. These assets are amortized on the basis of their years of useful life.

Computer software

Company records in this account the costs incurred in the acquisition and development of computer programs. Computer software maintenance costs are recognized with a charge to the profit or loss account for the year in which they are incurred. Computer software is amortized on a straight-line basis over a maximum of 4 years.

3.2 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost and are subsequently reduced by the related accumulated depreciation and by any impairment losses.

Property, plant and equipment upkeep and maintenance expenses are recognized in the profit or loss account for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

The Company depreciates its property, plant and equipment using the straight-line method, at annual depreciation rates based on the years of estimated useful life of the respective items.

3.3 Investment property

The heading "Investment property" in the balance sheet reflects the value of land, buildings and other structures held either to earn rentals or for capital appreciation on their sale as a consequence of their respective future market price increases.

Investment property is measured at cost, which corresponds to acquisition cost.

Investment properties acquired by the Company through purchase have been individually recorded on an acquisition cost basis.

The acquisition cost includes, in addition to the amount invoiced by the vendor after discounts, all additional and directly related costs incurred until the assets are put into operating condition.

The depreciation of these items is carried out in a rational and systematic manner, on the basis of the useful lives of the corresponding assets and their residual value, appropriate to normal depreciation suffered due to operation use and enjoyment, without prejudice to the technical or commercial obsolescence that may affect them. The Company amortizes its investment property using the straight-line method, at annual depreciation rates based on the years of estimated useful life of the respective asset.

Buildings	25 – 50 years

In the event of cessation of a given property's operation due to renovation, refurbishment or redevelopment, no depreciation accrues while said work continues.

Such changes as may arise in an asset's residual value, useful life and amortization method, are booked as changes in the accounting estimates, error excepted.

Asset upkeep and maintenance expenses which do not improve future cash flows for the cash-generating unit to which the asset belongs, or its useful life, are recognized as expenses for the period in which it is incurred

3.4 Value impairment of non-financial assets

At least on the balance sheet date, the Company reviews the non-current assets or cash-generating units to determine whether there is any indication that those assets might be impaired. Assets subject to depreciation are submitted to impairment testing whenever some event or change in circumstances indicates that the carrying amount may not be recoverable.

The recoverable amount is the higher between the fair value of the asset less costs to sell and the value in use.

If an asset's book value is higher than its recoverable amount, an impairment loss is recognized. The value in use is taken to be the present value of the estimated future cash flows. In assessing value in use, the assumptions used in making the estimates include market risk-free interest rates adjusted by the risks associated with the asset. For those assets that do not for the most part generate cash flows independently from cash flows from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the said assets belong.

Impairment losses recognized and reversed are charged and credited, respectively, to the profit and loss account. Impairment losses are reversed when the circumstances that led to their existence cease to exist, except for goodwill. Reversal of an impairment loss cannot exceed the carrying amount of the asset that would have applied had the impairment loss not been previously recognized.

In the Directors' opinion there is no evidence of impairment of the Company's non-financial assets at 31 March 2014 and 31 December 2013.

3.5 Leases

Leases are classified as finance leases if the terms of the lease indicate that the leased asset's risks and benefits of ownership are substantially transferred to the lessee. All other leases are classified as operating leases. At 31 March 2014 the Company did not hold any finance leases.

<u>Operating leases</u>

Income and expenses resulting from operating leases agreements are taken to the profit and loss account in the year they accrue, depending on whether the Company acts as lessor or as lessee.

Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the costs directly attributable to the lease, which are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

3.6 Financial assets

Classification and measurement

Loans and receivables

Under this heading, trade and non-trade receivables are recorded, which include financial assets which have fixed or determinable payments, not quoted in an active market and for which the full payment made by the Company is expected to be recovered except, where applicable, for reasons attributable to debtor solvency.

These assets are initially recognized in the balance sheet at fair value, which in the absence of evidence to the contrary is the transaction price, this being equal to the fair value of the consideration given plus any directly attributable transaction costs.

After their initial recognition, these financial assets are measured at amortized cost.

Nevertheless, trade receivables with maturity of no more than one year with no contractual interest rate, and which are expected to be received in the short term, are initially and subsequently measured at their nominal value, provided the effect of not updating cash flows is not material.

Guarantees provided

The difference between fair value and the amount of the security deposits delivered in operating leases is not material for the purposes of preparing these interim financial statements. Under the Urban Rental Act (*Ley de Arrendamientos Urbanos*), the Company is subject to the security deposit agreement with certain Autonomous Regions (*Régimen de concierto de depósito con algunas Comunidades Autónomas*). Under this scheme, the Company must deposit 90% of the security deposits obtained from its lessees in certain official institutions. The deposits thus obtained from lessees are recorded in the balance sheet as long-term liabilities, and those deposited with the official institutions of said Autonomous Regions are carried as long-term assets.

Interest income from financial assets

Interest from financial assets accrued after the date of acquisition is recognized as income in the profit and loss account. Interest income from financial assets is recognized using the effective interest method.

For these purposes, on initial measurement of the financial assets, the amounts of explicit interest accrued and not yet matured at that time are recorded independently according to their maturity. Explicit interest is understood, for these purposes, to be the interest obtained from applying the contractual interest rate for the given financial instrument.

Cancellation

Financial assets are removed from the balance sheet or from the Company when the contractual rights to receive the related cash flows have expired or have been transferred, provided that in that transfer the Company has substantially transferred the risks and benefits of ownership.

If the Company has not substantially transferred or retained the risks and benefits of the financial asset, the latter is derecognized if control is not retained. If the Company retains control of the asset, it continues to recognize the transferred financial asset for an amount equal to its exposure to changes in value of the transferred asset, that is, for its continuing involvement, and recognizes the associated liability.

The difference between the sum of the consideration received, net of any attributable transaction costs and including the new assets obtained less any assumed liabilities, and the book value of the transferred financial asset plus any cumulative amount explicitly recognized in equity, determines the profit or loss arising from derecognition of the asset and is taken to the profit and loss account for the year in which it occurs.

3.7 Financial liabilities

Classification and measurement

Debts and payables

This heading includes financial liabilities arising from the purchase of goods and services due to the Company's trading operations, and debts from non-trade accounts which are not derivative instruments.

Upon initial recognition in the balance sheet, they are recorded at fair value, which, in the absence of evidence to the contrary, is the transaction price, this being equal to the fair value of the consideration adjusted for any directly attributable transaction costs.

After their initial recognition, these financial assets are measured at amortized cost. Accrued interest is recorded in the profit and loss account according to the effective interest rate method.

Nevertheless, trade payables with maturity of no more than one year with no contractual interest rate and which are expected to be paid in the short term, are initially and subsequently measured at their nominal value, provided the effect of not updating cash flows is not material.

Other financial liabilities

This heading includes the financial liabilities in respect of amounts received from lessees as security deposit for operating leases at fair value.

The difference between fair value and the security deposits made in operating leases is not material for the purposes of preparing these interim financial statements.

Cancellation
The Company derecognizes financial liabilities when the obligations giving rise to them cease to exist.

If an exchange of debt instruments takes place, whenever these have substantially different conditions, the original financial liability is cancelled and the new financial liability thus arising is recognized. Any material modification of the current circumstances of a financial liability is recorded in the same manner.

The difference between the book value of the financial liability, or of the part that has been derecognized, and the consideration paid, including any directly attributable transaction costs and any non-cash asset transferred or liability assumed, is recognized in the profit or loss account for the year in which it takes place.

If an exchange takes place of debt instruments takes that do not have substantially different conditions, the original financial liability is not derecognized from the balance sheet, and the amount of the commissions paid is recorded as an adjustment to its book value. The new amortized cost of the financial liability is determined by applying the effective interest rate, understood as the rate which makes the book value of the financial liability at the date the terms are amended equal to the estimated cash flows to be paid under the new conditions.

3.8 Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which it is exposed due to its activities, transactions and future cash flows. Essentially, these risks consist of exchange rate and interest rate fluctuations. In connection with those operations the Company uses financial instruments for hedging purposes.

Only transactions that effectively eliminate some risk inherent in the hedged item or position over the expected term of the hedge are designated as hedges, which means that at the inception of the hedge, the hedge is expected, under normal conditions, to be highly effective (prospective effectiveness) and that there is sufficient evidence that the hedge was fully effective throughout the life of the hedged item or position (retrospective effectiveness).

Appropriate documentation is prepared detailing how hedge effectiveness is to be achieved and measured, in accordance with the Company's risk management policy.

To measure hedge effectiveness the Company performs tests to check that the differences arising from changes in the value of the flows of the hedged item and the hedging instrument remain within a range of 80% to 125% over the life of the transaction, in line with the forecasts established at inception.

If at any point during the hedging relationship the prospective test is not met, hedge accounting is discontinued and the hedge is reclassified to trading derivatives.

For the purpose of assessment, the Company classifies the hedges as cash flow hedges: they hedge the exposure to the risk of changes in cash flows as a result of changes in the interest rates on the loans received. Swap contracts are used to exchange floating rates for fixed rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity and is taken to profit or loss in the year or years in which the hedged item affects profit or loss.

In addition, the Company maintains inflation hedging instruments associated with the rental contracts to cover the risk of fluctuations in European inflation.

3.9 Severance payments

Under the current legislation, the Company is required to make severance payments to employees terminated under certain conditions. Therefore, severance payments that can be objectively quantified are expensed in the year in which the related decision is made. In the accompanying interim financial statements no item has been recorded in this respect as no situations of this nature are expected.

3.10 Cash and cash equivalents

This heading covers cash on hand, current bank accounts and deposits and repurchase agreements that meet all of the following requirements:

- They are readily convertible into cash.
- They had an original maturity of three months or less at the date of acquisition.
- They are not subject to a significant risk of change in value.
- They are part of the Company's normal treasury management policy.

For the purposes of the cash flow statement, occasional overdrafts which are inherent in the Company's cash management are included as a reduction in cash and cash equivalents

3.11 Corporate income tax

The SOCIMI special tax regime, as amended by Act 16/2012 of 27 December, is based on 0% corporate income tax rate, provided certain requirements are met. Particularly noteworthy amongst those conditions is that at least 80% of income must come from urban real estate used for leasing purposes and acquired in full ownership or through holdings in companies that comply with the same investment and dividend distribution requirements, whether foreign or Spanish, and whether or not they are quoted in organized markets. Likewise, the main income sources of these entities must be real estate, either from leases, from subsequent sale of properties after a minimum leasing period or from income generated by holdings in entities of similar characteristics. Nevertheless, tax accrual is done in proportion to the Company's dividend distribution.

Dividends received by the members are exempt, unless the recipient is a legal person subject to the corporate income tax or a permanent establishment of a foreign entity, in which case a deduction in the tax liability is established, so that these earnings are taxed at the member's rate. However, the remaining earnings shall not be taxed for so long as they are not distributed to members.

As provided by the Ninth Transitional Provision of Act 11/2009 of 26 October, as amended by Act 16/2012 of 27 December, which regulate Listed Real Estate Investment Companies, the entity shall be taxed at a 19 per cent rate on the total amount of dividends and profit shares distributed to members with a shareholding in the entity of 5 per cent or more, when the said dividends are exempt or taxed at a rate below 10 per cent in the members. Notwithstanding the foregoing, this special charge will not be applicable when said dividends or profit shares are received by the non-resident entities referred to by Article 2(1)(b) of this Act (shareholdings in other SOCIMIs or in other non-resident entities that are subject to a tax regime similar to that of the SOCIMI regarding the mandatory legal or bylaw policy on dividend distribution) and with respect to those members who hold 5 per cent or more of the share capital of these entities and who are taxed on those dividends or profit shares at least at a 10 per cent tax rate.

The properties sold during the three month period ended 31 March 2014 and financial year 2013 are not subject to the SOCIMI special tax regime, as they were sold before the 3-year holding period ended. Therefore, the operating income and capital gains obtained on these assets in 2013 are subject to the general regime, and hence taxed at a 30 per cent rate as explained below:

The income tax expense or income comprises current tax expense or income and the part related to deferred tax expense or income accrued for the year.

Current tax expense is the tax amount payable by the Company on its taxable income for a given year. Deductions and other tax benefits, excluding withholdings and prepayments, along with tax loss carryforwards from prior years available for setoff and effectively setoff in the current year reduce the current tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable deriving from differences between the carrying amounts of assets and liabilities and their tax value, along with tax loss carryforwards and tax credit carryforwards. These amounts are recorded by applying to the temporary difference or credit the tax rates that are expected to apply in the period when they are expected to be recovered or settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets, on the other hand, are only recognized to the extent that it is considered probable that the Company will have sufficient future taxable profits to recover those assets.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognized directly in equity.

At each accounting close the deferred tax assets recognized are reviewed and appropriate adjustments are made where there are doubts as to their future recoverability. Likewise, at each accounting close the deferred tax assets that have not been recognized in the balance sheet are measured and are recognized to the extent that their recovery against future taxable profits has become probable.

3.12 Classification of assets and liabilities as current and non-current

Assets and liabilities in the balance sheet are classified as current or non-current. For these purposes, assets and liabilities are classified as current when they relate to the Company's operating cycle and are expected to be sold, consumed, realized or settled during that cycle. Non-current assets and liabilities are different from the foregoing and their maturity, disposal or realization is not expected to take place within a year.

3.13 Income and expenses

Income and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Income is measured at the fair value of the consideration received, net of discounts and taxes.

Rendering of services

The Company provides leasing services of its investment property. Revenue resulting from fixed-price leasing service contracts is recognized in the period during which the leasing services are rendered on a straight-line basis over the term of the contract.

3.14 Related party transactions

The Company performs all of its related party transactions on an arm's length basis. The Company Directors therefore understand that there are no significant risks in this respect that could give rise to material liabilities in the future.

3.15 Statement of cash flows

The following terms are used in the statement of cash flows, which was prepared using the indirect method, with the meanings specified below:

- Cash flows: inflows and outflows of cash and equivalents, which are short-term highly liquid investments subject to an insignificant risk of changes in value.

- Operating activities: principal revenue-producing activities of the Company and other activities that are not investing or financing activities.

- Investing activities: acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not operating activities.

3.16 Assets of an environmental nature

Environmental assets are those used in the Company's business on a lasting basis and which are mainly intended to minimize environmental impact and to protect and improve the environment, including reduction or elimination of future pollution.

The Company's activities, due to their very nature, do not have a significant environmental impact.

4. Investment property

The movements recorded in "Investment property" are as follows (in thousands of euros):

31 March 2014

	Thousands of euros			
	12/31/2013	Additions/ Allocations	Retirements	03/31/2014
Cost:				
Lands	375,462	-	(2,147)	373,315
Buildings	772,725	-	(1,671)	771,054
	1,148,187	**-**	**(3,818)**	**1,144,369**
Accumulated depreciation:				
Buildings	(125,339)	(7,613)	293	(132,659)
	(125,339)	**(7,613)**	**293**	**(132,659)**
Net balance:	**1,022,848**			**1,011,710**

31 December 2013

	Thousands of euros			
	12/31/2012	Additions/ Allocations	Retirements	12/31/2013
Cost:				
Lands	403,797	-	(28,335)	375,462
Buildings	796,095	-	(23,370)	772,725
	1,199,892	-	**(51,705)**	**1,148,187**
Accumulated depreciation:				
Buildings	(97,712)	(31,000)	(3,373)	(125,339)
	(97,712)	**(31,000)**	**(3,373)**	**(125,339)**
Net balance:	**1,102,180**			**1,022,848**

Investment property includes several properties acquired from the BBVA Group in 2009, 2010 and 2011. The acquisition process consisted of the following stages:

- In 2009 there was an initial purchase of 946 properties and a subsequent purchase of 2 more properties.
- In 2010 150 properties were purchased along with 2 singular buildings and 3 more properties later.
- There was a property replacement process in 2011 as provided for in the lease agreement. During this process, the Company acquired 5 properties and sold 6 of the ones acquired in previous phases. Likewise, the lease agreement with respect to the sold properties was terminated, and a new lease agreement was entered into for the 5 acquired properties. The same terms, conditions and leasing periods as for the sold properties were maintained.

After each date of purchase, the Company entered into a sale and lease back agreement with the BBVA Group for an average 30-year term (see Note 5).

The investments were acquired by means of mortgage loans and served as collateral securing those loans (see Note 9).

The retirements of fixed assets in the three month period ended 31 March 2014 correspond to the sale of 2 properties for 5,866 thousand euros, with associated sale costs amounting to 199 thousand euros. The results on sales are entirely registered under the heading "Proceeds from real estate sales" in the profit and loss account for the three month period ended 31 March 2014.

The retirements of fixed assets in 2013 record the sale of 33 properties for 77,130 thousand euros, with associated selling costs of 1,257 thousand euros. The results of those sales are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2013.

The retirements of fixed assets for 2012 record the sale of 27 properties for 38,373 thousand euros.

The retirements of fixed assets for 2011 record the sale of 117 properties (including the replaced properties) at a cost of 174,116 thousand euros.

The retirements of fixed assets for 2010 record the sale of 26 properties and 1 singular building for 156,120 thousand euros.

The total available surface are of the Investment property described above is as follows:

	Square meters	
	03/31/2014	12/31/2013
Total available floor area	379,276.18	380,318.18

The Company has obtained independent expert appraisals (Savills) of the 905 real estate assets, issued on 31 December 2013.

For valuation purposes Savills has adopted the definition of market value included in the 2012 edition of the RICS Red Book, "Valuation – Professional Standards", effective 30 March 2012. The definition states:

> *Market Value (as defined in "Valuation Standards VS 3.2"):* "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties have each acted knowledgeably, prudently and without compulsion."

In this respect, the Savills valuation method analyzes each property individually, without making any adjustments for inclusion in a large portfolio of properties. For each property, a capitalization rate has been assumed for the estimated market rent and subsequently adjusted on the basis of the following parameters:

- Term of the lease agreement and creditworthiness of the lessee.

- Location of the premises within the city (downtown, metropolitan area or suburbs).
- Immediate vicinity of the property.
- Level of upkeep of the property (outside and inside).
- Above and below-ground distribution of the floor area.
- Facade on one street or more than one (corner, chamfer).
- Lease situation with respect to current market rent.

The appraisals were done according to the Royal Institute of Chartered Surveyors (RICS) Valuation Professional Standards from Great Britain.

On the basis of this valuation, the Directors of the Company believe there is no impairment of the carrying cost of the properties. Therefore, no impairment has been recorded for them.

The lease agreement provides that the lessee will bear the expense of insuring the lessor's property to guarantee at least 15% of the replacement value of all properties in the event of a loss. The Company has no additional insurance coverage.

All of the Company's investment property is located in Spain.

At 31 March 2014 and as of 31 December 2013 there were no fully amortized properties.

At 31 March 2014 and as of 31 December 2013 there were no restrictions whatsoever on new investment property or any investments property commitments on fixed assets.

5. Leases

5.1 Operating leases

The Company, acting as the lessor, records as operating leases the agreements signed on 25 September 2009 (943 offices and 3 singular buildings), 22 December 2009 (1 office and 1 singular building), and 29 July 2010 (150 offices and 2 singular buildings), 27 October 2010 (3 offices) and 20 December 2011 (5 offices) with BBVA for the lease of all of the Company's properties, except for the properties that were sold in 2013, 2012, 2011 and 2010 (see Note 4).

The main features of said agreements at 31 March 2014 are:

- Lease agreement for 898 offices, operating urban properties for non-housing use. The lease agreements started on the above mentioned dates and have a 30-year term. They may be automatically extended a maximum of 15 years (split into three 5-year extensions) at the lessee's discretion. There is an option to buy at market price for each property with a 45-year term after inception of the agreement, exercisable from 16 to 12 months before the expiration of said 45-year period.
- Lease agreement for 5 singular buildings, operating urban properties for non-housing use. The lease agreements started on the above mentioned dates and have a 20-year term. They may be automatically extended a maximum of 15 years (split into three 5-year extensions) at the lessee's discretion. There is an option to buy at market price for each property with a 35-year term after inception of the agreement, exercisable from 16 to 12 months before the expiration said 35-year period.
- Pursuant to the terms of the agreement, the rent will be revised yearly according to the year-on-year change in the non-revised Harmonized Index of Consumer Prices excluding Tobacco for the Euro zone (HICP), with a multiplier of 1.85 for the first 8 years, and of 1.5 for the remaining years. In addition, the first 3 years after the signing of the agreement will be subject to a floor of 2.5%.

Income from these contracts amounted to 22,850 thousand euros in the three month period ended 31 March 2014 (23,218 thousand of euros in the three month period ended 31 March 2013). This amount includes rental income from the offices and is recorded under "Revenue" in the accompanying profit and loss account (see Note 12.1).

5.2 Operating lease commitments.

At 31 March 2014 and at 31 December 2013, the Company has the following minimum lease rights, in accordance with the agreements in force, without taking into account the recovery of common expenses, future increases per the CPI nor future revisions of contract rents:

Operating leases Minimum payment rights	Thousands of euros	
	03/31/2014	12/31/2013
Less than a year	89,782	90,064
Between one and five years	448,908	450,322
More than five years	1,727,262	1,755,326
Total	**2,265,952**	**2,295,712**

This forecast has been made taking into consideration the expiry dates of leases at each balance sheet date, without considering the tacit renewal of the same.

The Company holds inflation hedging instruments for rental income in order to hedge the risks of fluctuations in inflation (see Note 9).

6. Financial investments (long and short-term)

The proceeds of the accounts under "Long and short-term financial investments" is as follows:

	Thousands of euros			
	Non-current		Current	
	03/31/2014	12/31/2014	03/31/2014	12/31/2013
Deposits	12,610	12,674	-	-
Investments in Group companies and associates	-	-	-	646
Loans and receivables	-	-	97	119
Total	12,610	12,674	97	765

The "Deposits" account mainly records the 90% of security deposits received from lessees the Company is obliged by the applicable regulations to deposit with the competent government body.

The heading "Investments in Group companies and associates" records the withholdings applied to the participating interest accrued at the balance sheet date which under the contract must be paid by the borrowers (see Note 10).

7. Cash and other cash equivalents

The balance of this balance sheet heading records the current accounts in euros held by the Company in BBVA, Deutsche Bank and Banca March, which earn interest at market rates. The income accrued in this respect during the three month period ended 31 March 2014 and the year 2013 is recorded under "Finance income" in the accompanying profit and loss accounts.

The Senior financing agreement (see Note 9) lays down certain use restrictions for the current accounts held by the Company with the different banks. At 31 March 2014, the amount included in "Cash and other cash equivalents" is not available, except for two current accounts in the amount of 5,866 thousand euros, which are freely available to be used in the company's ordinary business.

The reserve for the payment of a quarterly instalment of the Senior debt was used on 4 July 2012 to cancel

Senior loan principal of 11,875 thousand euros, in accordance with the financing agreements. At 31 March 2014, the reserve had a balance of 2,030 thousand euros.

8. Equity

8.1 Share capital and share premium

The Company was incorporated as a limited company (*sociedad limitada*) with a share capital of 100 shares with a nominal value of 30.06 euro per share. Afterwards, capital increases were carried out and the Company altered its corporate form to that of a public limited company (*sociedad anónima*).

In July 2009 a capital increase was carried out with the issuance of 57,096 shares at a nominal value of 1 euro each, fully subscribed and paid in. In September 2009 a second capital increase of 5,625 thousand euros was carried out, with a share premium of 50,625 thousand euros, with the creation of 5,625,000 new shares with a nominal value of 1 euro each, fully subscribed and paid in.

On 29 July 2010 the capital was increased by 1,275 thousand euros, with a share premium of 11,475 thousand euros and the creation of 1,275,000 new shares, each with a nominal value of 1 euro, fully subscribed and paid in.

During 2011, 9,227 thousand euros in share premiums were returned.

On 31 October 2013, Ebro Real Estate B.V. (Tree's shareholder) contributed all of the shares it held in Tree as part of the capital increase carried out in Baum Holdings Spain, S.L., which thus became Tree's sole shareholder. Thereafter, the merger by takeover of the company Baum Holdings Spain, S.L. was approved, and the corresponding exchange of shares was carried out.

On 7 January 2014, the General Shareholders Meeting approved a capital increase that amounted to 2,339 thousand euros with a share premium of 205,649 thousand euros by means of the issuance of 2,338,917 new shares at a 1 euro nominal value, fully subscribed, through credit compensation relating to the principals of the participating loans, as well as interests due but not paid to date (see Note 10).

There is a prevailing pledge agreement over the Company's shares guaranteeing the payment of the financing agreement in the first ranking of the Senior loan and in the second ranking of the Mezzanine loan (see Note 10).

On 7 January 2014, the General Shareholders Meeting approved a second capital increase amounting to 24 thousand euros with a share premium of 2,126 thousand euros through the creation of 24,178 new shares at a 1 euro nominal value, fully subscribed and paid in. Except for these shares, the remainder of the Company's shares is pledged.

As of 31 March 2014, the Company's share capital is constituted of 9,323,191 shares at a 1 euro nominal value each, fully subscribed and paid in.

At 31 March 2014 the Company's Shareholders are as follows:

	Nominal value (thousands of euros)	Number of shares (in thousands)	% of Ownership
Ebro Real Estate, B.V.	4,391	4,391	47%
Forest 2009 Investments B.V.	1,517	1,517	16%
Tree 2009 Investments B.V.	1,726	1,726	19%
Alcudia Cartera de Inversiones, S.A.	1,689	1,689	18%
	9,323	**9,323**	**100%**

8.2 Legal reserve

Under the Recast Text of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the increased share capital amount. Except for this purpose, until the legal reserve exceeds 20% of share capital, this reserve can only be used to offset losses if there are no other reserves sufficient for such purpose.

As of the three month period ended 31 March 2014 and at year-end 2013, this reserve had not yet been constituted.

8.3 Distribution of profit

SOCIMIs are regulated by the special tax regime set forth by Act 11/2009 of 26 October as amended by Act 16/2012 of 27 December, by which Listed Real Estate Investment Companies are regulated. They are required to distribute in the form of dividends to shareholders, once the related corporate obligations have been met, the profit obtained in the year. That distribution must be approved within six months after the end of each year, as follows:

a) 100 per cent of the profit from dividends or shares in profits distributed by the entities referred to in Article 2(1) of Act 11/2009.

b) At least 50% of the profits arising from the transfer of the properties, shares or ownership interests referred to in Article 2(1) of Act 11/2009, of 26 October, subsequent to expiry of the time limits referred to in Article 3(3) of Act 11/2009, which are used for pursuit of the company's principal objects. The remainder of these profits must be reinvested in other property or investments used for the pursuit of said objects within three years after transfer date. Otherwise these profits should be distributed in full together with any profit arising in the year in which the reinvestment period expires. If the items subject to reinvestment are transferred before the holding period ends, the related profits must be distributed in full together with any profits arising in the year in which they are transferred. The distribution obligation does not extend to the portion of these profits, if any, which may be allocated to years in which the Company did not file tax returns under the special tax regime of Act 11/2009 of 26 October.

c) At least 80% of the remaining profits obtained.

When dividend distributions are charged to reserves generated from profits in a year in which the special tax regime applied, the distribution must necessarily be approved as set out above.

The legal reserve of companies which have chosen to avail themselves of the special tax regime established in Act 11/2009 of 26 October must not exceed 20% of the share capital. These companies' bylaws cannot create any other restricted reserve.

8.4 Profit and loss for 2013

As of 31 March 2014, the annual accounts for 2013 are yet to be approved. The Directors of the Company have entered the losses for 2013 under "Profit and loss from previous years," as they understood that the General Shareholders Meeting would not modify the profit and loss application proposal drawn up by the Directors.

8.5 Capital management

The Company is required to distribute at least 80% of its distributable profits in the form of dividends to its shareholders, pursuant to Law 11/2009, of 26 October, which was amended by Law 16/2012.

8.6 Valuation adjustments

This heading records in its entirety the effect of changes in fair value of financial instruments classified as hedges (see Note 9).

8.7 Information on financial risk management

The Company's risk management policies are set by the Directors. Based on these policies, the Company has put in place a series of procedures and tests for identifying, measuring and managing the risks arising from operating with financial instruments. These policies provided the Company will not engage in speculative derivatives operations.

Operating with financial instruments exposes the Company to credit, market and liquidity risk.

8.7.1 Credit risk

Credit risk arises from possible loss caused as a result of default by the Company's counterparties on their agreed obligations, i.e., from the possibility that financial assets may not be recovered for their carrying amount or with the stipulated timing.

As a general rule, the Company holds its cash and liquid assets in entities with high credit ratings.

A periodic breakdown of "Trade and other receivables" is compiled, aging the balances receivable, as basis for managing their collection. The properties owned by the Company are leased in full to BBVA bank, which holds a high credit rating, and the existing financing is also tied to maintenance of that credit quality (see Note 10) In this connection, the Directors of the Company believe that there is no significant credit risk in relation to receivables from the lessee.

8.7.2 Market risk

Market risk consists of the potential loss caused by fluctuations in fair value or in future cash flows of a financial instrument due to changes in market prices. Market risk includes interest rate risk, exchange rate risk and other price risks.

Interest rate risk

Interest rate risk arises from the potential loss caused by fluctuations in the fair value or in future cash flows of a financial instrument due to changes in market interest rates. The Company's exposure to the risk of interest rate fluctuations is mainly in respect of the long-term loans and credit facilities it has received at floating interest rates.

The Company manages interest rate risk by distribution of its financing at fixed and floating rates. The Company policy is to maintain net non-current financing from third parties at fixed rates. It does this by entering into interest rate swaps which are designated as hedges of the relevant loans.

Exchange rate risk

The Company has no exposure whatsoever to exchange rate risk, since its sales are in the functional currency.

Price risk

The Company holds inflation hedging instruments for its rental income in order to cover CPI fluctuation risks.

8.7.3 Liquidity risk

Liquidity risk arises from the possibility of the Company not having or not being able to dispose of liquid funds in sufficient quantities and at an appropriate cost to meet its payment obligations from time to time.

The company manages liquidity risk for ordinary activities by drawing up period cash flow statements. In addition, the Company regularly monitors fulfillment of the obligations under the financing agreements.

9. Current and non-current financial liabilities

The detail on the related headings in the balance sheet is as follows:

31 March 2014

	Non-current		Current
	Bank borrowings	Derivative financial instruments and Others	Bank borrowings
Syndicated loan	822,943	-	30,711
Other financial liabilities – deposits	-	14,245	-
Derivative financial instruments	-	77,012	-
Total	822,943	91,257	30,711

31 December 2013

	Thousands of euros		
	Non-current		Current
	Bank borrowings	Derivative financial instruments	Bank borrowings
Syndicated loan	834,375	-	29,511
Other financial liabilities – deposits	-	14,245	-
Derivative financial instruments	-	78,581	-
Total	**834,375**	**92,846**	**29,511**

a) ***Syndicated loans***

The detail for syndicated loans is as follows (in thousands of euros):

31 March 2014

	Limit	Arrangement expenses	Drawn		Short-term interest
			Long-term	Short-term	
Senior loan	1,139,003	(13,624)	791,668	10,403	1,988
Mezzanine loan	112,174	(1,092)	45,991	17,864	456
Total payables	**1,251,177**	**(14,716)**	**837,659**	**28,267**	**2,444**

31 December 2013

	Limit	Arrangement expenses	Drawn		Short-term interest
			Long-term	Short-term	
Senior loan	1,139,003	(14,708)	799,862	9,404	2,026
Mezzanine loan	112,174	(1,257)	50,478	17,583	498
Total payables	**1,251,177**	**(15,965)**	**850,340**	**26,987**	**2,524**

At 31 March 2014 the Company has the following financing associated entirely with the acquisition of real estate assets:

Syndicated mortgage Senior loan:

On 29 July 2010 the Company signed an agreement to amend and update the 1,139,003 thousand euro syndicated loan arranged with 6 banks, with Deutsche Bank as Agent bank. The loan was to partially finance the acquisition price of the properties purchased from the BBVA Group (See Note 4).

The loan is due on 23 September 2017, bears interest at the 3-month Euribor plus 2.5%, and is secured by a mortgage on the assets.

The interest accrued in 31 March 2014 and 31 March 2013 amounted to 11,645 thousand euros and 12,350 thousand euros respectively, after considering the existing hedges. The interest paid is recorded under "Finance expenses" in the accompanying profit and loss account.

This financing includes commitments to certain coverage levels for the assets with respect to the outstanding debt (Test Loan to Value) in the event BBVA's credit rating is downgraded below a certain level by rating entities. Maintenance of that level of coverage was not required at 31 March 2014 and 31 December 2013 because at those dates BBVA's credit rating was above the level specified in the financing agreement.

Syndicated mortgage Mezzanine loan:

On 29 July 2010 the Company signed an agreement to amend and update the 112,174 thousand euro syndicated loan arranged with 15 banks, with Deutsche Bank as Agent bank. The loan was to partially finance the acquisition price of the properties purchased from the BBVA Group acquisition process (See Note 4).

The loan is due on 23 September 2017 and bears interest at the 3-month Euribor plus 7.75%.

The interest accrued during the three month period ended 31 March 2014 and the three month period ended on 31 March 2013 amount to 1,740 thousand euros and 2,107 thousand euros respectively, after considering the existing hedges. The interest paid is recorded under "Finance expenses" in the accompanying profit and loss account.

Debt arrangement expenses:

To the cost of arranging financial debt, pending amortization by the Company amount to 14,716 thousand euros at 31 March 2014 and 15,965 thousand euros at the year-end 2013. According to accounting standards, these costs must be considered directly attributable to arrangement of the financing and be taken to the profit and loss account according to the effective interest rate method. During the three month period ended 31 March 2014 and the three month period ended 31 March 2013, the Company has charged to the result on this account 1,249 thousand euros and 1,223 thousand euros respectively, which are recorded under "Finance expenses" in the accompanying profit and loss account.

The breakdown by maturity of these loans is as follows (in thousands of euros):

	Thousands of euros	
	03/31/2014	12/31/2013
1 year	28,267	26,987
2 years	34,587	33,045
3 years	39,646	38,682
>3 years	763,426	778,613
	865,926	**877,327**

In the three month period ended 31 March 2014, 11,401 thousand euros of bank debt with financial entities were cancelled, some 3,614 thousand euros of which was as a result of mandatory prepayment on sale of assets, 6,287 thousand euros tied under the amortization ordinary repayment calendar and 1,500 thousand euros as a result of other obligations under the financing agreement.

Guarantees received

This heading records security deposits received from the different lessees of rental properties, approximately 90% of which the Company deposits with the competent public body (see Note 6). These amounts will be returned at the termination of the agreements.

b) ***Derivative financial instruments***

Shown below are the interest rate derivatives arranged by the Company and in effect at 31 March 2014, and theirfair value as that date (in thousands of euros):

31 March 2014

Instrument	Maturity	Interest rate	Floating Rate	Notional value	Remaining Notional	Fair value	(Db) Asset	(Cr) Liability	Loss and Profit
IRS SENIOR	2017	3.46%	Euribor 3 M	734,000	646,092	(66,679)	-	66,679	(185)
IRS MEZZANINE	2017	2.81%	Euribor 3M	91,500	52,086	(2,307)	-	2,307	-
IRS INFLATION	2017	3.34%	HICP	80,571	78,090	4,735	-	(4,735)	-
IRS SENIOR	2017	2.78%	Euribor 3 M	177,202	155,979	(12,361)	-	12,361	(22)
IRS MEZZANINE	2017	2.25%	Euribor 3 M	20,674	11,768	(400)	-	400	-
Total							-	**78,581**	**(207)**

Shown below are the interest rate derivatives arranged by the Company and in effect at 31 December 2013, and their fair value as that date (in thousands of euros):

31 December 2013

Instrument	Maturity	Interest rate	Floating Rate	Notional value	Remaining Notional	Fair value	(Db) Asset	(Cr) Liability	Loss and Profit
IRS SENIOR	2017	3.46%	Euribor 3 M	734,000	651,887	(65,880)	-	65,880	106
IRS MEZZANINE	2017	2.81%	Euribor 3M	91,500	55,518	(2,516)	-	2,516	-
IRS INFLATION	2017	3.34%	HICP	80,571	78,090	2,155	-	(2,155)	-
IRS SENIOR	2017	2.78%	Euribor 3 M	177,202	157,378	(11,910)	-	11,910	29
IRS MEZZANINE	2017	2.25%	Euribor 3 M	20,674	12,544	(430)	-	430	-
Total							-	**77,012**	**135**

The Company applies hedge accounting by appropriately designating the hedging relationships in which these derivative instruments hedge the financing used by the Company, neutralizing the fluctuations in interest rate payment flows by setting the fixed rate payable in respect thereof. These hedging relationships are highly effective prospectively and retrospectively, on an accumulated basis, as from the designation date for certain derivatives.

The Directors have assessed the application of the valuation adjustment due to credit risk. They have estimated that its impact on the agreements in force is not particularly significant, since the fair value of collateral securities hedging the relevant debt attached to the mentioned instruments suffice to meet liabilities.

As a result of the Company´s request of 25 September 2013 to be subject to the special tax scheme for Listed Real Estate Investment Companies (the SOCIMI regime) under Act 11/2009 of 26 October regulating Listed Real Estate Investment Companies (SOCIMI Act), effective as from 1 January 2013, the Company has recorded under Equity, at 31 March 2014 a total of 70,948 thousand euros for the fair value of the derivatives that meet those requirements, no longer considering the tax effect recorded in previous years. As of 31 March 2014, the heading "Variation in fair value of financial instruments" of the profit and loss account for the three month period ended 31 March 2014 includes 207 thousand euros in respect of the derivative financial instruments that did not met the hedging requirements and (544) thousand euros as a result of the commitment to cancel the Senior Swap derivative for the properties sales made during the period.

At 31 December 2013, the Company recorded under Equity a total of 72,073 thousand euros for the fair value net of tax effect of the derivatives that meet said requirements.

All hedging derivatives mature on 23 September 2017, the same as the hedged loans.

10. Long term debts with Group companies and associates

On 22 September 2009 the companies Alcudia Cartera e Inversiones, S.A. (Alcudia), Apollo Care Fund (US) S.a.r.l., ERE III No.1, S.a.r.l., RREEF Iberian Value Added II, S.A. SICAR (IVAFF II) and Tree 2009 Investments, BV (Tree BV) granted the Company a participating loan of 168,750 thousand euros to finance, together with the loans mentioned in the previous note, the purchase of the assets referred to in Note 4.

On 28 July 2010 the Company signed an agreement to amend the participating loan and increase it to 207,000 thousand euros, together with the loans indicated in the previous note for the purchase of the assets indicated in Note 4.

During 2011 some 27,682 thousand euros of the participating loan principal was repaid, leaving the outstanding debt at 31 December 2011 at 179,318 thousand euros.

On 31 December 2012 all of the interest accrued and unpaid at that date was capitalized as an 18,493 thousand euro increase in the principal of the participating loans.

The initial maturity of the loan was 31 December 2010. As from that date it is tacitly extended for 1-year periods until 31 December 2013.

On 7 January 2014 the ordinary interests on the participating loans were paid, amounting to 7,150 thousand euros, and as it is stated in Note 8, as the conversion into a capital sum of the participating loans' principals (197,811 thousand euros) was carried out, along with the interests accrued and unpaid to the mentioned date (which amounted to 10,177 thousand euros).

The loan accrued an ordinary yearly interest rate which until 31 December 2013 was at Euribor plus 9%, from 31 December 2013 it accrued a six month interest rate at Euribor plus 9%. In addition, it accrues a participating interest rate tied to the profitability of the Company.

The accrued interests in the three month period ended 31 March 2014 amounted to 361 thousand euros, approximately, (5,263 thousand euros in 2013) and they are recorded on the account "Finance expenses" from the profit and loss account

11. Tax matters

Under the applicable tax legislation, taxes cannot be considered definitely settled until the tax returns filed have been inspected by the tax authorities or the 4-year limitation period has elapsed. Ast 31 March 2014, the Company had open to inspection its last four tax periods. The Directors of the Company believe that those taxes have been settled correctly, such that even if any differences were to arise as to the regulatory interpretation of the tax treatment of the Company's operation such liabilities as could result, if any, would not have a material impact on the accompanying accounts.

Shown below is the breakdown of the tax receivables and payables at 31 March 2014 and as of 31 December 2013 is as follows (in thousands of euros):

	Thousands of euros			
	03/31/2014		12/31/2013	
	Receivables	Payables	Receivables	Payables
Non-current:				
Deferred tax asset	11,752	-	11,885	-
Current:				
Current tax receivable from tax authority	-	(602)	47	(199)
Other receivables from tax authority	4	(64)	156	(820)
	11,756	**(666)**	**12,088**	**(1,019)**

On 6 March 2013, a binding consultation was submitted to the General Tax Directorate regarding the fact that Income and expenses from financial derivatives that do not qualify as accounting hedges should neither be affected by Article 20 of Corporate Income Tax Act nor affect the calculation of the limitations established therein; and, similarly, that gains and expenses recorded in the profit and loss account as a consequence of loss of hedging instrument status, precisely because of a change in their accounting classification (as would be the case with cash flow hedging instruments that lose such status, for instance, because the hedge is disengaged and/or ceases to be effective), and those recorded from then on, must likewise be disregarded in the calculation for the purposes of the limit of Article 20 CIT Act.

On 17 June 2013, the resolution on the consultation was received, according to which the consultation commented in the foregoing paragraph was ratified.

As a consequence of the foregoing, in the corporate income tax filing for 2012 (on 18 July 2013), income and expenses recorded in the profit and loss account as a consequence of loss of hedging instrument status were excluded from the calculation of the limit of Article 20 of the CIT Act, and a refund of 143 thousand euros was therefore requested.

As a result of the Company's 25 September 2013 request for inclusion in the special tax regime for Listed Real Estate Investment Companies (SOCIMI Regime) under Act 11/2009 of 26 October regulating Listed Real Estate Investment Companies in the Property Market (SOCIMIs Act), effective from 1 January 2013, the Company recorded corporate income tax at 31 December 2013, on the basis of the SOCIMI tax regime rules. The corporate income tax provision for 31 March 2014 has resulted in a 602 thousand euro liability (199 thousand as of 31 December 2013), charged under "Trade and other payables - Current tax liabilities" from the current liabilities in the accompanying balance sheet.

The SOCIMI Act First Transitional Provision allows for the application of the SOCIMIs tax regime on the terms set out in Article 8 of the SOCIMI Act even when the legal requirements have not been met at the date of inclusion in said regime, provided that they are met within two years after the date on which application of the SOCIMI regime is sought. In the opinion of the Company's Directors, those requirements will be met in due time and form.

11.1 Reconciliation between accounting income and taxable income

Corporate income tax is calculated on the basis of the accounting profit determined by applying generally accepted accounting principles and is not necessarily the same as taxable income.

The reconciliation between the accounting income, the corporate income tax base and the resulting tax receivable or payable for the three month period ended 31 March 2014 and as of 31 December 2013 is as follows:

	Thousands of Euros	
	03/31/2014	12/31/2013
Loss before tax	**864**	**(13,888)**
Permanent differences:	**2**	12
Surcharges	2	12
Temporary differences:	**929**	**37,310**
Amortization adjustments	2,264	9,147
Adjustments due to temporary differences	8,491	63,626
SOCIMI adjustment	(9,964)	(35,559)
Integration output bases SOCIMI	130	-
Interim adjustments	8	96
Tax base prior to BINs compensation	**1,795**	**23,434**
Tax bases compensation	(449)	(5,859)
Tax base	**1,346**	**17,575**
30% tax rate	404	5,273
Prepayments and withholdings	(1)	(5,074)
Corporate income tax payable to/ (receivable from) tax authority	**403**	**199**

The line "Adjustments due to temporary differences" in the reconciliation of accounting income, the corporate income tax base and the payables on this account relate to the amendment put in place in Article 20 of the Revised Corporate Income Tax Act, approved by means of Royal Decree 12/2012 of 30 March and by the Royal Decree 20/2012 of 13 July, which has set forth a new deductibility regime, providing that the net financial expenses shall be deductible, limiting the mentioned deductibility at a 30% of the year's operating profit.

The line "Amortization adjustments" from the reconciliation between the accounting result, the corporate income tax base and the payables on this account relates to the limitation measure with regards to the tax deductibility of the book depreciation for years 2013 and 2014, stated in Act 16/2012 of 27 December, in virtue of which certain tax measures are adopted aiming at consolidating public finances and boosting economic activity.

The line "Output based SOCIMI Integration" corresponds to the incorporation of the taxable profit for the financial year 2013 of the properties sold in the three months ended March 31, 2014.

The Company's balance sheet does not record any deferred tax assets recognizing the Company's right to future deduction of financial expenses not deducted in the current year because the Directors of the Company believe there is no certainty as to their future recovery.

11.2 Reconciliation between tax expenses and accounting profit or loss

The reconciliation between accounting income and the corporate income tax liability at 31 March 2014 and as of 31 March 2013 is shown bellow (in thousands of euros):

	Thousands of euros	
	03/31/2014	03/31/2013
Loss before taxes	**864**	**(5,253)**
Surcarges	2	10
Amortization adjustments	2,264	2,344
Ajustment Art. 20 CIT Act	8,491	14,573
SOCIMI adjustment	(9,964)	-
Integration output bases SOCIMI	130	-
Taxable income (Tax base)	**1,787**	**11,674**
30% tax rate	(536)	(3,502)
Total corporate tax expenses	**(536)**	**(3,502)**

The breakdown of corporate income tax (expense) and income is shown below (thousands of euros):

	Thousands of euros	
	03/31/2014	03/31/2013
Current tax	(538)	(3,502)
Deferred tax	2	-
Total corporate tax expenses	**(536)**	**(3,502)**

11.3 Registered deferred tax assets

Shown below is the breakdown of the balance of this account:

	Thousands of euros	
	03.31.2014	12.31.2013
Temporary differences:		
Temporary deductible differences	166	164
Capitalized tax assets	11,586	11,721
Total deferred tax assets	**11,752**	**11,885**

At 31 December 2013, due to the Company's inclusion in the SOCIMI regime, in effect from 1 January 2013, the Company stopped recording the tax effect of hedging financial instruments as done in previous years, given that it does not believe they will be recoverable under the new tax scheme.

The deferred tax assets still carried on the balance sheet at 31 March 2014 were recorded there because the Directors of the Company believe, based on the best estimates of the Company's future earnings, including certain tax planning measures, that recovery of those assets is probable.

As of 31 March 2014, the maturity of tax credits for tax losses available to be carried forward against future profits is shown below (in thousands of euros):

	Amount	**Maturity**
Negative tax bases:		
2009	5,952	2027
2010	21,659	2028
2011	11,010	2029
Total negative tax bases	**38,621**	

Note: The year of expiry of the unused tax loss carryforwards has been adapted in accordance with Royal Decree-Law 9/2011 of 9 August, under which the time limit for offsetting the tax credits recognized at 01/01/2012 has been extended to 18 years. Only tax credits considered recoverable have been recognized.

The Company does not have any tax deductions pending application or recognition at 31 March 2014.

11.4 Taxes recognized in equity

At 31 March 2014 and 31 December 2013 no taxes were recognized in equity

12. Income and expenses

12.1 Turnover

Shown below is the breakdown of the turnover figure by business category for the three month period ended 31 March 2014 and 2013 is as follows (in thousands of euros):

	Thousands of euros	
	03/31/2014	03/31/2013
Income from leasing investment property (Note 5)	22,304	22,895
Income from expenses charged to lessees (Note 5)	546	323
Total	**22,850**	**23,218**

All of the turnover was obtained in Spain.

12.2 Other operating expenses

The breakdown of this heading of the accompanying profit and loss accounts for the three month periods ended 31 March 2014 and 2013 is as follows:

	Thousands of euros	
	03/31/2014	03/31/2013
Independent professional services	1,028	1,213
Leases	5	3
Other services	16	3
Total	**1,042**	**1,219**

12.3 Tributes

The breakdown of this heading of the accompanying profit and loss accounts for the three month periods ended 31 March 2014 and 2013 is as follows:

	Thousands of euros	
	03/31/2014	03/31/2013
Property tax	98	73
Stamp duties (*Impuesto AJDs*)	-	4
Fees	19	23
Other charges	5	2
Total	**122**	**102**

12.4 Proceeds from investment property sales

The breakdown of this heading of the accompanying profit and loss accounts for the three month period ended 31 March 2014 and 2013 is as follows:

	Miles de euros	
	03/31/2014	03/31/2013
Profits on fixed assets	(2,142)	(2,444)
	(2,142)	**(2,444)**

The profits arising from fixed assets relate entirely to the accounting profit on sales of properties carried out during three month period ended 2014 and three month period ended 2013.

13. Remuneration and other benefits of the Board of Directors and Senior Executives

13.1 Remuneration of Directors and senior executives

In the three month period ended 2014, the Company Directors received no remuneration of any kind from Tree Inversiones Inmobiliarias, S.A. for the performance of their duties.

The Company does not have any commitments to members of the Board of Directors in respect of pension funds, life insurance, advances, loans or any other items.

The Board of Directors is made up of eight individuals, all men.

There are no senior executives in the Company.

13.2 Detail of the investments in companies engaged in similar activities and of the performance by the Directors, as independent professionals or as employees, of similar activities

Shown below are the members of the Board of Directors and their related persons who have held equity interests in companies with the same, similar or related type of activity as the Company´s corporate objects, together with positions and functions held therein, at 31 March 2014:

Held by	Company	Position/ Functions	Number of shares
Kevin Cahill	-	-	-
Jason Oram	-	-	-
Noel Manns	WTC ALMEDA PARK, S.A	Director	-
	UNION DESARROLLOS, S.L.	Director	
Rafael Avilés Uruñuela	CASTANEA SATIVA CEI, S.L.	Sole Administrator	100%
	APOLLO 3C GANDIA, S.L.	Director	-
	LEBETER, S.L. (wound up)	Liquidator	-
Ismael Clemente	Merlin Properties, S.A.U.	Chairman of the Management Board	-
David Nuevo Alfonso	-	-	-
Carlos Manzano Cuesta	-	-	-
Nicolas Barquero Aranda	-	-	-

14. Mandatory disclosures as a result of status as SOCIMI, Act 11/2009, as amended by Act 16/2012

a) *Reserves from years prior to application of the tax regime of Act 11/2009 as amended by Act 16/2012 of 27 December.*

Reserves deriving from years prior to the Company's inclusion in the SOCIMI regime, effective as 1 January 2013, amount to (497) thousand euros, for expenses of capital increases out in 2009 and 2010 (See note 8.1).

b) *Reserves from years in which the tax regime established in this Act has been applied, differentiating the part generated by income taxed at 0 per cent, or at 19 per cent, from that generated by income taxed at the general rate.*

In 2013, there was a 16 thousand euro variation in reserves, as a result of the merger by takeover of the Baum Holdings Spain, S.L (See Note 1.2).

Taxed at a 0% rate	-
Taxed at a 19% rate	-
Taxed at the general rate	-

c) *Dividends distributed out of profits of each year in which the tax regime set forth in this Act has applied, differentiating the part from income taxed a 0 per cent, or at 19 per cent, from any income taxed at the general rate.*

In the three month period ended 31 March 2014 no dividends were distributed out of profits.

Taxed at a 0% rate	-
Taxed at a 19% rate	-
Taxed at the general rate	-

d) *In case of dividend distributions out of reserves, specify the year in which reserve used was generated, and whether they were taxed at 0 per cent, at 19 per cent or at the general rate.*

In the three month period ended 31 March 2014 no dividends were distributed against reserves.

Taxed at a 0% rate	-
Taxed at a 19% rate	-
Taxed at the general rate	-

e) *Date of resolution to distribute the dividends referred to in c) and d) above.*

In the three month period ended 31 March 2014 there were no resolutions to distribute dividends.

f) *Acquisition date of properties for leasing purposes and of ownership interests in the entities referred to by Article 2(1) of this Act.*

The Company only owns properties intended for leasing, with the acquisition dates given in section g) below, and it does not hold ownership interests in other entities.

Date of acquisition of properties	See Note 14.g)
Date of acquisition of equity holdings	-

g) *Identification of the asset calculated within the 80% referred to by Article 3(1) of the Act.*

As of 31 March 2014, the Company had a 100% of the value of its assets invested in urban properties intended for leasing (see Notes 4 and 5).

The list of the 903 properties and their acquisition dates is:

Cod	Address	City	Province	Acquisition	Type
0002	Autonomia, 27-29	Bilbao	Vizcaya	29-jul-10	Premises
0003	Alda De Urquijo, 56	Bilbao	Vizcaya	25-sep-09	Premises
0004	Portal De Zamudio, 1	Bilbao	Vizcaya	25-sep-09	Premises
0006	Doctor Areilza, 1	Bilbao	Vizcaya	29-jul-10	Premises
0007	Mikel Zarate, 1	Sondika	Vizcaya	25-sep-09	Premises
0009	Barrio De La Concha, S/N.	Carranza	Vizcaya	25-sep-09	Premises
0010	Catalina Gibaja, 23	Ortuella	Vizcaya	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
0011	Talleri Kalea, 1	Zamudio	Vizcaya	29-jul-10	Premises
0012	Ricardo Ibarretxe, 5 /Paseo Urgoiti	Arrigorriaga	Vizcaya	25-sep-09	Premises
0014	Amesti, 12	Algorta	Vizcaya	25-sep-09	Premises
0015	Aguirre Lehendakari, 56	Basauri	Vizcaya	25-sep-09	Premises
0018	8 De Enero, 2	Gernika	Vizcaya	25-sep-09	Premises
0020	Sabino Arana, 95	Leioa	Vizcaya	25-sep-09	Premises
0022	Cresalchu E Ibaiondo, S/N.	Getxo-Romo	Vizcaya	29-jul-10	Premises
0024	Avenida De Abaro, 1	Portugalete	Vizcaya	25-sep-09	Premises
0025	Gran Via Carlos Vii, 16	Sestao	Vizcaya	25-sep-09	Premises
0026	Plaza De San Severino, 11	Balmaseda	Vizcaya	25-sep-09	Premises
0028	Lehendakari Aguirre, S/N.	Yurre	Vizcaya	25-sep-09	Premises
0035	Rambla Mendez Nuñez, 42	Alicante	Alicante	29-jul-10	Singular Building
0036	Reyes Catolicos, 22	Alicante	Alicante	25-sep-09	Premises
0039	Avenida Del Mediterraneo, 68	Benidorm	Alicante	25-sep-09	Premises
0041	Avenida De Alcoy, 3	Alicante	Alicante	25-sep-09	Premises
0046	Empedra, 20	Ayora	Valencia	25-sep-09	Premises
0051	Plaza Mayor, 11	El Verger	Alicante	25-sep-09	Premises
0055	Somogil, 3	San Pedro Del Pinatar	Murcia	25-sep-09	Premises
0057	Avenida De La Constitucion, 26	Villena	Alicante	25-sep-09	Premises
0070	Avda. Principe De Asturias, 22	Javea	Alicante	25-sep-09	Premises
0071	S.Francisco, 1/Av.Pedro Areitio, 19	El Campello	Alicante	25-sep-09	Premises
0073	Ollerias, 16	Andujar	Jaén	25-sep-09	Premises
0075	Traperia, 32	Murcia	Murcia	25-sep-09	Premises
0077	Avenida De La Libertad, 4	Murcia	Murcia	25-sep-09	Premises
0079	Avenida Del Infante D.Juan Manuel,5	Murcia	Murcia	29-jul-10	Premises
0086	Pascual Amat, 4 / Miguel Golf, 10	Yecla	Murcia	25-sep-09	Premises
0094	Carreteria, 39	Cuenca	Cuenca	25-sep-09	Premises
0095	Mayor, 45	Guadalajara	Guadalajara	25-sep-09	Premises
0096	Plaza De España, 32-33	Ferrol	La Coruña	25-sep-09	Premises
0098	San Pedro, 25	Cuellar	Segovia	25-sep-09	Premises
0099	Jose Rodao, 5	Cantalejo	Segovia	25-sep-09	Premises
0101	Marquesa Viuda De Aldama, 9	Alcobendas	Madrid	25-sep-09	Premises
0107	Carrer Ample, 1/Avda.Les Voltes, 26	La Bisbal	Gerona	25-sep-09	Premises
0109	Avenida De Gaudi, 63	Barcelona	Barcelona	29-jul-10	Premises
0112	Muntaner, 118-120	Barcelona	Barcelona	25-sep-09	Premises
0114	Rambla Poble Nou, 108-112	Barcelona	Barcelona	25-sep-09	Premises
0116	Aragon, 52	Barcelona	Barcelona	25-sep-09	Premises
0121	Plaza Lluis Companys, S/N	Alfarras	Lérida	25-sep-09	Premises
0123	Perez Galdos, 42	Barcelona	Barcelona	25-sep-09	Premises
0128	Luis Vives, 8	Algemesi	Valencia	25-sep-09	Premises
0131	Pau Claris, 17	Piera	Barcelona	25-sep-09	Premises
0133	Major, 17	Gelida	Barcelona	25-sep-09	Premises
0135	Carrer Raval, 18	Sant Sadurni D'Anoia	Barcelona	25-sep-09	Premises
0137	Carrer Cafes,10-12	El Vendrell	Tarragona	25-sep-09	Premises
0138	Sant Marti, 50	Arenys De Munt	Barcelona	25-sep-09	Premises
0142	Rambla Ferran, 30	Lloida	Lérida	25-sep-09	Premises
0147	Paseo Miramar, 4-6	Salou	Tarragona	25-sep-09	Premises
0149	Gran Via, 157	Premia De Mar	Barcelona	25-sep-09	Premises
0150	Plaza De Catalunya, 2	Reus	Tarragona	25-sep-09	Premises
0152	Francesc Layret, 101-107	Badalona	Barcelona	25-sep-09	Premises
0153	Plaza De La Palmera, 6	Figueres	Gerona	25-sep-09	Premises
0154	Placa De Fra Bernadi, 3	Manlleu	Barcelona	25-sep-09	Premises
0155	Montero Rios, 15-17	Santiago De Compostela	La Coruña	29-jul-10	Premises
0156	Avenida De La Generalitat, 57	Tortosa	Tarragona	25-sep-09	Premises
0158	Plaza Del Castillo, 43	Pamplona	Navarra	25-sep-09	Premises
0159	Gonzalez Tablas, 4	Pamplona	Navarra	25-sep-09	Premises
0161	Don Teofano Cortes, 3	Tafalla	Navarra	25-sep-09	Premises
0162	Mayor, 37	Sanguesa	Navarra	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
0165	San Andres, 8	Estella	Navarra	29-jul-10	Premises
0170	Avenida De La Argentina, 67	Palma De Mallorca	Islas Baleares	29-jul-10	Premises
0173	Amargura, 6	Manacor	Islas Baleares	25-sep-09	Premises
0176	Mayor, 33	Inca	Islas Baleares	25-sep-09	Premises
0178	Faro, 2	Sant Antoni De Portmany	Islas Baleares	25-sep-09	Premises
0180	Casanova, 153	Barcelona	Barcelona	25-sep-09	Premises
0184	Idiakez, 9-11	San Sebastian	Guipuzcoa	25-sep-09	Premises
0185	Avenida De La Estacion, 8	Alicante	Alicante	25-sep-09	Premises
0190	Jacinto Verdaguer, 90	Sant Vicenc Dels Horts	Barcelona	25-sep-09	Premises
0191	Eskola-Kalea, 2	Andoain	Guipuzcoa	25-sep-09	Premises
0192	Cardenal Durana, 29	Aretxabaleta	Guipuzcoa	25-sep-09	Premises
0193	Mayor, 84	Azkoitia	Guipuzcoa	25-sep-09	Premises
0196	Plaza De Arakistain, 5 / Arenal, 2	Deba	Guipuzcoa	25-sep-09	Premises
0197	Avenida De Navarra, 1	Beasain	Guipuzcoa	25-sep-09	Premises
0200	Zubiaurre, 5	Irun	Guipuzcoa	25-sep-09	Premises
0203	Padre Kardaveraz,68	Hernani	Guipuzcoa	25-sep-09	Premises
0205	Avenida Universidad Vasca, 2	Oñati	Guipuzcoa	25-sep-09	Premises
0206	Gure Zumardia, 28	Pasaia	Guipuzcoa	25-sep-09	Premises
0208	Pablo Mutiozabal, 2	Lasarte	Guipuzcoa	25-sep-09	Premises
0209	Parroquia, S/N.	Santesteban	Navarra	29-jul-10	Premises
0212	Euskadiko Etorbidea, 61	Pasaia	Guipuzcoa	25-sep-09	Premises
0214	Portale Kalea, 2	Zestoa	Guipuzcoa	25-sep-09	Premises
0217	Biteri Etorbidea, 2	Mondragon	Guipuzcoa	25-sep-09	Premises
0219	Rabal, 22	Placencia De Las Armas	Guipuzcoa	25-sep-09	Premises
0220	Pablo Gorozabel, 2	Tolosa	Guipuzcoa	25-sep-09	Premises
0221	Arroyada, 6	Sonseca	Toledo	25-sep-09	Premises
0224	Nagusia, 7	Zarautz	Guipuzcoa	29-jul-10	Premises
0225	Legazpi,9	Zumarraga	Guipuzcoa	25-sep-09	Premises
0230	Cardenal Rodrigo De Castro, 44-46	Monforte De Lemos	Lugo	25-sep-09	Premises
0234	Baron De La Torre, 38	Cintruenigo	Navarra	25-sep-09	Premises
0243	Felix Valverde Lillo, 6	Merida	Badajoz	29-jul-10	Premises
0246	Emilio Castelar, 17	Alcazar De San Juan	Ciudad Real	29-jul-10	Premises
0247	Seis De Junio, 54	Valdepeñas	Ciudad Real	25-sep-09	Premises
0251	Avenida De Santiago, 37	Ourense	Orense	25-sep-09	Premises
0258	Virgen De Lujan, 24	Sevilla	Sevilla	25-sep-09	Premises
0260	Garcia Camba, 10	Pontevedra	Pontevedra	25-sep-09	Premises
0262	Nuestra Señora Del Aguila, 21	Alcala De Guadaira	Sevilla	25-sep-09	Premises
0280	Plaza 1 De Mayo, 3	Huetor-Tajar	Granada	25-sep-09	Premises
0281	Mayor, 21 (Esq. Andres Larrazabal)	Las Arenas	Vizcaya	25-sep-09	Premises
0282	Federico Molina, 57	Huelva	Huelva	25-sep-09	Premises
0296	Juan Florez,90/Tte.Gomez Zamalloa,1	La Coruña	La Coruña	29-jul-10	Premises
0301	Avenida De La Constitucion,38	Sevilla	Sevilla	27-oct-10	Premises
0308	Avenida De Antonio Machado, 40	Benalmadena	Málaga	29-jul-10	Premises
0311	Plaza De La Constitucion, 10	Fuengirola	Málaga	25-sep-09	Premises
0313	Mayor Principal, 64	Palencia	Palencia	25-sep-09	Premises
0314	Modesto Lafuente, 4	Aguilar De Campoo	Palencia	29-jul-10	Premises
0315	Frontera De Haro, 3	Venta De Baños	Palencia	25-sep-09	Premises
0324	Ruzafa, 25-27	Valencia	Valencia	25-sep-09	Premises
0329	Jesus, 108	Valencia	Valencia	29-jul-10	Premises
0330	Valencia, 1	Almenara	Castellón	25-sep-09	Premises
0338	Plaza Salero, 3	Minglanilla	Cuenca	25-sep-09	Premises
0342	Brasil, 51	Valencia	Valencia	29-jul-10	Premises
0346	Plaza De La Iglesia, 2	Villanueva De Castellon	Valencia	25-sep-09	Premises
0354	Av.L'Alcora,10 /Carrer Del Taronger	Castellon De La Plana	Castellón	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
0359	Avenida De Valencia, 14	Puçol	Valencia	29-jul-10	Premises
0360	Salvador De Madariaga, 64	La Coruña	La Coruña	25-sep-09	Premises
0370	Aparicio Albiñana, 1-3-5	Valencia	Valencia	25-sep-09	Premises
0371	Albereda Jaume I, 42	Xativa	Valencia	25-sep-09	Premises
0374	Avenida Vicente Blasco Ibañez, S/N.	Mislata	Valencia	25-sep-09	Premises
0375	Poeta Querol, 19	Oliva	Valencia	25-sep-09	Premises
0376	Plaza De La Concepcion, 14	Ontinyent	Valencia	25-sep-09	Premises
0377	Plaza Del Poertal, 2	Requena	Valencia	25-sep-09	Premises
0379	Avenida 9 De Octubre, 50	Sagunto	Valencia	25-sep-09	Premises
0382	Carretera Ribarroja, 30	Manises	Valencia	25-sep-09	Premises
0385	Avenida 1° De Mayo, 16	Paiporta	Valencia	25-sep-09	Premises
0386	Plaza De La Iglesia, 8	Alcala De Xivert	Castellón	25-sep-09	Premises
0389	Plaza Pais Valencia, 11	Castellon De La Plana	Castellón	25-sep-09	Premises
0397	Gonzalez Llanos, 1	Luanco	Asturias	25-sep-09	Premises
0398	Avenida Del Generalisimo, 1	Colunga	Asturias	25-sep-09	Premises
0401	Plaza Seis De Agosto, 6	Gijon	Asturias	25-sep-09	Premises
0402	Avenida De Argentina, 72	Gijon	Asturias	29-jul-10	Premises
0403	Carretera De La Costa, 110	Gijon	Asturias	25-sep-09	Premises
0407	Francisco Legorburu, 6	Aviles	Asturias	25-sep-09	Premises
0408	Martinez De Vega, 2	Mieres	Asturias	25-sep-09	Premises
0409	Concepcion Arenal, 160	Moaña	Pontevedra	25-sep-09	Premises
0411	General Franco, 77-79	Sta Marta De Ortigueira	La Coruña	25-sep-09	Premises
0413	Desiderio Varela, 7	Carballo	La Coruña	25-sep-09	Premises
0414	Juan Xxiii, 20-22	Ourense	Orense	25-sep-09	Premises
0415	Francisco Moure, 2 /Av.Portugal, 28	Ourense	Orense	25-sep-09	Premises
0419	Ramon Y Cajal, 38	La Coruña	La Coruña	25-sep-09	Premises
0421	Avenida Jose Antonio, 26	Santa Eugenia De Riveira	La Coruña	25-sep-09	Premises
0424	Alvaro Cunqueiro, 9	Foz	Lugo	25-sep-09	Premises
0426	Calvo Sotelo, 87	Sarria	Lugo	25-sep-09	Premises
0427	Rua Da Pravia, 7	Villalba	Lugo	25-sep-09	Premises
0430	Plaza De La Independencia, 2	Vigo	Pontevedra	25-sep-09	Premises
0431	Urzaiz, 177	Vigo	Pontevedra	25-sep-09	Premises
0434	Avenida De Buenos Aires, 58	Ourense	Orense	25-sep-09	Premises
0437	Plaza De Galicia, 7	Vilagarcia De Arousa	Pontevedra	25-sep-09	Premises
0442	Paseo De San Julian, 5	Najera	La Rioja	29-jul-10	Premises
0444	Plaza De España, 10	Alfaro	La Rioja	25-sep-09	Premises
0447	Gran Via, 57	Logroño	La Rioja	25-sep-09	Premises
0456	Duque De Alba, 20 / Isaac Peral	Avila	Ávila	25-sep-09	Premises
0460	Plaza De La Constitucion, 3	Zamora	Zamora	25-sep-09	Premises
0464	Plaza De San Antonio, 1	Santoña	Cantabria	25-sep-09	Premises
0466	General Franco, 17	Lalin	Orense	25-sep-09	Premises
0467	Elduayen-Maestro Soutullo	Ponteareas	Pontevedra	25-sep-09	Premises
0473	Jose Maria De Pereda, 17	Torrelavega	Cantabria	25-sep-09	Premises
0475	Jose Antonio, 14	Suances	Cantabria	25-sep-09	Premises
0478	Lancia, 3	Leon	León	25-sep-09	Premises
0481	Sanchez Arjona, 11	Ciudad Rodrigo	Salamanca	25-sep-09	Premises
0483	Federico Anaya, 60	Salamanca	Salamanca	25-sep-09	Premises
0485	Avenida De Gazteiz, 74	Vitoria	Álava	25-sep-09	Premises
0486	Jesus Guridi, 1	Vitoria	Álava	25-sep-09	Premises
0489	Avenida Comuneros De Castilla, 7	Miranda De Ebro	Burgos	25-sep-09	Premises
0490	Vitoria, 2	Miranda De Ebro	Burgos	25-sep-09	Premises
0491	Reyes De Navarra, 33	Vitoria	Álava	25-sep-09	Premises
0492	Heraclio Fournier, 1	Vitoria	Álava	25-sep-09	Premises
0493	Doctor Moreda, 22	Ribadeo	Lugo	25-sep-09	Premises
0494	Bekuri, 1	Villarreal De Alava	Álava	25-sep-09	Premises
0495	Avenida De Oviedo, 2	Pola De Siero-Lugones	Asturias	25-sep-09	Premises
0498	Plaza Primo De Rivera, 3	Oviedo	Asturias	25-sep-09	Premises
0500	Marques De Sant Mori, 158-164	Badalona	Barcelona	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
0501	Marcos Salgueiro, 6	Olmedo	Valladolid	25-sep-09	Premises
0503	Plaza España, 6	Peñafiel	Valladolid	25-sep-09	Premises
0504	Plaza De España, 4	Medina Del Campo	Valladolid	25-sep-09	Premises
0505	Plaza Queipo De Llano, 13	Iscar	Valladolid	25-sep-09	Premises
0508	Plaza Circular, S/N.	Valladolid	Valladolid	25-sep-09	Premises
0509	San Pedro Mestallon, 3	Oviedo	Asturias	25-sep-09	Premises
0512	Salvador Minguijon, 12	Zaragoza	Zaragoza	25-sep-09	Premises
0525	General Ricardos, 6	Barbastro	Huesca	25-sep-09	Premises
0527	Nueva, 19	Teruel	Teruel	29-jul-10	Premises
0529	Mayor De Triana, 91	Las Palmas	Las Palmas	29-jul-10	Premises
0531	Avenida De La Constitucion, 46	Telde	Las Palmas	25-sep-09	Premises
0537	Obispo Rey Redondo, 25	La Laguna	Tenerife	29-jul-10	Premises
0542	Leon Y Castillo, 7	Arrecife	Lanzarote	25-sep-09	Premises
0543	Nafarroa, 11	Baracaldo	Vizcaya	25-sep-09	Premises
0545	Plaza Arco De Isilla, 11	Aranda De Duero	Burgos	25-sep-09	Premises
0546	Mayor, 85 / Fernandez Alvarez, 73	Medina De Pomar	Burgos	29-jul-10	Premises
0547	Avenida De Pamplona-Torre Nueva	Barañain	Navarra	25-sep-09	Premises
0548	Calvo Sotelo, 15	A Estrada	Pontevedra	29-jul-10	Premises
0551	Justo Canton Salazar, 5	Briviesca	Burgos	25-sep-09	Premises
0555	Ps. De Los Mesones, 30	Lerma	Burgos	25-sep-09	Premises
0558	Travessera De Les Corts, 237	Barcelona	Barcelona	25-sep-09	Premises
0561	San Antoni Maria Claret, 41-43	Barcelona	Barcelona	25-sep-09	Premises
0563	Escorial, 29	Barcelona	Barcelona	25-sep-09	Premises
0567	Anselm Clave, 41	Cornella De Llobregat	Barcelona	25-sep-09	Premises
0574	Avenida Republica Argentina, 59	Barcelona	Barcelona	25-sep-09	Premises
0576	Josep Pla, 163	Barcelona	Barcelona	25-sep-09	Premises
0578	Provenza, 84-86	Barcelona	Barcelona	25-sep-09	Premises
0580	Rambla San Sebastian, 7	Sta Coloma De Gramenet	Barcelona	25-sep-09	Premises
0589	Francesc Macia, 32-34/Alfonso Sala	Rubi	Barcelona	25-sep-09	Premises
0593	Plaça Ramon Bertran, 12	Bellpuig	Lérida	29-jul-10	Premises
0596	Plaza El Pati, 6	Valls	Tarragona	29-jul-10	Premises
0600	Plaza De La Trinidad, 2 Y 4	Talavera De La Reina	Toledo	25-sep-09	Premises
0601	Virgen Del Sagrario, 3	Madrid	Madrid	29-jul-10	Premises
0602	Alcala, 582	Madrid	Madrid	25-sep-09	Premises
0603	Mota Del Cuervo, 74	Madrid	Madrid	25-sep-09	Premises
0604	Hermanos Garcia Noblejas, 15	Madrid	Madrid	25-sep-09	Premises
0606	Avenida De La Constitucion, 54	Mostoles	Madrid	29-jul-10	Premises
0609	Egido De La Fuente, 14	Pinto	Madrid	25-sep-09	Premises
0610	Pinto, 43	Parla	Madrid	25-sep-09	Premises
0611	La Cañada, 14	San Fernando De Henares	Madrid	25-sep-09	Premises
0614	Real, 6	S. Sebastian De Los Reyes	Madrid	25-sep-09	Premises
0617	Avinguda Alexandre Rossello, 29	Palma De Mallorca	Islas Baleares	25-sep-09	Premises
0618	Real, 90	Illescas	Toledo	25-sep-09	Premises
0619	Avenida Del Cid, 62	Burgos	Burgos	25-sep-09	Premises
0622	Manuel Pedregal S/N	Grado	Asturias	25-sep-09	Premises
0626	Av. Villamayor	Salamanca	Salamanca	25-sep-09	Premises
0631	Avenida De Felipe Ii, 12	Madrid	Madrid	25-sep-09	Premises
0633	Paseo De La Habana, 12	Madrid	Madrid	25-sep-09	Premises
0634	Conde Peñalver, 62	Madrid	Madrid	25-sep-09	Premises
0636	Paseo De Las Delicias, 20	Madrid	Madrid	25-sep-09	Premises
0637	Alcala, 383	Madrid	Madrid	25-sep-09	Premises
0638	Islas Bermudas, 1	Madrid	Madrid	29-jul-10	Premises
0645	Pz Tirso Molina, 20 - Relatores, 22	Madrid	Madrid	25-sep-09	Premises
0647	Avenida De La Albufera, 14	Madrid	Madrid	25-sep-09	Premises
0649	Paseo De La Castellana, 169-171	Madrid	Madrid	25-sep-09	Premises
0650	General Ricardos, 149	Madrid	Madrid	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
0656	Alcala, 250 - Cipriano Sancho, 2	Madrid	Madrid	25-sep-09	Premises
0658	Enmedio, 14	Torrejon De Ardoz	Madrid	25-sep-09	Premises
0660	Alcala, 189	Madrid	Madrid	25-sep-09	Premises
0662	Velazquez, 51	Madrid	Madrid	29-jul-10	Premises
0664	Juan Ramon Jimenez, 8	Madrid	Madrid	29-jul-10	Premises
0668	Tomas Torresano, 3	Colmenar De Oreja	Madrid	25-sep-09	Premises
0669	Avenida Primero De Mayo, 4	Puertollano	Ciudad Real	25-sep-09	Premises
0670	Plaza España, 11	Leganes	Madrid	25-sep-09	Premises
0671	Fuenlabrada, 1	Alcorcon	Madrid	29-jul-10	Premises
0672	Plaza Del Pueblo, 5	Colmenar Viejo	Madrid	25-sep-09	Premises
0675	Hilarion Eslava, 7	Madrid	Madrid	25-sep-09	Premises
0677	Alcalde Sainz De Baranda, 41	Madrid	Madrid	25-sep-09	Premises
0678	Oca, 77	Madrid	Madrid	25-sep-09	Premises
0679	Maqueda, 30	Madrid	Madrid	25-sep-09	Premises
0680	Santa Engracia, 30	Madrid	Madrid	25-sep-09	Premises
0687	General Ricardos, 88 - Urgel, 2	Madrid	Madrid	25-sep-09	Premises
0689	Arapiles, 17	Madrid	Madrid	25-sep-09	Premises
0691	Libertad, 1	Navalcarnero	Madrid	25-sep-09	Premises
0692	Canovas Del Castillo, 7	Alcala De Henares	Madrid	25-sep-09	Premises
0694	Chimbo, 2	Madrid	Madrid	25-sep-09	Premises
0700	Roger De Lluria, 119	Barcelona	Barcelona	25-sep-09	Premises
0701	Rambla Catalunya, 98	Barcelona	Barcelona	20-dic-11	Premises
0702	Sants, 39 / Santo Cristo, 42	Barcelona	Barcelona	25-sep-09	Premises
0706	Gran De Gracia, 117	Barcelona	Barcelona	25-sep-09	Premises
0707	Avinguda Del Paral-Lel, 148	Barcelona	Barcelona	25-sep-09	Premises
0710	Urgell, 152	Barcelona	Barcelona	29-jul-10	Premises
0713	Vitoria, 28-30 / Sanjurjo, 11	Burgos	Burgos	25-sep-09	Premises
0714	Avenida De Borbon, 37-39	Barcelona	Barcelona	25-sep-09	Premises
0715	Corcega, 81-83	Barcelona	Barcelona	25-sep-09	Premises
0716	Plaza Lluch-Major, 3 Y 5	Barcelona	Barcelona	25-sep-09	Premises
0717	Juan Torras, 26-28	Barcelona	Barcelona	25-sep-09	Premises
0718	Travesera De Dalt, 67	Barcelona	Barcelona	25-sep-09	Premises
0720	Paseo Zona Franca, 134-136	Barcelona	Barcelona	25-sep-09	Premises
0721	Avenida De Guipuzcoa, 110	Barcelona	Barcelona	25-sep-09	Premises
0722	Avenida De Madrid, 79	Barcelona	Barcelona	25-sep-09	Premises
0725	Avenida Eladio Perlado, 15	Burgos	Burgos	25-sep-09	Premises
0732	Ronda De San Pablo, 42-44	Barcelona	Barcelona	25-sep-09	Premises
0740	Tomas Morales, 93-95	Las Palmas	Las Palmas	25-sep-09	Premises
0741	Pelota, 10	Las Palmas	Las Palmas	25-sep-09	Premises
0742	Tome Cano, 2	Santa Cruz De Tenerife	Tenerife	29-jul-10	Premises
0744	Paseo De La Constitucion, 2-4	Tarazona	Zaragoza	25-sep-09	Premises
0747	Estacion, 32	Miranda De Ebro	Burgos	25-sep-09	Premises
0754	General Franco, 1	O Barqueiro	La Coruña	25-sep-09	Premises
0756	Alfabegues, 44	Betera	Valencia	29-jul-10	Premises
0758	Cami Nou, 86	Benetuser	Valencia	25-sep-09	Premises
0762	Juan Xxiii, 17	Chantada	Lugo	29-jul-10	Premises
0778	Del Puente, S/N./Av.Rey Jaume I, 29	Benidorm	Alicante	25-sep-09	Premises
0779	Av.Jaime I, 29 (Circunvalacion S/N)	Benidorm	Alicante	25-sep-09	Premises
0781	Avenida De La Florida, 4 / Castelao	Vigo	Pontevedra	25-sep-09	Premises
0782	Paseo De Pamplona, 2 / Ponzano	Zaragoza	Zaragoza	25-sep-09	Premises
0783	Plaza Rei Jaume I, S/N.	Benissa	Alicante	25-sep-09	Premises
0785	Valmojado, 293	Madrid	Madrid	25-sep-09	Premises
0787	Plaza De Los Martires, 22	Berlanga	Badajoz	25-sep-09	Premises
0790	Plaza De Los Fueros, 2	Orduña	Vizcaya	25-sep-09	Premises
0793	Grupo Tomas Zubiria E Ibarra, 2	Bilbao	Vizcaya	25-sep-09	Premises
0794	Askatasunaren Kalea, 22	Villaro	Vizcaya	25-sep-09	Premises
0795	Carmen, 7	Amorebieta	Vizcaya	25-sep-09	Premises
0796	Mayor, 7	Cangas De Narcea	Asturias	25-sep-09	Premises
0797	Lehendakari Aguirre Etorbidea, 139	Bilbao	Vizcaya	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
0800	Kirikiño Etorbidea, 40-42	Bilbao	Vizcaya	25-sep-09	Premises
0801	Plaza Antonio Cuesta,S/N.-Ribera,23	Plentzia	Vizcaya	25-sep-09	Premises
0802	Avenida De La Constitucion, 2	Castro Urdiales	Cantabria	25-sep-09	Premises
0803	Avenida De Antonio Alzaga, 64-66	Santurtzi	Vizcaya	29-jul-10	Premises
0805	Avenida De La Constitucion, 74	Alcobendas	Madrid	25-sep-09	Premises
0806	Avenida De Canarias, 205	Vecindario-Santa Lucia	Las Palmas	25-sep-09	Premises
0807	Tivoli, 6	Bilbao	Vizcaya	25-sep-09	Premises
0808	Fronton, 2 / Elejondo, 17	Amurrio	Álava	25-sep-09	Premises
0809	Plaza De Cruces, 10	Baracaldo	Vizcaya	25-sep-09	Premises
0811	Fray Juan, 13	Bilbao	Vizcaya	25-sep-09	Premises
0814	Berriochoa, 16	Elorrio	Vizcaya	25-sep-09	Premises
0818	Rambla Nova, 58-60	Tarragona	Tarragona	25-sep-09	Premises
0823	Argumosa, 1	Madrid	Madrid	25-sep-09	Premises
0824	Bravo Murillo, 333	Madrid	Madrid	25-sep-09	Premises
0825	Torre De Ugao, 8	Ugao-Miravalles	Vizcaya	25-sep-09	Premises
0827	Iparraguirre, 20 / Henao, 52	Bilbao	Vizcaya	25-sep-09	Premises
0828	Antonio Leyva, 3 / Fuenlabrada, 4	Madrid	Madrid	25-sep-09	Premises
0831	Autonomia, S/N.	Sodupe	Vizcaya	25-sep-09	Premises
0832	Santa Ana, 17	Campo De Criptana	Ciudad Real	25-sep-09	Premises
0841	Santutxu, 48	Bilbao	Vizcaya	25-sep-09	Premises
0843	Los Monegros, 8	Leganes	Madrid	25-sep-09	Premises
0845	Hermanos Maristas, 18 /Hno. Leon, 1	Zalla	Vizcaya	25-sep-09	Premises
0851	Av Del Presidente Carmona, 1	Madrid	Madrid	25-sep-09	Premises
0855	Illescas, 183	Madrid	Madrid	29-jul-10	Premises
0856	Alkartasuna, 6	Munguia	Vizcaya	25-sep-09	Premises
0859	Hurtado De Amezaga, 50	Bilbao	Vizcaya	25-sep-09	Premises
0860	Lehendakari Aguirre Etorbidea,15-17	Bilbao	Vizcaya	25-sep-09	Premises
0862	Plaza Victor Chavarri, 1	Bilbao	Vizcaya	25-sep-09	Premises
0863	Mezo, 16 Bis	Erandio	Vizcaya	29-jul-10	Premises
0869	Plaza Mayor, 10	Monzon	Huesca	25-sep-09	Premises
0871	Avinguda De La Generalitat, 101	Barbera Del Valles	Barcelona	25-sep-09	Premises
0872	Rioja, 94	Leganes	Madrid	25-sep-09	Premises
0875	Illescas, 14	Madrid	Madrid	25-sep-09	Premises
0878	Bailen, 234	Barcelona	Barcelona	25-sep-09	Premises
0881	Via Complutense, 59/Caball.Española	Alcala De Henares	Madrid	25-sep-09	Premises
0883	San Anton, 24 Edif. Magno I, 1	Murcia	Murcia	25-sep-09	Premises
0885	Corsega, 551	Barcelona	Barcelona	25-sep-09	Premises
0886	Avenida Maruja Garrido, 8	Caravaca De La Cruz	Murcia	25-sep-09	Premises
0888	Ctra.De Pastrana,24 - Edif.Valencia	Alcala De Henares	Madrid	25-sep-09	Premises
0889	Doctor Ayllon, 1	Bolaños De Calatrava	Ciudad Real	25-sep-09	Premises
0894	Avenida De La Constitucion, 9	Aspe	Alicante	25-sep-09	Premises
0902	Barcelona, 43	Salou	Tarragona	29-jul-10	Premises
0903	Narcis Monturiol, 54-70	Vilassar De Mar	Barcelona	25-sep-09	Premises
0907	Fray Juan De Zumarraga, 9	Durango	Vizcaya	25-sep-09	Premises
0908	Avenida De Manuel Girona, 45-47	Castelldefels	Barcelona	29-jul-10	Premises
0910	Alhondiga, 4	Buenavista Del Norte	Tenerife	25-sep-09	Premises
0915	Pz Del Encuentro, 3	Madrid	Madrid	25-sep-09	Premises
0916	Major, 73	Capellades	Barcelona	25-sep-09	Premises
0925	Avda.Sta.Cruz Tenerife/Luis Valero	Avila	Ávila	25-sep-09	Premises
0928	Sanjurjo Carricarte, 1	O Burgo	La Coruña	29-jul-10	Premises
0936	Libreros, 8	Alcala De Henares	Madrid	25-sep-09	Premises
0940	Coladores, 1 / Avda.Constitucion, 6	Aldaia	Valencia	29-jul-10	Premises
0944	Carretera De Nijar, 55	Almeria	Almería	25-sep-09	Premises
0945	Plaza De Andalucia, 3	Almodovar Del Rio	Córdoba	25-sep-09	Premises
0946	Venida De La Virgen, 20	Almonte	Huelva	25-sep-09	Premises
0954	Riera Bisbe Pol, 18-2O	Arenys De Mar	Barcelona	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
0956	Cervantes, 11	Arjona	Jaén	25-sep-09	Premises
0959	Ramon Franco, 22	Arzua	La Coruña	25-sep-09	Premises
0961	Gutierrez Herrero, 7	Aviles	Asturias	29-jul-10	Premises
0968	Juan Rabadan, 40	Baena	Córdoba	25-sep-09	Premises
0971	Madrid, 1	Burgos	Burgos	25-sep-09	Premises
0973	Vitoria, 168	Burgos	Burgos	29-jul-10	Premises
0975	Avenida Sinforiano Madroñero, 20	Badajoz	Badajoz	25-sep-09	Premises
0976	Avenida Santa Marina, 25	Badajoz	Badajoz	25-sep-09	Premises
0981	Avenida De Josep Tarradellas, 132	Barcelona	Barcelona	25-sep-09	Premises
0983	Jorge Juan, 110	Burjasot	Valencia	25-sep-09	Premises
0984	Plaza Castilla Y Leon, S/N	Zamora	Zamora	29-jul-10	Premises
0989	Gran Plaza, 1/ Eduardo Dato, 52	Sevilla	Sevilla	25-sep-09	Premises
0993	Aita Larroca, 7	San Sebastian	Guipuzcoa	25-sep-09	Premises
0994	Matia, 35	San Sebastian	Guipuzcoa	25-sep-09	Premises
0997	Fermin Calbeton, 6	San Sebastian	Guipuzcoa	25-sep-09	Premises
1005	Emperador Teodosio, 2	Cacabelos	León	25-sep-09	Premises
1011	Cardenal Cisneros, 2	Valladolid	Valladolid	25-sep-09	Premises
1015	Mayor, 2	Villabona	Guipuzcoa	25-sep-09	Premises
1017	Leon Y Castillo, / 70 Venegas, 67	Las Palmas	Las Palmas	25-sep-09	Premises
1019	Travesia De Vigo, 119	Vigo	Pontevedra	25-sep-09	Premises
1021	Gaitan, 43	Posadas	Córdoba	25-sep-09	Premises
1028	Sor Valentina Miron, 5	Plasencia	Cáceres	25-sep-09	Premises
1032	Zamacola, 49	Bilbao	Vizcaya	29-jul-10	Premises
1035	Plaza Eivissa, 13	Cala D'Or	Islas Baleares	29-jul-10	Premises
1038	Grupo Begoñalde, 9 - Bloque I	Bilbao	Vizcaya	25-sep-09	Premises
1041	Avenida De Ifach, 17	Calpe	Alicante	25-sep-09	Premises
1044	Amezketa, 3	San Sebastian	Guipuzcoa	25-sep-09	Premises
1046	Avenida De Gasteiz, 44	Vitoria	Álava	25-sep-09	Premises
1049	Iruña, 15	Bilbao	Vizcaya	25-sep-09	Premises
1051	Zabalbide, 52 / Santutxu,2	Bilbao	Vizcaya	25-sep-09	Premises
1057	Plaza De La Constitucion, 5	Camas	Sevilla	25-sep-09	Premises
1058	Argentina, 9-11 Esq. Peru	Leganes	Madrid	25-sep-09	Premises
1062	Real, 65	Villanueva De La Cañada	Madrid	25-sep-09	Premises
1069	Agustin Fdez.Garcia,15/Doña Ana, 9	Iniesta	Cuenca	25-sep-09	Premises
1070	Plaza Matias Prats (Urb.La Pergola)	Cordoba	Córdoba	25-sep-09	Premises
1089	Plaça De La Generalitat, 6	Mora D'Ebre	Tarragona	25-sep-09	Premises
1096	Plaza De España, 11	Tauste	Zaragoza	25-sep-09	Premises
1098	San Pedro, 10	Carmona	Sevilla	25-sep-09	Premises
1099	Vitoria, 7	Burgos	Burgos	25-sep-09	Premises
1100	Capitan Mendizabal, 21	Santurtzi	Vizcaya	25-sep-09	Premises
1101	Carlos Vii, 11	Portugalete	Vizcaya	25-sep-09	Premises
1103	Iturriaga, 7C/V Carmelo S/N	Bilbao	Vizcaya	25-sep-09	Premises
1104	Plaza De S.Gracia, 22	Espinosa de los Monteros	Burgos	25-sep-09	Premises
1107	Pere Iv, 214-216	Barcelona	Barcelona	29-jul-10	Premises
1109	Milan	Palma De Mallorca	Islas Baleares	29-jul-10	Premises
1111	Jeronimo Del Moral, 8	Ciempozuelos	Madrid	25-sep-09	Premises
1117	Augusto Gonzalez Besada-Edif.Plaza	Tui	Pontevedra	25-sep-09	Premises
1121	G.V. La Manga Del Mar Menor/Geminis	Cartagena	Murcia	25-sep-09	Premises
1122	Paseo Almeria, 41	Almeria	Almeria	25-sep-09	Premises
1125	Mayor, 58	Pozoblanco	Córdoba	25-sep-09	Premises
1130	Cardenal Torquemada, 26	Valladolid	Valladolid	25-sep-09	Premises
1133	Avenida De America, 54	Zaragoza	Zaragoza	25-sep-09	Premises
1135	Avenida De Las Retamas, 19 Loc. 2	Alcorcon	Madrid	25-sep-09	Premises
1136	Carretera General, S/N.	Carreña De Cabrales	Asturias	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
1142	Plaza Del Mercat, 1	Pego	Alicante	25-sep-09	Premises
1143	Desamparados, 11	Callosa De Segura	Alicante	25-sep-09	Premises
1148	Plaza Fuerzas Armadas, S/N	Cehegin	Murcia	29-jul-10	Premises
1150	Mayor, 26	Caspe	Zaragoza	25-sep-09	Premises
1154	Avenida Del Doctor Vila, 7	Rua De Valdeorras	Orense	25-sep-09	Premises
1155	Ctro.Comercial Burgocentro-2-Loc.81	Las Rozas	Madrid	25-sep-09	Premises
1164	Avenida Del Rey Don Jaime, 78	Castellon De La Plana	Castellón	25-sep-09	Premises
1170	Martinez Villeda, 13	Albacete	Albacete	25-sep-09	Premises
1174	Filberto Villalobos, 87	Guijuelo	Salamanca	25-sep-09	Premises
1179	Andres Mellado, 50	Madrid	Madrid	25-sep-09	Premises
1183	Av.Castilla, 6(Portal 3)/Valladolid	Alcala De Henares	Madrid	25-sep-09	Premises
1187	Constitucion, 13	Castuera	Badajoz	25-sep-09	Premises
1188	Avenida De Europa, 14	Pozuelo De Alarcon	Madrid	25-sep-09	Premises
1189	Arturo Soria, 189	Madrid	Madrid	25-sep-09	Premises
1191	Sala Boadella, 17	Castellar Del Valles	Barcelona	25-sep-09	Premises
1192	Avenida De Europa, 2	Pozuelo De Alarcon	Madrid	25-sep-09	Premises
1193	Avinguda Diagonal, 622	Barcelona	Barcelona	25-sep-09	Premises
1196	Avinguda Cataluña, 65-71, Pj Ter,	Badalona	Barcelona	25-sep-09	Premises
1198	Alvarellos Berrocal, S/N.	Cee	La Coruña	29-jul-10	Premises
1200	Marques De Urquijo, 10	Madrid	Madrid	25-sep-09	Premises
1202	Cartagena, 34-36-38	Madrid	Madrid	29-jul-10	Premises
1221	C.C.Los Arcos,Loc.6-7, Madrid, S/N.	Colmenar Viejo	Madrid	25-sep-09	Premises
1222	Pz.De La Villa-C.C.La Trocha,Lc.1-2	Coin	Málaga	25-sep-09	Premises
1226	Mayor, 22 / Avenida Concordia S/N.	Mejorada Del Campo	Madrid	25-sep-09	Premises
1227	Avenida De Logroño, 10/Avda.General	Madrid	Madrid	25-sep-09	Premises
1231	Los Madroños, 4 - Urb. Los Belgas	Madrid	Madrid	25-sep-09	Premises
1232	Indalecio Prieto, 26-27 Peruchos21	Madrid	Madrid	25-sep-09	Premises
1242	Avenida De La Viñuela, 2	Cordoba	Córdoba	25-sep-09	Premises
1244	Cra.Almeria-Nijar Km.4,3-Ed.Moral	Almeria	Almería	25-sep-09	Premises
1248	Residencial Bola De Oro-Edif.Sofia	Granada	Granada	25-sep-09	Premises
1249	Avenida De Granada, 17	Cordoba	Córdoba	25-sep-09	Premises
1253	Plaza Marsans,S/N. / Mosen J. Soler	Cornella De Llobregat	Barcelona	25-sep-09	Premises
1256	Plaza Del Generalisimo, 1	Los Corrales Buelna	Cantabria	25-sep-09	Premises
1259	Riera, 25	Mataro	Barcelona	25-sep-09	Premises
1261	Arago, 32 / Nicolau De Pacs, 37	Palma De Mallorca	Islas Baleares	25-sep-09	Premises
1272	Joaquin Ruyra, 71 / Vilar, 11	Blanes	Gerona	25-sep-09	Premises
1274	Emili Grahit, 69-71 / Rutlla, 89	Girona	Gerona	29-jul-10	Premises
1281	Llovera, 62	Reus	Tarragona	25-sep-09	Premises
1283	Concepcion Arenal, 15	La Coruña	La Coruña	25-sep-09	Premises
1289	Pino Montano/ Los Olmos Sector Suo	Sevilla	Sevilla	25-sep-09	Premises
1290	Manuel Azaña, 56 Local 4	La Coruña	La Coruña	25-sep-09	Premises
1293	Gran Via , 17	Logroño	La Rioja	25-sep-09	Premises
1295	Luis Grasset, 15	Coslada	Madrid	25-sep-09	Premises
1296	Mejico, 12	Coslada	Madrid	25-sep-09	Premises
1297	Ps De La Florida, 8 / Mozart, 5	Madrid	Madrid	29-jul-10	Premises
1298	Alerce, 13-15 - Urb. Avda. Madrid	Madrid	Madrid	25-sep-09	Premises
1299	Cr Villaverde A Vallecas, 24 Diaman	Madrid	Madrid	25-sep-09	Premises
1300	Av De Pio Xii, 6	Madrid	Madrid	25-sep-09	Premises
1302	Av Ventisquero Condesa, 13 Cerro Mi	Madrid	Madrid	25-sep-09	Premises
1305	Alferez Provisional, 5	Logroño	La Rioja	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
1307	Av Machupichu, 19	Madrid	Madrid	29-jul-10	Premises
1312	Ramon Gomez De La Serna, 2	Madrid	Madrid	29-jul-10	Premises
1318	Jose Oto, 24-26	Zaragoza	Zaragoza	25-sep-09	Premises
1321	Ps Los Pontones S/N C/V Sangarcia,7	Madrid	Madrid	25-sep-09	Premises
1324	Avenida Jacetania, 9	Jaca	Huesca	25-sep-09	Premises
1330	Arturo Soria, 338	Madrid	Madrid	25-sep-09	Premises
1334	La Morena, 13	Valladolid	Valladolid	25-sep-09	Premises
1336	Avenida De Bayona, 30	Pamplona	Navarra	25-sep-09	Premises
1339	Las Casas, 2	Soria	Soria	25-sep-09	Premises
1342	Av.Mariano Andres,49/Monte Piedad,2	Leon	León	25-sep-09	Premises
1345	Avenida Laciana, 15 Bis	Villablino	León	25-sep-09	Premises
1351	Avenida De Sagunto, 34	Teruel	Teruel	25-sep-09	Premises
1354	Camino De Las Torres, 6	Zaragoza	Zaragoza	29-jul-10	Premises
1356	Avenida Anselmo Clave, 37-45	Zaragoza	Zaragoza	25-sep-09	Premises
1357	Villaverde, 8 / Galvez, 2	Getafe	Madrid	25-sep-09	Premises
1358	Libertad, 43	Alcobendas	Madrid	25-sep-09	Premises
1359	General Espartero, 8	Daimiel	Ciudad Real	25-sep-09	Premises
1360	La Albericia, 5/Emilio Diaz Canejas	Santander	Cantabria	25-sep-09	Premises
1365	Plaza De Maluquer Y Salvador, 7	Granollers	Barcelona	25-sep-09	Premises
1370	Arago, 406-408	Barcelona	Barcelona	25-sep-09	Premises
1376	Avenida Zumalacarregui, 18	Durango	Vizcaya	25-sep-09	Premises
1377	Plaza De España, 36	Ecija	Sevilla	25-sep-09	Premises
1380	Errebal, 7	Eibar	Guipuzcoa	25-sep-09	Premises
1384	Carretera De Malaga, E-272	El Ejido De Dalias	Almería	25-sep-09	Premises
1386	Sancho Davila, 8 / Bocangel, 19	Madrid	Madrid	25-sep-09	Premises
1388	Plaza Navio, 1	Madrid	Madrid	29-jul-10	Premises
1389	Hno.Garcia Noblejas,30/Vital Aza102	Madrid	Madrid	25-sep-09	Premises
1391	Tiberiades, 2	Madrid	Madrid	25-sep-09	Premises
1394	Avenida De Ajalvir, Vicalvaro, 103	Madrid	Madrid	25-sep-09	Premises
1395	Av.Madrid/Berlin L.14 C "Ciudad 70"	Coslada	Madrid	25-sep-09	Premises
1400	Leopoldo Alas Clarin, 8	Madrid	Madrid	25-sep-09	Premises
1401	Melchor Fdez Almagro, 84/ Pz Tuy, 4	Madrid	Madrid	25-sep-09	Premises
1408	Mariano Benlliure, 4	Elche	Alicante	25-sep-09	Premises
1421	Quevedo, 6	Villacarrillo	Jaén	25-sep-09	Premises
1425	Gines De Perea, 7	Torredonjimeno	Jaén	25-sep-09	Premises
1427	Gran Avenida De Andalucia 8	Linares	Jaén	25-sep-09	Premises
1432	Embajadores, 79	Madrid	Madrid	25-sep-09	Premises
1440	Celestino Cabezas, 18	La Felguera	Asturias	25-sep-09	Premises
1441	Toledo, 137	Madrid	Madrid	25-sep-09	Premises
1445	Carretera De Orense, S/N.	Ferreira De Panton	Lugo	25-sep-09	Premises
1449	Avda.Del Siglo,S/N./Av.Infan.D.Luis	Boadilla Del Monte	Madrid	25-sep-09	Premises
1453	Getafe, 28 / Doctor Fleming	Leganes	Madrid	25-sep-09	Premises
1455	Avenida Reina Sofia, 17	Leganes	Madrid	25-sep-09	Premises
1460	Jacinto Verdaguer, 6	Alcala De Henares	Madrid	25-sep-09	Premises
1464	Castrillo De Aza, 16	Madrid	Madrid	25-sep-09	Premises
1466	Mtnez.De La Riva,16/Santa Julia, 19	Madrid	Madrid	25-sep-09	Premises
1471	Plaza De Callao, 16-18	Ferrol	La Coruña	25-sep-09	Premises
1478	La Plaza, 34	Fuenlabrada	Madrid	25-sep-09	Premises
1480	Plaza Del Carmen, 5	Fuente El Fresno	Ciudad Real	25-sep-09	Premises
1482	Juan Bautista Uriarte, 14-16	Galdakao	Vizcaya	25-sep-09	Premises
1483	Major, 69 (Esquina A Germanias)	Gandia	Valencia	29-jul-10	Premises
1490	Plaza De Les Oliveres, 3	La Garriga	Barcelona	25-sep-09	Premises
1492	Santos Rey-Plaza Del Carmen	Fuengirola	Málaga	25-sep-09	Premises
1495	Concejo De Teverga, 20	Madrid	Madrid	22-dic-09	Premises
1506	Timanfaya, 35 / Parque Grande	Alcorcon	Madrid	25-sep-09	Premises
1513	Avenida De Las Arcas Del Agua,	Getafe	Madrid	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
	S/N.				
1518	Plaza Del Carmen,2/Alvarez Garaya,1	Gijon	Asturias	25-sep-09	Premises
1520	Ana Maria, 1	Gijon	Asturias	25-sep-09	Premises
1536	Avenida De La Paz, 49	Logroño	La Rioja	25-sep-09	Premises
1546	Plaça El Firal, 25	Sant Feliu De Pallerols	Gerona	25-sep-09	Premises
1555	Andra Mari Kalea, 2	Gorliz	Vizcaya	25-sep-09	Premises
1558	Fermin Caballero, 2	Cuenca	Cuenca	25-sep-09	Premises
1561	Empedrada, 13	Manzanares	Ciudad Real	25-sep-09	Premises
1562	La Mata, 39	Ciudad Real	Ciudad Real	25-sep-09	Premises
1565	Don Quijote, 77	Socuellamos	Ciudad Real	25-sep-09	Premises
1577	Larga, 14	Ceclavin	Cáceres	25-sep-09	Premises
1581	Colliure, 26	Palma De Mallorca	Islas Baleares	29-jul-10	Premises
1582	Plaza De Los Tres Reyes, 24	Vinaros	Castellón	25-sep-09	Premises
1591	Avenida De España, 24	Tremp	Lérida	25-sep-09	Premises
1592	Carretera General Del Sur, 9	Granadilla De Abona	Tenerife	25-sep-09	Premises
1597	Magistrat Catala, 14	Gandia	Valencia	25-sep-09	Premises
1602	Avenida De Castilla, 11	Guadalajara	Guadalajara	25-sep-09	Premises
1610	Passeig Comtat, 38	Cocentaina	Alicante	29-jul-10	Premises
1613	Mayor, 4	Guardo	Palencia	25-sep-09	Premises
1616	Corredera, 33	Villena	Alicante	25-sep-09	Premises
1620	Avenida De Jose Antonio, 8	Orihuela	Alicante	25-sep-09	Premises
1621	Mayor, 105	Murcia	Murcia	25-sep-09	Premises
1622	Alfonso X El Sabio, 10-12	Alicante	Alicante	25-sep-09	Premises
1624	Avenida De Novelda, 5 / Ceres	Alicante	Alicante	25-sep-09	Premises
1632	Av. De La Coruña	Guitiriz	Lugo	29-jul-10	Premises
1633	Amadeo De Saboya, 2	Alicante	Alicante	25-sep-09	Premises
1636	Gl.Poeta Mujica, 7(Ur.Res.S.Rafael)	Alicante	Alicante	25-sep-09	Premises
1640	Paseo Vistalegre, 12	Torrevieja	Alicante	25-sep-09	Premises
1646	Ronda Sant Antoni, 8	Barcelona	Barcelona	25-sep-09	Premises
1647	Mayor, 141	Monovar	Alicante	25-sep-09	Premises
1650	Antonio Machado 55/Capitan G.Ortiz	Elche	Alicante	25-sep-09	Premises
1651	Avenida Rey Juan Carlos I, 57 A	Lorca	Murcia	25-sep-09	Premises
1653	Jorge Juan, 20 / Juan Fernandez	Cartagena	Murcia	25-sep-09	Premises
1657	Llobregat, 103-105	L'Hospitalet De Llobregat	Barcelona	25-sep-09	Premises
1665	Lorenza Correa, 48 / Rafael Calvo,2	Malaga	Málaga	25-sep-09	Premises
1668	Avenida Canovas Del Castillo 2	Malaga	Málaga	29-jul-10	Premises
1669	Avda.La Paloma,35/Heroes Sostoa,192	Malaga	Málaga	25-sep-09	Premises
1673	Vazquez Lopez, 7	Huelva	Huelva	25-sep-09	Premises
1679	Sant Jordi, 7-9	Igualada	Barcelona	25-sep-09	Premises
1707	Paseo De Colon, 42	Irun	Guipuzcoa	29-jul-10	Premises
1708	Avda.Navarra,15-17-19-21 Erlaiz,1-3	Irun	Guipuzcoa	29-jul-10	Premises
1710	Plaza Ceballos, 7	Murcia	Murcia	27-oct-10	Premises
1711	Jeronimo Santa Fe, 43	Lorca	Murcia	25-sep-09	Premises
1712	Blas Infante, 34	Lora Del Rio	Sevilla	29-jul-10	Premises
1715	Ronda De Los Tejares, 5	Cordoba	Córdoba	25-sep-09	Premises
1722	La Font, 1	Miralcamp	Lérida	29-jul-10	Premises
1723	Pza.Del Caudillo 10 (De Las Flores)	Isla Cristina	Huelva	25-sep-09	Premises
1727	Sant Josep, 16	El Palau D'Anglesola	Lérida	25-sep-09	Premises
1728	Pages Del Corro, 89-91	Sevilla	Sevilla	25-sep-09	Premises
1731	Puig Valera, 3 / Mayor, 61	Santomera	Murcia	25-sep-09	Premises
1734	Gambuesas, 1 Loc.1-2/Avda.De Jandia	Jandia	Fuerteventura	25-sep-09	Premises
1737	Mayor,26	Las Torres De Cotillas	Murcia	25-sep-09	Premises
1745	Vasco Nuñez, 7	Jerez De Los Caballeros	Badajoz	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
1754	Major, 76	Cervello	Barcelona	25-sep-09	Premises
1762	Alcoy, 24 / Alicante, 4-6-8	Jijona	Alicante	29-jul-10	Premises
1764	General Chavarri, 1	Lucena	Córdoba	25-sep-09	Premises
1773	Plaza Romeral, 14	Puente Genil	Córdoba	25-sep-09	Premises
1777	Ronda De Tejares, 25	Cordoba	Córdoba	25-sep-09	Premises
1780	Avenida Jose Fariña, 67	Huelva	Huelva	25-sep-09	Premises
1781	Avenida Diego Moron, 18	Huelva	Huelva	25-sep-09	Premises
1785	Carretera General Del Sur, 17	La Laguna	Tenerife	29-jul-10	Premises
1792	Recaredo, 27	Sevilla	Sevilla	29-jul-10	Premises
1795	Yacarta,12/Av Ciencias S/N Ed.Giral	Sevilla	Sevilla	25-sep-09	Premises
1796	Av.General Garcia De La Herranz 25	Sevilla	Sevilla	25-sep-09	Premises
1801	Av.Bordadores, 35/Moises De Leon, 1	Leon	León	29-jul-10	Premises
1803	Juan De Ajuriaguerra, 6	Lemona	Vizcaya	25-sep-09	Premises
1817	Plaza De Abajo, 18	Cullar	Granada	25-sep-09	Premises
1830	Sebastian Elcano, 4	Bailen	Jaén	25-sep-09	Premises
1831	Maestra, 134	Mancha Real	Jaén	29-jul-10	Premises
1833	Avda.Palma De Mallorca,20/Po.Mallo	Torremolinos	Málaga	25-sep-09	Premises
1846	Antonio Beltran, 7 / Posadas, 3	Huercal-Overa	Almería	25-sep-09	Premises
1849	Camino De Ronda, 138	Granada	Granada	29-jul-10	Premises
1866	Llibertat, 17-19	Lleida	Lérida	25-sep-09	Premises
1870	Diputacion Provincial, 4	Nerja	Málaga	29-jul-10	Premises
1872	Tomas Echevarria,1-Albert Camus,S/N	Malaga	Málaga	25-sep-09	Premises
1875	Avda. Carlos Haya 74 / Mochingo, 1	Malaga	Málaga	25-sep-09	Premises
1892	Dr. Jimenez Diaz S/N/Severo Ochoa 5	Aviles	Asturias	25-sep-09	Premises
1895	Leon Y Escosura,3/Julio Glez.Pola,6	Oviedo	Asturias	25-sep-09	Premises
1896	Leon Y Castillo, 2	Las Palmas	Las Palmas	29-jul-10	Premises
1897	Profesor Francisco Cruz, 4-6	Telde	Las Palmas	29-jul-10	Premises
1898	Plaza De España, 3	Las Palmas	Las Palmas	25-sep-09	Premises
1900	Primero De Mayo, 58	Puerto Del Rosario	Fuerteventura	29-jul-10	Premises
1901	General Gutierrez, 3	Santa Cruz De Tenerife	Tenerife	25-sep-09	Premises
1907	Mendez Nuñez, 84	Santa Cruz De Tenerife	Tenerife	25-sep-09	Premises
1916	Miguel Villanueva, 1	Logroño	La Rioja	25-sep-09	Premises
1919	Duques Najera, 64	Logroño	La Rioja	25-sep-09	Premises
1924	Orient, 6	Prats De Lluçanes	Barcelona	25-sep-09	Premises
1930	Plaza De Colon, 11	Lorca	Murcia	25-sep-09	Premises
1931	El Peso, 2	Lucena	Córdoba	25-sep-09	Premises
1932	Ansel Clave, 99 / L'Aliança, 22	Lliça D'Amunt	Barcelona	29-jul-10	Premises
1957	Carmen, 10	Llodio	Álava	25-sep-09	Premises
1966	Plaça Palau, S/N.	Solsona	Lérida	25-sep-09	Premises
1975	Plaça De Granollers, S/N./Isern, 98	Mataro	Barcelona	25-sep-09	Premises
1976	Alcala, 153	Madrid	Madrid	25-sep-09	Premises
1977	Atocha, 59 / Leon, 32	Madrid	Madrid	25-sep-09	Premises
1984	O'Donnell, 18-20	Madrid	Madrid	25-sep-09	Premises
1986	Bravo Murillo, 282 - Roble, 1	Madrid	Madrid	25-sep-09	Premises
1987	Diego De Leon, 16	Madrid	Madrid	29-jul-10	Premises
1988	Lopez De Hoyos, 138	Madrid	Madrid	25-sep-09	Premises
1989	Marcelo Usera, 27	Madrid	Madrid	25-sep-09	Premises
1992	Ps De Extremadura,35 - Jaime Vera,1	Madrid	Madrid	25-sep-09	Premises
1997	Francos Rodriguez, 58	Madrid	Madrid	29-jul-10	Premises
1998	Av De Oporto, 47	Madrid	Madrid	25-sep-09	Premises
1999	Antonio Lopez, 57-59	Madrid	Madrid	29-jul-10	Premises
2001	Alcala, 229	Madrid	Madrid	25-sep-09	Premises
2002	Embajadores, 168	Madrid	Madrid	25-sep-09	Premises
2004	San Cipriano, 23	Madrid	Madrid	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
2005	Ramos Carrion, 11	Madrid	Madrid	25-sep-09	Premises
2017	Ignacio Santos Viñuelas, 5	Madrid	Madrid	25-sep-09	Premises
2019	Carretera De Canillas, 3	Madrid	Madrid	25-sep-09	Premises
2021	Gran Via, 44	Majadahonda	Madrid	25-sep-09	Premises
2024	Marmoles, 39 / Peso De La Harina,28	Malaga	Málaga	25-sep-09	Premises
2026	Avenida Juan Sebastian Elcano, 181	Malaga	Málaga	25-sep-09	Premises
2029	Plaza De La Victoria, 16-18	Malaga	Málaga	25-sep-09	Premises
2030	Martinez De La Rosa, 167	Malaga	Málaga	25-sep-09	Premises
2041	Sant Josep, 49	Manresa	Barcelona	25-sep-09	Premises
2046	Passeig Prat De La Riba, 12	El Masnou	Barcelona	29-jul-10	Premises
2050	Real, 373	Mataro	Barcelona	25-sep-09	Premises
2051	Pablo Picasso, 47	Mataro	Barcelona	25-sep-09	Premises
2054	Plaza Creu De La Missio, 6	Cambrils	Tarragona	25-sep-09	Premises
2056	Pere Martell, 7	Tarragona	Tarragona	25-sep-09	Premises
2063	Riu Glorieta 2-4, Bl 1 / Torreforta	Tarragona	Tarragona	25-sep-09	Premises
2066	Rambla Volart, 2	Barcelona	Barcelona	25-sep-09	Premises
2090	Sector Sant Mori, Parcela 4 I 5	Empuriabrava	Gerona	25-sep-09	Premises
2093	Plaça De Catalunya, 36-37	Sant Boi De Llobregat	Barcelona	25-sep-09	Premises
2096	Av.Comte Sallent,18/R.Berenguer Iii	Palma De Mallorca	Islas Baleares	29-jul-10	Premises
2099	Avinguda 11 De Setembre, 30-32	La Llagosta	Barcelona	25-sep-09	Premises
2103	Avenida Juan Carlos I, S/N	Merida	Badajoz	25-sep-09	Premises
2107	Sevilla, 31	Malaga	Málaga	29-jul-10	Premises
2109	Urb.Guadaiza-Nva.Andalucia-Ed.Albat	Marbella	Málaga	25-sep-09	Premises
2115	Rio Segura, 22 - Urb.Los Tilos	Mostoles	Madrid	25-sep-09	Premises
2118	Avenida De Carlos V, 26	Mostoles	Madrid	25-sep-09	Premises
2119	Urbanizacion Sitio Calahonda Km.204	Mijas	Málaga	25-sep-09	Premises
2120	Avinguda Caldes De Montbui, 21	Mollet Del Valles	Barcelona	25-sep-09	Premises
2126	Rua A Carreira	Miño	La Coruña	25-sep-09	Premises
2128	Paseo Aldarves, 13	Molina De Aragon	Guadalajara	29-jul-10	Premises
2131	Rua Do Progreso, 19	Mondoñedo	Lugo	25-sep-09	Premises
2139	Riera Blanca, 205-207	Barcelona	Barcelona	25-sep-09	Premises
2144	Rambla Sant Sadumi, 2 /Av.11 Stbre	Montornes Del Valles	Barcelona	25-sep-09	Premises
2150	Practicante Vicente Blasco, 1	Alicante	Alicante	25-sep-09	Premises
2151	Santisima Trinidad, 13	Castalla	Alicante	29-jul-10	Premises
2156	Federico Garcia Lorca, 33	Alfaz Del Pi	Alicante	25-sep-09	Premises
2160	Barrera, 19	Biar	Alicante	25-sep-09	Premises
2162	Mayor, 6	Albatera	Alicante	29-jul-10	Premises
2163	Primo De Rivera, 11	Ondara	Alicante	25-sep-09	Premises
2170	Leoncia Diaz Cordobes, S/N.	Corral De Almaguer	Toledo	29-jul-10	Premises
2171	Gerona S/N. (Edif. Dalila)	Benidorm	Alicante	25-sep-09	Premises
2172	Plaza De España, 2	Consuegra	Toledo	25-sep-09	Premises
2173	Avenida De La Estacion, 45-47	Torrijos	Toledo	25-sep-09	Premises
2177	Tendezuelas, 9	La Puebla De Montalban	Toledo	29-jul-10	Premises
2182	Avda. D'Albir, 2 -Edif.Playa Mar Ii	Alfaz Del Pi	Alicante	25-sep-09	Premises
2188	Avenida 2 De Mayo, 4	Mostoles	Madrid	29-jul-10	Premises
2211	Parque De San Julian, 8	Cuenca	Cuenca	25-sep-09	Premises
2214	Reina,55/Teatro Marina,5/Barraca,58	Valencia	Valencia	25-sep-09	Premises
2224	Rambla De Sabadell, 162	Sabadell	Barcelona	29-jul-10	Premises
2232	Plaza Navarro Rodrigo, 17	Alicante	Alicante	25-sep-09	Premises
2233	Plaza De Salamero, 14 / Imperial	Zaragoza	Zaragoza	25-sep-09	Premises
2238	Carmen, 21	Cabezo De Torres	Murcia	25-sep-09	Premises
2243	Desamparados, 27 (Edif. La Fuente)	Muro De Alcoi	Alicante	25-sep-09	Premises
2251	General Marva, 11-13	Alicante	Alicante	29-jul-10	Premises
2255	Constitucion, 19	Ibi	Alicante	25-sep-09	Premises
2256	Glorieta, 16	Novelda	Alicante	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
2257	Juan Carlos I, 28	Elda	Alicante	25-sep-09	Premises
2258	Avenida De Segovia, 117	Valladolid	Valladolid	25-sep-09	Premises
2265	Hermenegildo M. Ruiz	Dolores	Alicante	25-sep-09	Premises
2277	Henao, 2	Bilbao	Vizcaya	29-jul-10	Premises
2281	General Tamayo, 7	Almeria	Almeria	29-jul-10	Premises
2282	Avenida De Alfonso Senra, 93	Ordes	La Coruña	29-jul-10	Premises
2283	Bertendona, 4	Bilbao	Vizcaya	25-sep-09	Premises
2285	Rua Do Paseo, 20	Ourense	Orense	25-sep-09	Premises
2286	Caldas, 27 (Puente Canedo)	Ourense	Orense	25-sep-09	Premises
2287	Loaces, 7 Y 9	Orihuela	Alicante	25-sep-09	Premises
2288	Plaza De La Constitucion, 4 Y 5	La Orotava	Tenerife	25-sep-09	Premises
2293	Mayor, 39	Alcantarilla	Murcia	25-sep-09	Premises
2296	Antonio Maura, 2	Cordoba	Córdoba	29-jul-10	Premises
2301	Las Mercedes, 34	Guecho-Las Arenas	Vizcaya	25-sep-09	Premises
2302	Avenida De Zamora, 58	Ourense	Orense	25-sep-09	Premises
2304	Avenida De Galicia, 5	Oviedo	Asturias	25-sep-09	Premises
2305	Bermudez De Castro, 6	Oviedo	Asturias	25-sep-09	Premises
2311	Joan Maragall, 36	Girona	Gerona	25-sep-09	Premises
2312	San Lazaro, 2	Oviedo	Asturias	25-sep-09	Premises
2315	Avenida Ramon Y Cajal, 13-15	Leon	León	25-sep-09	Premises
2316	Joaquin Villa Ceñal, 3	Oviedo	Asturias	25-sep-09	Premises
2317	Jose Antonio, 2-4	Ocaña	Toledo	25-sep-09	Premises
2319	Vara Del Rey, 21-23	Logroño	La Rioja	25-sep-09	Premises
2336	Avenida De Compostela, 1	Palas De Rei	Lugo	25-sep-09	Premises
2338	Paseo Santa Maria De La Cabeza, 37	Madrid	Madrid	25-sep-09	Premises
2339	Plaza Compostela, 27-28	Vigo	Pontevedra	25-sep-09	Premises
2342	Santiago, 17	Valladolid	Valladolid	29-jul-10	Premises
2343	San Torcuato, 23	Zamora	Zamora	25-sep-09	Premises
2358	Juan Alcover / Honderos	Palma De Mallorca	Islas Baleares	27-oct-10	Premises
2360	Paseo Dolores Soria, 7	Pinto	Madrid	25-sep-09	Premises
2364	Aragon, 212 / Lladoner, 1	Palma De Mallorca	Islas Baleares	25-sep-09	Premises
2366	Plaza De Tetuan, 26	Barcelona	Barcelona	25-sep-09	Premises
2374	Orense, 58	Madrid	Madrid	25-sep-09	Premises
2381	Prado, 5	Vitoria	Álava	29-jul-10	Premises
2383	Plaza De San Gregorio, 56-60	Zaragoza	Zaragoza	25-sep-09	Premises
2385	Elcano, 3	San Sebastian	Guipuzcoa	25-sep-09	Premises
2389	Avenida De Madrid, 285	Zaragoza	Zaragoza	25-sep-09	Premises
2390	Albareda, 6	Las Palmas	Las Palmas	25-sep-09	Singular Building
2391	Fernando Guanarteme, 41	Las Palmas	Las Palmas	29-jul-10	Premises
2392	Cruz De Ovejero, 6	Las Palmas	Las Palmas	29-jul-10	Premises
2393	Juan Rejon, 103	Las Palmas	Las Palmas	25-sep-09	Premises
2396	Parque De Santurtzi, 2-4	Santurtzi	Vizcaya	25-sep-09	Premises
2397	Cineasta Jose Luis Borau, 23	Zaragoza	Zaragoza	25-sep-09	Premises
2403	Avenida De Carlos Iii, 33	Pamplona	Navarra	29-jul-10	Premises
2412	Echegaray, 60	Las Palmas	Las Palmas	25-sep-09	Premises
2413	Plaza De Santa Isabel, 6	Las Palmas	Las Palmas	29-jul-10	Premises
2418	Plaza De Santa Barbara, 18	Peñarroya	Córdoba	25-sep-09	Premises
2423	Pz. De Les Molies, 20	Pineda De Mar	Barcelona	25-sep-09	Premises
2424	Real, 172	Pinos Puente	Granada	25-sep-09	Premises
2425	Avenida De España, 10	Pinto	Madrid	25-sep-09	Premises
2432	La Libertad, 43	Pola De Laviana	Asturias	25-sep-09	Premises
2435	Avenida De España, 13	Ponferrada	León	25-sep-09	Premises
2438	Avenida Galicia, 82-Edif.Los Cantos	Ponferrada	León	25-sep-09	Premises
2441	General Gutierrez Mellado, 7	Pontevedra	Pontevedra	25-sep-09	Premises
2445	Avenida De Repelega, 10	Portugalete	Vizcaya	25-sep-09	Premises
2446	Plaza Mayor, 13	Porzuna	Ciudad Real	25-sep-09	Premises
2449	Avinguda Verge De Montserrat, 99	El Prat De Llobregat	Barcelona	29-jul-10	Premises
2454	Rua Da Paz, 37	Puebla Del Caramiñal	La Coruña	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
2459	Alava, 11	Gijon	Asturias	25-sep-09	Premises
2460	Plaza De Epifanio Campos, 1	Pte de Domingo Florez	León	29-jul-10	Premises
2464	Plaza De España, 1	Pontedeume	La Coruña	25-sep-09	Premises
2465	Avenida Del Generalisimo, 26	Pontenova	Lugo	29-jul-10	Premises
2467	Avenida De Galicia, 89	Ptes De Garcia Rodriguez	La Coruña	25-sep-09	Premises
2471	Avda.13 Setiembre, S/N.-Edif.Loreto	Porto Do Son	La Coruña	25-sep-09	Premises
2472	Avenida Maria Auxiliadora, 2	Puertollano	Ciudad Real	25-sep-09	Premises
2473	Avenida Manuel Castro, 42	Vigo	Pontevedra	25-sep-09	Premises
2479	Real	Quiroga	Lugo	25-sep-09	Premises
2482	San Agustin, 40	Los Realejos	Tenerife	25-sep-09	Premises
2485	Aurelio Diaz, 2	Renedo De Pielagos	Cantabria	25-sep-09	Premises
2487	Viteri, 42	Renteria	Guipuzcoa	25-sep-09	Premises
2488	Plaza De Prim, 10	Reus	Tarragona	25-sep-09	Premises
2493	Rua Do Ribeiro, 19	Ribadavia	Orense	29-jul-10	Premises
2494	Balmes, 7	Mollet Del Valles	Barcelona	25-sep-09	Premises
2508	Mayor, 19	Las Arenas	Vizcaya	25-sep-09	Premises
2511	Plaza De Catalunya, 6	Roses	Gerona	25-sep-09	Premises
2517	Alfonso Xiii, 25	Sabadell	Barcelona	25-sep-09	Premises
2527	Toro, 19	Salamanca	Salamanca	25-sep-09	Premises
2528	Avenida De Portugal, 59	Salamanca	Salamanca	25-sep-09	Premises
2530	Paseo Del Rollo, 7 / Bolivia	Salamanca	Salamanca	25-sep-09	Premises
2531	Luis Treillard, 3	Salinas	Asturias	25-sep-09	Premises
2532	Avenida De Galicia, 15	Salas	Asturias	25-sep-09	Premises
2534	Ricart, 20-22(Esq.Plaza De La Vila)	Sant Adria De Besos	Barcelona	25-sep-09	Premises
2538	Cami Vell De La Colonia, 7	Sant Boi De Llobregat	Barcelona	25-sep-09	Premises
2542	Playa Las Americas-Urb. San Eugenio	Playa Americas-S Eugenio	Tenerife	29-jul-10	Premises
2543	Avenida Fierro, 9	San Esteban De Pravia	Asturias	25-sep-09	Premises
2545	Passeig Del Mar, 32	Sant Feliu De Guixols	Gerona	25-sep-09	Premises
2548	Piedra Redonda, 52 Local 1	Adeje	Tenerife	25-sep-09	Premises
2555	General Franco, 8	San Nicolas De Tolentino	Las Palmas	25-sep-09	Premises
2559	Plaza De Alfonso Xiii, 2	San Sebastian	Guipuzcoa	25-sep-09	Premises
2562	Cuenca, 3 Posterior, Local 2	Parla	Madrid	25-sep-09	Premises
2563	Pza.Juan De Malasaña,3/Sierra Gador	Madrid	Madrid	25-sep-09	Premises
2565	Real, 45	S. Sebastian de la Gomera	La Gomera	25-sep-09	Premises
2567	Avda. De La Sierra, 29 Virtudes, 5	S. Sebastian de los Reyes	Madrid	25-sep-09	Premises
2571	Primo De Rivera, S/N.	Sanxenxo	Pontevedra	25-sep-09	Premises
2573	Embajadores, 177-Edif.Belparque I	Madrid	Madrid	25-sep-09	Premises
2578	Mayor, 25	Getxo	Vizcaya	25-sep-09	Premises
2580	Cra.Santiago-La Estrada-Ed.Palomas	Teo	La Coruña	25-sep-09	Premises
2584	Plaza Weyler, 4	Santa Cruz De Tenerife	Tenerife	29-jul-10	Premises
2590	Arroyo, 56 / Pz Antonio Martelo	Sevilla	Sevilla	25-sep-09	Premises
2591	Carrera, 52	Osuna	Sevilla	29-jul-10	Premises
2595	Plaza De Otero Goyanes, 14	Santa Eugenia De Riveira	La Coruña	25-sep-09	Premises
2599	Marques Del Muni, 25	Santa Maria De Guia	Las Palmas	25-sep-09	Premises
2602	Rambla, 34-36	Sta Perpetua De Mogoda	Barcelona	25-sep-09	Premises
2605	España, 29 (Carretera General)	Santa Ursula	Tenerife	25-sep-09	Premises
2608	Nuria, 9 Bloque, 2 / Humanes	Fuenlabrada	Madrid	25-sep-09	Premises
2611	Calle Alta, 70	Santander	Cantabria	25-sep-09	Premises
2614	Maestro, 7 / Casa Cultura	Alpedrete	Madrid	25-sep-09	Premises
2634	Senra, 3-5	Santiago De Compostela	La Coruña	25-sep-09	Premises
2635	Santiago Del Estero, 8	Santiago De	La Coruña	25-sep-09	Premises

Cod	Address	City	Province	Acquisition	Type
		Compostela			
2640	Parque Santiago	Arona	Tenerife	29-jul-10	Premises
2642	Passeig Cordellas, 6-8	Cerdanyola del Vallés	Barcelona	20-dic-11	Premises
2645	Villafranqueza, 55 / Lo Torrent	San Vicente Del Raspeig	Alicante	25-sep-09	Premises
2654	Medico Vicente Reyes,S/N.-Bulev.Pla	Alicante	Alicante	25-sep-09	Premises
2657	Cervantes, 13	Sax	Alicante	25-sep-09	Premises
2662	Via Roma, 31	Segovia	Segovia	25-sep-09	Premises
2666	Batlle Joan Deu, 6	Sentmenat	Barcelona	25-sep-09	Premises
2669	Breton De Los Herreros, 1	Lardero	La Rioja	25-sep-09	Premises
2691	Rua Da Vila, 8	Serra De Outes	La Coruña	25-sep-09	Premises
2693	Felix Benitez De Lugo, 4	Los Silos	Tenerife	25-sep-09	Premises
2698	Marques De Vadillo, 4	Soria	Soria	25-sep-09	Premises
2702	Av.Kansas City-Edif.Portico-Sevilla	Sevilla	Sevilla	25-sep-09	Premises
2713	Real , 22	Talavera La Real	Badajoz	25-sep-09	Premises
2716	Rambla Nova, 109-111	Tarragona	Tarragona	25-sep-09	Premises
2726	Avenida De Gonzalez Mayo, 32	Tineo	Asturias	29-jul-10	Premises
2738	La Haya S/N. / Veredilla	Torrejon De Ardoz	Madrid	25-sep-09	Premises
2754	Plaza De La Constitucion, 9	Utrera	Sevilla	25-sep-09	Premises
2762	Passeig Generalitat, 44-Edif.Vic 2	Vic	Barcelona	25-sep-09	Premises
2763	Doctor J.J. Domine, 8 (Puerto)	Valencia	Valencia	25-sep-09	Premises
2767	Escultor Jose Capuz, 16	Valencia	Valencia	25-sep-09	Premises
2772	Cura Femenia, 1	Valencia	Valencia	25-sep-09	Premises
2776	Isaac Garcia De Quiros, 31	Valencia De Don Juan	León	25-sep-09	Premises
2781	Paseo De Zorrilla, 41	Valladolid	Valladolid	25-sep-09	Premises
2782	Canterac, 1	Valladolid	Valladolid	25-sep-09	Premises
2784	Avenida De Palencia, 3	Valladolid	Valladolid	25-sep-09	Premises
2785	Huelgas, 12	Valladolid	Valladolid	25-sep-09	Premises
2792	Plaza Mayor, S/N.	Vega De Espinareda	León	25-sep-09	Premises
2799	Llanera De Ranes, 18-20	Valencia	Valencia	29-jul-10	Premises
2801	Maximiliano Thous, 20	Valencia	Valencia	25-sep-09	Premises
2806	Valentin Sanz, 17	Santa Cruz De Tenerife	Tenerife	29-jul-10	Premises
2811	Avenida De Las Camelias, 157	Vigo	Pontevedra	25-sep-09	Premises
2812	Sanjurjo Badia, 173	Vigo	Pontevedra	29-jul-10	Premises
2814	Ribera Del Berbes, 35	Vigo	Pontevedra	29-jul-10	Premises
2815	Avenida De Portanet, 15	Vigo	Pontevedra	25-sep-09	Premises
2816	El Grove, 2	Vigo	Pontevedra	25-sep-09	Premises
2818	Plaza De La Fuente, 11	Villafames	Castellón	25-sep-09	Premises
2820	Rambla de Nuestra Señora, 51	Vilafranca del Penedés	Barcelona	20-dic-11	Premises
2832	Avda.De Guadarrama,S/N. Blq.Mimosas	Villanueva Del Pardillo	Madrid	29-jul-10	Premises
2835	Rambla Principal, 21	Vilanova I La Geltru	Barcelona	25-sep-09	Premises
2842	Arcipreste Bono, 3	Vinaros	Castellón	25-sep-09	Premises
2845	Plaza De Bilbao, 5	Vitoria	Álava	25-sep-09	Premises
2856	Canonigo Molina Alonso, 6	Almeria	Almería	25-sep-09	Premises
2857	Policarpo Sanz, 1	Vigo	Pontevedra	25-sep-09	Premises
2858	Avda.Victor Gallego, 12	Zamora	Zamora	25-sep-09	Premises
2861	Avda. Cardenal Cisneros, 32-34	Zamora	Zamora	25-sep-09	Premises
2862	Plaza Dean Mazas, 2	Jaen	Jaén	22-dic-09	Singular Building
2867	Avenida Fernandez Ladreda, 25	Segovia	Segovia	25-sep-09	Premises
2868	Campo, 1	Soria	Soria	25-sep-09	Premises
2873	General Franco, 62 / Progreso, 38	Ourense	Orense	25-sep-09	Premises
2875	Mayor, 29	Cartagena	Murcia	25-sep-09	Premises
2876	Plaza De La Inmaculada, 2	Huesca	Huesca	25-sep-09	Premises
2878	Circunvalacion, 69	Torrejon	Madrid	25-sep-09	Premises
2884	Via Cesar Augusto, 94	Zaragoza	Zaragoza	25-sep-09	Premises
2886	Avenida Del Tenor Fleta, 55	Zaragoza	Zaragoza	29-jul-10	Premises
2892	Madre Vedruna, 46	Zaragoza	Zaragoza	29-jul-10	Premises
2914	Paseo De La Estacion, 44	Jaen	Jaén	25-sep-09	Premises
2920	Coronel Moscardo, 9	Iznajar	Córdoba	29-jul-10	Premises

Cod	Address	City	Province	Acquisition	Type
2927	Julian Besteiro, 10/Guipuzcoa,66-68	Barcelona	Barcelona	29-jul-10	Premises
2933	Juan Delgado, 4	Sanlucar La Mayor	Sevilla	25-sep-09	Premises
2946	La Union, 28	Fuengirola	Málaga	25-sep-09	Premises
2950	Doctor Esquerdo, 125 / Pez Volador	Madrid	Madrid	29-jul-10	Premises
2962	Juana De Vega, 2-4 / Alameda	La Coruña	La Coruña	25-sep-09	Premises
2966	Avenida De Portugal, 21	Sevilla	Sevilla	25-sep-09	Premises
2976	Avenida Del Cid Campeador, 4	Burgos	Burgos	29-jul-10	Premises
2977	Pedro Alvarez, 4	Cadalso De Los Vidrios	Madrid	25-sep-09	Premises
2979	Enrique Larreta, 4	Madrid	Madrid	25-sep-09	Premises
2980	Alameda De Colon, 9	Murcia	Murcia	25-sep-09	Premises
2983	Trinidad, 14	Castellon De La Plana	Castellón	25-sep-09	Premises
2994	Avenida De La Constitucion, 64	Gijon	Asturias	25-sep-09	Premises
3000	Ramon Y Cajal, 1	Almassera	Valencia	25-sep-09	Premises
3004	General Mola, 118	Santa Cruz De Tenerife	Tenerife	29-jul-10	Premises
3008	Mar De Oman, 7	Madrid	Madrid	25-sep-09	Premises
3012	Pan Y Toros, 13 / Gigantes	Madrid	Madrid	25-sep-09	Premises
3017	Antonio Leyva, 82	Madrid	Madrid	25-sep-09	Premises
3018	Alberto Bosch, 11	Madrid	Madrid	29-jul-10	Premises
3019	Hacienda De Pavones, 124	Madrid	Madrid	25-sep-09	Premises
3031	Plaza Explanada, 9	Mahon	Islas Baleares	25-sep-09	Premises
3032	Caballers, 14	Palafrugell	Gerona	25-sep-09	Premises
3055	Salvador Allende, 2 (Pza.Mercado 2)	Vall D'Uixo	Castellón	25-sep-09	Premises
3057	Rambla De La Mancha, 24/Lavadero, 1	Almansa	Albacete	25-sep-09	Premises
3060	Navas De Tolosa, 314	Barcelona	Barcelona	25-sep-09	Premises
3074	Paseo De La Castellana, 215	Madrid	Madrid	25-sep-09	Premises
3076	Marques De Urquijo, 13 / Tutor, 43	Madrid	Madrid	25-sep-09	Premises
3081	Jose Ortega Y Gasset, 56	Madrid	Madrid	25-sep-09	Premises
3082	Alberto Aguilera,38/Blasco De Garay	Madrid	Madrid	25-sep-09	Premises
3093	Corredera, 85	Montoro	Córdoba	25-sep-09	Premises
3095	Leon Y Castillo, 336-338-340	Las Palmas	Las Palmas	25-sep-09	Premises
3096	Ctra. General 121 - Urb. Montalban	Tejina-La Laguna	Tenerife	25-sep-09	Premises
3110	Avenida Dr. Fabian Escribano, 3	Murcia	Murcia	25-sep-09	Premises
3123	Plaza De Las Cortes, 11	Madrid	Madrid	25-sep-09	Premises
3124	Avenida De La Paz, 5 / Gral.Yagüe,5	Burgos	Burgos	25-sep-09	Premises
3126	Avenida Sant Esteve, 16 / Quevedo	Granollers	Barcelona	25-sep-09	Premises
3129	Avenida Compromiso De Caspe, 48-50	Zaragoza	Zaragoza	25-sep-09	Premises
3161	Avenida De Burgos, 18	Madrid	Madrid	25-sep-09	Premises
3165	Avenida De Madrid, 51 / Jaen	Alcobendas	Madrid	25-sep-09	Premises
3167	Marcelo Usera, 143 / Cerecinos, 2	Madrid	Madrid	25-sep-09	Premises
3177	Avenida De España, 24	Getafe	Madrid	29-jul-10	Premises
3178	Valderrey, 35	Madrid	Madrid	25-sep-09	Premises
3179	Japon, 1 / Sapporo, 2	Alcorcon	Madrid	25-sep-09	Premises
3180	Avenida De Portugal, 37-41	Mostoles	Madrid	25-sep-09	Premises
3185	Camino De Valderribas, 97	Madrid	Madrid	25-sep-09	Premises
3191	San Jose Oriol, 7	Gava	Barcelona	25-sep-09	Premises
3195	Felipe Ii, 178-184	Barcelona	Barcelona	25-sep-09	Premises
3199	Avenida De Primavera, 24	Cerdanyola Del Valles	Barcelona	25-sep-09	Premises
3210	Singuerlin, 36 / Pj.D'En Caralt, 11	Sta Coloma De Gramenet	Barcelona	25-sep-09	Premises
3215	Passeig Espronceda, 21	Sabadell	Barcelona	20-dic-11	Premises
3218	Avenida De Barcelona, 5	Molins De Rei	Barcelona	25-sep-09	Premises
3228	Emilio Baro, 6	Valencia	Valencia	25-sep-09	Premises
3230	Avenida De La Constitucion, 38	Valencia	Valencia	29-jul-10	Premises

Cod	Address	City	Province	Acquisition	Type
3234	Avenida De La Constitucion, 172	Valencia	Valencia	25-sep-09	Premises
3236	Carteros,79/Tomas De Villarroya, 28	Valencia	Valencia	25-sep-09	Premises
3269	Ricardo Ortiz, 38 (Antes 32)	Madrid	Madrid	25-sep-09	Premises
3480	Ordoño Ii, 8	Leon	León	25-sep-09	Premises
3559	Carretera De Madrid, 5	Albacete	Albacete	29-jul-10	Premises
3560	Urb. Arco Este, 1	La Nucia	Alicante	25-sep-09	Premises
3756	P.I.Gitesa-Naves 28-29-33	Daganzo De Arriba	Madrid	25-sep-09	Singular Building
3817	Carretera Ajalvir A Daganzo, Km. 2	Daganzo	Madrid	25-sep-09	Singular Building
4349	Avenida Institutos 4	Alcazar De San Juan	Ciudad Real	25-sep-09	Premises
4402	C Monasterio de Samos, 14-24	Madrid	Madrid	20-dic-11	Premises
4474	Antonio Huertas 98-100	Tomelloso	Ciudad Real	25-sep-09	Premises
4522	Pólg .B-Plan S.U.N.P.,6- San Lázaro	Santiago De Compostela	La Coruña	25-sep-09	Premises
4549	Gijón, 3	Fuenlabrada	Madrid	25-sep-09	Premises
4599	Reyes Catolicos, 1 Y 2	Oviedo	Asturias	25-sep-09	Premises
4603	Enrique Mariñas Romero, 36	La Coruña	La Coruña	25-sep-09	Premises
4768	Paseo De Colón, 10 - Loc. 1	Albolote(Granada)	Granada	25-sep-09	Premises

h) Reserves generated in years during which the special tax regime set forth in the Act applied which have been used in the tax period, other than for distribution or to offset losses, specifying the year in which said reserves were generated.

In the three month period ended 31 March 2014 no reserves were drawn.

15. Other information

15.1 Personnel expense

The balance of this heading of the profit and loss account records the remuneration of the only employee (male), classified as administrative staff, and who was an employee of the Company at 31 March 2014.

At 31 March 2014 the Company had no pension commitments with respect to its personnel.

15.2 Audit fees

Fees paid to Deloitte, S.L., for the audit of the Company's individual annual accounts for years 2013 and 2012 are as follows: 36,500 euros and 25,700 euros respectively. They belong in full to audit services provided in relation to the Company's individual annual accounts for years 2013 and 2012 In addition, the Company's auditor has rendered other related services, particularly related to the review of the interim financial statements as of 31 March 2014, amounting to 15,000 euros.

No fees on any other account have been paid either to the Company's auditor or any company to which the auditor is related through common ownership, management or control, which have not been previously described.

15.3 Deferral of payments to suppliers. Third additional provision. "Disclosure duty" under Act 15/2010, of 5 July.

Shown below are the payments made and pending at 31 March 2014 and 31 December 2013 (in thousands of euros):

	03/31/2014		12/31/2013	
	Amount	**%**	**Amount**	**%**
Within the maximum legal period	1,334	100	6,256	100
Remainder	-		-	
Total payments in the year	1,334	100	6,256	100
Weighted average days past due	-		-	
Deferrals beyond legal maximum at balance sheet date	-		-	

(*) At 31 March 2014 and 2013 there was no outstanding balance deferred beyond the legal maximum

With regards to the information required by the Third Additional Provision of Act 15/2010 of 5 July, at 31 March 2014 and 31 December 2013 the Company did not have any outstanding payable to suppliers deferred beyond the legal maximum.

This balance refers to suppliers who by nature are trade creditors for goods and services supplied, so that it includes the figures in the "Suppliers" current liabilities heading in the balance sheet.

The legal maximum payment period for the Company is 60 days according to Act 3/2004 of 29 December on measures to combat late payment in commercial transactions.

15.4 Transactions and balances with group companies, associates and related undertakings

Transactions with group companies, associates and related companies

The transactions with group companies, associates and related companies carried out in the three month period ended 31 March 2014 and 2013 are as shown beloww (in thousands of euros):

	Thousands of euros			
	03/31/2014		03/31/2013	
	Operating expenses	Financial expenses	Operating expenses	Financial expenses
Arbol (lux), S.á.r.l	-	92	-	1,334
Ere III No.1, S.á.r.l	-	79	-	1,145
Rreef Iberian Value Added II, S.A., SICAR	-	59	-	858
Tree 2009 Investment, B.V.	-	66	-	972
Alcudia Cartera E Inversiones, S.A.	-	65	-	954
Bosque Portfolio Management, S.L.	495	-	510	-
Total	**495**	**361**	**510**	**5,263**

Balances with group companies, associates and related companies

As of 31 March 2014, the Company has no balances with group Companies and associates.

The amounts of the balances with group companies and associates at 31 December 2013 are shown below (in thousands of euros):

Group company or associate	Thousands of euros 12/31/2013 Appropriations granted	Appropriations received	Interests accrued
Arbol (lux), S.á.r.l	-	(50,125)	(4,299)
Ere III No.1, S.á.r.l	-	(43,044)	(3,692)
Rreef Iberian Value Added II, S.A., SICAR	-	(32,252)	(2,766)
Tree 2009 Investment, B.V.	-	(36,552)	(3,135)
Alcudia Cartera e Inversiones, S.A.	646	(35,838)	(3,074)
Total	**646**	**(197,811)**	**(16,966)**

As of 31 March 2014 the Company has the following agreements in place with group companies and associates:

- Porfolio Management Agreement with the company Bosque Portfolio Management, S.L. for management of all properties of Tree Inversiones Inmobiliarias, S.A.

15.5 Comparative IFRS Impact

The information contained in these interim financial statements do not present significant differences if they had applied International Financial Reporting Standards adopted by the European Union (IFRS-EU).

The Board of Directors assessed the main changes arising from the application of the different accounting legislations which would affect the Company's equity and its income statement in the performance of the activities which constitute its company object (see Note 1). The most significant difference concerns the different accounting treatment of investment property. Under the General Chart of Accounts, investment property is measured at the end of each year at the lower of book value and the recoverable amount, whereas EU-IFRS would allow fair value accounting, although the amortized cost criterion is also acceptable. Said difference would therefore only arise if the assets were measured at fair value.

16. Events after the reporting period

Agreement on sale of Tree Inversiones Inmobiliarias, S.A.

On 9 April 2014, Merlin Properties, S.A.U. and the shareholders of Tree Inversiones Inmobiliarias, S.A. entered into an irrevocable sale-purchase contract whereunder Merlin Properties, and S.A.U. will acquire 100% of Tree Inversiones Inmobiliarias, S.A. and thus become its sole shareholder. The agreement is subject to the following conditions precedent:

a) Merlin Properties, S.A. must conclude the Initial Public Offering of its shares in a regulated stock market for an amount equal to or higher than the purchase price. This price will be to buy the vendors' shares.

b) The financial counterparties must grant the necessary waiver regarding change in control of the company.

c) BBVA must waive all its rights to acquire the portfolio for either the aforesaid price or within the term stipulated in the lease agreement.

If the foregoing conditions are not met by 31 July 2014, the contract will be rendered null and the agreement signed on 9 April 2014 shall be cancelled.

On 10 April 2014 1,575 thousand of euros in share premius were returned as approved by the ordinary Shareholders Meeting on 9 April 2014.

There has been no additional significant fact that has not been described in previous notes.

17. Explanation added for translation to English

These interim financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

TREE INVERSIONES INMOBILIARIAS, S.A.

MANAGEMENT REPORT
For the three months period ended 31 March 2014

To the General Meeting of Shareholders

The current situation of the assets managed by the Company is as follows:

At present 100% of the properties are leased. The net turnover of Tree Inversiones Inmobiliarias, S.A. for the three month period ended 31 March 2014 was 22,850 thousand euros, consisting of lease income and expenses charged to the lessee.

Share Restructuring

The Company was incorporated as a limited company (*sociedad limitada*) with a share capital of 100 shares with a nominal value of 30.06 euro per share. Afterwards, two capital increases were carried out and the Company altered its corporate form to that of a public limited company (*sociedad anónima*).

In July 2009 a capital increase was carried out with the issuance of 57,096 shares at a nominal value of 1 euro each, fully subscribed and paid in. In September 2009 a second capital increase of 5,625 thousand euros was carried out, with a share premium of 50,625 thousand euros, with the creation of 5,625,000 new shares with a nominal value of 1 euro each, fully subscribed and paid in.

On 29 July 2010 the capital was increased by 1,275 thousand euros, with a share premium of 11,475 thousand euros and the creation of 1,275,000 new shares, each with a nominal value of 1 euro, fully subscribed and paid in.

On 31 October 2013 Ebro Real Estate B.V. (Tree's shareholder) contributed all of the shares it held in Tree as part of the capital increase carried out in Baum Holdings Spain, S.L., which thus became Tree's sole shareholder. Thereafter, the merger by takeover of the company Baum Holdings Spain, S.L. was approved and the corresponding exchange of shares was carried out.

On 7 January 2014 the General Shareholders Meeting approved a capital increase of 2,339 thousand euros, with a share premium of 205,649 thousand euros, through the issuance of 2,338,917 new shares with a nominal value of 1 euro each, fully subscribed by setoff of the principal of the participating loans and of interest accrued and not yet paid at that date.

On the same date the General Shareholders Meeting approved a second capital increase of 24 thousand euros, with a share premium of 2,126 thousand euros, through the creation of 24,178 new shares with a nominal value of 1 euro each, fully subscribed and paid in. Except for these shares, the rest of the Company's shares are pledged.

Significant events during the period

In three month period ended 31 March 2014, 2 properties were sold for 5,866 thousand euros, with associated selling costs of 195 thousand euros. The results of those sales, in the amount of 2,142 thousand euros, are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for in three month period ended 31 March 2014.

In three month period ended 31 March 2014, 11,401 thousand euros of bank debt were cancelled, some 3,614 thousand euros of which was as a result of mandatory prepayment on sale of assets, 6,287 thousand euros under the ordinary repayment calendar, and 1,500 thousand euros as a result of other obligations under the financing agreement.

At 31 March 2014 the total amount of the Senior and Mezzanine syndicated loans was 865,926 thousand euros (802,071 and 63,855 thousand euros, respectively).

The information on the scope and nature of the financial products held is included in the Notes to the interim financial statements.

The properties sold during the three month period ended 31 March 2014 are not subject to the special SOCIMI tax regime, as they were sold before the end of the three-year holding period. Therefore, the operating income and capital gains obtained on these assets in 2013 are subject to the general regime and are taxed at the rate of 30 per cent.

Following the amendment of article 20 of the Recast Text of the Corporate Income Tax Act by Royal Decree-Law 12/2012 of 30 March and Royal Decree-Law 20/2012 of 13 July, a new system of tax deductions has been established. Under the new system, net finance costs will be deductible up to a limit of 30 of operating profit for the year. This, together with the limit on the deductibility of tax losses, set at 25%, and the limit on the tax deductibility of accounting amortization, set at 70%, results in corporate income tax payable of 5,273 thousand euros and a tax expense of 536 thousand euros, generating losses after tax of 328 thousand euros.

The Company's shareholders' equity at year-end was 171,356 thousand euros.

The Company has no research and development activities.

At 31 March 2014 the Company held no treasury shares.

Events after the balance sheet date

There has been no additional significant fact that has not been described in previous notes

Outlook for 2014

The turnover for 2014 is expected to be 90,064 thousand euros.

The Company continues to meet the demand from private investors interested in acquiring properties from the Company's portfolio.

The Company expects to start trading on the MAB alternative market in the first half of 2014.

Madrid, 23 April 2014

ANNEX 3: HISTORICAL AUDITED FINANCIAL STATEMENTS OF TREE INVERSIONES FOR THE PERIOD ENDED 31 DECEMBER 2013

Tree Inversiones Inmobiliarias, S.A.

Financial Statements for the year ended 31 December 2013 and Directors' Report, together with Independent Auditors' Report

Translation of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 18). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
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www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 18). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Tree Inversiones Inmobiliarias, S.A.:

1. We have audited the financial statements of Tree Inversiones Inmobiliarias, S.A., which comprise the balance sheet at 31 December 2013, and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying financial statements for 2013 present fairly, in all material respects, the equity and financial position of Tree Inversiones Inmobiliarias, S.A. at 31 December 2013, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

3. The accompanying directors' report for 2013 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2013. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Tree Inversiones Inmobiliarias, S.A.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Antonio Sánchez-Covisa Martín-González
8 April 2014

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

TREE INVERSIONES INMOBILIARIAS, S.A.

Financial Statements for the period ended 31 December 2013 and Management Report

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 18). In the event of a discrepancy, the Spanish-language version prevails.

TREE INVERSIONES INMOBILIARIAS, S.A.

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2013

(Thousands of Euros)

ASSETS	Notes	12/31/2013	12/31/2012
NON-CURRENT ASSETS:		1,047,481	1,165,482
Intangible fixed assets		56	-
Property, plant and equipment		18	21
Investment property-	5	1,022,848	1,102,180
Land		375,462	403,797
Buildings		647,386	698,383
Long-term financial investments-	7	12,674	12,938
Other financial assets		12,674	12,938
Deferred tax assets	12	11,885	50,343
CURRENT ASSETS:		15,978	9,634
Trade and other receivables-		377	161
Trade receivables for sales and services		174	5
Other tax receivables	12	203	156
Short-term investments in group companies and associates-	7	646	704
Other financial assets		646	704
Short-term financial investments-	7	119	40
Other financial assets		119	40
Cash and cash equivalents-	8	14,836	8,729
Cash		14,836	8,729
TOTAL ASSETS		1,063,459	1,175,116

EQUITY AND LIABILITIES	Notes	12/31/2013	12/31/2012
EQUITY		(111,183)	(106,163)
SHAREHOLDERS' EQUITY-		(39,110)	(19,625)
Share capital	9.1	6,960	6,960
Share premium	9.1	52,873	52,873
Reserves-		(481)	(497)
Merger reserves	1.2	16	-
Other reserves		(497)	(497)
Profit (loss) from previous years		(78,961)	(37,425)
Profit (loss) for the year		(19,501)	(41,536)
Valuation adjustments	9.3	(72,073)	(86,538)
NON-CURRENT LIABILITIES:		1,125,032	1,251,861
Long-term debts-	10	927,221	1,054,050
Bank borrowings		834,375	907,843
Derivatives		78,581	131,857
Other financial liabilities		14,265	14,350
Long-term debts with group companies and associates	11	197,811	197,811
CURRENT LIABILITIES:		49,610	29,418
Short-term debts-	10	29,511	26,776
Bank borrowings		29,511	26,593
Derivatives		-	183
Short-term debts with group companies and associates	11	16,966	-
Trade and other payables-		3,133	2,642
Suppliers		1,464	905
Personnel (remuneration pending payment)		37	30
Current tax liabilities	12	199	900
Other tax payables	12	820	805
Customers advance payments		613	2
TOTAL EQUITY AND LIABILITIES		1,063,459	1,175,116

The accompanying Notes 1 to 18 are an integral part of the balance sheet as of December 31, 2013

TREE INVERSIONES INMOBILIARIAS, S.A.

INCOME STATEMENT ACCOUNT FOR THE YEAR 2013

(Thousands of Euros)

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2013
(Thousands of euros)

	Notes	2013	2012
Revenue	13.1	93,387	92,978
Other operating income		12	-
Personnel expenses	16.1	(90)	(91)
Wages, salaries and similar expenses		(77)	(79)
Welfare expenses		(13)	(12)
Other operating expenses		(9,847)	(8,567)
External services	13.2	(7,011)	(5,730)
Taxes other than income tax	13.3	(2,836)	(2,837)
Depreciation and amortization charges	5	(31,004)	(31,726)
Impairment leases and Proceeds from sale of real estate assets	5 and 13.4	27,541	12,713
Other gains and losses		(3)	8
OPERATING PROFIT		79,996	65,315
Finance income	8	90	180
Finance expenses		(88,754)	(90,390)
Debts with Group companies and associates	11	(25,766)	(22,848)
Third-party borrowings	10	(62,988)	(67,542)
Change in fair value of financial instruments	10	(5,220)	(4,628)
FINANCIAL PROFIT (LOSS)		(93,884)	(94,838)
PROFIT (LOSS) BEFORE TAXES		(13,888)	(29,523)
Income taxes	12.2	(5,613)	(12,013)
PROFIT (LOSS) FOR THE YEAR		(19,501)	(41,536)

The accompanying Notes 1 to 18 are an integral part of the Income Statement for the year 2013

TREE INVERSIONES INMOBILIARIAS, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEAR 2013

(Thousands of Euros)

	2013	2012
NET PROFIT (LOSS) FROM PROFIT AND LOSS ACCOUNT (I)	(19,501)	(41,536)
Income and expenses recognized directly in equity		
- Cash flow hedges	16,157	(55,823)
- Tax effect (Note 12.3)	(37,088)	16,747
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY (II)	(20,931)	(39,076)
Transfers to profit and loss account		
- Cash flow hedges	35,396	30,043
- Tax effect	-	(9,013)
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT (III)	35,396	21,030
TOTAL RECOGNIZED INCOME AND EXPENSES (I+II+III)	(5,036)	(59,582)

The accompanying Notes 1 to 18 are an integral part of the statement of recognized income and expenses for the year 2013

B) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2013

(Thousands of Euros)

	Share Capital	Share premium	Reserves	Merger Reserves	Profit / loss for previous years	Profit / loss for the year	Valuation Adjustments	Total
ENDING BALANCE FOR 2011	6,960	52,873	(497)	-	(29,585)	(7,840)	(68,492)	(46,581)
Total recognised income and expenses	-	-	-	-	-	(41,536)	(18,046)	(59,582)
Other changes in equity	-	-	-	-	(7,840)	7,840	-	-
ENDING BALANCE FOR 2012	6,960	52,873	(497)	-	(37,425)	(41,536)	(86,538)	(106,163)
Total recognised income and expenses	-	-	-	-	-	(19,501)	14,465	(5,036)
Transactions with shareholders	-	-	-	16	-	-	-	16
Other changes in equity	-	-	-	-	(41,536)	41,536	-	-
ENDING BALANCE FOR 2013	6,960	52,873	(497)	16	(78,961)	(19,501)	(72,073)	(111,183)

The accompanying Notes 1 to 18 are an integral part of the statement of changes in equity for the year 2013

TREE INVERSIONES INMOBILIARIAS, S.A.

STATEMENTS OF CASH FLOWS FOR THE YEAR 2013

(Thousands of Euros)

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**6,439**	**(16,029)**
Profit (loss) for the year before taxes		**(13,888)**	**(29,523)**
Adjustments to profit (loss):			
- Depreciation and amortization charges	5	31,004	31,726
- Profit (loss) on retirement and disposal of fixed assets	13.4	(27,541)	(12,713)
- Finance income	8	(90)	(180)
- Finance expenses	10 and 11	88,754	90,390
- Changes in fair value of financial instruments	10	5,220	4,628
Changes in working capital			
- Debtors and other receivables		(232)	(15)
- Short-term investments in group companies and associates	17	58	(704)
- Other current assets	7	(78)	7
- Creditors and other payables		1,193	(1,246)
- Other non-current assets and liabilities		(85)	(179)
- Increase in cash from merger with Baum	1.2	141	-
Other cash flows from operating activities			
- Interest paid		(73,048)	(90,287)
- Interest received		(5,059)	(8,109)
- Prepayments of corporate income tax		90	176
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**76,079**	**38,363**
Payments relating to investments			
- Intangible fixed assets		(58)	-
- Property, plant and equipment		-	1
- Other financial assets		264	515
Proceeds from disinvestments			
- Investment property	5	75,873	37,847
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(76,411)**	**(37,863)**
Proceeds and payments relating to financial liabilities instruments			
- Issuance of debt to group companies and associates	11	-	18,493
- Redemption and repayment of debt to financial entities		(76,411)	(56,356)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**6,107**	**(15,529)**
Cash and cash equivalents at beginning of period		8,729	24,258
Cash and cash equivalents at end of period		14,836	8,729

The accompanying Notes 1 to 18 are an integral part of the statement of cash flows for the year 2013

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 18). In the event of a discrepancy, the Spanish-language version prevails.

TREE INVERSIONES INMOBILIARIAS, S.A.

Accompanying notes for the years ended 2013.

1. Activity

Tree Inversiones Inmobiliarias, S.A. (hereinafter, the Company) was incorporated on 7 January 2009.

Its registered office is located at Paseo de Castellana 42, Madrid.

Its corporate purpose is the acquisition, sale, ownership and operation of any movable assets and real state property, intermediation in commercial, corporate and real estate transactions, as well as the provision of services related to those activities.

At present, its core activity is focused on operation and leasing of property assets acquired from Banco Bilbao Vizcaya Argentaria. The whole of said properties are leased to the BBVA Group.

Corporate transactions

1.1 Contribution of shares by the shareholder Ebro Real Estate B.V.

On 31 October 2013, Ebro Real Estate B.V. (shareholder of the Company) contributed all its shares in the Company as part of the capital increase carried out in Baum Holdings Spain, S.L., which thus became the Company's sole shareholder. Thereafter, the merger by takeover of the company Baum Holdings Spain, S.L. was approved (see Note 1.2), and the corresponding exchange of shares was carried out.

1.2 Merger process

On 31 October 2013, the General Meeting of Shareholders approved the merger by takeover of Baum Holdings Spain, S.L. (acquired company) by Tree Inversiones Inmobiliarias, S.A. (acquiring company). The merger involved termination and dissolution of the acquired company and transfer of its assets and liabilities to the Company, which acquired by universal succession all of Baum Holdings Spain, S.L. rights and obligations.

Given that the merger is treated as an acquisition of a wholly owned company under article 49(1) Act 3/2009, of 3 April, on structural changes in trading companies (*Ley sobre modificaciones estructuralos de las sociedades mercantiles*, hereinafter LME), in relation with Article 52 LME, it has not been necessary:

1 To increase the share capital in Tree Inversiones Inmobiliarias, S.A., as the acquiring company;

2 To issue a Directors' Report or an independent experts' report on the merger project or on the assets contributed by Baum Holdings Spain, S.L.

3 To issue new shares in Tree Inversiones Inmobiliarias, S.A. as the acquiring company, and in accordance with Article 49(1) (1) LME, it has not been necessary to set a specific exchange ratio or to establish a date as from which the holders of the new shares will be entitled to participate in corporate earnings (as specified in Article 31(6) LME).

Nevertheless, since Baum Holdings Spain, S.L. (acquired company) was the Company's sole shareholder, an exchange ratio was established in order to distribute Tree Inversiones Inmobiliarias, S.A. shares amongst Baum Holdings Spain, S.L. members pro rata to their shareholding in Baum Holdings Spain, S.L., leaving the following capital distribution in the Company:

Shareholder	Shares in Baum	Shareholding (%)	Shares in Tree
Ebro Real Estate, B.V.	112,018	47.10%	3,278,210
Forest 2009 Investments B.V.	38,699	16.27%	1,132,527
Tree 2009 Investments B.V.	44,025	18.51%	1,288,393
Alcudia Cartera de Inversiones, S.A.	43,088	18.12%	1,260,972
	237,830	**100.00%**	**6,960,102**

Consequently, the abovementioned merger is governed by the following terms and conditions:

1 The balance sheet of the acquiring company at 31 July 2013 is approved as the merger balance sheet.

2 The transactions of the acquired company shall be treated, for accounting purposes, as being those of the acquiring company as from 31 October 2013.

3 The transaction is governed by the special tax scheme contained in Chapter VII of Title VII of the Recast Text of the Corporate Income Tax Act approved by Legislative Royal Decree 4/2004 of 5 March.

The merger agreement was executed in a public deed on 26 December 2013, and registered in the Madrid Companies Registry on 18 February 2014 without any incident.

At 31 October 2013, the balance sheet of the acquired company was as follows (expressed in thousands of euros:

ASSETS	10/31/2013
A) NON-CURRENT ASSETS	**199,782**
Long-term investments in group companies and asociates	**198,447**
Equity instruments	198,447
Deferred tax assets	**1,335**
B) CURRENT ASSETS	**143**
Trade and other receivables	**2**
Other tax receivables	2
Cash and cash equivalents	**141**
Cash	141
TOTAL ASSETS	**199,925**

EQUITY AND LIABILITIES	10/31/2013
A) EQUITY	**198,229**
Capital	**7,149**
Share premium	**190,532**
Reserves	**130**
Legal and bylaw	41
Other reserves	89
Profit (loss) for the period	**418**
B) NON-CURRENT LIABILITIES	**1,569**
Deferred tax liabilities	**1,569**
C) CURRENT LIABILITIES	**127**
Trade and other payables	**127**
Suppliers	1
Other tax payables	126
TOTAL EQUITY AND LIABILITIES	**199,925**

The assets and liabilities contributed by the acquired company to the acquiring company at 31 October 2013 were as follows:

	Thousands of euros
Assets contributed	143
Other tax receivables	2
Cash	141
Liabilities contributed	127
Suppliers	1
Other tax payables	126
Merger reserve	16

The net effect of the contributed assets and liabilities is recorded under the equity heading "Merger reserves" in the amount of 16 thousand euros.

In the merger process the acquired company has contributed no tax loss carryforwards or tax credits pending application.

1.3 SOCIMI tax regime

On 25 September 2013 the Company requested to be included in the SOCIMI tax regime, effective from 1 January 2013. On 31 December 2013 the Company recorded its corporate income tax in compliance with the rules governing the SOCIMI *(Listed Real Estate Investment Companies)* tax regime.

The First Transitional Provision of the SOCIMI Act allows the SOCIMI tax regime to be applied as provided in Article 8 of the SOCIMI Act, even when the legal requirements at the inclusion date are not met, as long as these requirements are fulfilled within two years of the date application of SOCIMI is sought. According to the Company's Directors, said requirements will be met in due time and form.

The Company is therefore governed by Act 11/2009 of 26 October, as amended by Act 16/2012 of 27 December, regulating Listed Real Estate Investment Companies. Article 3 of said Act, as amended by the new Act, sets out the investment requirements for this kind of company:

1. At least 80 per cent of a SOCIMI's assets must be invested in urban real estate for leasing purposes and/or in land to be developed for leasing purposes provided such development starts within three years of acquisition.

   The asset's value will be determined on the basis of the individual quarterly balances sheet averages in the year of reference. The Company may choose to calculate such value by taking into account the assets' market value instead of their book value, in which case that value would apply to every balance sheet in the financial year. For this purpose, the cash or receivables from transfer of investment property or shares carried out during the same year or earlier shall not be taken into account, provided, in the latter case, that the reinvestment period of Article 6 of the Act has not expired.

2. Furthermore, at least 80% of the income for the tax periods for each year, excluding income from transfer of shares and real estate that are earmarked for pursuit of the principal corporate objects, once the holding period referred to in the following paragraph has elapsed, must arise from lease of investment property and from dividends or profit shares obtained from those holdings.

   This percentage will be calculated on the basis of the profit or loss if the company is the parent of a group within the meaning of Article 42 of the Code of Commerce, irrespective of residence and of the obligation to draw up financial statements. Said group will be exclusively composed of the SOCIMI and all the other entities referred to by Article 2(1) of the Code of Commerce.

3. The company's real estate assets must be leased for at least three years. Computation of that period will also include the time during which the properties have been offered for lease, up to a maximum of one year.

   The period shall be calculated:

   a) For real estate in the company's asset base before the Company becomes subject to the regime: from the beginning of the first tax period during which the special tax regime applies as regulated by the Act, provided that at the time the asset was leased or on lease. Otherwise, section b) below will apply.

   b) For real estate subsequently developed or acquired by the Company: from the date on which it was leased or offered for lease for the first time.

Shares or ownership units of entities referred to by Article 2(1) of the Act must be kept in the company's asset base at least during three years after their acquisition or, if applicable, from the beginning of the first tax period during which the special tax regime established in the Act applies.

As provided by the First Transitional Provision of Act 11/2009 of 26 October, as amended by Act 16/2012 of 27 December, regulating Listed Real Estate Investment Companies, the companies may choose to be subject to the special tax regime as provided by Article 8 of the mentioned Act, even when the legal requirements at the date of inclusion in that regime are not fulfilled, provided said requirements are met within two years of the date application of SOCIMI is sought.

Failure to fulfil said condition will render the Company subject to the general Corporate Income Tax rules, starting in the tax period in which the non-fulfilment is detected, unless it is remedied within the following tax period. In addition, the Company will have to pay the amount payable for the corresponding tax period, along with the difference between the amount resulting from application of the general regime and the amount paid pursuant to the special regime in the previous tax periods, without prejudice to such default interest, surcharges or penalties as may be deemed applicable.

In addition to the foregoing, the amendment of Act 11/2009 of 26 October implemented by Act 16/2012 of 27 December sets out the following specific modifications:

- Relaxation of the entry and real estate holding criteria: there is no lower limit regarding the amount of real estate properties to be contributed when incorporating the SOCIMI, except for housing, with a minimum of 8 units. These properties no longer have to be kept on the Company's balance sheet for 7 years but just for at least 3.

- Reduction in capital requirements and greater leveraging capacity: the minimum capital required is reduced from 15 million euros to 5 million euros, and the limitation on indebtedness for the real estate investment vehicle is eliminated.

- Decrease in dividend distribution: up to the entry into force of the Act, the mandatory dividend distribution was set at a 90%. Starting 1 January 2013 it is 80%.

- SOCIMIs are taxed at a 0% corporate income tax. However, where dividends distributed to a shareholder who owns at least 5% of the SOCIMI's share capital are exempt from taxation or taxed below 10%, such SOCIMI will be subject to a special charge of 19% of the dividends distributed to the said shareholders, in respect of corporate income tax. If deemed applicable, this special charge shall be paid by the SOCIMI within two months after the dividend distribution date.

2. Basis of presentation of financial statements

2.1 Regulatory financial reporting framework applicable to the Company

These financial statements were formally prepared by the sole director in accordance with the regulatory financial reporting framework applicable to the Company established in the following:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and the industry adaptation for real estate companies.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, which regulates REITs.

e) All other applicable Spanish accounting legislation.

All amounts in this report are expressed in thousand euros.

2.2 Fair presentation

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows.

These financial statements, which were formally prepared by the Company's Directors will be submitted for approval by the shareholders, and it is considered that they will be approved without any changes

The audited financial statements for 2012 were approved by the shareholders at the respective General Meetings held on 29 June 2013.

2.3 Information relating to 2012

In these financial statements and accompanying notes, the information relating to 2012 is shown for comparative purposes with that for 2013.

2.4 Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the Directors aproved these financial statements for issue taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

2.5 Responsibility for the information and use of estimates

In preparing these financial statements, estimates were made by the Directors based on historical experience and other factors considered to be reasonable in light of current circumstances and which constitute the basis for establishing the carrying amounts of assets and liabilities not easily determinable through other sources. These estimates relate primarily to:

- The assessment of possible impairment losses on certain assets (see Notes 4.4 y 4.6).
- The useful life of tangible and intangible assets and investment property (see Notes 4.1, 4.2 and 4.3).
- The fair value of financial derivatives (see Notes 4.8).
- Financial risk management (see Note 9.7).
- The recovery of deferred tax assets (see Note 4.11)

Although these estimates were made on the basis of the best information available at 2013 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.6 Grouping of items

Certain items in the balance sheet, income statement and statement of changes in equity and statement of cash-flow are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7 Correction of errors

In preparing the accompanying financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the financial statements for 2012.

2.8 Going concern principle

At 31 December 2013 the Company had a working capital deficit of 33,632 thousand euros (19,784 thousand euros at 31 December 2012), mainly due to the repayment of Senior loan principal in the amount of 54,218 thousand euros (see Note 10) out of cash and cash equivalents during the year and the prepayment of 5,059 thousand euros of tax during the year, resulting in a reduction in cash and cash equivalents compared to the Company's cash budget. Also, a total of 16,966 thousand euros of interest on Debts to group companies and associates was recorded in the abovementioned period, 7,150 thousand euros of which was paid on 7 January 2014, while the rest was capitalised through a capital increase by setoff of loans (see Note 11).

The Company's Directors have prepared these financial statements on a going concern basis, assuming that the Company's activity will continue in the future and that the assets will therefore be realized and the liabilities settled in accordance with the amounts and classification recorded in the financial statements, based on the cash flows generated from the Company's operations and the available cash.

3. Allocation of profit (loss)

The Company's directors propose that the loss for the year, in the amount of 19,501 thousand euros, be allocated to Losses from previous years. This proposal will be submitted to the General Meeting of Shareholders for approval. The Directors estimate that the loss generated this year will be offset by profits generated in later years.

3.1 Limitations on dividend distribution

The Company is obliged to allocate 10% of profit for the year to the legal reserve until the legal reserve amounts to at least 20% of share capital.

Once the remuneration provided for by law or by the articles of association has been paid, dividends may be paid out of profit for the year or out of unrestricted reserves only if the value of equity is not, or does not become as a result of the distribution, less than the value of share capital. For these purposes, profit recognized directly in equity may not be distributed, either directly or indirectly. If prior year losses cause the value of the Company's equity to be less than its share capital, the profit shall be used to offset these losses.

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for the year 2013 are as follows:

4.1 Intangible fixed assets

As a general rule, intangible fixed assets are recognized initially at acquisition or production cost. They are subsequently measured at cost less accumulated amortization and any accumulated impairment losses. These assets are amortized on the basis of their years of useful life.

Computer software

Company records in this account the costs incurred in the acquisition and development of computer programs. Computer software maintenance costs are recognized with a charge to the profit or loss account for the year in which they are incurred. Computer software is amortized on a straight-line basis over a maximum of 4 years.

4.2 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost and are subsequently reduced by the related accumulated depreciation and by any impairment losses.

Property, plant and equipment upkeep and maintenance expenses are recognized in the profit or loss account for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

The Company depreciates its property, plant and equipment using the straight-line method, at annual depreciation rates based on the years of estimated useful life of the respective items.

4.3 Investment property

The heading "Investment property" in the balance sheet reflects the value of land, buildings and other structures held either to earn rentals or for capital appreciation on their sale as a consequence of their respective future market price increases.

Investment property is measured at cost, which corresponds to acquisition cost.

Investment properties acquired by the Company through purchase have been individually recorded on an acquisition cost basis.

The acquisition cost includes, in addition to the amount invoiced by the vendor after discounts, all additional and directly related costs incurred until the assets are put into operating condition.

The depreciation of these items is carried out in a rational and systematic manner, on the basis of the useful lives of the corresponding assets and their residual value, appropriate to normal depreciation suffered due to operation use and enjoyment, without prejudice to the technical or commercial obsolescence that may affect them. The Company amortizes its investment property using the straight-line method, at annual depreciation rates based on the years of estimated useful life of the respective asset.

Buildings	25 – 50 years

In the event of cessation of a given property's operation due to renovation, refurbishment or redevelopment, no depreciation accrues while said work continues.

Such changes as may arise in an asset's residual value, useful life and amortization method, are booked as changes in the accounting estimates, error excepted.

Asset upkeep and maintenance expenses which do not improve future cash flows for the cash-generating unit to which the asset belongs, or its useful life, are recognized as expenses for the period in which it is incurred.

4.4 Value impairment of non-financial assets

At least on the balance sheet date, the Company reviews the non-current assets or cash-generating units to determine whether there is any indication that those assets might be impaired. Assets subject to depreciation are submitted to impairment testing whenever some event or change in circumstances indicates that the carrying amount may not be recoverable.

The recoverable amount is the higher between the fair value of the asset less costs to sell and the value in use.

If an asset's book value is higher than its recoverable amount, an impairment loss is recognized. The value in use is taken to be the present value of the estimated future cash flows. In assessing value in use, the assumptions used in making the estimates include market risk-free interest rates adjusted by the risks associated with the asset. For those assets that do not for the most part generate cash flows independently from cash flows from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the said assets belong.

Impairment losses recognized and reversed are charged and credited, respectively, to the profit and loss account. Impairment losses are reversed when the circumstances that led to their existence cease to exist, except for goodwill. Reversal of an impairment loss cannot exceed the carrying amount of the asset that would have applied had the impairment loss not been previously recognized.

In the Directors' opinion there is no evidence of impairment of the Company's non-financial assets at 31 December 2013.

4.5 Leases

Leases are classified as finance leases if the terms of the lease indicate that the leased asset's risks and benefits of ownership are substantially transferred to the lessee. All other leases are classified as operating leases. At 31 December 2013 the Company did not hold any finance leases.

Operating leases

Income and expenses resulting from operating leases agreements are taken to the profit and loss account in the year they accrue, depending on whether the Company acts as lessor or as lessee.

Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the costs directly attributable to the lease, which are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

4.6 Financial assets

Classification and measurement

Loans and receivables

Under this heading, trade and non-trade receivables are recorded, which include financial assets which have fixed or determinable payments, not quoted in an active market and for which the full payment made by the Company is expected to be recovered except, where applicable, for reasons attributable to debtor solvency.

These assets are initially recognized in the balance sheet at fair value, which in the absence of evidence to the contrary is the transaction price, this being equal to the fair value of the consideration given plus any directly attributable transaction costs.

After their initial recognition, these financial assets are measured at amortized cost.

Nevertheless, trade receivables with maturity of no more than one year with no contractual interest rate, and which are expected to be received in the short term, are initially and subsequently measured at their nominal value, provided the effect of not updating cash flows is not material.

Guarantees provided

The difference between fair value and the amount of the security deposits delivered in operating leases is not material for the purposes of preparing these financial statements. Under the Urban Rental Act (*Ley de Arrendamientos Urbanos*), the Company is subject to the security deposit agreement with certain Autonomous Regions (*Régimen de concierto de depósito con algunas Comunidades Autónomas*). Under this scheme, the Company must deposit 90% of the security deposits obtained from its lessees in certain official institutions. The deposits thus obtained from lessees are recorded in the balance sheet as long-term liabilities, and those deposited with the official institutions of said Autonomous Regions are carried as long-term assets.

Interest income from financial assets

Interest from financial assets accrued after the date of acquisition is recognized as income in the profit and loss account. Interest income from financial assets is recognized using the effective interest method.

For these purposes, on initial measurement of the financial assets, the amounts of explicit interest accrued and not yet matured at that time are recorded independently according to their maturity. Explicit interest is understood, for these purposes, to be the interest obtained from applying the contractual interest rate for the given financial instrument.

Cancellation

Financial assets are removed from the balance sheet or from the Company when the contractual rights to receive the related cash flows have expired or have been transferred, provided that in that transfer the Company has substantially transferred the risks and benefits of ownership.

If the Company has not substantially transferred or retained the risks and benefits of the financial asset, the latter is derecognized if control is not retained. If the Company retains control of the asset, it continues to recognize the transferred financial asset for an amount equal to its exposure to changes in value of the transferred asset, that is, for its continuing involvement, and recognizes the associated liability.

The difference between the sum of the consideration received, net of any attributable transaction costs and including the new assets obtained less any assumed liabilities, and the book value of the transferred financial asset plus any cumulative amount explicitly recognized in equity, determines the profit or loss arising from derecognition of the asset and is taken to the profit and loss account for the year in which it occurs.

4.7 Financial liabilities

Classification and measurement

Debts and payables

This heading includes financial liabilities arising from the purchase of goods and services due to the Company's trading operations, and debts from non-trade accounts which are not derivative instruments.

Upon initial recognition in the balance sheet, they are recorded at fair value, which, in the absence of evidence to the contrary, is the transaction price, this being equal to the fair value of the consideration adjusted for any directly attributable transaction costs.

After their initial recognition, these financial assets are measured at amortized cost. Accrued interest is recorded in the profit and loss account according to the effective interest rate method.

Nevertheless, trade payables with maturity of no more than one year with no contractual interest rate and which are expected to be paid in the short term, are initially and subsequently measured at their nominal value, provided the effect of not updating cash flows is not material.

Other financial liabilities

This heading includes the financial liabilities in respect of amounts received from lessees as security deposit for operating leases at fair value.

The difference between fair value and the security deposits made in operating leases is not material for the purposes of preparing these financial statements.

Cancellation
The Company derecognizes financial liabilities when the obligations giving rise to them cease to exist.

If an exchange of debt instruments takes place, whenever these have substantially different conditions, the original financial liability is cancelled and the new financial liability thus arising is recognized. Any material modification of the current circumstances of a financial liability is recorded in the same manner.

The difference between the book value of the financial liability, or of the part that has been derecognized, and the consideration paid, including any directly attributable transaction costs and any non-cash asset transferred or liability assumed, is recognized in the profit or loss account for the year in which it takes place.

If an exchange takes place of debt instruments takes that do not have substantially different conditions, the original financial liability is not derecognized from the balance sheet, and the amount of the commissions paid is recorded as an adjustment to its book value. The new amortized cost of the financial liability is determined by applying the effective interest rate, understood as the rate which makes the book value of the financial liability at the date the terms are amended equal to the estimated cash flows to be paid under the new conditions.

4.8 Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which it is exposed due to its activities, transactions and future cash flows. Essentially, these risks consist of exchange rate and interest rate fluctuations. In connection with those operations the Company uses financial instruments for hedging purposes.

Only transactions that effectively eliminate some risk inherent in the hedged item or position over the expected term of the hedge are designated as hedges, which means that at the inception of the hedge, the hedge is expected, under normal conditions, to be highly effective (prospective effectiveness) and that there is sufficient evidence that the hedge was fully effective throughout the life of the hedged item or position (retrospective effectiveness).

Appropriate documentation is prepared detailing how hedge effectiveness is to be achieved and measured, in accordance with the Company's risk management policy.

To measure hedge effectiveness the Company performs tests to check that the differences arising from changes in the value of the flows of the hedged item and the hedging instrument remain within a range of 80% to 125% over the life of the transaction, in line with the forecasts established at inception.

If at any point during the hedging relationship the prospective test is not met, hedge accounting is discontinued and the hedge is reclassified to trading derivatives.

For the purpose of assessment, the Company classifies the hedges as cash flow hedges: they hedge the exposure to the risk of changes in cash flows as a result of changes in the interest rates on the loans received. Swap contracts are used to exchange floating rates for fixed rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity and is taken to profit or loss in the year or years in which the hedged item affects profit or loss.

In addition, the Company maintains inflation hedging instruments associated with the rental contracts to cover the risk of fluctuations in European inflation.

4.9 Severance payments

Under the current legislation, the Company is required to make severance payments to employees terminated under certain conditions. Therefore, severance payments that can be objectively quantified are expensed in the year in which the related decision is made. In the accompanying financial statements no item has been recorded in this respect as no situations of this nature are expected.

4.10 Cash and cash equivalents

This heading covers cash on hand, current bank accounts and deposits and repurchase agreements that meet all of the following requirements:

- They are readily convertible into cash.
- They had an original maturity of three months or less at the date of acquisition.
- They are not subject to a significant risk of change in value.
- They are part of the Company's normal treasury management policy.

For the purposes of the cash flow statement, occasional overdrafts which are inherent in the Company's cash management are included as a reduction in cash and cash equivalents

4.11 Corporate income tax

The SOCIMI special tax regime, as amended by Act 16/2012 of 27 December, is based on 0% corporate income tax rate, provided certain requirements are met. Particularly noteworthy amongst those conditions is that at least 80% of income must come from urban real estate used for leasing purposes and acquired in full ownership or through holdings in companies that comply with the same investment and dividend distribution requirements, whether foreign or Spanish, and whether or not they are quoted in organized markets. Likewise, the main income sources of these entities must be real estate, either from leases, from subsequent sale of properties after a minimum leasing period or from income generated by holdings in entities of similar characteristics. Nevertheless, tax accrual is done in proportion to the Company's dividend distribution.

Dividends received by the members are exempt, unless the recipient is a legal person subject to the corporate income tax or a permanent establishment of a foreign entity, in which case a deduction in the tax liability is established, so that these earnings are taxed at the member's rate. However, the remaining earnings shall not be taxed for so long as they are not distributed to members.

As provided by the Ninth Transitional Provision of Act 11/2009 of 26 October, as amended by Act 16/2012 of 27 December, which regulate Listed Real Estate Investment Companies, the entity shall be taxed at a 19 per cent rate on the total amount of dividends and profit shares distributed to members with a shareholding in the entity of 5 per cent or more, when the said dividends are exempt or taxed at a rate below 10 per cent in the members. Notwithstanding the foregoing, this special charge will not be applicable when said dividends or profit shares are received by the non-resident entities referred to by Article 2(1)(b) of this Act (shareholdings in other SOCIMIs or in other non-resident entities that are subject to a tax regime similar to that of the SOCIMI regarding the mandatory legal or bylaw policy on dividend distribution) and with respect to those members who hold 5 per cent or more of the share capital of these entities and who are taxed on those dividends or profit shares at least at a 10 per cent tax rate.

The properties sold during 2013 are not subject to the SOCIMI special tax regime, as they were sold before the 3-year holding period ended. Therefore, the operating income and capital gains obtained on these assets in 2013 are subject to the general regime, and hence taxed at a 30 per cent rate as explained below:

The income tax expense or income comprises current tax expense or income and the part related to deferred tax expense or income accrued for the year.

Current tax expense is the tax amount payable by the Company on its taxable income for a given year. Deductions and other tax benefits, excluding withholdings and prepayments, along with tax loss carryforwards from prior years available for setoff and effectively setoff in the current year reduce the current tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable deriving from differences between the carrying amounts of assets and liabilities and their tax value, along with tax loss carryforwards and tax credit carryforwards. These amounts are recorded by applying to the temporary difference or credit the tax rates that are expected to apply in the period when they are expected to be recovered or settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets, on the other hand, are only recognized to the extent that it is considered probable that the Company will have sufficient future taxable profits to recover those assets.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognized directly in equity.

At each accounting close the deferred tax assets recognized are reviewed and appropriate adjustments are made where there are doubts as to their future recoverability. Likewise, at each accounting close the deferred tax assets that have not been recognized in the balance sheet are measured and are recognized to the extent that their recovery against future taxable profits has become probable.

4.12 Classification of assets and liabilities as current and non-current

Assets and liabilities in the balance sheet are classified as current or non-current. For these purposes, assets and liabilities are classified as current when they relate to the Company's operating cycle and are expected to be sold, consumed, realized or settled during that cycle. Non-current assets and liabilities are different from the foregoing and their maturity, disposal or realization is not expected to take place within a year.

4.13 Income and expenses

Income and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Income is measured at the fair value of the consideration received, net of discounts and taxes.

Rendering of services

The Company provides leasing services of its investment property. Revenue resulting from fixed-price leasing service contracts is recognized in the period during which the leasing services are rendered on a straight-line basis over the term of the contract.

4.14 Related party transactions

The Company performs all of its related party transactions on an arm's length basis. The Company Directors therefore understand that there are no significant risks in this respect that could give rise to material liabilities in the future.

4.15 Statement of cash flows

The following terms are used in the statement of cash flows, which was prepared using the indirect method, with the meanings specified below:

- Cash flows: inflows and outflows of cash and equivalents, which are short-term highly liquid investments subject to an insignificant risk of changes in value.

- Operating activities: principal revenue-producing activities of the Company and other activities that are not investing or financing activities.

- Investing activities: acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not operating activities.

4.16 Assets of an environmental nature

Environmental assets are those used in the Company's business on a lasting basis and which are mainly intended to minimize environmental impact and to protect and improve the environment, including reduction or elimination of future pollution.

The Company's activities, due to their very nature, do not have a significant environmental impact.

5. Investment property

The movements recorded in "Investment property" are as follows (in thousands of euros):

31 December 2013

	Thousands of euros			
	12/31/2012	Additions/ Allocations	Retirements	12/31/2013
Cost:				
Lands	403,797	-	(28,335)	375,462
Buildings	796,095	-	(23,370)	772,725
	1,199,892	-	**(51,705)**	**1,148,187**
Accumulated depreciation:				
Buildings	(97,712)	(31,000)	3,373	(125,339)
	(97,712)	**(31,000)**	**3,373**	**(125,339)**
Net balance:	**1,102,180**			**1,022,848**

31 December 2012

	Thousands of euros			
	12/31/2011	Additions/ Allocations	Retirements	12/31/2012
Cost:				
Lands	414,545	-	(10,748)	403,797
Buildings	812,243	-	(16,148)	796,095
	1,226,788	-	**(26,896)**	**1,199,892**
Accumulated depreciation:				
Buildings	(67,751)	(31,723)	1,762	(97,712)
	(67,751)	**(31,723)**	**1,762**	**(97,712)**
Net balance:	**1,159,037**			**1,102,180**

Investment property includes several properties acquired from the BBVA Group in 2009, 2010 and 2011.

The acquisition process consisted of the following stages:

- In 2009 there was an initial purchase of 946 properties and a subsequent purchase of 2 more properties.
- In 2010, 150 properties were purchased along with 2 singular buildings and 3 more properties later.
- There was a property replacement process in 2011 as provided for in the lease agreement. During this process, the Company acquired 5 properties and sold 6 of the ones acquired in previous phases. Likewise, the lease agreement with respect to the sold properties was terminated, and a new lease agreement was entered into for the 5 acquired properties. The same terms, conditions and leasing periods as for the sold properties were maintained.

After each date of purchase, the Company entered into a sale and lease back agreement with the BBVA Group for an average 30-year term (see Note 6).

The investments were acquired by means of mortgage loans and served as collateral securing those loans (see Note 10).

The retirements of fixed assets in 2013 record the sale of 33 properties for 77,130 thousand euros, with associated selling costs of 1,257 thousand euros. The results of those sales are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2013.

The retirements of fixed assets for 2012 record the sale of 27 properties for 38,373 thousand euros, with associated selling costs of 526 thousand euros. The results of those are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2012.

The retirements of fixed assets for 2011 record the sale of 117 properties (including the replaced properties) at a cost of 174,116 thousand euros. The results obtained on those sales are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2011.

The retirements of fixed assets for 2010 record the sale of 26 properties and 1 singular building for 156,120 thousand euros. These sales were carried out between 29 November and 28 December 2010. The results obtain from those sales are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2010.

The total available floor area of the investment properties described above is as follows: (in square meters)

	Square meters	
	12/31/2013	12/31/2012
Total available floor area	380,318	390,928

The Company has obtained independent expert appraisals (Savills) of the 905 real estate assets, issued on 31 December 2013.

For valuation purposes Savills has adopted the definition of market value included in the 2012 edition of the RICS Red Book, "Valuation – Professional Standards", effective 30 March 2012. The definition states:

> *Market Value (as defined in "Valuation Standards VS 3.2"):* "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties have each acted knowledgeably, prudently and without compulsion."

In this respect, the Savills valuation method analyzes each property individually, without making any adjustments for inclusion in a large portfolio of properties. For each property, a capitalization rate has been assumed for the estimated market rent and subsequently adjusted on the basis of the following parameters:

- Term of the lease agreement and creditworthiness of the lessee.
- Location of the premises within the city (downtown, metropolitan area or suburbs).
- Immediate vicinity of the property.
- Level of upkeep of the property (outside and inside).
- Above and below-ground distribution of the floor area.
- Facade on one street or more than one (corner, chamfer).
- Lease situation with respect to current market rent.

The appraisals were done according to the Royal Institute of Chartered Surveyors (RICS) Valuation Professional Standards from Great Britain.

On the basis of this valuation, the Directors of the Company believe there is no impairment of the carrying cost of the properties. Therefore, no impairment has been recorded for them.

The lease agreement provides that the lessee will bear the expense of insuring the lessor's property to guarantee at least 15% of the replacement value of all properties in the event of a loss. The Company has no additional insurance coverage.

All of the Company's investment property is located in Spain.

At 31 December 2013 there were no fully depreciated properties.

At year-end 2013 there were no restrictions whatsoever on new investment property or any investment property commitments.

6. Leases

6.1 Operating leases

The Company, acting as the lessor, records as operating leases the agreements signed on 25 September 2009 (943 offices and 3 singular buildings), 22 December 2009 (1 office and 1 singular building), and 29 July 2010 (150 offices and 2 singular buildings), 27 October 2010 (3 offices) and 20 December 2011 (5 offices) with BBVA for the lease of all of the Company's properties, except for the properties that were sold in 2013, 2012, 2011 and 2010 (see Note 5).

The main features of said agreements at 31 December 2013 are:

- Lease agreement for 900 offices, operating urban properties for non-housing use. The lease agreements started on the above mentioned dates and have a 30-year term. They may be automatically extended a maximum of 15 years (split into three 5-year extensions) at the lessee's discretion. There is an option to buy at market price for each property with a 45-year term after inception of the agreement, exercisable from 16 to 12 months before the expiration of said 45-year period.

- Lease agreement for 5 singular buildings, operating urban properties for non-housing use. The lease agreements started on the above mentioned dates and have a 20-year term. They may be automatically extended a maximum of 15 years (split into three 5-year extensions) at the lessee's discretion. There is an option to buy at market price for each property with a 35-year term after inception of the agreement, exercisable from 16 to 12 months before the expiration said 35-year period.

Income from these contracts amounted to 93,387 thousand euros in 2013 (92,978 thousand of euros in 2012). This amount includes rental income from the offices and is recorded under "Revenue" in the accompanying profit and loss account (see Note 13.1).

6.2 Operating lease commitments.

At year-end 2013, the Company has the following minimum lease rights, in accordance with the agreements in force, without taking into account the recovery of common expenses, future increases per the CPI nor future revisions of contract rents:

Operating leases Minimum rights	Thousands of euros	
	12/31/2013	12/31/2012
Less than a year	90,064	92,764
Between one and five years	450,322	463,821
More than five years	1,755,326	1,902,093
Total	**2,295,712**	**2,458,678**

This forecast has been made taking into consideration the expiry dates of leases at each balance sheet date, without considering the tacit renewal of the same.

The Company holds inflation hedging instruments for rental income in order to hedge the risks of fluctuations in inflation (see Note 10).

7. Financial investments (long and short-term)

The proceeds of the accounts under "Long and short-term financial investments" is as follows:

	Thousands of euros			
	Non-current		Current	
	2013	2012	2013	2012
Deposits	12,674	12,938	-	-
Investments in Group companies and associates	-	-	646	704
Loans and receivables	-	-	119	40
Total	12,674	12,938	765	744

The "Deposits" account mainly records the 90% of security deposits received from lessees the Company is obliged by the applicable regulations to deposit with the competent government body.

The heading "Investments in Group companies and associates" records the withholdings applied to the participating interest accrued at the balance sheet date which under the contract must be paid by the borrowers (see Note 11).

8. Cash and other cash equivalents

The balance of this balance sheet heading records the current accounts in euros held by the Company in BBVA, Deutsche Bank and Banca March, which earn interest at market rates. The income accrued in this respect during 2013 amounted to 90 thousand euros, 180 thousand euros in 2012, and is recorded under "Finance income" in the accompanying profit and loss accounts.

The Senior financing agreement (see Note 10) lays down certain use restrictions for the current accounts held by the Company with the different banks. At 31 December 2013 and 2012, the amount included in "Cash and other cash equivalents" is not available, except for two current accounts in the amount of 12,805 thousand euros, which are freely available to be used in the company's ordinary business.

The reserve for the payment of a quarterly instalment of the Senior debt was used on 4 July 2012 to cancel Senior loan principal of 11,875 thousand euros, in accordance with the financing agreements. At the close of 2013, the reserve had a balance of 2,028 thousand euros.

9. Equity

9.1 Share capital and share premium

The Company was incorporated as a limited company (*sociedad limitada*) with a share capital of 100 shares with a nominal value of 30.06 euro per share. Afterwards, two capital increases were carried out and the Company altered its corporate form to that of a public limited company (*sociedad anónima*).

In July 2009 a capital increase was carried out with the issuance of 57,096 shares at a nominal value of 1 euro each, fully subscribed and paid in. In September 2009 a second capital increase of 5,625 thousand euros was carried out, with a share premium of 50,625 thousand euros, with the creation of 5,625,000 new shares with a nominal value of 1 euro each, fully subscribed and paid in.

On 29 July 2010 the capital was increased by 1,275 thousand euros, with a share premium of 11,475 thousand euros and the creation of 1,275,000 new shares, each with a nominal value of 1 euro, fully subscribed and paid in.

During 2011, 9,227 thousand euros in share premiums were returned.

On 31 October 2013, Ebro Real Estate B.V. (Tree's shareholder) contributed all of the shares it held in Tree as part of the capital increase carried out in Baum Holdings Spain, S.L., which thus became Tree's sole shareholder. Thereafter, the merger by takeover of the company Baum Holdings Spain, S.L. was approved (see Note 1.2), and the corresponding exchange of shares was carried out.

At 31 December 2013, the Company's shareholders were:

	Nominal value (thousands of euros)	Number of shares (in thousands)	% ownership
Ebro Real Estate, B.V.	3,278	3,278	47%
Forest 2009 Investments B.V.	1,133	1,133	16%
Tree 2009 Investments B.V.	1,288	1,288	19%
Alcudia Cartera de Inversiones, S.A.	1,261	1,261	18%
	6,960	**6,960**	**100%**

On 7 January 2014, the General Shareholders Meeting approved a capital increase of 2,339 thousand euros, with a share premium of 205,649 thousand euros, by issuing 2,338,917 new shares with a nominal value of 1 euro each, fully subscribed by setoff of the principal of the participating loans and of interest accrued and not yet paid at that date (see Note 11).

There is a pledge of the Company's shares as security for repayment of the financing agreement with the first ranking for the Senior loan and second ranking for the Mezzanine loan (see Note 10).

On 7 January 2014, the General Shareholders Meeting approved a second capital increase of 24 thousand euros, with a share premium of 2,126 thousand euros, through the creation of 24,178 new shares with a nominal value of 1 euro each, fully subscribed and paid in. Except for these shares, none of the Company's other shares is pledged.

9.2 Legal reserve

Under the Recast Text of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the increased share capital amount. Except for this purpose, until the legal reserve exceeds 20% of share capital, this reserve can only be used to offset losses if there are no other reserves sufficient for such purpose.

At year-end 2013 this reserve had not yet been constituted.

9.3 Distribution of profit

SOCIMIs are regulated by the special tax regime set forth by Act 11/2009 of 26 October as amended by Act 16/2012 of 27 December, by which Listed Real Estate Investment Companies are regulated. They are required to distribute in the form of dividends to shareholders, once the related corporate obligations have been met, the profit obtained in the year. That distribution must be approved within six months after the end of each year, as follows:

a) 100 per cent of the profit from dividends or shares in profits distributed by the entities referred to in Article 2(1) of Act 11/2009.

b) At least 50% of the profits arising from the transfer of the properties, shares or ownership interests referred to in Article 2(1) of Act 11/2009, of 26 October, subsequent to expiry of the time limits referred to in Article 3(3) of Act 11/2009, which are used for pursuit of the company's principal objects. The remainder of these profits must be reinvested in other property or investments used for the pursuit of said objects within three years after transfer date. Otherwise these profits should be distributed in full together with any profit arising in the year in which the reinvestment period expires. If the items subject to reinvestment are transferred before the holding period ends, the related profits must be distributed in full together with any profits arising in the year in which they are transferred. The distribution obligation does not extend to the portion of these profits, if any, which may be allocated to years in which the Company did not file tax returns under the special tax regime of Act 11/2009 of 26 October.

c) At least 80% of the remaining profits obtained.

When dividend distributions are charged to reserves generated from profits in a year in which the special tax regime applied, the distribution must necessarily be approved as set out above.

The legal reserve of companies which have chosen to avail themselves of the special tax regime established in Act 11/2009 of 26 October must not exceed 20% of the share capital. These companies' bylaws cannot create any other restricted reserve.

9.4 Capital management

The Company is required to distribute at least 80% of its distributable profits in the form of dividends to its sole shareholder, pursuant to Law 11/2009, of 26 October, which was amended by Law 16/2012.

9.5 Valuation adjustments

This heading records in its entirety the effect of changes in fair value of financial instruments classified as hedges (see Note 10).

9.6 Going concern and financial position

At 31 December 2013, the Company had negative equity. The Company Directors have prepared these financial statements on a going concern basis, assuming that the Company's activity will go on in the future and that the assets will therefore be realized and the liabilities liquidated in the amounts and classification recorded in the financial statements on the basis of the cash flow generating capacity of the Company's activity and of the available cash.

In relation to Article 363(1) (e) of the Spanish Companies Act, which provides that a company will be wound up if losses bring its equity to below half the share capital unless the latter is sufficiently increased or decreased, and provided that insolvency proceedings do not need to be sought, it should be noted that the Company is not in such situation because there are participating loans that must be considered when determining accounting equity for purposes of the dissolution of companies under company law.

However, the Resolution issued by the Accounting and Auditing Institute (ICAC) on 20 December 1996, which lays down general criteria for determining the concept of equity for the purpose of capital reduction and company liquidation in accordance with company law, establishes that the participating loans recorded on the Company's balance sheet in the accounts payable grouping shall be included in the calculation of equity for that purpose.

In this context, the Company had participating loans of 197,811 thousand euros at 31 December 2013 and 2012 (see Note 11).

Likewise, Royal Decree-Law 10/2008 of 12 December established that, for a period of two years, a decrease in a company's equity due to impairment losses arising from property, plant and equipment, investment property and inventories would not be taken into account for the purpose of establishing grounds for mandatory capital reduction or winding up. This two-year period was subsequently extended four times, the last time being through Royal Decree 4/2014, which extended it until 31 December 2014.

Finally, in accordance with Article 36 of the Code of Commerce, for purposes of distributing profits, mandatory reduction of share capital and mandatory winding-up due to losses, valuation adjustments due to cash flow hedging operations pending recognition in the profit and loss account will not be considered equity.

Hence, the equity value (obtained from the annual statutory accounts for 2013 and 2012 for the purpose of said articles of the Spanish Capital Companies Act at 31 December 2013 is as follows:

	Thousands of euros
	12/31/2013
Company's equity according to its annual statutory accounts	**(111,183)**
Less participating loans	197,811
Valuation adjustments	72,073
Equity for computing what is provided for in articles 363 and 327 of Capital Companies Act	**158,701**

At 31 December 2013, the Company is not in the circumstances envisaged in articles 363 and 327 of the Capital Companies Act.

After the capital increase of 7 January 2014 (see Note 9.1), the Company's equity stood at 98,959 thousand euros.

9.7 *Information on financial risk management*

The Company's risk management policies are set by the Directors. Based on these policies, the Company has put in place a series of procedures and tests for identifying, measuring and managing the risks arising from operating with financial instruments. These policies provided the Company will not engage in speculative derivatives operations.

Operating with financial instruments exposes the Company to credit, market and liquidity risk.

9.7.1 Credit risk

Credit risk arises from possible loss caused as a result of default by the Company's counterparties on their agreed obligations, i.e., from the possibility that financial assets may not be recovered for their carrying amount or with the stipulated timing.

As a general rule, the Company holds its cash and liquid assets in entities with high credit ratings.

A periodic breakdown of "Trade and other receivables" is compiled, aging the balances receivable, as basis for managing their collection. The properties owned by the Company are leased in full to BBVA bank, which holds a high credit rating, and the existing financing is also tied to maintenance of that credit quality (see Note 10) In this connection, the Directors of the Company believe that there is no significant credit risk in relation to receivables from the lessee.

9.7.2 Market risk

Market risk consists of the potential loss caused by fluctuations in fair value or in future cash flows of a financial instrument due to changes in market prices. Market risk includes interest rate risk, exchange rate risk and other price risks.

Interest rate risk

Interest rate risk arises from the potential loss caused by fluctuations in the fair value or in future cash flows of a financial instrument due to changes in market interest rates. The Company's exposure to the risk of interest rate fluctuations is mainly in respect of the long-term loans and credit facilities it has received at floating interest rates.

The Company manages interest rate risk by distribution of its financing at fixed and floating rates. The Company policy is to maintain net non-current financing from third parties at fixed rates. It does this by entering into interest rate swaps which are designated as hedges of the relevant loans.

Exchange rate risk

The Company has no exposure whatsoever to exchange rate risk, since its sales are in the functional currency.

Price risk

The Company holds inflation hedging instruments for its rental income in order to cover CPI fluctuation risks.

9.7.3 Liquidity risk

Liquidity risk arises from the possibility of the Company not having or not being able to dispose of liquid funds in sufficient quantities and at an appropriate cost to meet its payment obligations from time to time.

The company manages liquidity risk for ordinary activities by drawing up period cash flow statements. In addition, the Company regularly monitors fulfillment of the obligations under the financing agreements.

10. Current and non-current financial liabilities

The detail on the related headings in the balance sheet is as follows:

31 December 2013

	Thousands of euros		
	Non-current		Current
	Bank borrowings	Derivative financial instruments	Bank borrowings
Syndicated loan	834,375	-	29,511
Other financial liabilities - deposits	-	14,265	-
Derivative financial instruments	-	78,581	-
Total	**834,375**	**92,846**	**29,511**

31 December 2012

	Thousands of euros		
	Non-current		Current
	Bank borrowings	Derivative financial instruments	Bank borrowings
Syndicated loan	907,843	-	26,593
Other financial liabilities - deposits	-	14,350	-
Derivative financial instruments	-	131,857	183
Total	**907,843**	**146,207**	**26,776**

a) *Syndicated loans*

The detail for syndicated loans is as follows (in thousands of euros):

31 December 2013

	Limit	Arrangement expenses	Drawn		Short-term interest
			Long-term	Short-term	
Senior loan	1,139,003	(14,708)	799,862	9,404	2,026
Mezzanine loan	112,174	(1,257)	50,478	17,583	498
Total payables	**1,251,177**	**(15,965)**	**850,340**	**26,987**	**2,524**

31 December 2012

	Limit	Arrangement expenses	Drawn		Short-term interest
			Long-term	Short-term	
Senior loan	1,139,003	(20,032)	861,828	10,248	2,150
Mezzanine loan	112,174	(2,014)	68,061	13,601	594
Total payables	**1,251,177**	**(22,046)**	**929,889**	**23,849**	**2,744**

At 31 December 2013 the Company has the following financing associated entirely with the acquisition of real estate assets:

Syndicated mortgage Senior loan:

On 29 July 2010 the Company signed an agreement to amend and update the 1,139,003 thousand euro syndicated loan arranged with 15 banks, with Deutsche Bank as Agent bank. The loan was to partially finance the acquisition price of the properties purchased from the BBVA Group (See Note 5).

The loan is due on 23 September 2017, bears interest at the 3-month Euribor plus 2.5%, and is secured by a mortgage on the assets.

The interest accrued in 2013 and 2012 amounted to 48,881 thousand euros and 51,616 thousand euros respectively, after considering the existing hedges. The interest paid is recorded under "Finance expenses" in the accompanying profit and loss account.

This financing includes commitments to certain coverage levels for the assets with respect to the outstanding debt (Test Loan to Value) in the event BBVA's credit rating is downgraded below a certain level by rating entities. Maintenance of that level of coverage was not required at 31 December 2013 and 2012 because at those dates BBVA's credit rating was above the level specified in the financing agreement.

Syndicated mortgage Mezzanine loan:

On 29 July 2010 the Company signed an agreement to amend and update the 112,174 thousand euro syndicated loan arranged with 15 banks, with Deutsche Bank as Agent bank. The loan was to partially finance the acquisition price of the properties purchased from the BBVA Group acquisition process (See Note 5).

The loan is due on 23 September 2017 and bears interest at the 3-month Euribor plus 7.75%.

The interest accrued in 2013 and 2012 amounted to 8,010 thousand euros, 9,500 thousand euros, respectively, after considering the existing hedges. The interest paid is recorded under "Finance expenses" in the accompanying profit and loss account.

Debt arrangement expenses:

The costs of arranging financial debt pending amortization by the Company amount to 15,965 thousand euros, 22,046 thousand euros at year-end 2012. According to accounting standards, these costs must be considered directly attributable to arrangement of the financing and be taken to the profit and loss account according to the effective interest rate method. The amount taken to income in this respect was 6,081 thousand euros in 2013, and 6,426 thousand euros in 2012, recorded under "Finance expenses" in the accompanying profit and loss account.

The breakdown by maturity of these loans is as follows (in thousands of euros):

	Thousands of euros	
	Syndicated loans	
	12/31/2013	12/31/2012
1 year	26,987	22,463
2 years	33,045	27,553
3 years	38,682	33,862
>3 years	778,613	869,860
	877,327	**953,738**

In 2013, 76,411 thousand euros of bank debt were cancelled, some 50,318 thousand euros of which was as a result of mandatory prepayment on sale of assets, 22,193 thousand euros under the ordinary repayment calendar, and 3,900 thousand euros as a result of other obligations under the financing agreement.

Guarantees received

This heading records security deposits received from the different lessees of rental properties, approximately 90% of which the Company deposits with the competent public body (see Note 7). These amounts will be returned at the termination of the agreements.

b) *Derivative financial instruments*

Shown below are the interest rate derivatives arranged by the Company and in effect at 31 December 2013, and their fair value as that date (in thousands of euros):

Instrument	Maturity	Interest rate	Notional value	Fair value	(Db) Asset	(Cr) Liability	Loss and Profit
IRS SENIOR	2017	3.46%	734,000	(65,880)	-	65,880	106
IRS MEZZANINE	2017	2.81%	91,500	(2,516)	-	2,516	-
IRS INFLATION	2017	3.34%	80,571	2,155	-	(2,155)	-
IRS SENIOR	2017	2.78%	177,202	(11,910)	-	11,910	29
IRS MEZZANINE	2017	2.25%	20,674	(430)	-	430	-
Total					-	**78,581**	**135**

Shown below are the interest rate derivatives arranged by the Company and in effect at 31 December 2012, and their fair value as that date (in thousands of euros):

Instrument	Maturity	Interest rate	Notional value	Fair value	(Db) Asset	(Cr) Liability	Loss and Profit
IRS SENIOR	2017	3.46%	734,000	(96,407)	-	96,407	279
IRS MEZZANINE	2017	2.81%	91,500	(4,239)	-	4,239	-
IRS INFLATION	2017	3.34%	80,571	(12,799)	-	12,799	-
IRS SENIOR	2017	2.78%	177,202	(17,856)	-	17,856	51
IRS MEZZANINE	2017	2.25%	20,674	(739)	-	739	-
Total					-	**132,040**	**330**

The Company applies hedge accounting by appropriately designating the hedging relationships in which these derivative instruments hedge the financing used by the Company, neutralizing the fluctuations in interest rate payment flows by setting the fixed rate payable in respect thereof. These hedging relationships are highly effective prospectively and retrospectively, on an accumulated basis, as from the designation date for certain derivatives.

As a result of the Company's request of 25 September 2013 to be subject to the special tax scheme for Listed Real Estate Investment Companies (the SOCIMI regime) under Act 11/2009 of 26 October regulating Listed Real Estate Investment Companies (SOCIMI Act), effective as from 1 January 2013, the Company has recorded under Equity at 31 December 2013 a total of 72,073 thousand euros for the fair value of the derivatives that meet those requirements, no longer considering the tax effect recorded in previous years (see Note 12), and in the heading "Variation in fair value of financial instruments" of the profit and loss account (135) thousand euros in respect of the derivative financial instruments that did not meet the hedging requirements, and (5,085) thousand euros as a result of the commitment to cancel the Senior Swap derivative for the properties sales made during the year.

At 31 December 2012, the Company recorded under Equity a total of 86,538 thousand euros for the fair value net of tax effect of the derivatives that meet said requirements, and in "Variation in fair value of financial instruments" in the profit and loss account (330) thousand euros in respect of derivative instruments that did not meet the hedging requirements, and (4,298) thousand euros as a result of the commitment to cancel the Senior Swap derivative for the properties sales carried out in 2012.

All hedging derivatives mature on 23 September 2017, the same as the hedged loans.

11 Deudas con empresas del Grupo y asociadas a largo plazo

Long-term debts with Group companies and associates

On 22 September 2009 the companies Alcudia Cartera e Inversiones, S.A. (Alcudia), Apollo Care Fund (US) S.a.r.l., ERE III No.1, S.a.r.l., RREEF Iberian Value Added II, S.A. SICAR (IVAFF II) and Tree 2009 Investments, BV (Tree BV) granted the Company a participating loan of 168,750 thousand euros to finance, together with the loans mentioned in the previous note, the purchase of the assets referred to in Note 5.

On 28 July 2010 the Company signed an agreement to amend the participating loan and increase it to 207,000 thousand euros, together with the loans indicated in the previous note for the purchase of the assets indicated in Note 5.

During 2011 some 27,682 thousand euros of the participating loan principal was repaid, leaving the outstanding debt at 31 December 2011 at 179,318 thousand euros.

The initial maturity of the loan was 31 December 2010. As from that date it is tacitly extended for 1-year periods until 31 December 2013, and for 6-month periods thereafter. These tacit extensions cannot run longer than 49 years and 6 months after the date the contracts were made. At 31 December 2013, the Company Directors estimated Debt with Group companies and associates would not be repaid in the short term, wherefore these debts have been recorded under non-current liabilities in the balance sheet at 31 December 2013. In addition, as stated below, these loans have been capitalized in 2014.

The loan accrued an ordinary per annum interest rate until 31 December 2013 of the 12-month Euribor plus 9%; beginning 31 December 2013 it will accrue interest at the 6-month Euribor plus 9%. In addition, it accrues a participating interest rate tied to the profitability of the Company.

The interest accrued during 2013 amount to 25,766 thousand euros (19,139 thousand euros in ordinary interest and 6,627 in participating interest), recorded under "Finance expenses" in the profit and loss account. The interest accrued but not paid in 2013 amounted to 16,966 thousand euros, recorded under "Short-term debt with group companies and associates" in the accompanying interim balance sheet.

The interest accrued during 2012 amounted to 22,848 thousand euros (19,957 thousand euros in ordinary interest and 2,981 in participating interest) recorded under "Finance expenses" in the profit and loss account.

On 31 December 2012 all of the interest accrued and unpaid at that date was capitalized as an 18,493 thousand euro increase in the principal of the participating loans.

On 7 January 2014 ordinary interest of 7,150 thousand euros was paid on the participating loans, and the principal of the participating loans was capitalized (197,811 thousand euros), as was the interest accrued and unpaid at that date (10,177 thousand euros). Toward this end, a capital increase of 2,339 thousand euros was carried out, with the creation of 2,338,917 new shares with a nominal value of 1 euro each, and a share premium of 205,649 thousand euros, fully subscribed.

12. Tax matters

Under the applicable tax legislation, taxes cannot be considered definitely settled until the tax returns filed have been inspected by the tax authorities or the 4-year limitation period has elapsed. At year-end 2013, the Company had all of its taxes since its incorporation open to inspection (see Note 1). The Directors of the Company believe that those taxes have been settled correctly, such that even if any differences were to arise as to the regulatory interpretation of the tax treatment of the Company's operations, such liabilities as could result, if any, would not have a material impact on the accompanying accounts.

Shown below is the breakdown of the tax receivables and payables at 31 December 2013 is as follows (in thousands of euros):

	Thousands of euros			
	2013		2012	
	Tax receivables	Tax payables	Tax receivables	Tax payables
Tax matters:				
Deferred tax asset	11,885	-	50,343	-
Current tax payable to tax authority	199	(199)	-	(900)
Other payables to tax authority	4	(820)	156	(805)
	12,088	**(1,019)**	**50,499**	**(1,705)**

On 6 March 2013, a binding consultation was submitted to the General Tax Directorate regarding the fact that Income and expenses from financial derivatives that do not qualify as accounting hedges should neither be affected by Article 20 of Corporate Income Tax Act nor affect the calculation of the limitations established therein; and, similarly, that gains and expenses recorded in the profit and loss account as a consequence of loss of hedging instrument status, precisely because of a change in their accounting classification (as would be the case

with cash flow hedging instruments that lose such status, for instance, because the hedge is disengaged and/or ceases to be effective), and those recorded from then on, must likewise be disregarded in the calculation for the purposes of the limit of Article 20 CIT Act.

On 17 June 2013 there was received the resolution on the binding consultation dated 11 June 2013. According to that resolution, the consultation submitted is not ratified, except as to the interpretation put forth in the consultation and described in the preceding paragraph.

As a consequence of the foregoing, in the corporate income tax filing for 2012 (on 18 July 2013), income and expenses recorded in the profit and loss account as a consequence of loss of hedging instrument status were excluded from the calculation of the limit of Article 20 of the CIT Act, and a refund of 143 thousand euros was therefore requested.

As a result of the Company's 25 September 2013 request for inclusion in the special tax regime for Listed Real Estate Investment Companies (SOCIMI Regime) under Act 11/2009 of 26 October regulating Listed Real Estate Investment Companies (SOCIMIs Act), effective from 1 January 2013, the Company recorded corporate income tax at 31 December 2013 on the basis of the SOCIMI tax regime rules. The corporate income tax provision for 2013 records a liability of 199 thousand euros, charged to "Trade and other payables – Current tax liabilities" under current liabilities in the accompanying balance sheet at 31 December 2013.

The SOCIMI Act First Transitional Provision allows for the application of the SOCIMIs tax regime on the terms set out in Article 8 of the SOCIMI Act even when the legal requirements have not been met at the date of inclusion in said regime, provided that they are met within two years after the date on which application of the SOCIMI regime is sought. In the opinion of the Company's Directors, those requirements will be met in due time and form.

12.1 Reconciliation between accounting income and taxable income

Corporate income tax is calculated on the basis of the accounting profit determined by applying generally accepted accounting principles and is not necessarily the same as taxable income.

The reconciliation between the accounting income, the corporate income tax base and the resulting tax receivable or payable at 31 December 2013 and 2012 is shown below:

<u>31 December 2013</u>

	Thousands of euros		
	Increase	Decrease	Amount
Loss before tax			**(13,888)**
Permanent differences:			**37,226**
Surcharges	12	-	-
Amortization adjustments	9,147	-	-
Adjustments due to temporary differences	63,626	-	-
SOCIMI adjustment	-	(35,559)	-
Temporary differences:			**96**
Interim adjustments	96	-	-
Tax base prior to setoff of tax loss carryforwards			**23,434**
Setoff of tax loss carryforwards			(5,859)
Tax base			**17,575**
30% tax rate			5,273
Prepayments and withholdings			(5,074)
Corporate income tax payable to/ (receivable from) tax authority			**199**

31 December 2012

	Thousands of euros		
	Increase	Decrease	Amount
Loss before tax			**(29,523)**
Permanent differences:			**69,566**
Surcharges	26	-	-
Adjustments due to temporary differences	69,540	-	-
Temporary differences:			**(10,011)**
Setoff of tax loss carryforwards	-	(10,011)	
Tax base			**30,032**
30% tax rate			**9,010**
Prepayments and withholdings			**(8,109)**
Other adjustments			**(1)**
Corporate income tax payable to/ (receivable from) tax authority			**900**

At 31 December 2013 and 2012, the line "Adjustments due to temporary differences" in the reconciliation of accounting income, the corporate income tax base and the resulting tax payable at 31 December 2013 is the result of the amendment of Article 20 in the Recast Text of the Corporate Income Tax Act, approved by Royal Decree 12/2012 of 30 March and by Royal Decree 20/2012 of 13 July, which has implemented new rules on deductibility whereunder net financial expenses are deductible but limited to 30% of the year's operating profit.

The line "Amortization adjustments" in the reconciliation of accounting income, the corporate income tax base and the resulting tax payable at 31 December 2013 is due to the limitation of tax deduction of accounting amortization for 2013 and 2014 that is set out in Act 16/2012 of 27 December, which adopted diverse tax measures aimed at strengthening government finances and stimulating economic activity.

The Company's balance sheet does not record any deferred tax assets recognizing the Company's right to future deduction of financial expenses not deducted in the current year because the Directors of the Company believe there is no certainty as to their future recovery.

12.2 Reconciliation between accounting income and tax expense

The reconciliation between accounting income and the corporate income tax liability at 31 December 2013 and 2012 is shown below (in thousands of euros)

	Thousands of euros	
	12/31/2013	12/31/2012
Loss before taxes	**(13,888)**	**(29,253)**
Surcharges	12	26
Amortization adjustments	9,147	-
Adjustment Art. 20 CIT Act	63,626	69,540
SOCIMI adjustment	(35,559)	-
Taxable income (Tax base)	**23,338**	**40,043**
30% tax rate	(7,001)	(12,013)
Adjustment corporate income tax 2012	1,388	-
Total corporate tax income / (expense)	**(5,613)**	**(12,013)**

The line "Adjustment corporate income tax 2012" in the reconciliation of accounting income and the tax expense records the effect of not including in the calculation of the limit of Article 20 CIT Act the income and expenses that was taken to the profit and loss account as a result of loss of hedging instrument status in the 2012 corporate income tax filing (dated 18 July 2013).

The breakdown of corporate income tax (expense) and income is shown below (thousands of euros):

	Thousands of euros	
	12/31/2013	12/31/2012
Current tax	(7,001)	(12,013)
Deferred tax	-	-
Adjustment corporate income tax 2012	(1,388)	-
Total corporate tax income (expense)	**(5,613)**	**(12,013)**

12.3 Deferred tax assets recorded

Shown below is the breakdown of the balance of this account:

	Thousands of euros	
	12/31/2013	12/31/2012
Temporary differences:		
Hedging derivatives valuation recorded in equity	-	37,088
Temporary deductible differences	164	-
Capitalized tax credits	11,721	13,255
Total deferred tax assets	**11,885**	**50,343**

At 31 December 2013, due to the Company's inclusion in the SOCIMI regime, in effect from 1 January 2013, the Company stopped recording the tax effect of hedging financial instruments as done in previous years, given that it does not believe they will be recoverable under the new tax scheme.

The deferred tax assets still carried on the balance sheet at 31 December 2013 were recorded there because the Directors of the Company believe, based on the best estimates of the Company's future earnings, including certain tax planning measures, that recovery of those assets is probable.

At year-end 2013, the maturity of tax credits for tax losses available to be carried forward against future profits is shown below (in thousands of euros):

	Amount	Maturity
Negative tax bases:		
2009	6,400	2027
2010	21,659	2028
2011	11,010	2029
Total tax losses	**39,069**	

Note: The year of expiry of the unused tax loss carryforwards has been adapted in accordance with Royal Decree-Law 9/2011 of 9 August, under which the time limit for offsetting the tax credits recognized at 01/01/2012 has been extended to 18 years. Only tax credits considered recoverable have been recognized.

The Company does not have any tax deductions pending application or recognition at 31 December 2013.

12.4 Taxes recognized in equity

At 31 December 2013, no taxes were recognized in equity.

During 2012 no taxes were recognized in equity except for those relating to the recording of hedging derivatives at their value net of taxes.

13. Income and expenses

13.1 Revenue

Shown below is the breakdown of the turnover figure by business category at 31 December 2013 and 2012 (in thousands of euros):

	Thousands of euros	
	2013	2012
Revenue from leasing investment property (Note 6.1)	89,099	88,126
Revenue from expenses charged to lessees (Note 6.1)	4,288	4,852
Total	**93,387**	**92,978**

All of the revenue was obtained in Spain.

13.2 External Services

The breakdown of this heading of the accompanying profit and loss accounts for the years ended 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Independent professional services	6,975	5,688
Leases	19	25
Banking and similar services	1	3
Other services	16	14
Total	**7,011**	**5,730**

13.3 Taxes other than income tax

The breakdown of this heading of the accompanying profit and loss accounts for the years ended 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Property tax	2,127	2,085
Stamp duties (*Impuesto AJDs*)	22	6
Fees	216	189
Other charges	471	557
Total	**2,836**	**2,837**

13.4 Proceeds from sale of real estate assets

The breakdown of this heading of the accompanying profit and loss accounts for the years ended 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Proceeds from sale of investment properties	27,541	12,713
	27,541	**12,713**

The profits arising from fixed assets relate entirely to the accounting profit on sales of properties carried out during 2013 and 2012 (see Note 5).

14. Remuneration and other benefits of the Board of Directors and Senior Executives

14.1 Remuneration of Directors and senior executives

During 2013 and 2012, the Company Directors received no remuneration of any kind from Tree Inversiones Inmobiliarias, S.A. for the performance of their duties.

The Company does not have any commitments to members of the Board of Directors in respect of pension funds, life insurance, advances, loans or any other items.

The Board of Directors is made up of eight individuals, all men.

There are no senior executives in the Company.

14.2 Disclosure of holdings in companies engaged in similar activities and of pursuit of similar activities by Directors for own account or as employees

Shown below are the members of the Board of Directors and their related persons who have held equity interests in companies with the same, similar or related type of activity as the Company's corporate objects, together with positions and functions held therein, at year-end 2013:

Held by	Company	Position/ Functions	Number of shares
Kevin Cahill	-	-	-
Jason Oram	-	-	-
Noel Manns	-	-	-
Rafael Avilés Uruñuela	CASTANEA SATIVA CEI, S.L.	Sole Administrator	100%
	APOLLO 3C GANDIA, S.L.	Director	-
	LEBETER, S.L. (wound up)	Liquidator	-
Ismael Clemente	-	-	-
David Nuevo Alfonso	-	-	-
Carlos Manzano Cuesta	-	-	-
Nicolas Barquero Aranda	-	-	-

15. Mandatory disclosures as a result of status as SOCIMI, Act 11/2009, as amended by Act 16/2012

a) *Reserves from years prior to application of the tax regime of Act 11/2009 as amended by Act 16/2012 of 27 December.*

   Reserves from years prior to the Company's inclusion in the SOCIMI regime, effective as from 1 January 2013, amount to (497) thousand euros for expenses of capital increases carried out in 2009 and 2010 (see Note 9.1).

b) *Reserves from years in which the tax regime established in this Act has been applied, differentiating the part generated by income taxed at 0 per cent, or at 19 per cent, from that generated by income taxed at the general rate.*

   In 2013, there was a 16 thousand euro variation in reserves, as a result of the merger by takeover of the Baum Holdings Spain, S.L. (see Note 1.2).

Taxed at 0% rate	-
Taxed at 19% rate	-
Taxed at general rate	-

c) *Dividends distributed out of profits of each year in which the tax regime set forth in this Act has applied, differentiating the part from income taxed a 0 per cent, or at 19 per cent, from any income taxed at the general rate.*

In 2013 no dividends were distributed out of profits.

Taxed at 0% rate	-
Taxed at 19% rate	-
Taxed at general rate	-

d) *In case of dividend distributions out of reserves, specify the year in which reserve used was generated, and whether they were taxed at 0 per cent, at 19 per cent or at the general rate.*

In 2013 no dividends were distributed against reserves.

Taxed at 0% rate	-
Taxed at 19% rate	-
Taxed at general rate	-

e) *Date of resolution to distribute the dividends referred to in c) and d) above.*

In 2013 there were no resolutions to distribute dividends.

f) *Acquisition date of properties for leasing purposes and of ownership interests in the entities referred to by Article 2(1) of this Act.*

The Company only owns properties intended for leasing, with the acquisition dates given in section g) below, and it does not hold ownership interests in other entities.

Date of acquisition of properties	See Note 15.g)
Date of acquisition of equity holdings	-

g) *Identification of the asset calculated within the 80% referred to by Article 3(1) of the Act.*

At 31 December 2013, the Company had 100% of the value of its assets invested in urban properties intended for leasing (see Notes 5 and 6).

The list of the 905 properties and their acquisition dates is given below:

Cod	Adress	Municipalitu	Province	Acquisition	Type
0002	Autonomia, 27-29	Bilbao	Vizcaya	29-jul-10	Premises
0003	Alda De Urquijo, 56	Bilbao	Vizcaya	25-sep-09	Premises
0004	Portal De Zamudio, 1	Bilbao	Vizcaya	25-sep-09	Premises
0006	Doctor Areilza, 1	Bilbao	Vizcaya	29-jul-10	Premises
0007	Mikel Zarate, 1	Sondika	Vizcaya	25-sep-09	Premises
0009	Barrio De La Concha, S/N.	Carranza	Vizcaya	25-sep-09	Premises
0010	Catalina Gibaja, 23	Ortuella	Vizcaya	25-sep-09	Premises
0011	Talleri Kalea, 1	Zamudio	Vizcaya	29-jul-10	Premises
0012	Ricardo Ibarretxe, 5 /Paseo Urgoiti	Arrigorriaga	Vizcaya	25-sep-09	Premises
0014	Amesti, 12	Algorta	Vizcaya	25-sep-09	Premises
0015	Aguirre Lehendakari, 56	Basauri	Vizcaya	25-sep-09	Premises
0018	8 De Enero, 2	Gernika	Vizcaya	25-sep-09	Premises
0020	Sabino Arana, 95	Leioa	Vizcaya	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
0022	Cresalchu E Ibaiondo, S/N.	Getxo-Romo	Vizcaya	29-jul-10	Premises
0024	Avenida De Abaro, 1	Portugalete	Vizcaya	25-sep-09	Premises
0025	Gran Via Carlos Vii, 16	Sestao	Vizcaya	25-sep-09	Premises
0026	Plaza De San Severino, 11	Balmaseda	Vizcaya	25-sep-09	Premises
0028	Lehendakari Aguirre, S/N.	Yurre	Vizcaya	25-sep-09	Premises
0035	Rambla Mendez Nuñez, 42	Alicante	Alicante	29-jul-10	Singular Building
0036	Reyes Catolicos, 22	Alicante	Alicante	25-sep-09	Premises
0039	Avenida Del Mediterraneo, 68	Benidorm	Alicante	25-sep-09	Premises
0041	Avenida De Alcoy, 3	Alicante	Alicante	25-sep-09	Premises
0046	Empedra, 20	Ayora	Valencia	25-sep-09	Premises
0051	Plaza Mayor, 11	El Verger	Alicante	25-sep-09	Premises
0055	Somogil, 3	San Pedro Del Pinatar	Murcia	25-sep-09	Premises
0057	Avenida De La Constitucion, 26	Villena	Alicante	25-sep-09	Premises
0070	Avda. Principe De Asturias, 22	Javea	Alicante	25-sep-09	Premises
0071	S.Francisco, 1/Av.Pedro Areitio, 19	El Campello	Alicante	25-sep-09	Premises
0073	Ollerias, 16	Andujar	Jaén	25-sep-09	Premises
0075	Traperia, 32	Murcia	Murcia	25-sep-09	Premises
0077	Avenida De La Libertad, 4	Murcia	Murcia	25-sep-09	Premises
0079	Avenida Del Infante D.Juan Manuel,5	Murcia	Murcia	29-jul-10	Premises
0086	Pascual Amat, 4 / Miguel Golf, 10	Yecla	Murcia	25-sep-09	Premises
0094	Carreteria, 39	Cuenca	Cuenca	25-sep-09	Premises
0095	Mayor, 45	Guadalajara	Guadalajara	25-sep-09	Premises
0096	Plaza De España, 32-33	Ferrol	La Coruña	25-sep-09	Premises
0098	San Pedro, 25	Cuellar	Segovia	25-sep-09	Premises
0099	Jose Rodao, 5	Cantalejo	Segovia	25-sep-09	Premises
0101	Marquesa Viuda De Aldama, 9	Alcobendas	Madrid	25-sep-09	Premises
0107	Carrer Ample, 1/Avda.Les Voltes, 26	La Bisbal	Gerona	25-sep-09	Premises
0109	Avenida De Gaudi, 63	Barcelona	Barcelona	29-jul-10	Premises
0112	Muntaner, 118-120	Barcelona	Barcelona	25-sep-09	Premises
0114	Rambla Poble Nou, 108-112	Barcelona	Barcelona	25-sep-09	Premises
0116	Aragon, 52	Barcelona	Barcelona	25-sep-09	Premises
0121	Plaza Lluis Companys, S/N	Alfarras	Lérida	25-sep-09	Premises
0123	Perez Galdos, 42	Barcelona	Barcelona	25-sep-09	Premises
0128	Luis Vives, 8	Algemesi	Valencia	25-sep-09	Premises
0131	Pau Claris, 17	Piera	Barcelona	25-sep-09	Premises
0133	Major, 17	Gelida	Barcelona	25-sep-09	Premises
0135	Carrer Raval, 18	Sant Sadurni D'Anoia	Barcelona	25-sep-09	Premises
0137	Carrer Cafes,10-12	El Vendrell	Tarragona	25-sep-09	Premises
0138	Sant Marti, 50	Arenys De Munt	Barcelona	25-sep-09	Premises
0142	Rambla Ferran, 30	Lleida	Lérida	25-sep-09	Premises
0147	Paseo Miramar, 4-6	Salou	Tarragona	25-sep-09	Premises
0149	Gran Via, 157	Premia De Mar	Barcelona	25-sep-09	Premises
0150	Plaza De Catalunya, 2	Reus	Tarragona	25-sep-09	Premises
0152	Francesc Layret, 101-107	Badalona	Barcelona	25-sep-09	Premises
0153	Plaza De La Palmera, 6	Figueres	Gerona	25-sep-09	Premises
0154	Placa De Fra Bernadi, 3	Manlleu	Barcelona	25-sep-09	Premises
0155	Montero Rios, 15-17	Santiago De Compostela	La Coruña	29-jul-10	Premises
0156	Avenida De La Generalitat, 57	Tortosa	Tarragona	25-sep-09	Premises
0158	Plaza Del Castillo, 43	Pamplona	Navarra	25-sep-09	Premises
0159	Gonzalez Tablas, 4	Pamplona	Navarra	25-sep-09	Premises
0161	Don Teofano Cortes, 3	Tafalla	Navarra	25-sep-09	Premises
0162	Mayor, 37	Sanguesa	Navarra	25-sep-09	Premises
0165	San Andres, 8	Estella	Navarra	29-jul-10	Premises
0170	Avenida De La Argentina, 67	Palma De Mallorca	Islas Baleares	29-jul-10	Premises
0173	Amargura, 6	Manacor	Islas Baleares	25-sep-09	Premises
0176	Mayor, 33	Inca	Islas Baleares	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
0178	Faro, 2	Sant Antoni De Portmany	Islas Baleares	25-sep-09	Premises
0180	Casanova, 153	Barcelona	Barcelona	25-sep-09	Premises
0184	Idiakez, 9-11	San Sebastian	Guipuzcoa	25-sep-09	Premises
0185	Avenida De La Estacion, 8	Alicante	Alicante	25-sep-09	Premises
0190	Jacinto Verdaguer, 90	Sant Vicenc Dels Horts	Barcelona	25-sep-09	Premises
0191	Eskola-Kalea, 2	Andoain	Guipuzcoa	25-sep-09	Premises
0192	Cardenal Durana, 29	Aretxabaleta	Guipuzcoa	25-sep-09	Premises
0193	Mayor, 84	Azkoitia	Guipuzcoa	25-sep-09	Premises
0196	Plaza De Arakistain, 5 / Arenal, 2	Deba	Guipuzcoa	25-sep-09	Premises
0197	Avenida De Navarra, 1	Beasain	Guipuzcoa	25-sep-09	Premises
0200	Zubiaurre, 5	Irun	Guipuzcoa	25-sep-09	Premises
0203	Padre Kardaveraz,68	Hernani	Guipuzcoa	25-sep-09	Premises
0205	Avenida Universidad Vasca, 2	Oñati	Guipuzcoa	25-sep-09	Premises
0206	Gure Zumardia, 28	Pasaia	Guipuzcoa	25-sep-09	Premises
0208	Pablo Mutiozabal, 2	Lasarte	Guipuzcoa	25-sep-09	Premises
0209	Parroquia, S/N.	Santesteban	Navarra	29-jul-10	Premises
0212	Euskadiko Etorbidea, 61	Pasaia	Guipuzcoa	25-sep-09	Premises
0214	Portale Kalea, 2	Zestoa	Guipuzcoa	25-sep-09	Premises
0217	Biteri Etorbidea, 2	Mondragon	Guipuzcoa	25-sep-09	Premises
0219	Rabal, 22	Placencia De Las Armas	Guipuzcoa	25-sep-09	Premises
0220	Pablo Gorozabel, 2	Tolosa	Guipuzcoa	25-sep-09	Premises
0221	Arroyada, 6	Sonseca	Toledo	25-sep-09	Premises
0224	Nagusia, 7	Zarautz	Guipuzcoa	29-jul-10	Premises
0225	Legazpi,9	Zumarraga	Guipuzcoa	25-sep-09	Premises
0230	Cardenal Rodrigo De Castro, 44-46	Monforte De Lemos	Lugo	25-sep-09	Premises
0234	Baron De La Torre, 38	Cintruenigo	Navarra	25-sep-09	Premises
0243	Felix Valverde Lillo, 6	Merida	Badajoz	29-jul-10	Premises
0246	Emilio Castelar, 17	Alcazar De San Juan	Ciudad Real	29-jul-10	Premises
0247	Seis De Junio, 54	Valdepeñas	Ciudad Real	25-sep-09	Premises
0251	Avenida De Santiago, 37	Ourense	Orense	25-sep-09	Premises
0258	Virgen De Lujan, 24	Sevilla	Sevilla	25-sep-09	Premises
0260	Garcia Camba, 10	Pontevedra	Pontevedra	25-sep-09	Premises
0262	Nuestra Señora Del Aguila, 21	Alcala De Guadaira	Sevilla	25-sep-09	Premises
0280	Plaza 1 De Mayo, 3	Huetor-Tajar	Granada	25-sep-09	Premises
0281	Mayor, 21 (Esq. Andres Larrazabal)	Las Arenas	Vizcaya	25-sep-09	Premises
0282	Federico Molina, 57	Huelva	Huelva	25-sep-09	Premises
0296	Juan Florez,90/Tte.Gomez Zamalloa,1	La Coruña	La Coruña	29-jul-10	Premises
0301	Avenida De La Constitucion,38	Sevilla	Sevilla	27-oct-10	Premises
0308	Avenida De Antonio Machado, 40	Benalmadena	Málaga	29-jul-10	Premises
0311	Plaza De La Constitucion, 10	Fuengirola	Málaga	25-sep-09	Premises
0313	Mayor Principal, 64	Palencia	Palencia	25-sep-09	Premises
0314	Modesto Lafuente, 4	Aguilar De Campoo	Palencia	29-jul-10	Premises
0315	Frontera De Haro, 3	Venta De Baños	Palencia	25-sep-09	Premises
0324	Ruzafa, 25-27	Valencia	Valencia	25-sep-09	Premises
0329	Jesus, 108	Valencia	Valencia	29-jul-10	Premises
0330	Valencia, 1	Almenara	Castellón	25-sep-09	Premises
0338	Plaza Salero, 3	Minglanilla	Cuenca	25-sep-09	Premises
0342	Brasil, 51	Valencia	Valencia	29-jul-10	Premises
0346	Plaza De La Iglesia, 2	Villanueva De Castellon	Valencia	25-sep-09	Premises
0354	Av.L'Alcora,10 /Carrer Del Taronger	Castellon De La Plana	Castellón	25-sep-09	Premises
0359	Avenida De Valencia, 14	Puçol	Valencia	29-jul-10	Premises
0360	Salvador De Madariaga, 64	La Coruña	La Coruña	25-sep-09	Premises
0370	Aparicio Albiñana, 1-3-5	Valencia	Valencia	25-sep-09	Premises
0371	Albereda Jaume I, 42	Xativa	Valencia	25-sep-09	Premises
0374	Avenida Vicente Blasco Ibañez, S/N.	Mislata	Valencia	25-sep-09	Premises
0375	Poeta Querol, 19	Oliva	Valencia	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
0376	Plaza De La Concepcion, 14	Ontinyent	Valencia	25-sep-09	Premises
0377	Plaza Del Poertal, 2	Requena	Valencia	25-sep-09	Premises
0379	Avenida 9 De Octubre, 50	Sagunto	Valencia	25-sep-09	Premises
0382	Carretera Ribarroja, 30	Manises	Valencia	25-sep-09	Premises
0385	Avenida 1º De Mayo, 16	Paiporta	Valencia	25-sep-09	Premises
0386	Plaza De La Iglesia, 8	Alcala De Xivert	Castellón	25-sep-09	Premises
0389	Plaza Pais Valencia, 11	Castellon De La Plana	Castellón	25-sep-09	Premises
0397	Gonzalez Llanos, 1	Luanco	Asturias	25-sep-09	Premises
0398	Avenida Del Generalisimo, 1	Colunga	Asturias	25-sep-09	Premises
0401	Plaza Seis De Agosto, 6	Gijon	Asturias	25-sep-09	Premises
0402	Avenida De Argentina, 72	Gijon	Asturias	29-jul-10	Premises
0403	Carretera De La Costa, 110	Gijon	Asturias	25-sep-09	Premises
0407	Francisco Legorburu, 6	Aviles	Asturias	25-sep-09	Premises
0408	Martinez De Vega, 2	Mieres	Asturias	25-sep-09	Premises
0409	Concepcion Arenal, 160	Moaña	Pontevedra	25-sep-09	Premises
0411	General Franco, 77-79	Sta Marta De Ortigueira	La Coruña	25-sep-09	Premises
0413	Desiderio Varela, 7	Carballo	La Coruña	25-sep-09	Premises
0414	Juan Xxiii, 20-22	Ourense	Orense	25-sep-09	Premises
0415	Francisco Moure, 2 /Av.Portugal, 28	Ourense	Orense	25-sep-09	Premises
0419	Ramon Y Cajal, 38	La Coruña	La Coruña	25-sep-09	Premises
0421	Avenida Jose Antonio, 26	Santa Eugenia De Riveira	La Coruña	25-sep-09	Premises
0424	Alvaro Cunqueiro, 9	Foz	Lugo	25-sep-09	Premises
0426	Calvo Sotelo, 87	Sarria	Lugo	25-sep-09	Premises
0427	Rua Da Pravia, 7	Villalba	Lugo	25-sep-09	Premises
0430	Plaza De La Independencia, 2	Vigo	Pontevedra	25-sep-09	Premises
0431	Urzaiz, 177	Vigo	Pontevedra	25-sep-09	Premises
0434	Avenida De Buenos Aires, 58	Ourense	Orense	25-sep-09	Premises
0437	Plaza De Galicia, 7	Vilagarcia De Arousa	Pontevedra	25-sep-09	Premises
0442	Paseo De San Julian, 5	Najera	La Rioja	29-jul-10	Premises
0444	Plaza De España, 10	Alfaro	La Rioja	25-sep-09	Premises
0447	Gran Via, 57	Logroño	La Rioja	25-sep-09	Premises
0456	Duque De Alba, 20 / Isaac Peral	Avila	Ávila	25-sep-09	Premises
0460	Plaza De La Constitucion, 3	Zamora	Zamora	25-sep-09	Premises
0464	Plaza De San Antonio, 1	Santoña	Cantabria	25-sep-09	Premises
0466	General Franco, 17	Lalin	Orense	25-sep-09	Premises
0467	Elduayen-Maestro Soutullo	Ponteareas	Pontevedra	25-sep-09	Premises
0473	Jose Maria De Pereda, 17	Torrelavega	Cantabria	25-sep-09	Premises
0475	Jose Antonio, 14	Suances	Cantabria	25-sep-09	Premises
0478	Lancia, 3	Leon	León	25-sep-09	Premises
0481	Sanchez Arjona, 11	Ciudad Rodrigo	Salamanca	25-sep-09	Premises
0483	Federico Anaya, 60	Salamanca	Salamanca	25-sep-09	Premises
0485	Avenida De Gazteiz, 74	Vitoria	Álava	25-sep-09	Premises
0486	Jesus Guridi, 1	Vitoria	Álava	25-sep-09	Premises
0489	Avenida Comuneros De Castilla, 7	Miranda De Ebro	Burgos	25-sep-09	Premises
0490	Vitoria, 2	Miranda De Ebro	Burgos	25-sep-09	Premises
0491	Reyes De Navarra, 33	Vitoria	Álava	25-sep-09	Premises
0492	Heraclio Fournier, 1	Vitoria	Álava	25-sep-09	Premises
0493	Doctor Moreda, 22	Ribadeo	Lugo	25-sep-09	Premises
0494	Bekuri, 1	Villarreal De Alava	Álava	25-sep-09	Premises
0495	Avenida De Oviedo, 2	Pola De Siero-Lugones	Asturias	25-sep-09	Premises
0498	Plaza Primo De Rivera, 3	Oviedo	Asturias	25-sep-09	Premises
0500	Marques De Sant Mori, 158-164	Badalona	Barcelona	25-sep-09	Premises
0501	Marcos Salgueiro, 6	Olmedo	Valladolid	25-sep-09	Premises
0503	Plaza España, 6	Peñafiel	Valladolid	25-sep-09	Premises
0504	Plaza De España, 4	Medina Del Campo	Valladolid	25-sep-09	Premises
0505	Plaza Queipo De Llano, 13	Iscar	Valladolid	25-sep-09	Premises
0508	Plaza Circular, S/N.	Valladolid	Valladolid	25-sep-09	Premises
0509	San Pedro Mestallon, 3	Oviedo	Asturias	25-sep-09	Premises
0512	Salvador Minguijon, 12	Zaragoza	Zaragoza	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
0525	General Ricardos, 6	Barbastro	Huesca	25-sep-09	Premises
0527	Nueva, 19	Teruel	Teruel	29-jul-10	Premises
0529	Mayor De Triana, 91	Las Palmas	Las Palmas	29-jul-10	Premises
0531	Avenida De La Constitucion, 46	Telde	Las Palmas	25-sep-09	Premises
0537	Obispo Rey Redondo, 25	La Laguna	Tenerife	29-jul-10	Premises
0542	Leon Y Castillo, 7	Arrecife	Lanzarote	25-sep-09	Premises
0543	Nafarroa, 11	Baracaldo	Vizcaya	25-sep-09	Premises
0545	Plaza Arco De Isilla, 11	Aranda De Duero	Burgos	25-sep-09	Premises
0546	Mayor, 85 / Fernandez Alvarez, 73	Medina De Pomar	Burgos	29-jul-10	Premises
0547	Avenida De Pamplona-Torre Nueva	Barañain	Navarra	25-sep-09	Premises
0548	Calvo Sotelo, 15	A Estrada	Pontevedra	29-jul-10	Premises
0551	Justo Canton Salazar, 5	Briviesca	Burgos	25-sep-09	Premises
0555	Ps. De Los Mesones, 30	Lerma	Burgos	25-sep-09	Premises
0558	Travessera De Les Corts, 237	Barcelona	Barcelona	25-sep-09	Premises
0561	San Antoni Maria Claret, 41-43	Barcelona	Barcelona	25-sep-09	Premises
0563	Escorial, 29	Barcelona	Barcelona	25-sep-09	Premises
0567	Anselm Clave, 41	Cornella De Llobregat	Barcelona	25-sep-09	Premises
0574	Avenida Republica Argentina, 59	Barcelona	Barcelona	25-sep-09	Premises
0576	Josep Pla, 163	Barcelona	Barcelona	25-sep-09	Premises
0578	Provenza, 84-86	Barcelona	Barcelona	25-sep-09	Premises
0580	Rambla San Sebastian, 7	Sta Coloma De Gramenet	Barcelona	25-sep-09	Premises
0589	Francesc Macia, 32-34/Alfonso Sala	Rubi	Barcelona	25-sep-09	Premises
0593	Plaça Ramon Bertran, 12	Bellpuig	Lérida	29-jul-10	Premises
0596	Plaza El Pati, 6	Valls	Tarragona	29-jul-10	Premises
0600	Plaza De La Trinidad, 2 Y 4	Talavera De La Reina	Toledo	25-sep-09	Premises
0601	Virgen Del Sagrario, 3	Madrid	Madrid	29-jul-10	Premises
0602	Alcala, 582	Madrid	Madrid	25-sep-09	Premises
0603	Mota Del Cuervo, 74	Madrid	Madrid	25-sep-09	Premises
0604	Hermanos Garcia Noblejas, 15	Madrid	Madrid	25-sep-09	Premises
0606	Avenida De La Constitucion, 54	Mostoles	Madrid	29-jul-10	Premises
0609	Egido De La Fuente, 14	Pinto	Madrid	25-sep-09	Premises
0610	Pinto, 43	Parla	Madrid	25-sep-09	Premises
0611	La Cañada, 14	San Fernando De Henares	Madrid	25-sep-09	Premises
0614	Real, 6	S. Sebastian De Los Reyes	Madrid	25-sep-09	Premises
0617	Avinguda Alexandre Rossello, 29	Palma De Mallorca	Islas Baleares	25-sep-09	Premises
0618	Real, 90	Illescas	Toledo	25-sep-09	Premises
0619	Avenida Del Cid, 62	Burgos	Burgos	25-sep-09	Premises
0622	Manuel Pedregal S/N	Grado	Asturias	25-sep-09	Premises
0626	Av. Villamayor	Salamanca	Salamanca	25-sep-09	Premises
0631	Avenida De Felipe Ii, 12	Madrid	Madrid	25-sep-09	Premises
0633	Paseo De La Habana, 12	Madrid	Madrid	25-sep-09	Premises
0634	Conde Peñalver, 62	Madrid	Madrid	25-sep-09	Premises
0636	Paseo De Las Delicias, 20	Madrid	Madrid	25-sep-09	Premises
0637	Alcala, 383	Madrid	Madrid	25-sep-09	Premises
0638	Islas Bermudas, 1	Madrid	Madrid	29-jul-10	Premises
0645	Pz Tirso Molina, 20 - Relatores, 22	Madrid	Madrid	25-sep-09	Premises
0647	Avenida De La Albufera, 14	Madrid	Madrid	25-sep-09	Premises
0649	Paseo De La Castellana, 169-171	Madrid	Madrid	25-sep-09	Premises
0650	General Ricardos, 149	Madrid	Madrid	25-sep-09	Premises
0656	Alcala, 250 - Cipriano Sancho, 2	Madrid	Madrid	25-sep-09	Premises
0658	Enmedio, 14	Torrejon De Ardoz	Madrid	25-sep-09	Premises
0660	Alcala, 189	Madrid	Madrid	25-sep-09	Premises
0662	Velazquez, 51	Madrid	Madrid	29-jul-10	Premises
0664	Juan Ramon Jimenez, 8	Madrid	Madrid	29-jul-10	Premises
0668	Tomas Torresano, 3	Colmenar De Oreja	Madrid	25-sep-09	Premises
0669	Avenida Primero De Mayo, 4	Puertollano	Ciudad Real	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
0670	Plaza España, 11	Leganes	Madrid	25-sep-09	Premises
0671	Fuenlabrada, 1	Alcorcon	Madrid	29-jul-10	Premises
0672	Plaza Del Pueblo, 5	Colmenar Viejo	Madrid	25-sep-09	Premises
0675	Hilarion Eslava, 7	Madrid	Madrid	25-sep-09	Premises
0677	Alcalde Sainz De Baranda, 41	Madrid	Madrid	25-sep-09	Premises
0678	Oca, 77	Madrid	Madrid	25-sep-09	Premises
0679	Maqueda, 30	Madrid	Madrid	25-sep-09	Premises
0680	Santa Engracia, 30	Madrid	Madrid	25-sep-09	Premises
0684	San Francisco De Sales, 29-31	Madrid	Madrid	25-sep-09	Premises
0687	General Ricardos, 88 - Urgel, 2	Madrid	Madrid	25-sep-09	Premises
0689	Arapiles, 17	Madrid	Madrid	25-sep-09	Premises
0691	Libertad, 1	Navalcarnero	Madrid	25-sep-09	Premises
0692	Canovas Del Castillo, 7	Alcala De Henares	Madrid	25-sep-09	Premises
0694	Chimbo, 2	Madrid	Madrid	25-sep-09	Premises
0700	Roger De Lluria, 119	Barcelona	Barcelona	25-sep-09	Premises
0701	Rambla Catalunya, 98	Barcelona	Barcelona	20-dic-11	Premises
0702	Sants, 39 / Santo Cristo, 42	Barcelona	Barcelona	25-sep-09	Premises
0706	Gran De Gracia, 117	Barcelona	Barcelona	25-sep-09	Premises
0707	Avinguda Del Paral-Lel, 148	Barcelona	Barcelona	25-sep-09	Premises
0710	Urgell, 152	Barcelona	Barcelona	29-jul-10	Premises
0713	Vitoria, 28-30 / Sanjurjo, 11	Burgos	Burgos	25-sep-09	Premises
0714	Avenida De Borbon, 37-39	Barcelona	Barcelona	25-sep-09	Premises
0715	Corcega, 81-83	Barcelona	Barcelona	25-sep-09	Premises
0716	Plaza Lluch-Major, 3 Y 5	Barcelona	Barcelona	25-sep-09	Premises
0717	Juan Torras, 26-28	Barcelona	Barcelona	25-sep-09	Premises
0718	Travesera De Dalt, 67	Barcelona	Barcelona	25-sep-09	Premises
0720	Paseo Zona Franca, 134-136	Barcelona	Barcelona	25-sep-09	Premises
0721	Avenida De Guipuzcoa, 110	Barcelona	Barcelona	25-sep-09	Premises
0722	Avenida De Madrid, 79	Barcelona	Barcelona	25-sep-09	Premises
0725	Avenida Eladio Perlado, 15	Burgos	Burgos	25-sep-09	Premises
0732	Ronda De San Pablo, 42-44	Barcelona	Barcelona	25-sep-09	Premises
0740	Tomas Morales, 93-95	Las Palmas	Las Palmas	25-sep-09	Premises
0741	Pelota, 10	Las Palmas	Las Palmas	25-sep-09	Premises
0742	Tome Cano, 2	Santa Cruz De Tenerife	Tenerife	29-jul-10	Premises
0744	Paseo De La Constitucion, 2-4	Tarazona	Zaragoza	25-sep-09	Premises
0747	Estacion, 32	Miranda De Ebro	Burgos	25-sep-09	Premises
0754	General Franco, 1	O Barqueiro	La Coruña	25-sep-09	Premises
0756	Alfabegues, 44	Betera	Valencia	29-jul-10	Premises
0758	Cami Nou, 86	Benetuser	Valencia	25-sep-09	Premises
0762	Juan Xxiii, 17	Chantada	Lugo	29-jul-10	Premises
0778	Del Puente, S/N./Av.Rey Jaume I, 29	Benidorm	Alicante	25-sep-09	Premises
0779	Av.Jaime I, 29 (Circunvalacion S/N)	Benidorm	Alicante	25-sep-09	Premises
0781	Avenida De La Florida, 4 / Castelao	Vigo	Pontevedra	25-sep-09	Premises
0782	Paseo De Pamplona, 2 / Ponzano	Zaragoza	Zaragoza	25-sep-09	Premises
0783	Plaza Rei Jaume I, S/N.	Benissa	Alicante	25-sep-09	Premises
0785	Valmojado, 293	Madrid	Madrid	25-sep-09	Premises
0787	Plaza De Los Martires, 22	Berlanga	Badajoz	25-sep-09	Premises
0790	Plaza De Los Fueros, 2	Orduña	Vizcaya	25-sep-09	Premises
0793	Grupo Tomas Zubiria E Ibarra, 2	Bilbao	Vizcaya	25-sep-09	Premises
0794	Askatasunaren Kalea, 22	Villaro	Vizcaya	25-sep-09	Premises
0795	Carmen, 7	Amorebieta	Vizcaya	25-sep-09	Premises
0796	Mayor, 7	Cangas De Narcea	Asturias	25-sep-09	Premises
0797	Lehendakari Aguirre Etorbidea, 139	Bilbao	Vizcaya	25-sep-09	Premises
0800	Kirikiño Etorbidea, 40-42	Bilbao	Vizcaya	25-sep-09	Premises
0801	Plaza Antonio Cuesta,S/N.-Ribera,23	Plentzia	Vizcaya	25-sep-09	Premises
0802	Avenida De La Constitucion, 2	Castro Urdiales	Cantabria	25-sep-09	Premises
0803	Avenida De Antonio Alzaga, 64-66	Santurtzi	Vizcaya	29-jul-10	Premises
0805	Avenida De La Constitucion, 74	Alcobendas	Madrid	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
0806	Avenida De Canarias, 205	Vecindario-Santa Lucia	Las Palmas	25-sep-09	Premises
0807	Tivoli, 6	Bilbao	Vizcaya	25-sep-09	Premises
0808	Fronton, 2 / Elejondo, 17	Amurrio	Álava	25-sep-09	Premises
0809	Plaza De Cruces, 10	Baracaldo	Vizcaya	25-sep-09	Premises
0811	Fray Juan, 13	Bilbao	Vizcaya	25-sep-09	Premises
0814	Berriochoa, 16	Elorrio	Vizcaya	25-sep-09	Premises
0818	Rambla Nova, 58-60	Tarragona	Tarragona	25-sep-09	Premises
0823	Argumosa, 1	Madrid	Madrid	25-sep-09	Premises
0824	Bravo Murillo, 333	Madrid	Madrid	25-sep-09	Premises
0825	Torre De Ugao, 8	Ugao-Miravalles	Vizcaya	25-sep-09	Premises
0827	Iparraguirre, 20 / Henao, 52	Bilbao	Vizcaya	25-sep-09	Premises
0828	Antonio Leyva, 3 / Fuenlabrada, 4	Madrid	Madrid	25-sep-09	Premises
0831	Autonomia, S/N.	Sodupe	Vizcaya	25-sep-09	Premises
0832	Santa Ana, 17	Campo De Criptana	Ciudad Real	25-sep-09	Premises
0841	Santutxu, 48	Bilbao	Vizcaya	25-sep-09	Premises
0843	Los Monegros, 8	Leganes	Madrid	25-sep-09	Premises
0845	Hermanos Maristas, 18 /Hno. Leon, 1	Zalla	Vizcaya	25-sep-09	Premises
0851	Av Del Presidente Carmona, 1	Madrid	Madrid	25-sep-09	Premises
0855	Illescas, 183	Madrid	Madrid	29-jul-10	Premises
0856	Alkartasuna, 6	Munguia	Vizcaya	25-sep-09	Premises
0859	Hurtado De Amezaga, 50	Bilbao	Vizcaya	25-sep-09	Premises
0860	Lehendakari Aguirre Etorbidea,15-17	Bilbao	Vizcaya	25-sep-09	Premises
0862	Plaza Victor Chavarri, 1	Bilbao	Vizcaya	25-sep-09	Premises
0863	Mezo, 16 Bis	Erandio	Vizcaya	29-jul-10	Premises
0869	Plaza Mayor, 10	Monzon	Huesca	25-sep-09	Premises
0871	Avinguda De La Generalitat, 101	Barbera Del Valles	Barcelona	25-sep-09	Premises
0872	Rioja, 94	Leganes	Madrid	25-sep-09	Premises
0875	Illescas, 14	Madrid	Madrid	25-sep-09	Premises
0878	Bailen, 234	Barcelona	Barcelona	25-sep-09	Premises
0881	Via Complutense, 59/Caball.Española	Alcala De Henares	Madrid	25-sep-09	Premises
0883	San Anton, 24 Edif. Magno I, 1	Murcia	Murcia	25-sep-09	Premises
0885	Corsega, 551	Barcelona	Barcelona	25-sep-09	Premises
0886	Avenida Maruja Garrido, 8	Caravaca De La Cruz	Murcia	25-sep-09	Premises
0888	Ctra.De Pastrana,24 - Edif.Valencia	Alcala De Henares	Madrid	25-sep-09	Premises
0889	Doctor Ayllon, 1	Bolaños De Calatrava	Ciudad Real	25-sep-09	Premises
0894	Avenida De La Constitucion, 9	Aspe	Alicante	25-sep-09	Premises
0902	Barcelona, 43	Salou	Tarragona	29-jul-10	Premises
0903	Narcis Monturiol, 54-70	Vilassar De Mar	Barcelona	25-sep-09	Premises
0907	Fray Juan De Zumarraga, 9	Durango	Vizcaya	25-sep-09	Premises
0908	Avenida De Manuel Girona, 45-47	Castelldefels	Barcelona	29-jul-10	Premises
0910	Alhondiga, 4	Buenavista Del Norte	Tenerife	25-sep-09	Premises
0915	Pz Del Encuentro, 3	Madrid	Madrid	25-sep-09	Premises
0916	Major, 73	Capellades	Barcelona	25-sep-09	Premises
0925	Avda.Sta.Cruz Tenerife/Luis Valero	Avila	Ávila	25-sep-09	Premises
0928	Sanjurjo Carricarte, 1	O Burgo	La Coruña	29-jul-10	Premises
0936	Libreros, 8	Alcala De Henares	Madrid	25-sep-09	Premises
0940	Coladores, 1 / Avda.Constitucion, 6	Aldaia	Valencia	29-jul-10	Premises
0944	Carretera De Nijar, 55	Almeria	Almeria	25-sep-09	Premises
0945	Plaza De Andalucia, 3	Almodovar Del Rio	Córdoba	25-sep-09	Premises
0946	Venida De La Virgen, 20	Almonte	Huelva	25-sep-09	Premises
0954	Riera Bisbe Pol, 18-2O	Arenys De Mar	Barcelona	25-sep-09	Premises
0956	Cervantes, 11	Arjona	Jaén	25-sep-09	Premises
0959	Ramon Franco, 22	Arzua	La Coruña	25-sep-09	Premises
0961	Gutierrez Herrero, 7	Aviles	Asturias	29-jul-10	Premises
0968	Juan Rabadan, 40	Baena	Córdoba	25-sep-09	Premises
0971	Madrid, 1	Burgos	Burgos	25-sep-09	Premises
0973	Vitoria, 168	Burgos	Burgos	29-jul-10	Premises
0975	Avenida Sinforiano Madroñero, 20	Badajoz	Badajoz	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
0976	Avenida Santa Marina, 25	Badajoz	Badajoz	25-sep-09	Premises
0981	Avenida De Josep Tarradellas, 132	Barcelona	Barcelona	25-sep-09	Premises
0983	Jorge Juan, 110	Burjasot	Valencia	25-sep-09	Premises
0984	Plaza Castilla Y Leon, S/N	Zamora	Zamora	29-jul-10	Premises
0989	Gran Plaza, 1/ Eduardo Dato, 52	Sevilla	Sevilla	25-sep-09	Premises
0993	Aita Larroca, 7	San Sebastian	Guipuzcoa	25-sep-09	Premises
0994	Matia, 35	San Sebastian	Guipuzcoa	25-sep-09	Premises
0997	Fermin Calbeton, 6	San Sebastian	Guipuzcoa	25-sep-09	Premises
1005	Emperador Teodosio, 2	Cacabelos	León	25-sep-09	Premises
1011	Cardenal Cisneros, 2	Valladolid	Valladolid	25-sep-09	Premises
1015	Mayor, 2	Villabona	Guipuzcoa	25-sep-09	Premises
1017	Leon Y Castillo, / 70 Venegas, 67	Las Palmas	Las Palmas	25-sep-09	Premises
1019	Travesia De Vigo, 119	Vigo	Pontevedra	25-sep-09	Premises
1021	Gaitan, 43	Posadas	Córdoba	25-sep-09	Premises
1028	Sor Valentina Miron, 5	Plasencia	Cáceres	25-sep-09	Premises
1032	Zamacola, 49	Bilbao	Vizcaya	29-jul-10	Premises
1035	Plaza Eivissa, 13	Cala D'Or	Islas Baleares	29-jul-10	Premises
1038	Grupo Begoñalde, 9 - Bloque I	Bilbao	Vizcaya	25-sep-09	Premises
1041	Avenida De Ifach, 17	Calpe	Alicante	25-sep-09	Premises
1044	Amezketa, 3	San Sebastian	Guipuzcoa	25-sep-09	Premises
1046	Avenida De Gasteiz, 44	Vitoria	Álava	25-sep-09	Premises
1049	Iruña, 15	Bilbao	Vizcaya	25-sep-09	Premises
1051	Zabalbide, 52 / Santutxu,2	Bilbao	Vizcaya	25-sep-09	Premises
1057	Plaza De La Constitucion, 5	Camas	Sevilla	25-sep-09	Premises
1058	Argentina, 9-11 Esq. Peru	Leganes	Madrid	25-sep-09	Premises
1062	Real, 65	Villanueva De La Cañada	Madrid	25-sep-09	Premises
1069	Agustin Fdez.Garcia,15/Doña Ana, 9	Iniesta	Cuenca	25-sep-09	Premises
1070	Plaza Matias Prats (Urb.La Pergola)	Cordoba	Córdoba	25-sep-09	Premises
1089	Plaça De La Generalitat, 6	Mora D'Ebre	Tarragona	25-sep-09	Premises
1096	Plaza De España, 11	Tauste	Zaragoza	25-sep-09	Premises
1098	San Pedro, 10	Carmona	Sevilla	25-sep-09	Premises
1099	Vitoria, 7	Burgos	Burgos	25-sep-09	Premises
1100	Capitan Mendizabal, 21	Santurtzi	Vizcaya	25-sep-09	Premises
1101	Carlos Vii, 11	Portugalete	Vizcaya	25-sep-09	Premises
1103	Iturriaga, 7C/V Carmelo S/N	Bilbao	Vizcaya	25-sep-09	Premises
1104	Plaza De S.Gracia, 22	Espinosa de los Monteros	Burgos	25-sep-09	Premises
1107	Pere Iv, 214-216	Barcelona	Barcelona	29-jul-10	Premises
1109	Milan	Palma De Mallorca	Islas Baleares	29-jul-10	Premises
1111	Jeronimo Del Moral, 8	Ciempozuelos	Madrid	25-sep-09	Premises
1117	Augusto Gonzalez Besada-Edif.Plaza	Tui	Pontevedra	25-sep-09	Premises
1121	G.V. La Manga Del Mar Menor/Geminis	Cartagena	Murcia	25-sep-09	Premises
1122	Paseo Almeria, 41	Almeria	Almeria	25-sep-09	Premises
1125	Mayor, 58	Pozoblanco	Córdoba	25-sep-09	Premises
1130	Cardenal Torquemada, 26	Valladolid	Valladolid	25-sep-09	Premises
1133	Avenida De America, 54	Zaragoza	Zaragoza	25-sep-09	Premises
1135	Avenida De Las Retamas, 19 Loc. 2	Alcorcon	Madrid	25-sep-09	Premises
1136	Carretera General, S/N.	Carreña De Cabrales	Asturias	25-sep-09	Premises
1142	Plaza Del Mercat, 1	Pego	Alicante	25-sep-09	Premises
1143	Desamparados, 11	Callosa De Segura	Alicante	25-sep-09	Premises
1148	Plaza Fuerzas Armadas, S/N	Cehegin	Murcia	29-jul-10	Premises
1150	Mayor, 26	Caspe	Zaragoza	25-sep-09	Premises
1154	Avenida Del Doctor Vila, 7	Rua De Valdeorras	Orense	25-sep-09	Premises
1155	Ctro.Comercial Burgocentro-2-Loc.81	Las Rozas	Madrid	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
1164	Avenida Del Rey Don Jaime, 78	Castellon De La Plana	Castellón	25-sep-09	Premises
1170	Martinez Villeda, 13	Albacete	Albacete	25-sep-09	Premises
1174	Filberto Villalobos, 87	Guijuelo	Salamanca	25-sep-09	Premises
1179	Andres Mellado, 50	Madrid	Madrid	25-sep-09	Premises
1183	Av.Castilla, 6(Portal 3)/Valladolid	Alcala De Henares	Madrid	25-sep-09	Premises
1187	Constitucion, 13	Castuera	Badajoz	25-sep-09	Premises
1188	Avenida De Europa, 14	Pozuelo De Alarcon	Madrid	25-sep-09	Premises
1189	Arturo Soria, 189	Madrid	Madrid	25-sep-09	Premises
1191	Sala Boadella, 17	Castellar Del Valles	Barcelona	25-sep-09	Premises
1192	Avenida De Europa, 2	Pozuelo De Alarcon	Madrid	25-sep-09	Premises
1193	Avinguda Diagonal, 622	Barcelona	Barcelona	25-sep-09	Premises
1196	Avinguda Cataluña, 65-71, Pj Ter,	Badalona	Barcelona	25-sep-09	Premises
1198	Alvarellos Berrocal, S/N.	Cee	La Coruña	29-jul-10	Premises
1200	Marques De Urquijo, 10	Madrid	Madrid	25-sep-09	Premises
1202	Cartagena, 34-36-38	Madrid	Madrid	29-jul-10	Premises
1221	C.C.Los Arcos,Loc.6-7, Madrid, S/N.	Colmenar Viejo	Madrid	25-sep-09	Premises
1222	Pz.De La Villa-C.C.La Trocha,Lc.1-2	Coin	Málaga	25-sep-09	Premises
1226	Mayor, 22 / Avenida Concordia S/N.	Mejorada Del Campo	Madrid	25-sep-09	Premises
1227	Avenida De Logroño, 10/Avda.General	Madrid	Madrid	25-sep-09	Premises
1231	Los Madroños, 4 - Urb. Los Belgas	Madrid	Madrid	25-sep-09	Premises
1232	Indalecio Prieto, 26-27 Peruchos21	Madrid	Madrid	25-sep-09	Premises
1242	Avenida De La Viñuela, 2	Cordoba	Córdoba	25-sep-09	Premises
1244	Cra.Almeria-Nijar Km.4,3-Ed.Moral	Almeria	Almería	25-sep-09	Premises
1248	Residencial Bola De Oro-Edif.Sofia	Granada	Granada	25-sep-09	Premisés
1249	Avenida De Granada, 17	Cordoba	Córdoba	25-sep-09	Premises
1253	Plaza Marsans,S/N. / Mosen J. Soler	Cornella De Llobregat	Barcelona	25-sep-09	Premises
1256	Plaza Del Generalisimo, 1	Los Corrales Buelna	Cantabria	25-sep-09	Premises
1259	Riera, 25	Mataro	Barcelona	25-sep-09	Premises
1261	Arago, 32 / Nicolau De Pacs, 37	Palma De Mallorca	Islas Baleares	25-sep-09	Premises
1272	Joaquin Ruyra, 71 / Vilar, 11	Blanes	Gerona	25-sep-09	Premises
1274	Emili Grahit, 69-71 / Rutlla, 89	Girona	Gerona	29-jul-10	Premises
1281	Llovera, 62	Reus	Tarragona	25-sep-09	Premises
1283	Concepcion Arenal, 15	La Coruña	La Coruña	25-sep-09	Premises
1289	Pino Montano/ Los Olmos Sector Suo	Sevilla	Sevilla	25-sep-09	Premises
1290	Manuel Azaña, 56 Premises 4	La Coruña	La Coruña	25-sep-09	Premises
1293	Gran Via , 17	Logroño	La Rioja	25-sep-09	Premises
1295	Luis Grasset, 15	Coslada	Madrid	25-sep-09	Premises
1296	Mejico, 12	Coslada	Madrid	25-sep-09	Premises
1297	Ps De La Florida, 8 / Mozart, 5	Madrid	Madrid	29-jul-10	Premises
1298	Alerce, 13-15 - Urb. Avda. Madrid	Madrid	Madrid	25-sep-09	Premises
1299	Cr Villaverde A Vallecas, 24 Diaman	Madrid	Madrid	25-sep-09	Premises
1300	Av De Pio Xii, 6	Madrid	Madrid	25-sep-09	Premises
1302	Av Ventisquero Condesa, 13 Cerro Mi	Madrid	Madrid	25-sep-09	Premises
1305	Alferez Provisional, 5	Logroño	La Rioja	25-sep-09	Premises
1307	Av Machupichu, 19	Madrid	Madrid	29-jul-10	Premises
1312	Ramon Gomez De La Serna, 2	Madrid	Madrid	29-jul-10	Premises
1318	Jose Oto, 24-26	Zaragoza	Zaragoza	25-sep-09	Premises
1321	Ps Los Pontones S/N C/V Sangarcia,7	Madrid	Madrid	25-sep-09	Premises
1324	Avenida Jacetania, 9	Jaca	Huesca	25-sep-09	Premises
1330	Arturo Soria, 338	Madrid	Madrid	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
1334	La Morena, 13	Valladolid	Valladolid	25-sep-09	Premises
1336	Avenida De Bayona, 30	Pamplona	Navarra	25-sep-09	Premises
1339	Las Casas, 2	Soria	Soria	25-sep-09	Premises
1342	Av.Mariano Andres,49/Monte Piedad,2	Leon	León	25-sep-09	Premises
1345	Avenida Laciana, 15 Bis	Villablino	León	25-sep-09	Premises
1351	Avenida De Sagunto, 34	Teruel	Teruel	25-sep-09	Premises
1354	Camino De Las Torres, 6	Zaragoza	Zaragoza	29-jul-10	Premises
1356	Avenida Anselmo Clave, 37-45	Zaragoza	Zaragoza	25-sep-09	Premises
1357	Villaverde, 8 / Galvez, 2	Getafe	Madrid	25-sep-09	Premises
1358	Libertad, 43	Alcobendas	Madrid	25-sep-09	Premises
1359	General Espartero, 8	Daimiel	Ciudad Real	25-sep-09	Premises
1360	La Albericia, 5/Emilio Diaz Canejas	Santander	Cantabria	25-sep-09	Premises
1365	Plaza De Maluquer Y Salvador, 7	Granollers	Barcelona	25-sep-09	Premises
1370	Arago, 406-408	Barcelona	Barcelona	25-sep-09	Premises
1376	Avenida Zumalacarregui, 18	Durango	Vizcaya	25-sep-09	Premises
1377	Plaza De España, 36	Ecija	Sevilla	25-sep-09	Premises
1380	Errebal, 7	Eibar	Guipuzcoa	25-sep-09	Premises
1384	Carretera De Malaga, E-272	El Ejido De Dalias	Almeria	25-sep-09	Premises
1386	Sancho Davila, 8 / Bocangel, 19	Madrid	Madrid	25-sep-09	Premises
1388	Plaza Navio, 1	Madrid	Madrid	29-jul-10	Premises
1389	Hno.Garcia Noblejas,30/Vital Aza102	Madrid	Madrid	25-sep-09	Premises
1391	Tiberiades, 2	Madrid	Madrid	25-sep-09	Premises
1394	Avenida De Ajalvir, Vicalvaro, 103	Madrid	Madrid	25-sep-09	Premises
1395	Av.Madrid/Berlin L.14 C "Ciudad 70"	Coslada	Madrid	25-sep-09	Premises
1400	Leopoldo Alas Clarin, 8	Madrid	Madrid	25-sep-09	Premises
1401	Melchor Fdez Almagro, 84/ Pz Tuy, 4	Madrid	Madrid	25-sep-09	Premises
1408	Mariano Benlliure, 4	Elche	Alicante	25-sep-09	Premises
1421	Quevedo, 6	Villacarrillo	Jaén	25-sep-09	Premises
1425	Gines De Perea, 7	Torredonjimeno	Jaén	25-sep-09	Premises
1427	Gran Avenida De Andalucia 8	Linares	Jaén	25-sep-09	Premises
1432	Embajadores, 79	Madrid	Madrid	25-sep-09	Premises
1440	Celestino Cabezas, 18	La Felguera	Asturias	25-sep-09	Premises
1441	Toledo, 137	Madrid	Madrid	25-sep-09	Premises
1445	Carretera De Orense, S/N.	Ferreira De Panton	Lugo	25-sep-09	Premises
1449	Avda.Del Siglo,S/N./Av.Infan.D.Luis	Boadilla Del Monte	Madrid	25-sep-09	Premises
1453	Getafe, 28 / Doctor Fleming	Leganes	Madrid	25-sep-09	Premises
1455	Avenida Reina Sofia, 17	Leganes	Madrid	25-sep-09	Premises
1460	Jacinto Verdaguer, 6	Alcala De Henares	Madrid	25-sep-09	Premises
1464	Castrillo De Aza, 16	Madrid	Madrid	25-sep-09	Premises
1466	Mtnez.De La Riva,16/Santa Julia, 19	Madrid	Madrid	25-sep-09	Premises
1471	Plaza De Callao, 16-18	Ferrol	La Coruña	25-sep-09	Premises
1478	La Plaza, 34	Fuenlabrada	Madrid	25-sep-09	Premises
1480	Plaza Del Carmen, 5	Fuente El Fresno	Ciudad Real	25-sep-09	Premises
1482	Juan Bautista Uriarte, 14-16	Galdakao	Vizcaya	25-sep-09	Premises
1483	Major, 69 (Esquina A Germanias)	Gandia	Valencia	29-jul-10	Premises
1490	Plaza De Les Oliveres, 3	La Garriga	Barcelona	25-sep-09	Premises
1492	Santos Rey-Plaza Del Carmen	Fuengirola	Málaga	25-sep-09	Premises
1495	Concejo De Teverga, 20	Madrid	Madrid	22-dic-09	Premises
1506	Timanfaya, 35 / Parque Grande	Alcorcon	Madrid	25-sep-09	Premises
1513	Avenida De Las Arcas Del Agua, S/N.	Getafe	Madrid	25-sep-09	Premises
1518	Plaza Del Carmen,2/Alvarez Garaya,1	Gijon	Asturias	25-sep-09	Premises
1520	Ana Maria, 1	Gijon	Asturias	25-sep-09	Premises
1536	Avenida De La Paz, 49	Logroño	La Rioja	25-sep-09	Premises
1546	Plaça El Firal, 25	Sant Feliu De Pallerols	Gerona	25-sep-09	Premises
1555	Andra Mari Kalea, 2	Gorliz	Vizcaya	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
1558	Fermin Caballero, 2	Cuenca	Cuenca	25-sep-09	Premises
1561	Empedrada, 13	Manzanares	Ciudad Real	25-sep-09	Premises
1562	La Mata, 39	Ciudad Real	Ciudad Real	25-sep-09	Premises
1565	Don Quijote, 77	Socuellamos	Ciudad Real	25-sep-09	Premises
1577	Larga, 14	Ceclavin	Cáceres	25-sep-09	Premises
1581	Colliure, 26	Palma De Mallorca	Islas Baleares	29-jul-10	Premises
1582	Plaza De Los Tres Reyes, 24	Vinaros	Castellón	25-sep-09	Premises
1591	Avenida De España, 24	Tremp	Lérida	25-sep-09	Premises
1592	Carretera General Del Sur, 9	Granadilla De Abona	Tenerife	25-sep-09	Premises
1597	Magistrat Catala, 14	Gandia	Valencia	25-sep-09	Premises
1602	Avenida De Castilla, 11	Guadalajara	Guadalajara	25-sep-09	Premises
1610	Passeig Comtat, 38	Cocentaina	Alicante	29-jul-10	Premises
1613	Mayor, 4	Guardo	Palencia	25-sep-09	Premises
1616	Corredera, 33	Villena	Alicante	25-sep-09	Premises
1620	Avenida De Jose Antonio, 8	Orihuela	Alicante	25-sep-09	Premises
1621	Mayor, 105	Murcia	Murcia	25-sep-09	Premises
1622	Alfonso X El Sabio, 10-12	Alicante	Alicante	25-sep-09	Premises
1624	Avenida De Novelda, 5 / Ceres	Alicante	Alicante	25-sep-09	Premises
1632	Av. De La Coruña	Guitiriz	Lugo	29-jul-10	Premises
1633	Amadeo De Saboya, 2	Alicante	Alicante	25-sep-09	Premises
1636	Gl.Poeta Mujica, 7(Ur.Res.S.Rafael)	Alicante	Alicante	25-sep-09	Premises
1640	Paseo Vistalegre, 12	Torrevieja	Alicante	25-sep-09	Premises
1646	Ronda Sant Antoni, 8	Barcelona	Barcelona	25-sep-09	Premises
1647	Mayor, 141	Monovar	Alicante	25-sep-09	Premises
1650	Antonio Machado 55/Capitan G.Ortiz	Elche	Alicante	25-sep-09	Premises
1651	Avenida Rey Juan Carlos I, 57 A	Lorca	Murcia	25-sep-09	Premises
1653	Jorge Juan, 20 / Juan Fernandez	Cartagena	Murcia	25-sep-09	Premises
1657	Llobregat, 103-105	L'Hospitalet De Llobregat	Barcelona	25-sep-09	Premises
1665	Lorenza Correa, 48 / Rafael Calvo,2	Malaga	Málaga	25-sep-09	Premises
1668	Avenida Canovas Del Castillo 2	Malaga	Málaga	29-jul-10	Premises
1669	Avda.La Paloma,35/Heroes Sostoa,192	Malaga	Málaga	25-sep-09	Premises
1673	Vazquez Lopez, 7	Huelva	Huelva	25-sep-09	Premises
1679	Sant Jordi, 7-9	Igualada	Barcelona	25-sep-09	Premises
1707	Paseo De Colon, 42	Irun	Guipuzcoa	29-jul-10	Premises
1708	Avda.Navarra,15-17-19-21 Erlaiz,1-3	Irun	Guipuzcoa	29-jul-10	Premises
1710	Plaza Ceballos, 7	Murcia	Murcia	27-oct-10	Premises
1711	Jeronimo Santa Fe, 43	Lorca	Murcia	25-sep-09	Premises
1712	Blas Infante, 34	Lora Del Rio	Sevilla	29-jul-10	Premises
1715	Ronda De Los Tejares, 5	Cordoba	Córdoba	25-sep-09	Premises
1722	La Font, 1	Miralcamp	Lérida	29-jul-10	Premises
1723	Pza.Del Caudillo 10 (De Las Flores)	Isla Cristina	Huelva	25-sep-09	Premises
1727	Sant Josep, 16	El Palau D'Anglesola	Lérida	25-sep-09	Premises
1728	Pages Del Corro, 89-91	Sevilla	Sevilla	25-sep-09	Premises
1731	Puig Valera, 3 / Mayor, 61	Santomera	Murcia	25-sep-09	Premises
1734	Gambuesas, 1 Loc.1-2/Avda.De Jandia	Jandia	Fuerteventura	25-sep-09	Premises
1737	Mayor,26	Las Torres De Cotillas	Murcia	25-sep-09	Premises
1745	Vasco Nuñez, 7	Jerez De Los Caballeros	Badajoz	25-sep-09	Premises
1754	Major, 76	Cervello	Barcelona	25-sep-09	Premises
1762	Alcoy, 24 / Alicante, 4-6-8	Jijona	Alicante	29-jul-10	Premises
1764	General Chavarri, 1	Lucena	Córdoba	25-sep-09	Premises
1773	Plaza Romeral, 14	Puente Genil	Córdoba	25-sep-09	Premises
1777	Ronda De Tejares, 25	Cordoba	Córdoba	25-sep-09	Premises
1780	Avenida Jose Fariña, 67	Huelva	Huelva	25-sep-09	Premises
1781	Avenida Diego Moron, 18	Huelva	Huelva	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
1785	Carretera General Del Sur, 17	La Laguna	Tenerife	29-jul-10	Premises
1792	Recaredo, 27	Sevilla	Sevilla	29-jul-10	Premises
1795	Yacarta,12/Av Ciencias S/N Ed.Giral	Sevilla	Sevilla	25-sep-09	Premises
1796	Av.General Garcia De La Herranz 25	Sevilla	Sevilla	25-sep-09	Premises
1801	Av.Bordadores, 35/Moises De Leon, 1	Leon	León	29-jul-10	Premises
1803	Juan De Ajuriaguerra, 6	Lemona	Vizcaya	25-sep-09	Premises
1817	Plaza De Abajo, 18	Cullar	Granada	25-sep-09	Premises
1830	Sebastian Elcano, 4	Bailen	Jaén	25-sep-09	Premises
1831	Maestra, 134	Mancha Real	Jaén	29-jul-10	Premises
1833	Avda.Palma De Mallorca,20/Po.Mallo	Torremolinos	Málaga	25-sep-09	Premises
1846	Antonio Beltran, 7 / Posadas, 3	Huercal-Overa	Almeria	25-sep-09	Premises
1849	Camino De Ronda, 138	Granada	Granada	29-jul-10	Premises
1866	Llibertat, 17-19	Lleida	Lérida	25-sep-09	Premises
1870	Diputacion Provincial, 4	Nerja	Málaga	29-jul-10	Premises
1872	Tomas Echevarria,1-Albert Camus,S/N	Malaga	Málaga	25-sep-09	Premises
1875	Avda. Carlos Haya 74 / Mochingo, 1	Malaga	Málaga	25-sep-09	Premises
1892	Dr. Jimenez Diaz S/N/Severo Ochoa 5	Aviles	Asturias	25-sep-09	Premises
1895	Leon Y Escosura,3/Julio Glez.Pola,6	Oviedo	Asturias	25-sep-09	Premises
1896	Leon Y Castillo, 2	Las Palmas	Las Palmas	29-jul-10	Premises
1897	Profesor Francisco Cruz, 4-6	Telde	Las Palmas	29-jul-10	Premises
1898	Plaza De España, 3	Las Palmas	Las Palmas	25-sep-09	Premises
1900	Primero De Mayo, 58	Puerto Del Rosario	Fuerteventura	29-jul-10	Premises
1901	General Gutierrez, 3	Santa Cruz De Tenerife	Tenerife	25-sep-09	Premises
1907	Mendez Nuñez, 84	Santa Cruz De Tenerife	Tenerife	25-sep-09	Premises
1916	Miguel Villanueva, 1	Logroño	La Rioja	25-sep-09	Premises
1919	Duques Najera, 64	Logroño	La Rioja	25-sep-09	Premises
1924	Orient, 6	Prats De Lluçanes	Barcelona	25-sep-09	Premises
1930	Plaza De Colon, 11	Lorca	Murcia	25-sep-09	Premises
1931	El Peso, 2	Lucena	Córdoba	25-sep-09	Premises
1932	Ansel Clave, 99 / L'Aliança, 22	Lliça D'Amunt	Barcelona	29-jul-10	Premises
1957	Carmen, 10	Llodio	Álava	25-sep-09	Premises
1966	Plaça Palau, S/N.	Solsona	Lérida	25-sep-09	Premises
1975	Plaça De Granollers, S/N./Isern, 98	Mataro	Barcelona	25-sep-09	Premises
1976	Alcala, 153	Madrid	Madrid	25-sep-09	Premises
1977	Atocha, 59 / Leon, 32	Madrid	Madrid	25-sep-09	Premises
1982	Pz De Santa Cruz, 2 - Bolsa, 11	Madrid	Madrid	25-sep-09	Premises
1984	O'Donnell, 18-20	Madrid	Madrid	25-sep-09	Premises
1986	Bravo Murillo, 282 - Roble, 1	Madrid	Madrid	25-sep-09	Premises
1987	Diego De Leon, 16	Madrid	Madrid	29-jul-10	Premises
1988	Lopez De Hoyos, 138	Madrid	Madrid	25-sep-09	Premises
1989	Marcelo Usera, 27	Madrid	Madrid	25-sep-09	Premises
1992	Ps De Extremadura,35 - Jaime Vera,1	Madrid	Madrid	25-sep-09	Premises
1997	Francos Rodriguez, 58	Madrid	Madrid	29-jul-10	Premises
1998	Av De Oporto, 47	Madrid	Madrid	25-sep-09	Premises
1999	Antonio Lopez, 57-59	Madrid	Madrid	29-jul-10	Premises
2001	Alcala, 229	Madrid	Madrid	25-sep-09	Premises
2002	Embajadores, 168	Madrid	Madrid	25-sep-09	Premises
2004	San Cipriano, 23	Madrid	Madrid	25-sep-09	Premises
2005	Ramos Carrion, 11	Madrid	Madrid	25-sep-09	Premises
2017	Ignacio Santos Viñuelas, 5	Madrid	Madrid	25-sep-09	Premises
2019	Carretera De Canillas, 3	Madrid	Madrid	25-sep-09	Premises
2021	Gran Via, 44	Majadahonda	Madrid	25-sep-09	Premises
2024	Marmoles, 39 / Peso De La Harina,28	Malaga	Málaga	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
2026	Avenida Juan Sebastian Elcano, 181	Malaga	Málaga	25-sep-09	Premises
2029	Plaza De La Victoria, 16-18	Malaga	Málaga	25-sep-09	Premises
2030	Martinez De La Rosa, 167	Malaga	Málaga	25-sep-09	Premises
2041	Sant Josep, 49	Manresa	Barcelona	25-sep-09	Premises
2046	Passeig Prat De La Riba, 12	El Masnou	Barcelona	29-jul-10	Premises
2050	Real, 373	Mataro	Barcelona	25-sep-09	Premises
2051	Pablo Picasso, 47	Mataro	Barcelona	25-sep-09	Premises
2054	Plaza Creu De La Missio, 6	Cambrils	Tarragona	25-sep-09	Premises
2056	Pere Martell, 7	Tarragona	Tarragona	25-sep-09	Premises
2063	Riu Glorieta 2-4, Bl 1 / Torreforta	Tarragona	Tarragona	25-sep-09	Premises
2066	Rambla Volart, 2	Barcelona	Barcelona	25-sep-09	Premises
2090	Sector Sant Mori, Parcela 4 I 5	Empuriabrava	Gerona	25-sep-09	Premises
2093	Plaça De Catalunya, 36-37	Sant Boi De Llobregat	Barcelona	25-sep-09	Premises
2096	Av.Comte Sallent,18/R.Berenguer Iii	Palma De Mallorca	Islas Baleares	29-jul-10	Premises
2099	Avinguda 11 De Setembre, 30-32	La Llagosta	Barcelona	25-sep-09	Premises
2103	Avenida Juan Carlos I, S/N	Merida	Badajoz	25-sep-09	Premises
2107	Sevilla, 31	Malaga	Málaga	29-jul-10	Premises
2109	Urb.Guadaiza-Nva.Andalucia-Ed.Albat	Marbella	Málaga	25-sep-09	Premises
2115	Rio Segura, 22 - Urb.Los Tilos	Mostoles	Madrid	25-sep-09	Premises
2118	Avenida De Carlos V, 26	Mostoles	Madrid	25-sep-09	Premises
2119	Urbanizacion Sitio Calahonda Km.204	Mijas	Málaga	25-sep-09	Premises
2120	Avinguda Caldes De Montbui, 21	Mollet Del Valles	Barcelona	25-sep-09	Premises
2126	Rua A Carreira	Miño	La Coruña	25-sep-09	Premises
2128	Paseo Aldarves, 13	Molina De Aragon	Guadalajara	29-jul-10	Premises
2131	Rua Do Progreso, 19	Mondoñedo	Lugo	25-sep-09	Premises
2139	Riera Blanca, 205-207	Barcelona	Barcelona	25-sep-09	Premises
2144	Rambla Sant Sadurni, 2 /Av.11 Stbre	Montornes Del Valles	Barcelona	25-sep-09	Premises
2150	Practicante Vicente Blasco, 1	Alicante	Alicante	25-sep-09	Premises
2151	Santisima Trinidad, 13	Castalla	Alicante	29-jul-10	Premises
2156	Federico Garcia Lorca, 33	Alfaz Del Pi	Alicante	25-sep-09	Premises
2160	Barrera, 19	Biar	Alicante	25-sep-09	Premises
2162	Mayor, 6	Albatera	Alicante	29-jul-10	Premises
2163	Primo De Rivera, 11	Ondara	Alicante	25-sep-09	Premises
2170	Leoncia Diaz Cordobes, S/N.	Corral De Almaguer	Toledo	29-jul-10	Premises
2171	Gerona S/N. (Edif. Dalila)	Benidorm	Alicante	25-sep-09	Premises
2172	Plaza De España, 2	Consuegra	Toledo	25-sep-09	Premises
2173	Avenida De La Estacion, 45-47	Torrijos	Toledo	25-sep-09	Premises
2177	Tendezuelas, 9	La Puebla De Montalban	Toledo	29-jul-10	Premises
2182	Avda. D'Albir, 2 -Edif.Playa Mar Ii	Alfaz Del Pi	Alicante	25-sep-09	Premises
2188	Avenida 2 De Mayo, 4	Mostoles	Madrid	29-jul-10	Premises
2211	Parque De San Julian, 8	Cuenca	Cuenca	25-sep-09	Premises
2214	Reina,55/Teatro Marina,5/Barraca,58	Valencia	Valencia	25-sep-09	Premises
2224	Rambla De Sabadell, 162	Sabadell	Barcelona	29-jul-10	Premises
2232	Plaza Navarro Rodrigo, 17	Alicante	Alicante	25-sep-09	Premises
2233	Plaza De Salamero, 14 / Imperial	Zaragoza	Zaragoza	25-sep-09	Premises
2238	Carmen, 21	Cabezo De Torres	Murcia	25-sep-09	Premises
2243	Desamparados, 27 (Edif. La Fuente)	Muro De Alcoi	Alicante	25-sep-09	Premises
2251	General Marva, 11-13	Alicante	Alicante	29-jul-10	Premises
2255	Constitucion, 19	Ibi	Alicante	25-sep-09	Premises
2256	Glorieta, 16	Novelda	Alicante	25-sep-09	Premises
2257	Juan Carlos I, 28	Elda	Alicante	25-sep-09	Premises
2258	Avenida De Segovia, 117	Valladolid	Valladolid	25-sep-09	Premises
2265	Hermenegildo M. Ruiz	Dolores	Alicante	25-sep-09	Premises
2277	Henao, 2	Bilbao	Vizcaya	29-jul-10	Premises
2281	General Tamayo, 7	Almeria	Almeria	29-jul-10	Premises
2282	Avenida De Alfonso Senra, 93	Ordes	La Coruña	29-jul-10	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
2283	Bertendona, 4	Bilbao	Vizcaya	25-sep-09	Premises
2285	Rua Do Paseo, 20	Ourense	Orense	25-sep-09	Premises
2286	Caldas, 27 (Puente Canedo)	Ourense	Orense	25-sep-09	Premises
2287	Loaces, 7 Y 9	Orihuela	Alicante	25-sep-09	Premises
2288	Plaza De La Constitucion, 4 Y 5	La Orotava	Tenerife	25-sep-09	Premises
2293	Mayor, 39	Alcantarilla	Murcia	25-sep-09	Premises
2296	Antonio Maura, 2	Cordoba	Córdoba	29-jul-10	Premises
2301	Las Mercedes, 34	Guecho-Las Arenas	Vizcaya	25-sep-09	Premises
2302	Avenida De Zamora, 58	Ourense	Orense	25-sep-09	Premises
2304	Avenida De Galicia, 5	Oviedo	Asturias	25-sep-09	Premises
2305	Bermudez De Castro, 6	Oviedo	Asturias	25-sep-09	Premises
2311	Joan Maragall, 36	Girona	Gerona	25-sep-09	Premises
2312	San Lazaro, 2	Oviedo	Asturias	25-sep-09	Premises
2315	Avenida Ramon Y Cajal, 13-15	Leon	León	25-sep-09	Premises
2316	Joaquin Villa Ceñal, 3	Oviedo	Asturias	25-sep-09	Premises
2317	Jose Antonio, 2-4	Ocaña	Toledo	25-sep-09	Premises
2319	Vara Del Rey, 21-23	Logroño	La Rioja	25-sep-09	Premises
2336	Avenida De Compostela, 1	Palas De Rei	Lugo	25-sep-09	Premises
2338	Paseo Santa Maria De La Cabeza, 37	Madrid	Madrid	25-sep-09	Premises
2339	Plaza Compostela, 27-28	Vigo	Pontevedra	25-sep-09	Premises
2342	Santiago, 17	Valladolid	Valladolid	29-jul-10	Premises
2343	San Torcuato, 23	Zamora	Zamora	25-sep-09	Premises
2358	Juan Alcover / Honderos	Palma De Mallorca	Islas Baleares	27-oct-10	Premises
2360	Paseo Dolores Soria, 7	Pinto	Madrid	25-sep-09	Premises
2364	Aragon, 212 / Lladoner, 1	Palma De Mallorca	Islas Baleares	25-sep-09	Premises
2366	Plaza De Tetuan, 26	Barcelona	Barcelona	25-sep-09	Premises
2374	Orense, 58	Madrid	Madrid	25-sep-09	Premises
2381	Prado, 5	Vitoria	Álava	29-jul-10	Premises
2383	Plaza De San Gregorio, 56-60	Zaragoza	Zaragoza	25-sep-09	Premises
2385	Elcano, 3	San Sebastian	Guipuzcoa	25-sep-09	Premises
2389	Avenida De Madrid, 285	Zaragoza	Zaragoza	25-sep-09	Premises
2390	Albareda, 6	Las Palmas	Las Palmas	25-sep-09	Singular building
2391	Fernando Guanarteme, 41	Las Palmas	Las Palmas	29-jul-10	Premises
2392	Cruz De Ovejero, 6	Las Palmas	Las Palmas	29-jul-10	Premises
2393	Juan Rejon, 103	Las Palmas	Las Palmas	25-sep-09	Premises
2396	Parque De Santurtzi, 2-4	Santurtzi	Vizcaya	25-sep-09	Premises
2397	Cineasta Jose Luis Borau, 23	Zaragoza	Zaragoza	25-sep-09	Premises
2403	Avenida De Carlos Iii, 33	Pamplona	Navarra	29-jul-10	Premises
2412	Echegaray, 60	Las Palmas	Las Palmas	25-sep-09	Premises
2413	Plaza De Santa Isabel, 6	Las Palmas	Las Palmas	29-jul-10	Premises
2418	Plaza De Santa Barbara, 18	Peñarroya	Córdoba	25-sep-09	Premises
2423	Pz. De Les Melies, 20	Pineda De Mar	Barcelona	25-sep-09	Premises
2424	Real, 172	Pinos Puente	Granada	25-sep-09	Premises
2425	Avenida De España, 10	Pinto	Madrid	25-sep-09	Premises
2432	La Libertad, 43	Pola De Laviana	Asturias	25-sep-09	Premises
2435	Avenida De España, 13	Ponferrada	León	25-sep-09	Premises
2438	Avenida Galicia, 82-Edif.Los Cantos	Ponferrada	León	25-sep-09	Premises
2441	General Gutierrez Mellado, 7	Pontevedra	Pontevedra	25-sep-09	Premises
2445	Avenida De Repelega, 10	Portugalete	Vizcaya	25-sep-09	Premises
2446	Plaza Mayor, 13	Porzuna	Ciudad Real	25-sep-09	Premises
2449	Avinguda Verge De Montserrat, 99	El Prat De Llobregat	Barcelona	29-jul-10	Premises
2454	Rua Da Paz, 37	Puebla Del Caramiñal	La Coruña	25-sep-09	Premises
2459	Alava, 11	Gijon	Asturias	25-sep-09	Premises
2460	Plaza De Epifanio Campos, 1	Pte de Domingo Florez	León	29-jul-10	Premises
2464	Plaza De España, 1	Pontedeume	La Coruña	25-sep-09	Premises
2465	Avenida Del Generalisimo, 26	Pontenova	Lugo	29-jul-10	Premises
2467	Avenida De Galicia, 89	Ptes De Garcia Rodriguez	La Coruña	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
2471	Avda.13 Setiembre, S/N.-Edif.Loreto	Porto Do Son	La Coruña	25-sep-09	Premises
2472	Avenida Maria Auxiliadora, 2	Puertollano	Ciudad Real	25-sep-09	Premises
2473	Avenida Manuel Castro, 42	Vigo	Pontevedra	25-sep-09	Premises
2479	Real	Quiroga	Lugo	25-sep-09	Premises
2482	San Agustin, 40	Los Realejos	Tenerife	25-sep-09	Premises
2485	Aurelio Diaz, 2	Renedo De Pielagos	Cantabria	25-sep-09	Premises
2487	Vitori, 42	Renteria	Guipuzcoa	25-sep-09	Premises
2488	Plaza De Prim, 10	Reus	Tarragona	25-sep-09	Premises
2493	Rua Do Ribeiro, 19	Ribadavia	Orense	29-jul-10	Premises
2494	Balmes, 7	Mollet Del Valles	Barcelona	25-sep-09	Premises
2508	Mayor, 19	Las Arenas	Vizcaya	25-sep-09	Premises
2511	Plaza De Catalunya, 6	Roses	Gerona	25-sep-09	Premises
2517	Alfonso Xiii, 25	Sabadell	Barcelona	25-sep-09	Premises
2527	Toro, 19	Salamanca	Salamanca	25-sep-09	Premises
2528	Avenida De Portugal, 59	Salamanca	Salamanca	25-sep-09	Premises
2530	Paseo Del Rollo, 7 / Bolivia	Salamanca	Salamanca	25-sep-09	Premises
2531	Luis Treillard, 3	Salinas	Asturias	25-sep-09	Premises
2532	Avenida De Galicia, 15	Salas	Asturias	25-sep-09	Premises
2534	Ricart, 20-22(Esq.Plaza De La Vila)	Sant Adria De Besos	Barcelona	25-sep-09	Premises
2538	Cami Vell De La Colonia, 7	Sant Boi De Llobregat	Barcelona	25-sep-09	Premises
2542	Playa Las Americas-Urb. San Eugenio	Playa Americas-S Eugenio	Tenerife	29-jul-10	Premises
2543	Avenida Fierro, 9	San Esteban De Pravia	Asturias	25-sep-09	Premises
2545	Passeig Del Mar, 32	Sant Feliu De Guixols	Gerona	25-sep-09	Premises
2548	Piedra Redonda, 52 Premises 1	Adeje	Tenerife	25-sep-09	Premises
2555	General Franco, 8	San Nicolas De Tolentino	Las Palmas	25-sep-09	Premises
2559	Plaza De Alfonso Xiii, 2	San Sebastian	Guipuzcoa	25-sep-09	Premises
2562	Cuenca, 3 Posterior, Premises 2	Parla	Madrid	25-sep-09	Premises
2563	Pza.Juan De Malasaña,3/Sierra Gador	Madrid	Madrid	25-sep-09	Premises
2565	Real, 45	S. Sebastian de la Gomera	La Gomera	25-sep-09	Premises
2567	Avda. De La Sierra, 29 Virtudes, 5	S. Sebastian de los Reyes	Madrid	25-sep-09	Premises
2571	Primo De Rivera, S/N.	Sanxenxo	Pontevedra	25-sep-09	Premises
2573	Embajadores, 177-Edif.Belparque I	Madrid	Madrid	25-sep-09	Premises
2578	Mayor, 25	Getxo	Vizcaya	25-sep-09	Premises
2580	Cra.Santiago-La Estrada-Ed.Palomas	Teo	La Coruña	25-sep-09	Premises
2584	Plaza Weyler, 4	Santa Cruz De Tenerife	Tenerife	29-jul-10	Premises
2590	Arroyo, 56 / Pz Antonio Martelo	Sevilla	Sevilla	25-sep-09	Premises
2591	Carrera, 52	Osuna	Sevilla	29-jul-10	Premises
2595	Plaza De Otero Goyanes, 14	Santa Eugenia De Riveira	La Coruña	25-sep-09	Premises
2599	Marques Del Muni, 25	Santa Maria De Guia	Las Palmas	25-sep-09	Premises
2602	Rambla, 34-36	Sta Perpetua De Mogoda	Barcelona	25-sep-09	Premises
2605	España, 29 (Carretera General)	Santa Ursula	Tenerife	25-sep-09	Premises
2608	Nuria, 9 Bloque, 2 / Humanes	Fuenlabrada	Madrid	25-sep-09	Premises
2611	Calle Alta, 70	Santander	Cantabria	25-sep-09	Premises
2614	Maestro, 7 / Casa Cultura	Alpedrete	Madrid	25-sep-09	Premises
2634	Senra, 3-5	Santiago De Compostela	La Coruña	25-sep-09	Premises
2635	Santiago Del Estero, 8	Santiago De Compostela	La Coruña	25-sep-09	Premises
2640	Parque Santiago	Arona	Tenerife	29-jul-10	Premises
2642	Passeig Cordellas, 6-8	Cerdanyola del Vallés	Barcelona	20-dic-11	Premises
2645	Villafranqueza, 55 / Lo Torrent	San Vicente Del Raspeig	Alicante	25-sep-09	Premises
2654	Medico Vicente Reyes,S/N.-	Alicante	Alicante	25-sep-09	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
	Bulev.Pla				
2657	Cervantes, 13	Sax	Alicante	25-sep-09	Premises
2662	Via Roma, 31	Segovia	Segovia	25-sep-09	Premises
2666	Batlle Joan Deu, 6	Sentmenat	Barcelona	25-sep-09	Premises
2669	Breton De Los Herreros, 1	Lardero	La Rioja	25-sep-09	Premises
2691	Rua Da Vila, 8	Serra De Outes	La Coruña	25-sep-09	Premises
2693	Felix Benitez De Lugo, 4	Los Silos	Tenerife	25-sep-09	Premises
2698	Marques De Vadillo, 4	Soria	Soria	25-sep-09	Premises
2702	Av.Kansas City-Edif.Portico-Sevilla	Sevilla	Sevilla	25-sep-09	Premises
2713	Real , 22	Talavera La Real	Badajoz	25-sep-09	Premises
2716	Rambla Nova, 109-111	Tarragona	Tarragona	25-sep-09	Premises
2726	Avenida De Gonzalez Mayo, 32	Tineo	Asturias	29-jul-10	Premises
2738	La Haya S/N. / Veredilla	Torrejon De Ardoz	Madrid	25-sep-09	Premises
2754	Plaza De La Constitucion, 9	Utrera	Sevilla	25-sep-09	Premises
2762	Passeig Generalitat, 44-Edif.Vic 2	Vic	Barcelona	25-sep-09	Premises
2763	Doctor J.J. Domine, 8 (Puerto)	Valencia	Valencia	25-sep-09	Premises
2767	Escultor Jose Capuz, 16	Valencia	Valencia	25-sep-09	Premises
2772	Cura Femenia, 1	Valencia	Valencia	25-sep-09	Premises
2776	Isaac Garcia De Quiros, 31	Valencia De Don Juan	León	25-sep-09	Premises
2781	Paseo De Zorrilla, 41	Valladolid	Valladolid	25-sep-09	Premises
2782	Canterac, 1	Valladolid	Valladolid	25-sep-09	Premises
2784	Avenida De Palencia, 3	Valladolid	Valladolid	25-sep-09	Premises
2785	Huelgas, 12	Valladolid	Valladolid	25-sep-09	Premises
2792	Plaza Mayor, S/N.	Vega De Espinareda	León	25-sep-09	Premises
2799	Llanera De Ranes, 18-20	Valencia	Valencia	29-jul-10	Premises
2801	Maximiliano Thous, 20	Valencia	Valencia	25-sep-09	Premises
2806	Valentin Sanz, 17	Santa Cruz De Tenerife	Tenerife	29-jul-10	Premises
2811	Avenida De Las Camelias, 157	Vigo	Pontevedra	25-sep-09	Premises
2812	Sanjurjo Badia, 173	Vigo	Pontevedra	29-jul-10	Premises
2814	Ribera Del Berbes, 35	Vigo	Pontevedra	29-jul-10	Premises
2815	Avenida De Portanet, 15	Vigo	Pontevedra	25-sep-09	Premises
2816	El Grove, 2	Vigo	Pontevedra	25-sep-09	Premises
2818	Plaza De La Fuente, 11	Villafames	Castellón	25-sep-09	Premises
2820	Rambla de Nuestra Señora, 51	Vilafranca del Penedés	Barcelona	20-dic-11	Premises
2832	Avda.De Guadarrama,S/N. Blq.Mimosas	Villanueva Del Pardillo	Madrid	29-jul-10	Premises
2835	Rambla Principal, 21	Vilanova I La Geltru	Barcelona	25-sep-09	Premises
2842	Arcipreste Bono, 3	Vinaros	Castellón	25-sep-09	Premises
2845	Plaza De Bilbao, 5	Vitoria	Álava	25-sep-09	Premises
2856	Canonigo Molina Alonso, 6	Almeria	Almería	25-sep-09	Premises
2857	Policarpo Sanz, 1	Vigo	Pontevedra	25-sep-09	Premises
2858	Avda.Victor Gallego, 12	Zamora	Zamora	25-sep-09	Premises
2861	Avda. Cardenal Cisneros, 32-34	Zamora	Zamora	25-sep-09	Premises
2862	Plaza Dean Mazas, 2	Jaen	Jaén	22-dic-09	Singular Building
2867	Avenida Fernandez Ladreda, 25	Segovia	Segovia	25-sep-09	Premises
2868	Campo, 1	Soria	Soria	25-sep-09	Premises
2873	General Franco, 62 / Progreso, 38	Ourense	Orense	25-sep-09	Premises
2875	Mayor, 29	Cartagena	Murcia	25-sep-09	Premises
2876	Plaza De La Inmaculada, 2	Huesca	Huesca	25-sep-09	Premises
2878	Circunvalacion, 69	Torrejon	Madrid	25-sep-09	Premises
2884	Via Cesar Augusto, 94	Zaragoza	Zaragoza	25-sep-09	Premises
2886	Avenida Del Tenor Fleta, 55	Zaragoza	Zaragoza	29-jul-10	Premises
2892	Madre Vedruna, 46	Zaragoza	Zaragoza	29-jul-10	Premises
2914	Paseo De La Estacion, 44	Jaen	Jaén	25-sep-09	Premises
2920	Coronel Moscardo, 9	Iznajar	Córdoba	29-jul-10	Premises
2927	Julian Besteiro, 10/Guipuzcoa,66-68	Barcelona	Barcelona	29-jul-10	Premises
2933	Juan Delgado, 4	Sanlucar La Mayor	Sevilla	25-sep-09	Premises
2946	La Union, 28	Fuengirola	Málaga	25-sep-09	Premises
2950	Doctor Esquerdo, 125 / Pez Volador	Madrid	Madrid	29-jul-10	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
2962	Juana De Vega, 2-4 / Alameda	La Coruña	La Coruña	25-sep-09	Premises
2966	Avenida De Portugal, 21	Sevilla	Sevilla	25-sep-09	Premises
2976	Avenida Del Cid Campeador, 4	Burgos	Burgos	29-jul-10	Premises
2977	Pedro Alvarez, 4	Cadalso De Los Vidrios	Madrid	25-sep-09	Premises
2979	Enrique Larreta, 4	Madrid	Madrid	25-sep-09	Premises
2980	Alameda De Colon, 9	Murcia	Murcia	25-sep-09	Premises
2983	Trinidad, 14	Castellon De La Plana	Castellón	25-sep-09	Premises
2994	Avenida De La Constitucion, 64	Gijon	Asturias	25-sep-09	Premises
3000	Ramon Y Cajal, 1	Almassera	Valencia	25-sep-09	Premises
3004	General Mola, 118	Santa Cruz De Tenerife	Tenerife	29-jul-10	Premises
3008	Mar De Oman, 7	Madrid	Madrid	25-sep-09	Premises
3012	Pan Y Toros, 13 / Gigantes	Madrid	Madrid	25-sep-09	Premises
3017	Antonio Leyva, 82	Madrid	Madrid	25-sep-09	Premises
3018	Alberto Bosch, 11	Madrid	Madrid	29-jul-10	Premises
3019	Hacienda De Pavones, 124	Madrid	Madrid	25-sep-09	Premises
3031	Plaza Explanada, 9	Mahon	Islas Baleares	25-sep-09	Premises
3032	Caballers, 14	Palafrugell	Gerona	25-sep-09	Premises
3055	Salvador Allende, 2 (Pza.Mercado 2)	Vall D'Uixo	Castellón	25-sep-09	Premises
3057	Rambla De La Mancha, 24/Lavadero, 1	Almansa	Albacete	25-sep-09	Premises
3060	Navas De Tolosa, 314	Barcelona	Barcelona	25-sep-09	Premises
3074	Paseo De La Castellana, 215	Madrid	Madrid	25-sep-09	Premises
3076	Marques De Urquijo, 13 / Tutor, 43	Madrid	Madrid	25-sep-09	Premises
3081	Jose Ortega Y Gasset, 56	Madrid	Madrid	25-sep-09	Premises
3082	Alberto Aguilera,38/Blasco De Garay	Madrid	Madrid	25-sep-09	Premises
3093	Corredera, 85	Montoro	Córdoba	25-sep-09	Premises
3095	Leon Y Castillo, 336-338-340	Las Palmas	Las Palmas	25-sep-09	Premises
3096	Ctra. General 121 - Urb. Montalban	Tejina-La Laguna	Tenerife	25-sep-09	Premises
3110	Avenida Dr. Fabian Escribano, 3	Murcia	Murcia	25-sep-09	Premises
3123	Plaza De Las Cortes, 11	Madrid	Madrid	25-sep-09	Premises
3124	Avenida De La Paz, 5 / Gral.Yagüe,5	Burgos	Burgos	25-sep-09	Premises
3126	Avenida Sant Esteve, 16 / Quevedo	Granollers	Barcelona	25-sep-09	Premises
3129	Avenida Compromiso De Caspe, 48-50	Zaragoza	Zaragoza	25-sep-09	Premises
3161	Avenida De Burgos, 18	Madrid	Madrid	25-sep-09	Premises
3165	Avenida De Madrid, 51 / Jaen	Alcobendas	Madrid	25-sep-09	Premises
3167	Marcelo Usera, 143 / Cerecinos, 2	Madrid	Madrid	25-sep-09	Premises
3177	Avenida De España, 24	Getafe	Madrid	29-jul-10	Premises
3178	Valderrey, 35	Madrid	Madrid	25-sep-09	Premises
3179	Japon, 1 / Sapporo, 2	Alcorcon	Madrid	25-sep-09	Premises
3180	Avenida De Portugal, 37-41	Mostoles	Madrid	25-sep-09	Premises
3185	Camino De Valderribas, 97	Madrid	Madrid	25-sep-09	Premises
3191	San Jose Oriol, 7	Gava	Barcelona	25-sep-09	Premises
3195	Felipe Ii, 178-184	Barcelona	Barcelona	25-sep-09	Premises
3199	Avenida De Primavera, 24	Cerdanyola Del Valles	Barcelona	25-sep-09	Premises
3210	Singuerlin, 36 / Pj.D'En Caralt, 11	Sta Coloma De Gramenet	Barcelona	25-sep-09	Premises
3215	Passeig Espronceda, 21	Sabadell	Barcelona	20-dic-11	Premises
3218	Avenida De Barcelona, 5	Molins De Rei	Barcelona	25-sep-09	Premises
3228	Emilio Baro, 6	Valencia	Valencia	25-sep-09	Premises
3230	Avenida De La Constitucion, 38	Valencia	Valencia	29-jul-10	Premises
3234	Avenida De La Constitucion, 172	Valencia	Valencia	25-sep-09	Premises
3236	Carteros,79/Tomas De Villarroya, 28	Valencia	Valencia	25-sep-09	Premises
3269	Ricardo Ortiz, 38 (Antes 32)	Madrid	Madrid	25-sep-09	Premises
3480	Ordoño Ii, 8	Leon	León	25-sep-09	Premises
3559	Carretera De Madrid, 5	Albacete	Albacete	29-jul-10	Premises

Cod	Adress	Municipalitu	Province	Acquisition	Type
3560	Urb. Arco Este, 1	La Nucia	Alicante	25-sep-09	Premises
3756	P.I.Gitesa-Naves 28-29-33	Daganzo De Arriba	Madrid	25-sep-09	Singular Building
3817	Carretera Ajalvir A Daganzo, Km. 2	Daganzo	Madrid	25-sep-09	Singular Building
4349	Avenida Institutos 4	Alcazar De San Juan	Ciudad Real	25-sep-09	Premises
4402	C Monasterio de Samos, 14-24	Madrid	Madrid	20-dic-11	Premises
4474	Antonio Huertas 98-100	Tomelloso	Ciudad Real	25-sep-09	Premises
4522	Pólg .B-Plan S.U.N.P..6- San Lázaro	Santiago De Compostela	La Coruña	25-sep-09	Premises
4549	Gijón, 3	Fuenlabrada	Madrid	25-sep-09	Premises
4599	Reyes Catolicos, 1 Y 2	Oviedo	Asturias	25-sep-09	Premises
4603	Enrique Mariñas Romero, 36	La Coruña	La Coruña	25-sep-09	Premises
4768	Paseo De Colón, 10 - Loc. 1	Albolote(Granada)	Granada	25-sep-09	Premises

h) *Reserves generated in years during which the special tax regime set forth in the Act applied which have been used in the tax period, other than for distribution or to offset losses, specifying the year in which said reserves were generated.*

No reserves were drawn on in 2013.

16. Other information

16.1 Personnel expense

The balance of this heading of the profit and loss account records the remuneration of the only employee (male), classified as administrative staff, and who was an employee of the Company at 31 December 2013.

At year-end 2013 the Company had no pension commitments with respect to its personnel.

16.2 Audit Fees

Fees paid to Deloitte, S.L. for auditing the Company's accounts are as follows: 36,500 euros in 2013, 25,700 euros in 2012. No fees for any other item have been recorded.

16.3 Deferral of payments to suppliers. Third additional provision. "Disclosure duty" under Act 15/2010, of 5 July.

Shown below are the payments made and pending at 31 December 2013 and 2012 (in thousands of euros):

	2013	
	Amount	%
Within the maximum legal period	6,256	100
Remainder	-	
Total payments in the year	**6,256**	**100**
Weighted average days past due	-	
Deferrals beyond legal maximum at balance sheet date	-	

	2012	
	Amount	**%**
Within the maximum legal period	4,152	100
Remainder		
Total payments in the year	**4,152**	**100**
Weighted average days past due	-	
Deferrals beyond legal maximum at balance sheet date	-	

With regards to the information required by the Third Additional Provision of Act 15/2010 of 5 July, at 31 December 2013 and 31 December 2012 the Company did not have any outstanding payables to suppliers deferred beyond the legal maximum.

This balance refers to suppliers who by nature are trade creditors for goods and services supplied, so that it includes the figures in the "Suppliers" current liabilities heading in the balance sheet.

The legal maximum payment period for the Company is 60 days according to Act 3/2004 of 29 December on measures to combat late payment in commercial transactions.

16.4 Transactions and balances with group companies, associates and related undertakings

Transactions with group companies, associates and related companies

The transactions with group companies, associates and related companies carried out in 2013 and 2012 are as shown below (in thousands of euros):

	Thousands of euros			
	2013		2012	
	Operating expenses	Finance Expenses	Operating expenses	Finance Expenses
Arbol (lux), S.á.r.l	-	6,529	-	5,790
Ere III No.1, S.á.r.l	-	5,607	-	4,972
Rreef Iberian Value Added II, S.A., SICAR	-	4,201	-	3,725
Tree 2009 Investment, B.V.	-	4,761	-	4,222
Alcudia Cartera E Inversiones, S.A.	-	4,668	-	4,139
Bosque Portfolio Management, S.L.	2,028	-	2,017	-
Baum Holdings Spain, S.L.	600	-	-	-
Ebro Real Estate, B.V.	600	-	-	-
Total	**3,228**	**25,766**	**2,017**	**22,848**

Balances with group companies, associates and related companies

The amounts of the balances with group companies and associates at 31 December 2013 and 2012 are shown below (in thousands of euros):

	Thousands of euros				
	2013			2012	
	Loans Extended	Loans received	Interest accrued	Loans Extended	Loans received
Arbol (lux), S.á.r.l	-	(50,125)	(4,299)	-	(50,125)
Ere III No.1, S.á.r.l	-	(43,044)	(3,692)	-	(43,044)
Rreef Iberian Value Added II, S.A., SICAR	-	(32,252)	(2,766)	-	(32,252)
Tree 2009 Investment, B.V.	-	(36,552)	(3,135)	-	(36,552)
Alcudia Cartera E Inversiones, S.A.	646	(35,838)	(3,074)	704	(35,838)
Total	**646**	**(197,811)**	**(16,966)**	**704**	**(197,811)**

At 31 December 2013 the Company had the following agreements in place with group companies and associates:

- Participating loans with the following companies: Alcudia Cartera e Inversiones, S.A., Arbol (Lux), S.a.r.l. (formerly Apollo Care Fund (US) S.a.r.l.), ERE III No.1, S.a.r.l., RREEF Iberian Value Added II, S.A. SICAR and Tree 2009 Investments, BV (see Note 11).

  On 7 January 2014 these participating loans were cancelled by means of a capital increase to setoff loans (see Notes 11 and 17).

- A Portfolio Management Agreement with the company Bosque Portfolio Management, S.L. for management of all properties of Tree Inversiones Inmobiliarias, S.A.

17. Subsequent events

On 7 January 2014, ordinary interest of 7,150 thousand euros was paid on the participating loans.

Immediately thereafter, on that same date, a capital increase of 2,339 thousand euros was carried out, with a share premium of 205,649 thousand euros and the creation of 2,338,917 new shares with nominal value of 1 euro each, fully subscribed by setoff of the principal of the participating loans (197,811 thousand euros) and of the interest accrued and not yet paid at that date (10,177 thousand euros).

That same day the capital was increased again by 24 thousand euros, with a share premium of 2,126 thousand euros the creation of 24,178 new shares with a nominal value of 1 euro each, fully subscribed and paid in. These shares will be delivered to the liquidity provider in order to meet one of the requirements laid down in the SOCIMI Act.

The new shareholder structure of the Company's is as follows:

	Nominal value	Number of shares (in thousands)	Shareholding percentage
Ebro Real Estate, B.V.	4,391	4,391	47%
Forest 2009 Investments B.V.	1,517	1,517	16%
Tree 2009 Investments B.V.	1,726	1,726	19%
Alcudia Cartera de Inversiones, S.A.	1,689	1,689	18%
	9,323	**9,323**	**100%**

On 20 January 2014, a payment of 646 thousand euros was received, cancelling the investment in group companies.

In January and February two offices were sold, with a net book profit of 2,145 thousand euros.

On 28 February 2014 Senior loan principal was cancelled for 122.5% of the principal of the mortgage liability assigned to each of the properties sold between 29 November 2013 and 28 February 2014, for a total of 3,614 thousand euros and 1,500 thousand euros associated with other obligations included in the financing agreement. Likewise, on the same date, the Senior SWAP hedging derivative of 5,146 thousand euros was cancelled, giving rise to a payment of 508 thousand euros.

18. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 18). In the event of a discrepancy, the Spanish-language version prevails.

TREE INVERSIONES INMOBILIARIAS, S.A.

MANAGEMENT REPORT
For the year ended 31 December 2013

To the General Meeting of Shareholders

The current situation of the assets managed by the Company is as follows:

At present 100% of the properties are leased. The net turnover of Tree Inversiones Inmobiliarias, S.A. this year was 93,387 thousand euros, consisting of lease income and expenses charged to the lessee.

Merger by takeover of Baum Holdings Spain, S.L.

During 2013 a merger by takeover took place between Tree Inversiones Inmobiliarias, S.A. (acquiring company) and Baum Holdings Spain, S.L. (acquired company).

The main aspects of the merger plan approved by the General Meeting of Shareholders of the two companies on 31 October 2013 are as follows:

- Tree Inversiones Inmobiliarias, S.A. absorbed the company Baum Holdings Spain, S.L., resulting in the termination and dissolution of the acquired company and the transfer of its assets and liabilities to the Company, which acquired by universal succession all the rights and obligations of Baum Holdings Spain, S.L.

- Given that the merger is treated as an acquisition of a wholly owned company under article 49(1) Act 3/2009, of 3 April, on structural changes in trading companies (*Ley sobre modificaciones estructurales de las sociedades mercantiles*, hereinafter LME), in relation with Article 52 LME, it was not necessary:

    - To increase the share capital in Tree Inversiones Inmobiliarias, S.A., as the acquiring company.

    - To issue a Directors' Report or an independent experts' report on the merger project or on the assets contributed by Baum Holdings Spain, S.L.

    - To issue new shares in Tree Inversiones Inmobiliarias, S.A. as the acquiring company, and in accordance with Article 49(1)(1) LME, it has not been necessary to set a specific exchange ratio or to establish a date as from which the holders of the new shares will be entitled to participate in corporate earnings (as specified in Article 31(6) LME).

- The balance sheet of the acquiring company at 31 July 2013 was approved as the merger balance sheet.

- The transactions of the acquired company have been treated, for accounting purposes, as being those of the acquiring company as from 31 October 2013.

- The transaction is governed by the special tax scheme contained in Chapter VII of Title VII of the Recast Text of the Corporate Income Tax Act approved by Legislative Royal Decree 4/2004 of 5 March.

- The merger agreement was executed in a public deed on 26 December 2013, and registered in the Madrid Companies Registry on 18 February 2014 without any incident.

- The net effect of the contributed assets and liabilities is recorded under the equity heading "Merger reserves" in the amount of 16 thousand euros.

- In the merger process the acquired company contributed no tax loss carryforwards or tax credits pending application.

Share Restructuring

The Company was incorporated as a limited company (*sociedad limitada*) with a share capital of 100 shares with a nominal value of 30.06 euro per share. Afterwards, two capital increases were carried out and the Company altered its corporate form to that of a public limited company (*sociedad anónima*).

In July 2009 a capital increase was carried out with the issuance of 57,096 shares at a nominal value of 1 euro each, fully subscribed and paid in. In September 2009 a second capital increase of 5,625 thousand euros was carried out, with a share premium of 50,625 thousand euros, with the creation of 5,625,000 new shares with a nominal value of 1 euro each, fully subscribed and paid in.

On 29 July 2010 the capital was increased by 1,275 thousand euros, with a share premium of 11,475 thousand euros and the creation of 1,275,000 new shares, each with a nominal value of 1 euro, fully subscribed and paid in.

On 31 October 2013 Ebro Real Estate B.V. (Tree's shareholder) contributed all of the shares it held in Tree as part of the capital increase carried out in Baum Holdings Spain, S.L., which thus became Tree's sole shareholder. Thereafter, the merger by takeover of the company Baum Holdings Spain, S.L. was approved and the corresponding exchange of shares was carried out.

On 7 January 2014 the General Shareholders Meeting approved a capital increase of 2,339 thousand euros, with a share premium of 205,649 thousand euros, through the issuance of 2,338,917 new shares with a nominal value of 1 euro each, fully subscribed by setoff of the principal of the participating loans and of interest accrued and not yet paid at that date.

On the same date the General Shareholders Meeting approved a second capital increase of 24 thousand euros, with a share premium of 2,126 thousand euros, through the creation of 24,178 new shares with a nominal value of 1 euro each, fully subscribed and paid in. Except for these shares, the rest of the Company's shares are pledged.

SOCIMI tax regime

On 25 September 2013 the Company requested to be included in the SOCIMI (Listed Real Estate Investment Companies) tax regime, effective from 1 January 2013. On 31 December 2013 the Company recorded its corporate income tax in compliance with the rules governing the SOCIMI tax regime.

The First Transitional Provision of the SOCIMI Act allows the SOCIMI tax regime to be applied as provided in Article 8 of the SOCIMI Act, even when the legal requirements at the inclusion date are not met, as long as these requirements are fulfilled within two years of the date application of SOCIMI is sought. In the opinion of the Company's Directors, said requirements will be met in due time and form.

The Company is therefore governed by Act 11/2009 of 26 October, as amended by Act 16/2012 of 27 December, regulating Listed Real Estate Investment Companies. Article 3 of said Act, as amended by the new Act, sets out the investment requirements for this kind of company:

- At least 80 per cent of a SOCIMI's assets must be invested in urban real estate for leasing purposes and/or in land to be developed for leasing purposes, provided such development starts within three years of acquisition.

  The value of a SOCIMI's assets will be determined on the basis of the individual quarterly balance sheet averages in the year of reference. The Company may choose to calculate such value by taking into account the assets' market value instead of their book value, in which case that value would apply to every balance sheet in the financial year. For this purpose, any cash or receivables from transfer of investment property or shares carried out during the same year or earlier shall not be taken into account, provided, in the latter case, that the reinvestment period of Article 6 of the Act has not expired.

- Furthermore, at least 80% of the income for the tax period for each year, excluding income from transfer of shares and real estate that is earmarked for pursuit of the principal corporate objects, once the holding period referred to in the following paragraph has elapsed, must arise from lease of investment property and from dividends or profit shares obtained from those holdings.

  This percentage will be calculated on the basis of the profit or loss if the company is the parent of a group within the meaning of Article 42 of the Code of Commerce, irrespective of residence and of the obligation to draw up financial statements. Said group will be exclusively composed of the SOCIMIs and the other entities referred to by Article 2(1) of the Code of Commerce.

- The company's real estate assets must be leased for at least three years. Computation of that period will also include the time during which the properties have been offered for lease, up to a maximum of one year.

The period shall be calculated:

- For real estate in the company's asset base before the Company becomes subject to the regime: from the beginning of the first tax period during which the special tax regime regulated by the Act applies, provided that the asset was leased or on lease at that time. Otherwise, section b) below will apply.

- For real estate subsequently developed or acquired by the Company: from the date on which it was leased or offered for lease for the first time.

- Shares or ownership units of entities referred to by Article 2(1) of the Act must be kept in the company's asset base for at least three years after their acquisition or, if applicable, from the beginning of the first tax period during which the special tax regime established in the Act applies.

As provided by the First Transitional Provision of Act 11/2009 of 26 October, as amended by Act 16/2012 of 27 December, regulating Listed Real Estate Investment Companies, companies may choose to be subject to the special tax regime as provided by Article 8 of the mentioned Act even when the legal requirements are not met at the date of inclusion in that regime, provided said requirements are met within two years of the date application of SOCIMI is sought.

Failure to fulfil said condition will render the Company subject to the general corporate income tax rules, starting in the tax period in which the non-fulfilment is detected, unless it is remedied within the following tax period. Furthermore, the Company will have to pay the amount payable for the corresponding tax period, along with the difference between the amount resulting from application of the general regime and the amount paid under the special regime in previous tax periods, without prejudice to such default interest, surcharges or penalties as may be deemed applicable.

In addition to the foregoing, the amendment of Act 11/2009 of 26 October implemented by Act 16/2012 of 27 December sets out the following specific modifications:

- Relaxation of the entry and real estate holding criteria: there is no lower limit regarding the amount of real estate properties to be contributed when incorporating the SOCIMI, except for housing, with a minimum of 8 units. These properties no longer have to be kept on the Company's balance sheet for 7 years but just for at least 3.

- Reduction in capital requirements and greater leveraging capacity: the minimum capital required is reduced from 15 million euros to 5 million euros, and the limitation on indebtedness for the real estate investment vehicle is eliminated.

- Decrease in dividend distribution: up to the entry into force of the Act, the mandatory dividend distribution was set at a 90%. Starting 1 January 2013 it is 80%.

- SOCIMIs are taxed at a 0% corporate income tax rate. However, where dividends distributed to a shareholder who owns at least 5% of the SOCIMI's share capital are exempt from taxation or are taxed below 10%, such SOCIMI will be subject to a special charge of 19% of the dividends distributed to the said shareholders in respect of corporate income tax. If deemed applicable, this special charge shall be paid by the SOCIMI within two months after the dividend distribution date.

Significant events during the period

During 2013, 33 properties were sold for 77,130 thousand euros, with associated selling costs of 1,257 thousand euros. The results of those sales, in the amount of 27,541 thousand euros, are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2013.

In 2013, 76,411 thousand euros of bank debt were cancelled, some 50,318 thousand euros of which was as a result of mandatory prepayment on sale of assets, 22,193 thousand euros under the ordinary repayment calendar, and 3,900 thousand euros as a result of other obligations under the financing agreement.

At 31 December 2013 the total amount of the Senior and Mezzanine syndicated loans was 877,327 thousand euros (809,266 and 68,061 thousand euros, respectively).

The information on the scope and nature of the financial products held is included in the Notes to the financial statements.

The properties sold during 2013 are not subject to the special SOCIMI tax regime, as they were sold before the end of the three-year holding period. Therefore, the operating income and capital gains obtained on these assets in 2013 are subject to the general regime and are taxed at the rate of 30 per cent.

Following the amendment of article 20 of the Recast Text of the Corporate Income Tax Act by Royal Decree-Law 12/2012 of 30 March and Royal Decree-Law 20/2012 of 13 July, a new system of tax deductions has been established. Under the new system, net finance costs will be deductible up to a limit of 30 of operating profit for the year. This, together with the limit on the deductibility of tax losses, set at 25%, and the limit on the tax deductibility of accounting amortization, set at 70%, results in corporate income tax payable of 5,273 thousand euros and a tax expense of 5,613 thousand euros, generating losses after tax of 19,501 thousand euros.

As of the end of the year, payments on account of corporate income tax had been made in the amount of 5,074 thousand euros, which given the other tax withheld on the Company's earnings leaves an outstanding current tax debt of 199 thousand euros to be paid in July 2014.

The Company's shareholders' equity at year-end was (39,110) thousand euros.

The Company has no research and development activities.

At year-end 2013 the Company held no treasury shares.

Events after the balance sheet date

On 7 January 2014 ordinary interest of 7,150 thousand euros was paid on the participating loans.

Subsequently, on the same date, the capital was increased by 2,339 thousand euros, with a share premium of 205,649 thousand euros, through the creation of 2,338,917 new shares with a nominal value of 1 euro each, fully subscribed, by setoff of the principal of the participating loans (197,811 thousand euros) and of the interest accrued and unpaid at that date (10,177 thousand euros).

On that same day, a second capital increase of 24 thousand euros, with a share premium of 2,126 thousand euros was carried out through the creation of 24,178 new shares with a nominal value of 1 euro each, fully subscribed and paid in.

The new situation of the Company's shareholders is as follows:

	Nominal value (thousands of euros)	Number of shares (in thousands)	% ownership
Ebro Real Estate, B.V.	4,391	4,391	47%
Forest 2009 Investments B.V.	1,517	1,517	16%
Tree 2009 Investments B.V.	1,726	1,726	19%
Alcudia Cartera de Inversiones, S.A.	1,689	1,689	18%
	9,323	**9,323**	**100%**

On 20 January 2014, a payment of 646 thousand euros was received, cancelling the investment in group companies.

In January and February two offices were sold, with a net book profit of 2,145 thousand euros.

On 28 February 2014 Senior loan principal was cancelled for 122.5% of the principal of the mortgage liability assigned to each of the properties sold between 29 November 2013 and 28 February 2014, for a total of 3,614 thousand euros and 1,500 thousand euros associated with other obligations included in the financing agreement. Likewise, on the same date, the Senior SWAP hedging derivative of 5,146 thousand euros was cancelled, giving rise to a payment of 508 thousand euros.

Outlook for 2014

The turnover for 2014 is expected to be 90,064 thousand euros.

The Company continues to meet the demand from private investors interested in acquiring properties from the Company's portfolio.

The Company expects to start trading on the MAB alternative market in the first half of 2014.

Madrid, 31 March 2014

Certificate of authorisation of the financial statements

Certificate issued by the Company Secretary of Tree Inversiones Inmobiliarias, S.A., Miguel Ollero Barrera, who hereby attests that all the directors of the Company have signed this document, consisting of **55 pages,** comprising the financial statements (balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements) and Management Report for the year ended 31 December 2013, each and every one of the Directors of the Company, whose first names and last name(s) are shown below, having affixed his signature hereto.

Madrid, 31 March 2014

Mr. Ismael Clemente Orrego
Chairman

Mr. Miguel Ollero Barrera
Non-director secretary

Mr. Nicolas Barquero Aranda
Director

Mr. Rafael Avilés Uruñuela
Director

Mr. Carlos Manzano Cuesta
Director

Mr. Noel Manns
Director

Mr. David Nuevo Alfonso
Director

Mr. Kevin Cahill
Director

Mr. Jason Oram
Director

Certificate of delivery of accounts by the Company Secretary

The Financial Statements and Management Report were approved by the Board of Directors of Tree Inversiones Inmobiliarias, S.A. at its meeting on 31 March 2014 with a view to their being examined by the auditors and subsequently approved by the shareholders in General Meeting. Said Management Report and Financial Statements have been issued on 55 pages, each initialled by me.

Said Financial Statements were delivered to the auditors on 31 March 2014, so that the auditors may issue the necessary audit report.

Signed

Mr. Miguel Ollero Barrera
Company Secretary

ANNEX 4: HISTORICAL AUDITED FINANCIAL STATEMENTS OF TREE INVERSIONES FOR THE PERIOD ENDED 31 DECEMBER 2012

Tree Inversiones Inmobiliarias, S.A.

Financial Statements for the year ended 31 December 2012 and Directors' Report, together with Independent Auditors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17) In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Tree Inversiones Inmobiliarias, S.A.:

1. We have audited the financial statements of Tree Inversiones Inmobiliarias, S.A., which comprise the balance sheet at 31 December 2012, and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying financial statements for 2012 present fairly, in all material respects, the equity and financial position of Tree Inversiones Inmobiliarias, S.A. at 31 December 2012, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

3. The accompanying directors' report for 2012 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2012. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Tree Inversiones Inmobiliarias, S.A.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ignacio Alcaraz Elorrieta
5 April 2013

TREE INVERSIONES INMOBILIARIAS, S.A.

Financial Statements for the period ended 31 December 2012 and Director´s Report

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

TREE INVERSIONES INMOBILIARIAS, S.A.

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2012

(Thousands of Euros)

ASSETS	Notes	12/31/2012	12/31/2011
NON-CURRENT ASSETS:		1,165,482	1,218,147
Property, plant and equipment		21	23
Investment property-	5	1,102,180	1,159,037
Land		403,797	414,545
Buildings		698,383	744,492
Long-term financial investments-	7	12,938	13,474
Other financial assets		12,938	13,453
Derivatives		-	21
Deferred tax assets	12	50,343	45,613
CURRENT ASSETS:		9,634	24,451
Trade and other receivables-		161	146
Trade receivables for sales and services		5	10
Current tax assets	12	-	106
Other tax receivables	12	156	30
Short-term investments in group companies and associates-	7	704	-
Other financial assets		704	-
Short-term financial investments-	7	40	47
Other financial assets		40	47
Cash and cash equivalents-	8	8,729	24,258
Cash		8,729	24,258
TOTAL ASSETS		1,175,116	1,242,598

EQUITY AND LIABILITIES	Notes	12/31/2012	12/31/2011
EQUITY		(106,163)	(46,578)
Shareholder's equity		(19,625)	21,911
Share capital	9.1	6,960	6,960
Share premium	9.1	52,873	52,873
Reserves-		(497)	(497)
Other reserves		(497)	(497)
Profit (loss) from previous years		(37,425)	(29,585)
Profit (loss) for the year		(41,536)	(7,840)
Valuation adjustments	7	(86,538)	(68,489)
NON-CURRENT LIABILITIES:		1,251,861	1,261,509
Long-term debts-	10	1,054,050	1,082,191
Bank borrowings		907,843	961,394
Derivatives	7	131,857	106,268
Other financial liabilities		14,350	14,529
Long-term debts with group companies and associates	11	197,811	179,318
CURRENT LIABILITIES:		29,418	27,667
Short-term debts-	10	26,776	24,317
Bank borrowings		26,593	24,250
Derivatives		183	67
Other financial liabilities		-	-
Short-term debts with group companies and associates	11	-	365
Trade and other payables-		2,642	2,985
Suppliers		905	1,393
Personnel (remuneration pending payment)		30	25
Current tax liabilities	12	900	-
Other tax payables	12	805	1,122
Customers advance payments		2	445
TOTAL EQUITY AND LIABILITIES		1,175,116	1,242,598

The accompanying Notes 1 to 17 are an integral part of the balance sheet as of December 2012

TREE INVERSIONES INMOBILIARIAS, S.A.

INCOME STATEMENT FOR YEAR 2012

(Thousands of Euros)

	Notes	2012	2011
Revenue	13.1	92,978	95,245
Other operating income			32
Personnel expenses		(91)	(75)
Wages, salaries and similar expenses		(79)	(64)
Welfare expenses		(12)	(11)
Other operating expenses		(8,567)	(11,793)
External services	13.2	(5,730)	(8,808)
Taxes other than income tax	13.3	(2,837)	(2,985)
Depreciation and amortization charges	5	(31,726)	(33,282)
Proceeds from sale of real estate assets	5 and 13.4	12,713	51,863
Other gains and losses		8	29
OPERATING PROFIT (LOSS)+B1		65,315	102,019
Finance income	8	180	589
Finance expenses		(90,390)	(113,355)
Debts with Group companies and associates	11	(22,848)	(35,320)
Third-party borrowings	10	(67,542)	(78,035)
Change in fair value of financial instruments	7	(4,628)	(459)
FINANCIAL PROFIT (LOSS)		(94,838)	(113,225)
PROFIT (LOSS) BEFORE TAXES		(29,523)	(11,206)
Income taxes	12.2	(12,013)	3,366
PROFIT (LOSS) FOR THE YEAR		(41,536)	(7,840)

The accompanying Notes 1 to 17 are an integral part of the income statements for the year 2012

TREE INVERSIONES INMOBILIARIAS, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEAR 2012

(Thousands of Euros)

	2012	2011
NET PROFIT (LOSS) FROM PROFIT AND LOSS ACCOUNT (I)	**(41,536)**	**(7,840)**
Income and expenses recognized directly in equity		
- Cash flow hedges and net investment in foreign operations	(55,823)	(37,358)
- Actuarial gains and losses and other adjustments	-	4
- Tax effect	16,747	11,206
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY (II)	**(39,076)**	**(26,148)**
Transfers to profit and loss account		
- Cash flow hedges and net investment in foreign operations	30,043	(20,583)
- Tax effect	(9,013)	6,175
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT (III)	**21,030**	**(14,408)**
TOTAL RECOGNIZED INCOME AND EXPENSES (I+II+III)	**(59,582)**	**(48,396)**

The accompanying Notes 1 to 17 are an integral part of the statement of recognized income and expenses for the year 2012

B) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2012

(Thousands of Euros)

	Authorised capital	Share premium	Reserves	Profit (loss) from previous years	Profit (loss) for the year	Valuation adjustments	Total
ENDING BALANCE FOR 2010	6,960	62,100	(497)	(14,382)	(15,203)	(27,933)	11,045
Recognized income and expenses	-	-	-	-	(7,840)	(40,556)	(48,396)
Transactions with shareholders		(9,227)					(9,227)
- Repayment of share premium	-	(9,227)	-	-	-	-	(9,227)
Other changes in equity	-	-	-	(15,203)	15,203	-	-
ENDING BALANCE FOR 2011	6,960	52,873	(497)	(29,585)	(7,840)	(68,489)	(46,578)
Recognized income and expenses	-	-	-	-	(41,536)	(18,049)	(59,585)
Other changes in equity	-	-	-	(7,840)	7,840	-	-
ENDING BALANCE FOR 2012	6,960	52,873	(497)	(37,425)	(41,536)	(86,538)	(106,163)

The accompanying Notes 1 to 17 are an integral part of the statement of changes in equity for the year 2012

TREE INVERSIONES INMOBILIARIAS, S.A.

STATEMENT OF CASH FLOWS FOR THE YEAR 2012

(Thousands of Euros)

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**(16,029)**	**(28,776)**
Profit (loss) for the year before taxes		**(29,523)**	**(11,206)**
Adjustments to profit (loss):			
- Depreciation and amortization charges	5	31,726	33,282
- Profit (loss) on retirement and disposal of fixed assets	13.4	(12,713)	(51,863)
- Finance income	8	(180)	(589)
- Finance expenses	10 y 11	90,390	113,355
- Changes in fair value of financial instruments	7	4,628	459
Changes in working capital			
- Debtors and other receivables		(15)	45,205
- Short-term investments in group companies and associates		(704)	
- Other current assets		7	727
- Creditors and other payables		(1,246)	(25,550)
- Other non-current assets and liabilities		(179)	(1,304)
Other cash flows from operating activities			
- Interest paid		(90,287)	(131,856)
- Interest received		(8,109)	
- Prepayments of corporate income tax		176	564
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**38,363**	**163,900**
Payments relating to investments			
- Property, plant and equipment		1	-
- Investment property	5	-	(8,839)
- Other financial assets		515	(1,416)
Proceeds from disinvestments			
- Investment property	5	37,847	174,155
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(37,863)**	**(320,483)**
Proceeds and payments relating to equity instruments			
- Issuance and repayment of equity instruments	9	-	(9,227)
- Acquisition of own equity instruments		-	5
Proceeds and payments relating to financial liabilities instruments			
- Issuance of debt to banks			
- Issuance of debt to group companies and associates	11	18,493	-
- Redemption and repayment of debt to financial entities		(56,356)	(283,579)
- Redemption and repayment of debt to group companies and associates		-	(27,682)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**(15,529)**	**(185,359)**
Cash and cash equivalents at beginning of period		24,258	209,617
Cash and cash equivalents at end of period		8,729	24,258

The accompanying Notes 1 to 17 are an integral part of the statement of cash flows for the year 2012

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

TREE INVERSIONES INMOBILIARIAS, S.A.

Accompanying notes for the year ended 2012.

1. Activity

Tree Inversiones Inmobiliarias, S.A. (hereinafter, the Company) was incorporated on 7 January 2009.

Its registered office is located at Paseo de Castellana 42, Madrid.

Its corporate purpose is the acquisition, sale, ownership and operation of any movable assets and real state property, intermediation in commercial, corporate and real estate transactions, as well as the provision of services related to those activities.

At present, its core activity is focused on operation and leasing of property assets acquired from Banco Bilbao Vizcaya Argentaria. The whole of said properties are leased to the BBVA Group.

2. Basis of presentation of financial statements

2.1 Regulatory financial reporting framework applicable to the Company

These financial statements were formally prepared by the sole director in accordance with the regulatory financial reporting framework applicable to the Company established in the following:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and the industry adaptation for real estate companies.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) All other applicable Spanish accounting legislation.

The figures included in the financial statements are expressed in thousands of euros.

2.2 Fair presentation

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows. These financial statements, which were formally prepared by the Company's Administrator will be submitted for approval by the shareholders, and it is considered that they will be approved without any changes.

The audited financial statements for 2012 were approved by the shareholders at the respective General Meetings held on 15 June 2012.

2.3 Information relating to 2012

In these financial statements and accompanying notes, the information relating to 2011 is shown for comparative purposes with that for 2012.

2.4 Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the Director approved these financial statements for issue taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

2.5 Responsibility for the information and use of estimates

In preparing these financial statements, estimates were made by the Directors based on historical experience and other factors considered to be reasonable in light of current circumstances and which constitute the basis for establishing the carrying amounts of assets and liabilities not easily determinable through other sources. These estimates relate primarily to:

- The assessment of possible impairment losses on certain assets (see Notes 4.3 and 4.5).
- The useful life of tangible and intangible assets and investment property (see Notes 4.1 and 4.2).
- The fair value of financial derivatives (see Note 4.7).
- Financial risk management (see Note 9.5)

Although these estimates were made on the basis of the best information available at 2012 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.6 Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity, and statement of cash flow are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7 Correction of errors

In preparing the accompanying financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the financial statements for 2012.

2.8 Working capital

At 31 December 2012 the Company had a working capital deficit of 19,784 thousand euros (3,219 thousand euros at 31 December 2011), mainly due to the extraordinary repayment of Senior loan principal in the amount of 11,875 thousand euros (see Note 8) out of cash and cash equivalents during the year and the prepayment of 8,109 thousand euros of tax during the year (see Note 12.1), resulting in a reduction in cash and cash equivalents compared to the Company's cash budget.

The Company's Directors have prepared these financial statements on a going concern basis, assuming that the Company's activity will continue in the future and that the assets will therefore be realized and the liabilities settled in accordance with the amounts and classification recorded in the financial statements, based on the available financing facilities, the cash flows generated by the Company's operations and the available cash.

3. Distribution of profit (loss)

The Company's Directors propose that the loss for the year, in the amount of 41,536 thousand euros, be allocated to Losses from previous years. This proposal will be submitted to the General Meeting of Shareholders for approval. The Directors estimate that the loss generated this year will be offset by profits generated in later years.

3.1 Limitations on dividend distribution

The Company is obliged to allocate 10% of profit for the year to the legal reserve until the legal reserve amounts to at least 20% of share capital.

Once the remuneration provided for by law or by the articles of association has been paid, dividends may be paid out of profit for the year or out of unrestricted reserves only if the value of equity is not, or does not become as a result of the distribution, less than the value of share capital. For these purposes, profit recognized directly in equity may not be distributed, either directly or indirectly. If prior year losses cause the value of the Company's equity to be less than its share capital, the profit shall be used to offset these losses.

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for the year 2012 are as follows:

4.1 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost and are subsequently reduced by the related accumulated depreciation and by any impairment losses.

Property, plant and equipment upkeep and maintenance expenses are recognized in the profit or loss account for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

The Company depreciates its property, plant and equipment using the straight-line method, at annual depreciation rates based on the years of estimated useful life of the respective items.

4.2 Investment property

The heading "Investment property" in the balance sheet reflects the value of land, buildings and other structures held either to earn rentals or for capital appreciation on their sale as a consequence of their respective future market price increases.

Investment property is measured at cost, which corresponds to acquisition cost.

Investment properties acquired by the Company through purchase have been individually recorded on an acquisition cost basis.

The acquisition cost includes, in addition to the amount invoiced by the vendor after discounts, all additional and directly related costs incurred until the assets are put into operating condition.

The depreciation of these items is carried out in a rational and systematic manner, on the basis of the useful lives of the corresponding assets and their residual value, appropriate to normal depreciation suffered due to operation use and enjoyment, without prejudice to the technical or commercial obsolescence that may affect them. The Company amortizes its investment property using the straight-line method, at annual depreciation rates based on the years of estimated useful life of the respective asset.

Buildings	25 – 50 years

In the event of cessation of a given property's operation due to renovation, refurbishment or redevelopment, no depreciation accrues while said work continues.

Such changes as may arise in an asset's residual value, useful life and amortization method, are booked as changes in the accounting estimates, error excepted.

Asset upkeep and maintenance expenses which do not improve future cash flows for the cash-generating unit to which the asset belongs, or its useful life, are recognized as expenses for the period in which it is incurred.

4.3 Value impairment of non-financial assets

At least on the balance sheet date, the Company reviews the non-current assets or cash-generating units to determine whether there is any indication that those assets might be impaired. Assets subject to depreciation are submitted to impairment testing whenever some event or change in circumstances indicates that the carrying amount may not be recoverable.

The recoverable amount is the higher between the fair value of the asset less costs to sell and the value in use.

If an asset's book value is higher than its recoverable amount, an impairment loss is recognized. The value in use is taken to be the present value of the estimated future cash flows. In assessing value in use, the assumptions used in making the estimates include market risk-free interest rates adjusted by the risks associated with the asset. For those assets that do not for the most part generate cash flows independently from cash flows from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the said assets belong.

Impairment losses recognized and reversed are charged and credited, respectively, to the profit and loss account. Impairment losses are reversed when the circumstances that led to their existence cease to exist, except for goodwill. Reversal of an impairment loss cannot exceed the carrying amount of the asset that would have applied had the impairment loss not been previously recognized.

4.4 Leases

Leases are classified as finance leases if the terms of the lease indicate that the leased asset's risks and benefits of ownership are substantially transferred to the lessee. All other leases are classified as operating leases. At 31 December 2012 the Company did not hold any finance leases.

Operating leases

Income and expenses resulting from operating leases agreements are taken to the profit and loss account in the year they accrue, depending on whether the Company acts as lessor or as lessee.

Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the costs directly attributable to the lease, which are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

4.5 Financial assets

Classification and measurement

Loans and receivables

Under this heading, trade and non-trade receivables are recorded, which include financial assets which have fixed or determinable payments, not quoted in an active market and for which the full payment made by the Company is expected to be recovered except, where applicable, for reasons attributable to debtor solvency.

These assets are initially recognized in the balance sheet at fair value, which in the absence of evidence to the contrary is the transaction price, this being equal to the fair value of the consideration given plus any directly attributable transaction costs.

After their initial recognition, these financial assets are measured at amortized cost.

Nevertheless, trade receivables with maturity of no more than one year with no contractual interest rate, and which are expected to be received in the short term, are initially and subsequently measured at their nominal value, provided the effect of not updating cash flows is not material.

Guarantees provided

The difference between fair value and the amount of the security deposits delivered in operating leases is not material for the purposes of preparing these financial statements. Under the Urban Rental Act (*Ley de Arrendamientos Urbanos*), the Company is subject to the security deposit agreement with certain Autonomous Regions (*Régimen de concierto de depósito con algunas Comunidades Autónomas*). Under this scheme, the Company must deposit 90% of the security deposits obtained from its lessees in certain official institutions. The deposits thus obtained from lessees are recorded in the balance sheet as long-term liabilities, and those deposited with the official institutions of said Autonomous Regions are carried as long-term assets.

Interest income from financial assets

Interest from financial assets accrued after the date of acquisition is recognized as income in the income statement account. Interest income from financial assets is recognized using the effective interest method.

For these purposes, on initial measurement of the financial assets, the amounts of explicit interest accrued and not yet matured at that time are recorded independently according to their maturity. Explicit interest is understood, for these purposes, to be the interest obtained from applying the contractual interest rate for the given financial instrument.

Cancellation

Financial assets are removed from the balance sheet or from the Company when the contractual rights to receive the related cash flows have expired or have been transferred, provided that in that transfer the Company has substantially transferred the risks and benefits of ownership.

If the Company has not substantially transferred or retained the risks and benefits of the financial asset, the latter is derecognized if control is not retained. If the Company retains control of the asset, it continues to recognize the transferred financial asset for an amount equal to its exposure to changes in value of the transferred asset, that is, for its continuing involvement, and recognizes the associated liability.

The difference between the sum of the consideration received, net of any attributable transaction costs and including the new assets obtained less any assumed liabilities, and the book value of the transferred financial asset plus any cumulative amount explicitly recognized in equity, determines the profit or loss arising from derecognition of the asset and is taken to the profit and loss account for the year in which it occurs.

4.6 Financial liabilities

<u>Classification and measurement</u>

Debts and payables

This heading includes financial liabilities arising from the purchase of goods and services due to the Company's trading operations, and debts from non-trade accounts which are not derivative instruments.

Upon initial recognition in the balance sheet, they are recorded at fair value, which, in the absence of evidence to the contrary, is the transaction price, this being equal to the fair value of the consideration adjusted for any directly attributable transaction costs.

After their initial recognition, these financial assets are measured at amortized cost. Accrued interest is recorded in the profit and loss account according to the effective interest rate method.

Nevertheless, trade payables with maturity of no more than one year with no contractual interest rate and which are expected to be paid in the short term, are initially and subsequently measured at their nominal value, provided the effect of not updating cash flows is not material.

Other financial liabilities

This heading includes the financial liabilities in respect of amounts received from lessees as security deposit for operating leases at fair value.

The difference between fair value and the security deposits made in operating leases is not material for the purposes of preparing these financial statements.

Cancellation

The Company derecognizes financial liabilities when the obligations giving rise to them cease to exist.

If an exchange of debt instruments takes place, whenever these have substantially different conditions, the original financial liability is cancelled and the new financial liability thus arising is recognized. Any material modification of the current circumstances of a financial liability is recorded in the same manner.

The difference between the book value of the financial liability, or of the part that has been derecognized, and the consideration paid, including any directly attributable transaction costs and any non-cash asset transferred or liability assumed, is recognized in the profit or loss account for the year in which it takes place.

If an exchange takes place of debt instruments takes that do not have substantially different conditions, the original financial liability is not derecognized from the balance sheet, and the amount of the commissions paid is recorded as an adjustment to its book value. The new amortized cost of the financial liability is determined by applying the effective interest rate, understood as the rate which makes the book value of the financial liability at the date the terms are amended equal to the estimated cash flows to be paid under the new conditions.

4.7 Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which it is exposed due to its activities, transactions and future cash flows. Essentially, these risks consist of exchange rate and interest rate fluctuations. In connection with those operations the Company uses financial instruments for hedging purposes.

Only transactions that effectively eliminate some risk inherent in the hedged item or position over the expected term of the hedge are designated as hedges, which means that at the inception of the hedge, the hedge is expected, under normal conditions, to be highly effective (prospective effectiveness) and that there is sufficient evidence that the hedge was fully effective throughout the life of the hedged item or position (retrospective effectiveness).

Appropriate documentation is prepared detailing how hedge effectiveness is to be achieved and measured, in accordance with the Company's risk management policy.

To measure hedge effectiveness the Company performs tests to check that the differences arising from changes in the value of the flows of the hedged item and the hedging instrument remain within a range of 80% to 125% over the life of the transaction, in line with the forecasts established at inception.

If at any point during the hedging relationship the prospective test is not met, hedge accounting is discontinued and the hedge is reclassified to trading derivatives.

For assessment purposes, the Company classifies the hedges as cash flow hedges: they hedge the exposure to the risk of changes in cash flows as a result of changes in the interest rates on the loans received. Swap contracts are used to exchange floating rates for fixed rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity and is taken to profit or loss in the year or years in which the hedged item affects profit or loss.

In addition, the Company maintains inflation hedging instruments associated with the rental contracts to cover the risk of fluctuations in European inflation.

4.8 Severance payments

Under the current legislation, the Company is required to make severance payments to employees terminated under certain conditions. Therefore, severance payments that can be objectively quantified are expensed in the year in which the related decision is made. In the accompanying financial statements no item has been recorded in this respect as no situations of this nature are expected.

4.9 Cash and cash equivalents

This heading covers cash on hand, current bank accounts and deposits and repurchase agreements that meet all of the following requirements:

- They are readily convertible into cash.
- They had an original maturity of three months or less at the date of acquisition.
- They are not subject to a significant risk of change in value.
- They are part of the Company's normal treasury management policy.

For the purposes of the cash flow statement, occasional overdrafts which are inherent in the Company's cash management are included as a reduction in cash and cash equivalents.

4.10 Corporate income tax

Corporate income tax expense or income comprises current tax expense or income and deferred tax expense or income arising during the year.

Current income tax is the amount of corporate income tax paid on current year income. Tax relief and other tax benefits, excluding withholdings and interim payments on account and tax loss carryforwards applied in the year, reduce the current income tax liability.

Deferred income tax expense or income reflects the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences, which are identified as the amounts expected to be payable or recoverable as a result of differences between the carrying amount of assets and liabilities and their tax value, plus any tax loss carryforwards and any unused tax credits. These amounts are measured at the tax rates that are expected to apply in the period when the assets are realized or the liabilities are settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except those arising from initial recognition of goodwill or of other assets and liabilities acquired in a transaction that does not affect either taxable income or accounting profit and is not a business combination.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

Deferred tax assets and liabilities relating to items charged or credited directly to equity are also recognized in equity.

Recognized deferred tax assets are reviewed at the end of each accounting period and amended to the extent that it is no longer probable that the related tax benefit will be realized. Similarly, unrecognized deferred tax assets are reviewed at each balance sheet date and are recognized to the extent that it is probable that the related tax benefit will be realized.

4.11 Classification of assets and liabilities as current and non-current

Assets and liabilities in the balance sheet are classified as current or non-current. For these purposes, assets and liabilities are classified as current when they relate to the Company's operating cycle and are expected to be sold, consumed, realized or settled during that cycle. Non-current assets and liabilities are different from the foregoing and their maturity, disposal or realization is not expected to take place within a year.

4.12 Income and expenses

Income and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Income is measured at the fair value of the consideration received, net of discounts and taxes.

Rendering of services

The Company provides leasing services of its investment property. Revenue resulting from fixed-price leasing service contracts is recognized in the period during which the leasing services are rendered on a straight-line basis over the term of the contract.

4.13 Related party transactions

The Company performs all of its related party transactions on an arm's length basis. The Company Directors therefore understand that there are no significant risks in this respect that could give rise to material liabilities in the future.

4.17 Statement of cash flows

The following terms are used in the statement of cash flows, which was prepared using the indirect method, with the meanings specified below:

- Cash flows: inflows and outflows of cash and equivalents, which are short-term highly liquid investments subject to an insignificant risk of changes in value.
- Operating activities: principal revenue-producing activities of the Company and other activities that are not investing or financing activities.
- Investing activities: acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not operating activities.

4.15 Assets of an environmental nature

Environmental assets are those used in the Company's business on a lasting basis and which are mainly intended to minimize environmental impact and to protect and improve the environment, including reduction or elimination of future pollution.

The Company's activities, due to their very nature, do not have a significant environmental impact.

5. Investment property

The movements recorded in "Investment property" are as follows:

31 December 2012

	Thousands of euros			
	12/31/2011	Additions/ Allocations	Retirements	12/31/2012
Cost:				
Lands	414,545	-	(10,748)	403,797
Buildings	812,243	-	(16,148)	796,095
	1,226,788	**-**	**(26,896)**	**1,199,892**
Accumulated depreciation:				
Buildings	(67,751)	(31,723)	1,762	(97,712)
	(67,751)	**(31,723)**	**1,762**	**(97,712)**
Net balance:	**1,159,037**			**1,102,180**

31 December 2011

	Thousands of euros			
	12/31/2010	Additions/ Allocations	Retirements	12/31/2011
Cost:				
Lands	460,095	3,338	(48,888)	414,545
Buildings	885,270	5,501	(78,528)	812,243
	1,345,365	**8,839**	**(127,416)**	**1,226,788**
Accumulated depreciation:				
Buildings	(39,596)	(33,279)	5,124	(67,751)
	(39,596)	(33,279)	5,124	(67,751)
Net balance	**1,305,769**			**1,159,037**

Investment property includes several properties acquired from the BBVA Group in 2009, 2010 and 2011. The company holds a sale & lease back agreement with this entity. The average maturity is of 30 years.

The acquisition process consisted of the following stages:

- In 2009 there was an initial purchase of 946 properties and a subsequent purchase of 2 more properties.
- In 2010, 150 properties were purchased along with 2 singular buildings and 3 more properties later.
- There was a property replacement process in 2011 as provided for in the lease agreement. During this process, the Company acquired 5 properties and sold 6 of the ones acquired in previous phases. Likewise, the lease agreement with respect to the sold properties was terminated, and a new lease agreement was entered into for the 5 acquired properties. The same terms, conditions and leasing periods as for the sold properties were maintained.

After each date of purchase, the Company entered into a sale and lease back agreement with the BBVA Group for an average 30-year term (see Note 6).

The investments were acquired by means of mortgage loans and served as collateral securing those loans (see Note 10).

The retirements of fixed assets for 2012 record the sale of 27 properties for 38,373 thousand euros, with associated selling costs of 526 thousand euros. The results of those are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2012.

The retirements of fixed assets for 2011 record the sale of 116 properties (including the replaced properties) at a cost of 174,116 thousand euros. The results obtained on those sales are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2011.

The retirements of fixed assets for 2010 record the sale of 26 properties and 1 singular building for 156,120 thousand euros.

The total available floor area of the investment properties described above is as follows (square meters):

	Square meters	
	12/31/2012	12/31/2011
Total available floor area	390,928	399,319

The Company has obtained independent expert appraisals (Savills) of the 938 real estate assets. The appraisals were done according to the RICS Valuation Professional Standards from Great Britain. Said fair value is calculated using discount rates that would be acceptable to a potential investor and that are in line with the rates applied by the market for properties of similar characteristics in similar locations.

On the basis of this valuation, the Directors of the Company believe there is no impairment of the carrying cost of the properties. Therefore, no impairment has been recorded for them.

The lease agreement provides that the lessee will bear the expense of insuring the lessor's property to guarantee at least 15% of the replacement value of all properties in the event of a loss. The Company has no additional insurance coverage.

All of the Company's investment property is located in Spain.

At 31 December 2012 there were no fully depreciated properties.

At year-end 2012 there were no restrictions whatsoever on new investment property or any investment property commitments.

6. Leases

6.1 Operating leases

The Company, acting as the lessor, records as operating leases the agreements signed on 25 September 2009 (943 offices and 3 singular buildings), 22 December 2009 (1 office and 1 singular building), and 29 July 2010 (150 offices and 2 singular buildings), 27 October 2010 (3 offices) and 20 December 2011 (5 offices) with BBVA for the lease of all of the Company's properties, except for the properties that were sold in 2013, 2012, 2011 and 2010 (see Note 5).

The main features of said agreements at 31 December 2012 are:

- Lease agreement for 933 offices, operating urban properties for non-housing use. The lease agreements started on the above mentioned dates and have a 30-year term. They may be automatically extended a maximum of 15 years (split into three 5-year extensions) at the lessee's discretion. There is an option to buy at market price for each property with a 45-year term after inception of the agreement, exercisable from 16 to 12 months before the expiration of said 45-year period.

- Lease agreement for 5 singular buildings, operating urban properties for non-housing use. The lease agreements started on the above mentioned dates and have a 20-year term. They may be automatically extended a maximum of 15 years (split into three 5-year extensions) at the lessee's discretion. There is an option to buy at market price for each property with a 35-year term after inception of the agreement, exercisable from 16 to 12 months before the expiration said 35-year period.

Income from these contracts amounted to 92,978 thousand euros in 2012. This amount includes rental income from the offices and is recorded under "Turnover" in the accompanying profit and loss account (see Note 13.1).

6.2 Operating lease commitments

At year-end 2012, the Company has the following minimum lease rights, in accordance with the agreements in force, without taking into account the recovery of common expenses, future increases per the CPI nor future revisions of contract rents:

Operating leases Minimum rights	Thousands of euros	
	12/31/2012	12/31/2011
Less than a year	92,764	90,679
Between one and five years	463,821	462,932
More than five years	1,902,093	1,992,466
Total	**2,458,678**	**2,546,077**

This forecast has been made taking into consideration the expiry dates of leases at each balance sheet date, without considering the tacit renewal of the same.

The Company holds inflation hedging instruments for rental income in order to hedge the risks of fluctuations in inflation (see Note 10).

7. Financial investments (long and short-term)

The proceeds of the accounts under "Long and short-term financial investments" is as follows:

	Thousands of euros			
	Non-current		Current	
	2012	2011	2012	2011
Derivative financial instruments	-	21	-	-
Deposits	12,938	13,453	-	-
Investments in Group companies and associates	-	-	704	-
Loans and receivables	-	-	40	47
Total	**12,938**	**13,474**	**744**	**47**

Deposits

The "Deposits" account mainly records the 90% of security deposits received from lessees the Company is obliged by the applicable regulations to deposit with the competent government body.

8. Cash and other cash equivalents

The balance of this balance sheet heading records the current accounts in euros held by the Company in BBVA, Deutsche Bank and Banca March, which earn interest at market rates. The income accrued in this respect during 2012 amounted to 180 thousand euros, 589 thousands of euros in 2011, and is recorded under "Finance income" in the accompanying profit and loss accounts.

The Senior financing agreement (see Note 10) lays down certain use restrictions for the current accounts held by the Company with the different banks. At 31 December 2012, the amount included in "Cash and other cash equivalents" is not available, except for two current accounts in the amount of 2,092 thousand euros, which are freely available to be used in the company's ordinary business.

The reserve for the payment of a quarterly instalment of the Senior debt was used on 4 July 2012 to cancel Senior loan principal of 11,875 thousand euros, in accordance with the financing agreements. At the close of 2013, the reserve had a balance of 2,019 thousand euros.

9. Equity

9.1 Share capital and share premium

The Company was incorporated as a limited company (*sociedad limitada*) with a share capital of 100 shares with a nominal value of 30.06 euro per share. Afterwards, two capital increases were carried out and the Company altered its corporate form to that of a public limited company (*sociedad anónima*).

In July 2009 a capital increase was carried out with the issuance of 57,096 shares at a nominal value of 1 euro each, fully subscribed and paid in. In September 2009 a second capital increase of 5,625 thousand euros was carried out, with a share premium of 50,625 thousand euros, with the creation of 5,625,000 new shares with a nominal value of 1 euro each, fully subscribed and paid in.

On 29 July 2010 the capital was increased by 1,275 thousand euros, with a share premium of 11,475 thousand euros and the creation of 1,275,000 new shares, each with a nominal value of 1 euro, fully subscribed and paid in.

During 2011, 9,227 thousand euros in share premiums were returned.

On 31 October 2013, Ebro Real Estate B.V. (Tree's shareholder) contributed all of the shares it held in Tree as part of the capital increase carried out in Baum Holdings Spain, S.L., which thus became Tree's sole shareholder. Thereafter, the merger by takeover of the company Baum Holdings Spain, S.L. was approved (see Note 1.2), and the corresponding exchange of shares was carried out.

At 31 December 2012, the Company's shareholders were:

	Nominal value (thousands of euros)	Number of shares (in thousands)	% ownership
Baum Holdings Spain, S.L.	3,682	3,682	53%
Ebro Real Estate, B.V.	3,278	3,278	47%
	6,960	**6,960**	**100%**

At 31 December 2012 there is a pledge of the Company's shares as security for repayment of the financing agreement on a first ranking basis for the Senior loan and second ranking for the Mezzanine loan (see Note 10). The Company may not increase capital through the issuance of new shares until the debts are settled.

9.2 Legal reserve

Under the Recast Text of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the increased share capital amount. Except for this purpose, until the legal reserve exceeds 20% of share capital, this reserve can only be used to offset losses if there are no other reserves sufficient for such purpose.

At year-end 2012 this reserve had not yet been constituted.

9.3 Valuation adjustments

This heading records in its entirety the effect of changes in fair value of financial instruments classified as hedges (see Note 10).

9.4 Going concern and financial position

At 31 December 2012, the Company had negative equity. The Company Directors have prepared these financial statements on a going concern basis, assuming that the Company's activity will go on in the future and that the assets will therefore be realized and the liabilities liquidated in the amounts and classification recorded in the financial statements on the basis of the cash flow generating capacity of the Company's activity and of the available cash.

In relation to Article 363(1) (e) of the Spanish Companies Act, which provides that a company will be wound up if losses bring its equity to below half the share capital unless the latter is sufficiently increased or decreased, and provided that insolvency proceedings do not need to be sought, it should be noted that the Company is not in such situation because there are participating loans that must be considered when determining accounting equity for purposes of the dissolution of companies under company law. Furthermore, under article 327 of the Capital Companies Act, a company whose shareholders' equity has been reduced to less than two-thirds of its share capital and has still not been recovered after one full year is required to reduce its share capital.

However, the Resolution issued by the Accounting and Auditing Institute (ICAC) on 20 December 1996, which lays down general criteria for determining the concept of equity for the purpose of capital reduction and company liquidation in accordance with company law, establishes that the participating loans recorded on the Company's balance sheet in the accounts payable grouping shall be included in the calculation of equity for that purpose.

In this context, the Company had participating loans of 197,811 thousand euros at 31 December 2012 and 179,318 at 31 December 2011 (see Note 11).

Likewise, Royal Decree-Law 10/2008 of 12 December established that, for a period of two years, a decrease in a company's equity due to impairment losses arising from property, plant and equipment, investment property and inventories would not be taken into account for the purpose of establishing grounds for mandatory capital reduction or winding up. This two-year period was subsequently extended three times, the last time being through Royal Decree 3/2013, which extended it until 31 December 2013.

Finally, in accordance with Article 36 of the Code of Commerce, for purposes of distributing profits, mandatory reduction of share capital and mandatory winding-up due to losses, valuation adjustments due to cash flow hedging operations pending recognition in the profit and loss account will not be considered equity.

Hence, the equity value (obtained from the annual statutory accounts for 2012 and 2011 for the purpose of said articles of the Spanish Capital Companies Act) at 31 December 2012 is as follows:

	Thousands of euros
	12/31/2012
Company's equity according to its annual statutory accounts	**(106,163)**
Less participating loans	197,811
Valuation adjustments	86,538
Equity for computing what is provided for in articles 363 and 327 of Capital Companies Act	**178,186**

At 31 December 2012, the Company is not in the circumstances envisaged in articles 363 and 327 of the Capital Companies Act.

9.5 <u>Information on financial risk management</u>

The Company's risk management policies are set by the Directors. Based on these policies, the Company has put in place a series of procedures and tests for identifying, measuring and managing the risks arising from operating with financial instruments. These policies provided the Company will not engage in speculative derivatives operations.

Operating with financial instruments exposes the Company to credit, market and liquidity risk.

9.5.1 Credit risk

Credit risk arises from possible loss caused as a result of default by the Company's counterparties on their agreed obligations, i.e., from the possibility that financial assets may not be recovered for their carrying amount or with the stipulated timing.

As a general rule, the Company holds its cash and liquid assets in entities with high credit ratings.

A periodic breakdown of "Trade and other receivables" is compiled, aging the balances receivable, as basis for managing their collection. The properties owned by the Company are leased in full to BBVA bank, which holds a high credit rating, and the existing financing is also tied to maintenance of that credit quality (see Note 10 In this connection, the Directors of the Company believe that there is no significant credit risk in relation to receivables from the lessee.

9.5.2 Market risk

Market risk consists of the potential loss caused by fluctuations in fair value or in future cash flows of a financial instrument due to changes in market prices. Market risk includes interest rate risk, exchange rate risk and other price risks.

Interest rate risk

Interest rate risk arises from the potential loss caused by fluctuations in the fair value or in future cash flows of a financial instrument due to changes in market interest rates. The Company's exposure to the risk of interest rate fluctuations is mainly in respect of the long-term loans and credit facilities it has received at floating interest rates.

The Company manages interest rate risk by distribution of its financing at fixed and floating rates. The Company policy is to maintain net non-current financing from third parties at fixed rates. It does this by entering into interest rate swaps which are designated as hedges of the relevant loans.

Exchange rate risk

The Company has no exposure whatsoever to exchange rate risk, since its sales are in the functional currency.

Price risk

The Company holds inflation hedging instruments for its rental income in order to cover CPI fluctuation risks.

9.5.3 Liquidity risk

Liquidity risk arises from the possibility of the Company not having or not being able to dispose of liquid funds in sufficient quantities and at an appropriate cost to meet its payment obligations from time to time.

The company manages liquidity risk for ordinary activities by drawing up period cash flow statements. In addition, the Company regularly monitors fulfillment of the obligations under the financing agreements.

10. Current and non-current financial liabilities

The detail on the related headings in the balance sheet is as follows:

31 December 2012

	Thousands of euros		
	Non-current		Current
	Bank borrowings	Derivative financial instruments and others	Bank borrowings
Syndicated loan	907,843	-	26,593
Other financial liabilities – deposits	-	14,350	-
Derivative financial instruments (Note 7)	-	131,857	183
Total	**907,843**	**146,207**	**26,776**

31 December 2011

	Thousands of euros		
	Non-current		Current
	Bank borrowings	Derivative financial instruments and others	Bank borrowings
Syndicated loan	961,394	-	24,250
Other financial liabilities – deposits	-	14,529	-
Derivative financial instruments (Note 7)	-	106,268	-
Total	**961,394**	**120,797**	**24,250**

a) ***Syndicated loans***

The detail for syndicated loans is as follows (in thousands of euros):

31 December 2012

	Limit	Arrangement expenses	Drawn		Short-term interest
			Long-term	Short-term	
Senior loan	1,139,003	(20,032)	861,828	10,248	2,150
Mezzanine loan	112,174	(2,014)	68,061	13,601	594
Total payables	**1,251,177**	**(22,046)**	**929,889**	**23,849**	**2,744**

31 December 2011

	Limit	Arrangement expenses	Drawn		Short-term interest
			Long-term	Short-term	
Senior loan	1,139,003	(25,557)	908,204	4,972	3,227
Mezzanine loan	112,174	(2,915)	81,662	15,256	795
Total payables	**1,251,177**	**(28,472)**	**989,866**	**20,228**	**4,022**

At 31 December 2012 the Company has the following financing associated entirely with the acquisition of real estate assets:

Syndicated mortgage Senior loan:

On 29 July 2010 the Company signed an agreement to amend and update the 1,139,003 thousand euro syndicated loan arranged with 15 banks, with Deutsche Bank as Agent bank. The loan was to partially finance the acquisition price of the properties purchased from the BBVA Group (See Note 5).

The loan is due on 23 September 2017, bears interest at the 3-month Euribor plus 2.5%, and is secured by a mortgage on the assets.

The interest accrued in 2012 and 2011 amounted to 51,616 thousand euros and 53,789 thousand euros respectively, after considering the existing hedges. The interest paid is recorded under "Finance expenses" in the accompanying profit and loss account.

This financing includes commitments to certain coverage levels for the assets with respect to the outstanding debt (Test Loan to Value) in the event BBVA's credit rating is downgraded below a certain level by rating entities. Maintenance of that level of coverage was not required at 31 December 2012 and 2011 because at those dates BBVA's credit rating was above the level specified in the financing agreement.

Syndicated mortgage Mezzanine loan:

On 29 July 2010 the Company signed an agreement to amend and update the 112,174 thousand euro syndicated loan arranged with 15 banks, with Deutsche Bank as Agent bank. The loan was to partially finance the acquisition price of the properties purchased from the BBVA Group acquisition process (See Note 5).

The loan is due on 23 September 2017 and bears interest at the 3-month Euribor plus 7.75%.

The interest accrued in 2012 amounted to 9,500 thousand euros and 11.024 thousand euros in 2011 after considering the existing hedges. The interest paid is recorded under "Finance expenses" in the accompanying profit and loss account.

Debt arrangement expenses:

The costs of arranging financial debt pending amortization by the Company amount to 22,046 thousand euros (28.472 thousand euros at year-end 2011). According to accounting standards, these costs must be considered directly attributable to arrangement of the financing and be taken to the profit and loss account according to the effective interest rate method. The amount taken to income in this respect was 6,426 miles de euros (13,180 thousand euros in 2011) recorded under "Finance expenses" in the accompanying profit and loss account.

The breakdown by maturity of these loans is as follows (in thousands of euros):

	Thousands of euros	
	Syndicated loans	
	At 12/31/2012	At 12/31/2011
1 year	22,463	20,221
2 years	27,553	22,706
3 years	33,862	27,826
>3 years	869,860	939,341
	953,738	**1,010,094**

Additionally, also included at 31 December 2012 are current payables to credit institutions in the amount of 1,386 thousand euros for principal repayments scheduled for 2013 in relation to properties sold between 29 November 2012 and the year-end.

In 2012, 56,356 thousand euros of bank debt were cancelled, some 27,010 thousand euros of which was as a result of mandatory prepayment on sale of assets, 17,471 thousand euros under the ordinary repayment calendar, and 11,875 thousand euros as a result of other obligations under the financing agreement.

Guarantees received

This heading records security deposits received from the different lessees of rental properties, approximately 90% of which the Company deposits with the competent public body (see Note 7). These amounts will be returned at the termination of the agreements.

a) ***Derivative financial instruments***

Shown below are the interest rate derivatives arranged by the Company and in effect at 31 December 2012, and their fair value as that date (in thousands of euros):

Instrument	Maturity	Interest rate	Notional value	Fair value	(Db) Asset	(Cr) Liability	Loss and Profit
IRS SENIOR	2017	3.46%	734,000	(96,407)	-	96,407	279
IRS CAP	2017	3.46%	183,500	-	-	-	-
IRS MEZZANINE	2017	2.81%	91,500	(4,239)	-	4,239	-
IRS INFLATION	2017	3.34%	80,571	(12,799)	-	12,799	-
IRS SENIOR	2017	2.78%	177,202	(17,856)	-	17,856	51
IRS CAP	2017	2.78%	44,301	-	-	-	-
IRS MEZZANINE	2017	2.25%	20,674	(739)	-	739	-
Total					-	**132,040**	**330**

Shown below are the interest rate derivatives arranged by the Company and in effect at 31 December 2011, and their fair value as that date (in thousands of euros):

Instrument	Maturity	Interest rate	Notional value	Fair value	(Db) Asset	(Cr) Liability	Loss and Profit
IRS SENIOR	2017	3.46%	734,000	(73,602)	-	73,602	(519)
IRS CAP	2017	3.46%	183,500	15	15	-	835
IRS MEZZANINE	2017	2.81%	91,500	(3,484)	-	3,484	-
IRS INFLATION	2017	3.34%	80,571	(17,641)	-	17,641	-
IRS SENIOR	2017	2.78%	177,202	(11,129)	-	11,129	(90)
IRS CAP	2017	2.78%	44,301	6	6	-	217
IRS MEZZANINE	2017	2.25%	20,674	(479)	-	479	-
Total					**21**	**106,335**	**443**

The Company applies hedge accounting by appropriately designating the hedging relationships in which these derivative instruments hedge the financing used by the Company, neutralizing the fluctuations in interest rate payment flows by setting the fixed rate payable in respect thereof. These hedging relationships are highly effective prospectively and retrospectively, on an accumulated basis, as from the designation date for certain derivatives.

Consequently, the Company has recorded under Equity at 31 December 2012 a total of 86,538 thousand euros for the fair value of the derivatives that meet those requirements, and in the heading "Variation in fair value of financial instruments" of the profit and loss account (330) thousand euros in respect of the derivative financial instruments that did not meet the hedging requirements, and (4,298) thousand euros as a result of the commitment to cancel the Senior Swap derivative for the properties sales made during the year (see Note 5).

At 31 December 2011, the Company recorded under Equity a total of 68,492 thousand euros for the fair value net of tax effect of the derivatives that meet said requirements, and in "Variation in fair value of financial instruments" in the profit and loss account (443) thousand euros in respect of derivative instruments that did not meet the hedging requirements, and (902) thousand euros as a result of the commitment to cancel the Senior Swap derivative for properties sold in 2011.

All hedging derivatives mature on 23 September 2017, the same as the hedged loans.

11 Long-term debts with Group companies and associates

On 22 September 2009 the companies Alcudia Cartera e Inversiones, S.A. (Alcudia), Apollo Care Fund (US) S.a.r.l., ERE III No.1, S.a.r.l., RREEF Iberian Value Added II, S.A. SICAR (IVAFF II) and Tree 2009 Investments, BV (Tree BV) granted the Company a participating loan of 168,750 thousand euros to finance, together with the loans mentioned in the previous note, the purchase of the assets referred to in Note 5.

On 28 July 2010 the Company signed an agreement to amend the participating loan and increase it to 207,000 thousand euros.

During 2011 some 27,682 thousand euros of the participating loan principal was repaid, leaving the outstanding debt at 31 December 2011 at 179,318 thousand euros.

The initial maturity of the loan was 31 December 2010. As from that date it is tacitly extended for 1-year periods until

31 December 2013, and for 6-month periods thereafter.

The loan accrued an ordinary per annum interest rate until 31 December 2013 of the 12-month Euribor plus 9%; beginning 31 December 2013 it will accrue interest at the 6-month Euribor plus 9%. In addition, it accrues a participating interest rate tied to the profitability of the Company.

The interest accrued during 2013 amount to 22,848 thousand euros (19,957 thousand euros in ordinary interest and 6,627 in participating interest), recorded under "Finance expenses" in the profit and loss account.

The interest accrued during 2011 amounted to 35,320 thousand euros (20,166 thousand euros in ordinary interest and 15,154 in participating interest) recorded under "Finance expenses" in the profit and loss account. The interest accrued but not paid during 2011 amounted to 365 thousand euros, recorded under "Short-term debt with group companies and associates" in the accompanying interim balance sheet.

On 31 December 2012 all of the interest accrued and unpaid at that date was capitalized as an 18,493 thousand euros increase in the principal of the participating loans.

The interest on the participating loan accrued but not paid at 31 December 2011 amounted to 365 thousand euros and is recorded under "Short-term debt with group companies and associates" in the accompanying balance sheet.

12. Tax matters

Under the applicable tax legislation, taxes cannot be considered definitely settled until the tax returns filed have been inspected by the tax authorities or the 4-year limitation period has elapsed. At year-end 2012, the Company had all of its taxes since its incorporation open to inspection (see Note 1). The Directors of the Company believe that those taxes have been settled correctly, such that even if any differences were to arise as to the regulatory interpretation of the tax treatment of the Company's operations, such liabilities as could result, if any, would not have a material impact on the accompanying accounts.

Shown below is the breakdown of the tax receivables and payables at 31 December 2012 is as follows (in thousands of euros):

	Thousands of euros			
	2012		2011	
	Tax receivables	Tax payables	Tax receivables	Tax payables
Tax matters:				
Deferred tax asset (Note 12.3)	50,343	-	45,613	-
Current tax payable to tax authority (Note 12.1)	-	(900)	106	-
Other payables to tax authority	156	(805)	30	(1,122)
	50,499	**(1,705)**	**45,749**	**(1,122)**

12.1 Reconciliation between accounting income and taxable income

Corporate income tax is calculated on the basis of the accounting profit determined by applying generally accepted accounting principles and is not necessarily the same as taxable income.

The reconciliation between the accounting income, the corporate income tax base and the resulting tax receivable or payable at 31 December 2012 and 2011 is shown below:

31 December 2012

	Thousands of euros		
	Increase	Decrease	Amount
Loss before tax			**(29,523)**
Permanent differences:			**69,566**
Surcharges	26	-	
Adjustments due to temporary differences	69,540	-	
Temporary differences:			**(10,011)**
Setoff of tax loss carryforwards	-	(10,011)	
Tax base			**30,032**
30% tax rate			**9,010**
Prepayments and withholdings			**(8,109)**
Other adjustments			**(1)**
Corporate income tax payable to/ (receivable from) tax authority			**900**

The line "Adjustments due to temporary differences" in the reconciliation of accounting income, the corporate income tax base and the resulting tax payable at 31 December 2012 is the result of the amendment of Article 20 in the Recast Text of the Corporate Income Tax Act, approved by Royal Decree 12/2012 of 30 March and by Royal Decree 20/2012 of 13 July, which has implemented new rules on deductibility whereunder net financial expenses are deductible but limited to 30% of the year's operating profit.

The Company's balance sheet does not record any deferred tax assets recognizing the Company's right to future deduction of financial expenses not deducted in the current year because the Directors of the Company believe there is no certainty as to their future recovery.

31 December 2011

	Thousands of euros		
	Increase	Decrease	Amount
Loss before tax			**(11,206)**
Permanent differences:			**(15)**
Surcharges	2	-	
Currency depreciation	-	(17)	
Tax base			**(11,221)**
30% tax rate			-
Prepayments and withholdings			**(106)**
Corporate income tax payable to/ (receivable from) tax authority			**(106)**

12.2 Reconciliation between accounting income and tax expense

The reconciliation between accounting income and the corporate income tax liability at 31 December 2012 and 2011 is shown below (in thousands of euros):

	Thousands of euros	
	12/31/2012	12/31/2011
Loss before taxes	**(29,253)**	**(11,206)**
Surcharges	26	2
Amortization adjustments	-	(17)
Adjustment Art. 20 CIT Act	69,540	-
Taxable income (Tax base)	**40,043**	**(11,221)**
30% tax rate	(12,013)	3,366
Total corporate tax income / (expense)	**(12,013)**	**3,366**

12.3 Deferred tax assets recorded

Shown below is the breakdown of the balance of this account:

	Thousands of euros	
	12/31/2012	12/31/2011
Temporary differences:		
Hedging derivatives valuation recorded in equity	37,088	29,354
Capitalized tax credits (Note 12.1)	13,255	16,259
Total deferred tax assets	**50,343**	**45,613**

The deferred tax assets still carried on the balance sheet at 31 December 2012 were recorded there because the Directors of the Company believe, based on the best estimates of the Company's future earnings, including certain tax planning measures, that recovery of those assets is probable.

12.4 Taxes recognized in equity

At 31 December 2013, no taxes were recognized in equity except for those relating to the recording of hedging derivatives at their value net of taxes.

13. Income and expenses

13.1 Revenue

Shown below is the breakdown of the turnover figure by business category at 31 December 2012 and 2011 (in thousands of euros):

	Thousands of euros	
	2012	2011
Revenue from leasing investment property (Note 6.1)	88,126	90,358
Revenue from expenses charged to lessees (Note 6.1)	4,852	4,887
Total	**92,978**	**95,245**

All of the revenue was obtained in Spain.

13.2 External Services

The breakdown of this heading of the accompanying profit and loss accounts for the years ended 31 December 2012 and 2011 is as follows:

	Thousands of euros	
	2012	2011
Independent professional services	5,688	8,763
Leases	25	24
Banking and similar services	3	4
Other services	14	17
Total	**5,730**	**8,808**

13.3 Taxes other than income tax

The breakdown of this heading of the accompanying profit and loss accounts for the years ended 31 December 2012 and 2011 is as follows:

	Thousands of euros	
	2012	2011
Property tax	2,085	2,167
Stamp duties (*Impuesto AJDs*)	6	82
Fees	189	204
Other charges	557	532
Total	**2,837**	**2,985**

13.4 Proceeds from sale of real estate assets

The breakdown of this heading of the accompanying profit and loss accounts for the years ended 31 December 2012 and 2011 is as follows:

	Thousands of euros	
	2012	2011
Proceeds from sale of investment properties	(12,713)	(51,863)
	(12,713)	**(51,863)**

The profits arising from fixed assets relate entirely to the accounting profit on sales of properties carried out during 2012 and 2011 (see Note 5).

14. Remuneration and other benefits of the Board of Directors and Senior Executives

14.1 Remuneration of Directors and senior executives

During 2012 and 2011, the Company Directors received no remuneration of any kind from Tree Inversiones Inmobiliarias, S.A. for the performance of their duties.

The Company does not have any commitments to members of the Board of Directors in respect of pension funds, life insurance, advances, loans or any other items.

The Board of Directors is made up of eight individuals, all men.

There are no senior executives in the Company.

14.2 Disclosure of holdings in companies engaged in similar activities and of pursuit of similar activities by Directors for own account or as employees

Shown below are the members of the Board of Directors and their related persons who have held equity interests in companies with the same, similar or related type of activity as the Company's corporate objects, together with positions and functions held therein, at year-end 2012:

Held by	Company	Position/ Functions	Number of shares
Kevin Cahill	-	-	-
Jason Oram	WTC ALAMEDA PARK, S.A.	Director	-
Noel Manns	WTC ALAMEDA PARK, S.A.	Director	-
Rafael Avilés Uruñuela	CASTANEA SATIVA CEI, S.L.	Sole Administrator	100%
	APOLLO 3C GANDIA, S.L.	Director	-
	PARQUE EMPRESARIAL OMEGA, S.L.	Deputy Secretary	-
Ismael Clemente	-	-	-
David Nuevo Alfonso	-	-	-
Andrea Vanni	-	-	-
Gianluca Muzzi	-	-	-

15. Other information

15.1 Personnel expense

The balance of this heading of the profit and loss account records the remuneration of the only employee (male), classified as administrative staff, and who was an employee of the Company at 31 December 2012.

At year-end 2012 the Company had no pension commitments with respect to its personnel.

15.2 Audit Fees

Fees paid to Deloitte, S.L. for auditing the Company's accounts are as follows: 25,700 euros in 2012, and 25,000 euros in 2011. No fees for any other item have been recorded.

15.3 Deferral of payments to suppliers. Third additional provision. "Disclosure duty" under Act 15/2010, of 5 July.

Shown below are the payments made and pending at 31 December 2012 (in thousands of euros):

	2012	
	Amount	**%**
Within the maximum legal period	4,152	100
Remainder		
Total payments in the year	**4,152**	**100**
Weighted average days past due	-	
Deferrals beyond legal maximum at balance sheet date	-	

With regards to the information required by the Third Additional Provision of Act 15/2010 of 5 July, at 31 December 2012 and 31 December 2011 the Company did not have any outstanding payables to suppliers deferred beyond the legal maximum.

This balance refers to suppliers who by nature are trade creditors for goods and services supplied, so that it includes the figures in the "Suppliers" current liabilities heading in the balance sheet.

The legal maximum payment period for the Company is 75 days according to Act 3/2004 of 29 December on measures to combat late payment in commercial transactions.

16. Subsequent events

On 18 January 2013 a payment of 704 thousand euros was received, cancelling the investment in group companies.

In January and February two offices were sold, with a net book profit of 2,505 thousand euros.

On 28 February 2013 Senior loan principal was cancelled for 122.5% of the principal of the mortgage liability assigned to each of the properties sold between 29 November 2012 and 28 February 2013, for a total of 6,724 thousand euros. Likewise, on the same date, the Senior SWAP hedging derivative of 6,724 thousand euros was cancelled, giving rise to a payment of 796 thousand euros.

17. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2). Certain accounting practices applied by the company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

TREE INVERSIONES INMOBILIARIAS, S.A.

MANAGEMENT REPORT
For the year ended 31 December 2012

To the General Meeting of Shareholders

The current situation of the assets managed by the Company is as follows:

At present 100% of the properties are leased. The net turnover of Tree Inversiones Inmobiliarias, S.A. this year was 92,978 thousand euros, consisting of lease income and expenses charged to the lessee.

Following the amendment of article 20 of the Recast Text of the Corporate Income Tax Act by Royal Decree-Law 12/2012 of 30 March and Royal Decree-Law 20/2012 of 13 July, a new system of tax deductions has been established. Under the new system, net finance costs will be deductible up to a limit of 30 per cent of operating profit for the year. This provision, together with the limit on the deductibility of tax losses, set at 25%, results in corporate income tax payable of 9,010 thousand euros and a tax expense of 12,013 thousand euros, generating losses after tax of 41,536 thousand euros.

As of the end of the year, payments on account of corporate income tax had been made in the amount of 8,078 thousand euros, which given the other tax withheld on the Company's earnings leaves an outstanding current tax debt of 900 thousand euros to be paid in July 2013.

The net turnover for 2013 is expected to be 96,632 thousand euros.

The Company's shareholders' equity at year-end was (19,625) thousand euros.

As of the reporting date there were no significant post-balance-sheet events, other than those expressly mentioned in the notes to the financial statements, that might materially affect the activity and operations of the Company. The Company has no research and development activities and holds no treasury shares.

The information on the scope and nature of the financial products held is included in the Notes to the financial statements.

Madrid, 29 March 2013.

Certificate of authorisation of the financial statements

Certificate issued by the Company Secretary of Tree Inversiones Inmobiliarias, S.A., Miguel Ollero Barrera, who hereby attests that all the directors of the Company have signed this document, consisting of **27 pages**, comprising the financial statements (balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements) and Management Report for the year ended 31 December 2012, each and every one of the Directors of the Company, whose first names and last name(s) are shown below, having affixed his signature hereto.

Madrid, 29 March 2013

Mr. Ismael Clemente Orrego
Chairman

Mr. Miguel Ollero Barrera
Non-director secretary

Mr. Gianluca Muzzi
Director

Mr. Rafael Avilés Uruñuela
Director

Mr. Andrea Vanni
Director

Mr. Noel Manns
Director

Mr. David Nuevo Alfonso
Director

Mr. Kevin Cahill
Director

Mr. Jason Oram
Director

Certificate of delivery of accounts by the Company Secretary

The Financial Statements and Management Report were approved by the Board of Directors of Tree Inversiones Inmobiliarias, S.A. at its meeting on 29 March 2013 with a view to their being examined by the auditors and subsequently approved by the shareholders in General Meeting. Said Management Report and Financial Statements have been issued on 27 pages, each initialled by me.

Said Financial Statements were delivered to the auditors on 29 March 2013, so that the auditors may issue the necessary audit report.

Signed

Mr. Miguel Ollero Barrera
Company Secretary

ANNEX 5: HISTORICAL AUDITED FINANCIAL STATEMENTS OF TREE INVERSIONES FOR THE PERIOD ENDED 31 DECEMBER 2011

Tree Inversiones Inmobiliarias, S.A.

Financial Statements for the year ended 31 December 2011 and Directors' Report, together with Independent Auditors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17) In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Tree Inversiones Inmobiliarias, S.A.:

1. We have audited the financial statements of Tree Inversiones Inmobiliarias, S.A., which comprise the balance sheet at 31 December 2011, and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The directors are responsible for the preparation of the Company's financial statements in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

2. In our opinion, the accompanying financial statements for 2011 present fairly, in all material respects, the equity and financial position of Tree Inversiones Inmobiliarias, S.A. at 31 December 2011, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

3. The accompanying directors' report for 2011 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2011. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Tree Inversiones Inmobiliarias, S.A.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ignacio Alcaraz Elorrieta
18 April 2012

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

TREE INVERSIONES INMOBILIARIAS, S.A.

Financial Statements for the period ended 31 December 2011 and Director´s Report

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

TREE INVERSIONES INMOBILIARIAS, S.A.

TREE INVERSIONES INMOBILIARIAS, S.A.

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2011

(Thousands of Euros)

ASSETS	Notes	12/31/2011	12/31/2010
NON-CURRENT ASSETS:		1,218,147	1,350,801
Property, plant and equipment		23	28
Investment property-	5	1,159,037	1,305,769
Land		414,545	460,095
Buildings		744,492	845,674
Long-term financial investments-	7	13,474	20,141
Other financial assets		13,453	12,037
Derivatives		21	8,104
Deferred tax assets	12	45,613	24,863
CURRENT ASSETS:		24,451	255,743
Trade and other receivables-		146	45,351
Trade receivables for sales and services		10	251
Current tax assets	12	30	-
Other tax receivables	12	106	45,100
Short-term financial investments-	7	47	775
Other financial assets		47	775
Cash and cash equivalents-	8	24,258	209,617
Cash		24,258	209,617
TOTAL ASSETS		1,242,598	1,606,544

EQUITY AND LIABILITIES	Notes	12/31/2011	12/31/2010
EQUITY		(46,578)	11,045
Shareholder's Equity		21,911	38,978
Share capital	9.1	6,960	6,960
Share premium	9.1	52,873	62,100
Reserves-		(497)	(497)
Other reserves		(497)	(497)
Profit (loss) from previous years		(29,585)	(14,382)
Profit (loss) for the year		(7,840)	(15,203)
Valuation adjustments	7	(68,489)	(27,933)
NON-CURRENT LIABILITIES:		1,261,509	1,353,496
Long-term debts-	10	1,082,191	1,146,496
Bank borrowings		961,394	1,080,196
Derivatives		106,268	50,467
Other financial liabilities		14,529	15,833
Long-term debts with group companies and associates	11	179,318	207,000
CURRENT LIABILITIES:		27,667	242,003
Short-term debts-	10	24,317	178,281
Bank borrowings		24,250	178,284
Derivatives		67	-
Other financial liabilities		-	(3)
Short-term debts with group companies and associates	11	365	35,157
Trade and other payables-		2,985	28,565
Suppliers		1,393	2,007
Personnel (remuneration pending payment)		25	25
Other tax payables	12	1,122	26,533
Customers advance payments		445	
TOTAL EQUITY AND LIABILITIES		1,242,598	1,606,544

The accompanying Notes 1 to 17 are an integral part of the balance sheet as of 31 December 2011

TREE INVERSIONES INMOBILIARIAS, S.A.

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2011

(Thousands of Euros)

	Notes	2011	2010
Revenue	13.1	95,245	89,235
Other operating income		32	3,607
Personnel expenses		(75)	(71)
Wages, salaries and similar expenses		(64)	(61)
Welfare expenses		(11)	(10)
Other operating expenses		(11,764)	(12,109)
External services	13.2	(8,808)	(9,779)
Taxes other than income tax	13.3	(2,985)	(2,330)
Other gains and losses		29	-
Depreciation and amortization charges	5	(33,282)	(33,620)
Proceeds from sale of real estate assets	5 and 13.4	51,863	37,289
OPERATING PROFIT		102,019	84,331
Finance income	8	589	339
Finance expenses		(113,355)	(103,947)
Debts with Group companies and associates	11	(35,320)	(31,134)
Third-party borrowings	10	(78,035)	(72,813)
Change in fair value of financial instruments	7	(459)	(2,441)
FINANCIAL PROFIT (LOSS)		(113,225)	(106,049)
PROFIT (LOSS) BEFORE TAXES		(11,206)	(21,718)
Income taxes	12.2	3,366	6,515
PROFIT (LOSS) FOR THE YEAR		(7,840)	(15,203)

The accompanying Notes 1 to 17 are an integral part of the Income statement for the year 2011

TREE INVERSIONES INMOBILIARIAS, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEAR 2011

(Thousands of Euros)

	2011	2010
NET PROFIT (LOSS) FROM PROFIT AND LOSS ACCOUNT (I)	(7,840)	(15,203)
Income and expenses recognized directly in equity		
- Cash flow hedges	(37,358)	(8,656)
- Actuarial gains and losses and other adjustments	4	(131)
- Tax effect	11,206	2,636
TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY (II)	(26,148)	(6,151)
Transfers to profit and loss account		
- Cash flow hedges	(20,583)	2,441
- Tax effect	6,175	(732)
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT (III)	(14,408)	1,709
TOTAL RECOGNIZED INCOME AND EXPENSES (I+II+III)	(48,396)	(19,645)

The accompanying Notes 1 to 17 are an integral part of the statement of recognized income and expenses for the year 2011

B) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2011

(Thousands of Euros)

	Share capital	Share premium	Reserves	Profit (loss) from previous years	Profit (loss) for the year	Valuation adjustments	Total
ENDING BALANCE FOR 2009	5,685	50,625	(405)	-	(14,382)	(23,583)	17,940
Recognized income and expenses	-	-	(92)	-	(15,203)	(4,350)	(19,645)
Transactions with shareholders-	1,275	11,475	-	-	-	-	12,750
- Capital increases	1,275	11,475	-	-	-	-	12,750
Other changes in equity	-	-	-	(14,382)	14,382	-	-
ENDING BALANCE FOR 2010	6,960	62,100	(497)	(14,382)	(15,203)	(27,933)	11,045
Recognized income and expenses	-	-	-	-	(7,840)	(40,556)	(48,396)
Transactions with shareholders	-	(9,227)	-	-	-	-	(9,227)
- Repayment of share premium	-	(9,227)	-	-	-	-	(9,227)
Other changes in equity	-	-	-	(15,203)	15,203	-	-
ENDING BALANCE FOR 2011	6,960	52,873	(497)	(29,585)	(7,840)	(68,489)	(46,578)

The accompanying Notes 1 to 17 are an integral part of the statement of changes in equity for the year 2011

TREE INVERSIONES INMOBILIARIAS, S.A.

STATEMENTS OF CASH FLOWS FOR THE YEAR 2011

(Thousands of Euros)

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**(28,776)**	**173,636**
Profit (loss) for the year before taxes		**(11,206)**	**(21,718)**
Adjustments to profit (loss):			
- Depreciation and amortization charges	5	33,282	33,620
- Profit (loss) on retirement and disposal of fixed assets	13.4	(51,863)	(37,289)
- Finance income	8	(589)	(339)
- Finance expenses	10 and 11	113,355	103,947
- Changes in fair value of financial instruments		459	2,441
Changes in working capital			
- Debtors and other receivables		45,205	131,889
- Short-term investments in group companies and associates			
- Other current assets	7	727	270
- Creditors and other payables		(25,550)	24,584
- Other non-current assets and liabilities		(1,304)	1,917
Other cash flows from operating activities			
- Interest paid		(131,856)	(66,023)
- Prepayments of corporate income tax		564	337
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**163,900**	**(139,662)**
Payments relating to investments			
- Property, plant and equipment		-	(30)
- Investment property	5	(8,839)	(291,633)
- Other financial assets		(1,416)	(4,119)
Proceeds from disinvestments			
- Investment property	5	174,155	156,120
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(320,483)**	**149,634**
Proceeds and payments relating to equity instruments			
- Issuance and repayment of equity instruments	9	(9,227)	12,750
- Acquisition of own equity instruments		5	(132)
Proceeds and payments relating to financial liabilities instruments			
- Issuance of debt to banks		-	290,400
- Issuance of debt to group companies and associates		-	38,250
- Redemption and repayment of debt to financial entities	11	(283,579)	(182,733)
- Redemption and repayment of debt to group companies and associates		(27,682)	-
- Redemption and repayment of other debts		-	(8,901)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**(185,359)**	**183,608**
Cash and cash equivalents at beginning of period		209,617	26,009
Cash and cash equivalents at end of period		24,258	209,617

The accompanying Notes 1 to 17 are an integral part of the statement of cash flows for the year 2011

TREE INVERSIONES INMOBILIARIAS, S.A.

Accompanying notes for the year ended 2011.

1. Activity

Tree Inversiones Inmobiliarias, S.A. (hereinafter, the Company) was incorporated on 7 January 2009.

Its registered office is located at Paseo de Castellana 42, Madrid.

Its corporate purpose is the acquisition, sale, ownership and operation of any movable assets and real state property, intermediation in commercial, corporate and real estate transactions, as well as the provision of services related to those activities.

At present, its core activity is focused on operation and leasing of property assets acquired from Banco Bilbao Vizcaya Argentaria. The whole of said properties are leased to the BBVA Group.

2. Basis of presentation of financial statements

2.1 Regulatory financial reporting framework applicable to the Company

These financial statements were formally prepared by the sole director in accordance with the regulatory financial reporting framework applicable to the Company established in the following:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and the industry adaptation for real estate companies.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

d) All other applicable Spanish accounting legislation.

The figures included in the financial statements are expressed in thousands of euros.

2.2 Fair presentation

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows- These financial statements, which were formally prepared by the Company's Directors will be submitted for approval by the shareholders, and it is considered that they will be approved without any changes

The audited financial statements for 2012 were approved by the shareholders at the respective General Meetings held on14 June 2011.

2.3 Information relating to 2010

In these financial statements and accompanying notes, the information relating to 2010 is shown for comparative purposes with that for 2011.

2.4 Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the Directors approved these financial statements for issue taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

2.5 Responsibility for the information and use of estimates

The Company Directors are responsible for the information contained in these financial statements.

In preparing these financial statements, estimates were made by the Directors based on historical experience and other factors considered to be reasonable in light of current circumstances and which constitute the basis for establishing the carrying amounts of assets and liabilities not easily determinable through other sources. These estimates relate primarily to:

- The assessment of possible impairment losses on certain assets (see Notes 4.2 and 4.5).
- The useful life of tangible and intangible assets and investment property (see Notes 4.1 and 4.2).
- The fair value of financial derivatives (see Notes 4.7).
- Financial risk management (see Note 9).

Although these estimates were made on the basis of the best information available at 2011 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.6 Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity, and statement of cash-flow are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7 Correction of errors

In preparing the accompanying financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the financial statements for 2010.

3. Allocation of profit (loss)

The Company's Directors propose that the loss for the year, in the amount of 7,840 thousand euros, be allocated to Losses from previous years. This proposal will be submitted to the General Meeting of Shareholders for approval. The Directors estimate that the loss generated this year will be offset by profits generated in later years.

3.1 Limitations on dividend distribution

The Company is obliged to allocate 10% of profit for the year to the legal reserve until the legal reserve amounts to at least 20% of share capital.

Once the remuneration provided for by law or by the articles of association has been paid, dividends may be paid out of profit for the year or out of unrestricted reserves only if the value of equity is not, or does not become as a result of the distribution, less than the value of share capital. For these purposes, profit recognized directly in equity may not be distributed, either directly or indirectly. If prior year losses cause the value of the Company's equity to be less than its share capital, the profit shall be used to offset these losses.

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its financial statements for the year 2011 are as follows:

4.1 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost and are subsequently reduced by the related accumulated depreciation and by any impairment losses.

Property, plant and equipment upkeep and maintenance expenses are recognized in the profit or loss account for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

The Company depreciates its property, plant and equipment using the straight-line method, at annual depreciation rates based on the years of estimated useful life of the respective items.

4.2 Investment property

The heading "Investment property" in the balance sheet reflects the value of land, buildings and other structures held either to earn rentals or for capital appreciation on their sale as a consequence of their respective future market price increases.

Investment property is measured at cost, which corresponds to acquisition cost.

Investment properties acquired by the Company through purchase have been individually recorded on an acquisition cost basis.

The acquisition cost includes, in addition to the amount invoiced by the vendor after discounts, all additional and directly related costs incurred until the assets are put into operating condition.

The depreciation of these items is carried out in a rational and systematic manner, on the basis of the useful lives of the corresponding assets and their residual value, appropriate to normal depreciation suffered due to operation use and enjoyment, without prejudice to the technical or commercial obsolescence that may affect them. The Company amortizes its investment property using the straight-line method, at annual depreciation rates based on the years of estimated useful life of the respective asset.

Buildings	25 – 50 years

In the event of cessation of a given property's operation due to renovation, refurbishment or redevelopment, no depreciation accrues while said work continues.

Such changes as may arise in an asset's residual value, useful life and amortization method, are booked as changes in the accounting estimates, error excepted.

Asset upkeep and maintenance expenses which do not improve future cash flows for the cash-generating unit to which the asset belongs, or its useful life, are recognized as expenses for the period in which it is incurred.

4.3 Value impairment of non-financial assets

At least on the balance sheet date, the Company reviews the non-current assets or cash-generating units to determine whether there is any indication that those assets might be impaired. Assets subject to depreciation are submitted to impairment testing whenever some event or change in circumstances indicates that the carrying amount may not be recoverable.

The recoverable amount is the higher between the fair value of the asset less costs to sell and the value in use.

If an asset's book value is higher than its recoverable amount, an impairment loss is recognized. The value in use is taken to be the present value of the estimated future cash flows. In assessing value in use, the assumptions used in making the estimates include market risk-free interest rates adjusted by the risks associated with the asset. For those assets that do not for the most part generate cash flows independently from cash flows from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the said assets belong.

Impairment losses recognized and reversed are charged and credited, respectively, to the profit and loss account. Impairment losses are reversed when the circumstances that led to their existence cease to exist, except for goodwill. Reversal of an impairment loss cannot exceed the carrying amount of the asset that would have applied had the impairment loss not been previously recognized.

4.4 Leases

Leases are classified as finance leases if the terms of the lease indicate that the leased asset's risks and benefits of ownership are substantially transferred to the lessee. All other leases are classified as operating leases. At 31 December 2013 the Company did not hold any finance leases.

Operating leases

Income and expenses resulting from operating leases agreements are taken to the profit and loss account in the year they accrue, depending on whether the Company acts as lessor or as lessee.

Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the costs directly attributable to the lease, which are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

4.5 Financial assets

Classification and measurement

Loans and receivables

Under this heading, trade and non-trade receivables are recorded, which include financial assets which have fixed or determinable payments, not quoted in an active market and for which the full payment made by the Company is expected to be recovered except, where applicable, for reasons attributable to debtor solvency.

These assets are initially recognized in the balance sheet at fair value, which in the absence of evidence to the contrary is the transaction price, this being equal to the fair value of the consideration given plus any directly attributable transaction costs.

After their initial recognition, these financial assets are measured at amortized cost.

Nevertheless, trade receivables with maturity of no more than one year with no contractual interest rate, and which are expected to be received in the short term, are initially and subsequently measured at their nominal value, provided the effect of not updating cash flows is not material.

Guarantees provided

The difference between fair value and the amount of the security deposits delivered in operating leases is not material for the purposes of preparing these financial statements. Under the Urban Rental Act (*Ley de Arrendamientos Urbanos*), the Company is subject to the security deposit agreement with certain Autonomous Regions (*Régimen de concierto de depósito con algunas Comunidades Autónomas*). Under this scheme, the Company must deposit 90% of the security deposits obtained from its lessees in certain official institutions. The deposits thus obtained from lessees are recorded in the balance sheet as long-term liabilities, and those deposited with the official institutions of said Autonomous Regions are carried as long-term assets.

Interest income from financial assets

Interest from financial assets accrued after the date of acquisition is recognized as income in the profit and loss account. Interest income from financial assets is recognized using the effective interest method.

For these purposes, on initial measurement of the financial assets, the amounts of explicit interest accrued and not yet matured at that time are recorded independently according to their maturity. Explicit interest is understood, for these purposes, to be the interest obtained from applying the contractual interest rate for the given financial instrument.

Cancellation

Financial assets are removed from the balance sheet or from the Company when the contractual rights to receive the related cash flows have expired or have been transferred, provided that in that transfer the Company has substantially transferred the risks and benefits of ownership.

If the Company has not substantially transferred or retained the risks and benefits of the financial asset, the latter is derecognized if control is not retained. If the Company retains control of the asset, it continues to recognize the transferred financial asset for an amount equal to its exposure to changes in value of the transferred asset, that is, for its continuing involvement, and recognizes the associated liability.

The difference between the sum of the consideration received, net of any attributable transaction costs and including the new assets obtained less any assumed liabilities, and the book value of the transferred financial asset plus any cumulative amount explicitly recognized in equity, determines the profit or loss arising from derecognition of the asset and is taken to the profit and loss account for the year in which it occurs.

4.6 Financial liabilities

<u>Classification and measurement</u>

Debts and payables

This heading includes financial liabilities arising from the purchase of goods and services due to the Company's trading operations, and debts from non-trade accounts which are not derivative instruments.

Upon initial recognition in the balance sheet, they are recorded at fair value, which, in the absence of evidence to the contrary, is the transaction price, this being equal to the fair value of the consideration adjusted for any directly attributable transaction costs.

After their initial recognition, these financial assets are measured at amortized cost. Accrued interest is recorded in the profit and loss account according to the effective interest rate method.

Nevertheless, trade payables with maturity of no more than one year with no contractual interest rate and which are expected to be paid in the short term, are initially and subsequently measured at their nominal value, provided the effect of not updating cash flows is not material.

Other financial liabilities

This heading includes the financial liabilities in respect of amounts received from lessees as security deposit for operating leases at fair value.

The difference between fair value and the security deposits made in operating leases is not material for the purposes of preparing these financial statements.

Cancellation

The Company derecognizes financial liabilities when the obligations giving rise to them cease to exist.

If an exchange of debt instruments takes place, whenever these have substantially different conditions, the original financial liability is cancelled and the new financial liability thus arising is recognized. Any material modification of the current circumstances of a financial liability is recorded in the same manner.

The difference between the book value of the financial liability, or of the part that has been derecognized, and the consideration paid, including any directly attributable transaction costs and any non-cash asset transferred or liability assumed, is recognized in the profit or loss account for the year in which it takes place.

If an exchange takes place of debt instruments takes that do not have substantially different conditions, the original financial liability is not derecognized from the balance sheet, and the amount of the commissions paid is recorded as an adjustment to its book value. The new amortized cost of the financial liability is determined by applying the effective interest rate, understood as the rate which makes the book value of the financial liability at the date the terms are amended equal to the estimated cash flows to be paid under the new conditions.

4.7 Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which it is exposed due to its activities, transactions and future cash flows. Essentially, these risks consist of exchange rate and interest rate fluctuations. In connection with those operations the Company uses financial instruments for hedging purposes.

Only transactions that effectively eliminate some risk inherent in the hedged item or position over the expected term of the hedge are designated as hedges, which means that at the inception of the hedge, the hedge is expected, under normal conditions, to be highly effective (prospective effectiveness) and that there is sufficient evidence that the hedge was fully effective throughout the life of the hedged item or position (retrospective effectiveness).

Appropriate documentation is prepared detailing how hedge effectiveness is to be achieved and measured, in accordance with the Company's risk management policy.

To measure hedge effectiveness the Company performs tests to check that the differences arising from changes in the value of the flows of the hedged item and the hedging instrument remain within a range of 80% to 125% over the life of the transaction, in line with the forecasts established at inception.

If at any point during the hedging relationship the prospective test is not met, hedge accounting is discontinued and the hedge is reclassified to trading derivatives.

For the purpose of assessment, the Company classifies the hedges as cash flow hedges: they hedge the exposure to the risk of changes in cash flows as a result of changes in the interest rates on the loans received. Swap contracts are used to exchange floating rates for fixed rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity and is taken to profit or loss in the year or years in which the hedged item affects profit or loss.

In addition, the Company maintains inflation hedging instruments associated with the rental contracts to cover the risk of fluctuations in European inflation.

4.8 Severance payments

Under the current legislation, the Company is required to make severance payments to employees terminated under certain conditions. Therefore, severance payments that can be objectively quantified are expensed in the year in which the related decision is made. In the accompanying financial statements no item has been recorded in this respect as no situations of this nature are expected.

4.9 Cash and cash equivalents

This heading covers cash on hand, current bank accounts and deposits and repurchase agreements that meet all of the following requirements:

- They are readily convertible into cash.
- They had an original maturity of three months or less at the date of acquisition.
- They are not subject to a significant risk of change in value.
- They are part of the Company's normal treasury management policy.

For the purposes of the cash flow statement, occasional overdrafts which are inherent in the Company's cash management are included as a reduction in cash and cash equivalents.

4.10 Corporate income tax

Corporate income tax expense or income comprises current tax expense or income and deferred tax expense or income arising during the year.

Current income tax is the amount of corporate income tax paid on current year income. Tax relief and other tax benefits, excluding withholdings and interim payments on account and tax loss carryforwards applied in the year, reduce the current income tax liability.

Deferred income tax expense or income reflects the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences, which are identified as the amounts expected to be payable or recoverable as a result of differences between the carrying amount of assets and liabilities and their tax value, plus any tax loss carryforwards and any unused tax credits. These amounts are measured at the tax rates that are expected to apply in the period when the assets are realized or the liabilities are settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except those arising from initial recognition of goodwill or other assets and liabilities in a transaction other than a business combination that affects neither accounting nor taxable profit or loss, and also for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, where the Company is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets and liabilities relating to items charged or credited directly to equity are also recognized in equity. Recognized deferred tax assets are reviewed at the end of each accounting period and amended to the extent that it is no longer probable that the related tax benefit will be realized. Similarly, unrecognized deferred tax assets are reviewed at each balance sheet date and are recognized to the extent that it is probable that the related tax benefit will be realized.

4.11 Classification of assets and liabilities as current and non-current

Assets and liabilities in the balance sheet are classified as current or non-current. For these purposes, assets and liabilities are classified as current when they relate to the Company's operating cycle and are expected to be sold, consumed, realized or settled during that cycle. Non-current assets and liabilities are different from the foregoing and their maturity, disposal or realization is not expected to take place within a year.

4.12 Income and expenses

Income and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Income is measured at the fair value of the consideration received, net of discounts and taxes.

Rendering of services

The Company provides leasing services of its investment property. Revenue resulting from fixed-price leasing service contracts is recognized in the period during which the leasing services are rendered on a straight-line basis over the term of the contract.

4.13 Related party transactions

The Company performs all of its related party transactions on an arm's length basis. The Company Directors therefore understand that there are no significant risks in this respect that could give rise to material liabilities in the future.

4.14 Statement of cash flows

The following terms are used in the statement of cash flows, which was prepared using the indirect method, with the meanings specified below:

- Cash flows: inflows and outflows of cash and equivalents, which are short-term highly liquid investments subject to an insignificant risk of changes in value.
- Operating activities: principal revenue-producing activities of the Company and other activities that are not investing or financing activities.
- Investing activities: acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not operating activities.

4.15 Assets of an environmental nature

Environmental assets are those used in the Company's business on a lasting basis and which are mainly intended to minimize environmental impact and to protect and improve the environment, including reduction or elimination of future pollution.

The Company's activities, due to their very nature, do not have a significant environmental impact.

5. Investment property

The movements recorded in "Investment property" are as follows (in thousands of euros) at 31 December 2011 and 2010:

31 December 2011

	Thousands of euros			
	12/31/2010	Additions/ Allocations	Retirements	12/31/2011
Cost:				
Lands	460,095	3,338	(48,888)	414,545
Buildings	885,270	5,501	(78,528)	812,243
	1,345,365	**8,839**	**(127,416)**	**1,226,788**
Accumulated depreciation:				
Buildings	(39,596)	(33,279)	5,124	(67,751)
	(39,596)	**(33,279)**	**5,124**	**(67,751)**
Net balance	**1,305,769**			**1,159,037**

31 December 2010

	Thousands of euros			
	12/31/2009	Additions/ Allocations	Retirements	12/31/2010
Cost:				
Lands	401,727	100,161	(41,793)	460,095
Buildings	772,971	191,472	(79,173)	885,270
	1,174,698	**291,633**	**(120,966)**	**1,345,365**
Accumulated depreciation:				
Buildings	(8,113)	(33,619)	2,136	(39,596)
	(8,113)	**(33,619)**	**2,136**	**(39,596)**
Net balance	**1,166,585**			**1,305,769**

Investment property includes several properties acquired from the BBVA Group in 2009 and 2010. The company holds a sale & lease back agreement with this entity. The average maturity is of 30 years.

The acquisition process consisted of the following stages:

- In 2009 there was an initial purchase of 946 properties and a subsequent purchase of 2 more properties.
- In 2010, 150 properties were purchased along with 2 singular buildings and 3 more properties later.

After each date of purchase, the Company entered into a sale and lease back agreement with the BBVA Group for an average 30-year term (see Note 6).

The investments were acquired by means of mortgage loans and served as collateral securing those loans (see Note 10).

All the additions to fixed assets in 2011 relate to assets acquired in the property replacement process on 20 December 2011, as provided for in the lease agreement. In that process, the Company acquired 5 properties at a cost of 8,839 thousand euros, and sold 6 properties for 8,843 thousand euros. No associated costs are included, as they were borne by the counterparty. The lease agreement for the sold properties was terminated and a new agreement was entered into for the 5 acquired properties. The same terms, conditions and leasing periods were maintained as for the sold properties.

The retirements of fixed assets for 2011 record the sale of 117 properties (including the replaced properties) at a cost of 174,116 thousand euros. The results of those are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2012.

The retirements of fixed assets for 2010 record the sale of 26 properties and 1 singular building for 156,120 thousand euros. These sales were carried out between 29 November and 28 December 2010. The results obtain from those sales are entirely recorded under the heading "Proceeds from sale of real estate assets" in the profit and loss account for 2010. The entire proceeds of the sales are recorded under the heading "Impairment losses and gains (losses) on disposal of fixed assets" in the accompanying income statement.

The total available floor area of the investment properties described above is as follows (square meters):

	Square meters	
	12/31/2011	12/31/2010
Total available floor area	399,319	433,526

The Company has obtained valuations of the 965 assets included in the transaction from independent experts unrelated to the Company. The valuation was carried out in accordance with the valuation and appraisal standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain. Said fair value is calculated using discount rates that would be acceptable to a potential investor and that are in line with the rates applied by the market for properties of similar characteristics in similar locations.

On the basis of this valuation, the Directors of the Company believe there is no impairment of the carrying cost of the properties. Therefore, no impairment has been recorded for them.

The lease agreement provides that the lessee will bear the expense of insuring the lessor's property to guarantee at least 15% of the replacement value of all properties in the event of a loss. The Company has no additional insurance coverage.

All of the Company's investment property is located in Spain.

At 31 December 2011 there were no fully depreciated properties.

At year-end 2011 there were no restrictions whatsoever on new investment property or any investment property commitments.

6. Leases

6.1 Operating leases

The Company, acting as the lessor, records as operating leases the agreements signed on 25 September 2009 (943 offices and 3 singular buildings), 22 December 2009 (1 office and 1 singular building), and 29 July 2010 (150 offices and 2 singular buildings), 27 October 2010 (3 offices) and 20 December 2011 (5 offices) with BBVA for the lease of all of the Company's properties, except for the properties that were sold in 2013, 2012, 2011 and 2010 (see Note 5).

The main features of said agreements at 31 December 2011 are:

- Lease agreement for 960 offices, operating urban properties for non-housing use. The lease agreements started on the above mentioned dates and have a 30-year term. They may be automatically extended a maximum of 15 years (split into three 5-year extensions) at the lessee's discretion. There is an option to buy at market price for each property with a 45-year term after inception of the agreement, exercisable from 16 to 12 months before the expiration of said 45-year period.

- Lease agreement for 5 singular buildings, operating urban properties for non-housing use. The lease agreements started on the above mentioned dates and have a 20-year term. They may be automatically extended a maximum of 15 years (split into three 5-year extensions) at the lessee's discretion. There is an option to buy at market price for each property with a 35-year term after inception of the agreement, exercisable from 16 to 12 months before the expiration said 35-year period.

Income from these agreements and from the properties sold in 2011 until the date of the purchase-sale amounted to 95,244 thousand euros. This amount includes rental income from the offices and building expenses charged to the lessee, as established in the lease agreements, and is recorded under "Turnover" in the accompanying profit and loss account (see Note 13).

6.2 Operating lease commitments.

At year-end 2011 the Company has assumed the following minimum lease rights, in accordance with the agreements in force, without taking into account the recovery of common expenses, future increases in line with the CPI nor future revisions of contract rents (in thousands of euros):

Operating leases Minimum rights	Thousands of euros	
	12/31/2011	12/31/2010
Less than a year	90,679	94,921
Between one and five years	462,932	475,145
More than five years	1,992,466	2,175,930
Total	**2,546,077**	**2,745,996**

This forecast has been made taking into consideration the expiry dates of leases at each balance sheet date, without considering the tacit renewal of the same.

The Company holds inflation hedging instruments for rental income in order to hedge the risks of fluctuations in inflation (see Note 7).

7. Financial investments (long and short-term)

The proceeds of the accounts under "Long and short-term financial investments" is as follows:

	Thousands of euros			
	Non-current		Current	
	2011	2010	2011	2010
Derivative financial instruments	21	8,104	-	-
Deposits	13,453	12,037	-	-
Loans and receivables	-	-	47	775
Total	**13,474**	**20,141**	**47**	**775**

Derivative financial instruments

Shown below are the interest rate derivatives arranged by the Company and in effect at 31 December 2011, and their fair value as that date (in thousands of euros):

Instrument	Maturity	Interest rate	Notional value	Fair value	(Db) Asset	(Cr) Liability	Loss and Profit
IRS SENIOR	2017	3.46%	734,000	(73,602)	-	73,602	(519)
IRS CAP	2017	3.46%	183,500	15	15	-	835
IRS MEZZANINE	2017	2.81%	91,500	(3,484)	-	3,484	-
IRS INFLATION	2017	3.34%	80,571	(17,641)	-	17,641	-
IRS SENIOR	2017	2.78%	177,202	(11,129)	-	11,129	(90)
IRS CAP	2017	2.78%	44,301	6	6	-	217
IRS MEZZANINE	2017	2.25%	20,674	(479)	-	479	-
Total					**21**	**106,335**	**443**

Shown below are the interest rate derivatives arranged by the Company and in effect at 31 December 2010, and their fair value as that date (in thousands of euros):

Instrument	Maturity	Interest rate	Notional value	Fair value	(Db) Asset	(Cr) Liability	Loss and Profit
IRS SENIOR	2017	3.46%	734,000	(39,782)	-	39,782	-
IRS CAP	2017	3.46%	183,500	5,936	5,936	-	(833)
IRS MEZZANINE	2017	2.81%	91,500	(2,295)	-	2,295	-
IRS INFLATION	2017	3.34%	80,571	(6,195)	-	6,195	-
IRS SENIOR	2017	2.78%	177,202	(2,187)	-	2,187	-
IRS CAP	2017	2.78%	44,301	2,168	2,168	-	(182)
IRS MEZZANINE	2017	2.25%	20,674	(8)	-	8	-
Total					**8,104**	**50,467**	**(1,015)**

The Company applies hedge accounting by appropriately designating the hedging relationships in which these derivative instruments hedge the financing used by the Company, neutralizing the fluctuations in interest rate payment flows by setting the fixed rate payable in respect thereof. These hedging relationships are highly effective prospectively and retrospectively, on an accumulated basis, as from the designation date for certain derivatives.

Consequently, the Company has recorded under Equity at 31 December 2011 a total of 68,492 thousand euros for the fair value of the derivatives that meet those requirements, and in the heading "Variation in fair value of financial instruments" of the profit and loss account 443 thousand euros in respect of the derivative financial instruments that did not meet the hedging requirements, and (902) thousand euros as a result of the commitment to cancel the Senior Swap derivative for the properties sales made during the year (see Note 5).

At 31 December 2010, the Company recorded under Equity a total of 27,933 thousand euros for the fair value net of tax effect of the derivatives that meet said requirements, and in "Variation in fair value of financial instruments" in the profit and loss account (1,015) thousand euros in respect of derivative instruments that did not meet the hedging requirements, and (1,426) thousand euros as a result of the commitment to cancel the Senior Swap derivative for properties sold in 2011(see Note 5).

All hedging derivatives mature on 23 September 2017, the same as the hedged loans (see Note 10).

Deposits

The "Deposits" account mainly records the 90% of security deposits received from lessees the Company is obliged by the applicable regulations to deposit with the competent government body.

8. Cash and other cash equivalents

The balance of this balance sheet heading records the current accounts in euros held by the Company in BBVA, Deutsche Bank and Banca March, which earn interest at market rates. The income accrued in this respect during 2011 amounted to 589 thousand euros, 339 thousand euros in 2010, and is recorded under "Finance income" in the accompanying profit and loss accounts.

The Senior financing agreement (see Note 10) lays down certain use restrictions for the current accounts held by the Company with the different banks, except for a current account in the amount of 3,900 thousand euros, which is freely available to be used in the company's ordinary business, with the sole limitation that no earnings may be distributed until the Company has created a reserve for the payment of a quarterly instalment of the Senior debt. At 31 December 2011 this reserve was fully funded.

9. Equity

9.1 Share capital and share premium

The Company was incorporated as a limited company (*sociedad limitada*) with a share capital of 100 shares with a nominal value of 30.06 euro per share. Afterwards, two capital increases were carried out and the Company altered its corporate form to that of a public limited company (*sociedad anónima*).

In July 2009 a capital increase was carried out with the issuance of 57,096 shares at a nominal value of 1 euro each, fully subscribed and paid in. In September 2009 a second capital increase of 5,625 thousand euros was carried out, with a share premium of 50,625 thousand euros, with the creation of 5,625,000 new shares with a nominal value of 1 euro each, fully subscribed and paid in.

On 29 July 2010 the capital was increased by 1,275 thousand euros, with a share premium of 11,475 thousand euros and the creation of 1,275,000 new shares, each with a nominal value of 1 euro, fully subscribed and paid in.

During 2011, 9,227 thousand euros in share premiums were returned.

At 31 December 2011, the Company's shareholders were:

	Nominal value (thousands of euros)	Number of shares (in thousands)	% ownership
Baum Holdings Spain, S.L.	3,682	3,682	53%
Ebro Real Estate, B.V.	3,278	3,278	47%
	6,96	**6,96**	**100%**

At 31 December 2011 there is a pledge of the Company's shares as security for repayment of the financing agreement on a first ranking basis for the Senior loan and second ranking for the Mezzanine loan (see Note 10). The Company may not increase capital through the issuance of new shares until the debts are settled.

9.2 Legal reserve

Under the Recast Text of the Spanish Capital Companies Act (*Ley de Sociedades de Capital*), 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the increased share capital amount. Except for this purpose, until the legal reserve exceeds 20% of share capital, this reserve can only be used to offset losses if there are no other reserves sufficient for such purpose.

At year-end 2011 this reserve had not yet been constituted.

9.3 Valuation adjustments

This heading records in its entirety the effect of changes in fair value of financial instruments classified as hedges (see Note 7).

9.4 Going concern and financial position

At 31 December 2011, the Company had negative equity. The Company Directors have prepared these financial statements on a going concern basis, assuming that the Company's activity will go on in the future and that the assets will therefore be realized and the liabilities liquidated in the amounts and classification recorded in the financial statements on the basis of the cash flow generating capacity of the Company's activity and of the available cash.

In relation to Article 363(1) (e) of the Spanish Companies Act, which provides that a company will be wound up if losses bring its equity to below half the share capital unless the latter is sufficiently increased or decreased, and provided that insolvency proceedings do not need to be sought, it should be noted that the Company is not in such situation because there are participating loans that must be considered when determining accounting equity for purposes of the dissolution of companies under company law.

Under Article 36 of the Commercial Code, for the purposes of profit distribution, mandatory reduction of share capital and mandatory winding-up due to losses, the equity shall be considered to be the amount recognized as equity in the financial statements, plus the amount of any uncalled subscribed share capital and the nominal value and issue premium of any subscribed share capital that is recognized for accounting purposes as a liability. Fair value adjustments arising from cash flow hedges not yet recognized in profit or loss will not be considered equity for said purposes.

Similarly, although exceptionally and only for the period of validity of Section 1 of the sole Additional Provision of Royal Decree-Law 10/2008 of 12 December adopting financial measures to improve the liquidity of small and medium enterprises and other complementary economic measures, the period of validity of which was extended through Royal Decree-Law 5/2010 of 31 March and subsequently through Royal Decree-Law 2/2012 of 3 February, during the company year ended following the entry into force of the abovementioned Royal Decree, solely for the purpose of determining losses in the event of a reduction of share capital or winding up under articles 363 and 327 of the Capital Companies Act, impairment losses recognized in the financial statements arising from property, plant and equipment, investment property and inventories shall not be counted.

Hence, the equity value for the purpose of said article 363 of the Spanish Capital Companies Act is as follows:

	Thousands of euros
	12/31/2011
Company's equity according to its annual statutory accounts	**(46,578)**
Less participating loans(Note 11)	179,318
Valuation adjustments	68,489
Equity for computing what is provided for in articles 363 and 327 of Capital Companies Act	**201,229**

At 31 December 2011 the Company is not in the circumstances envisaged in said article 363.

9.5 Information on financial risk management

The Company's risk management policies are set by the Directors. Based on these policies, the Company has put in place a series of procedures and tests for identifying, measuring and managing the risks arising from operating with financial instruments. These policies provided the Company will not engage in speculative derivatives operations.

Operating with financial instruments exposes the Company to credit, market and liquidity risk.

9.5.1 Credit risk

Credit risk arises from possible loss caused as a result of default by the Company's counterparties on their agreed obligations, i.e., from the possibility that financial assets may not be recovered for their carrying amount or with the stipulated timing.

To manage credit risk the Company distinguishes between financial assets originated by operating activities and those originated by investing activities.

<u>Operating activities</u>

A periodic breakdown of "Trade and other receivables" is compiled, aging the balances receivable, as basis for managing their collection. The properties owned by the Company are leased in full to BBVA bank, which holds a high credit rating, and the existing financing is also tied to maintenance of that credit quality (see Note 10). In this connection, the Directors of the Company believe that there is no significant credit risk in relation to receivables from the lessee.

Investing activities

Given that the Company has only one client and in view of that one client's credit rating, the Company considers the credit risk to be low.

9.5.2 Market risk

Market risk consists of the potential loss caused by fluctuations in fair value or in future cash flows of a financial instrument due to changes in market prices. Market risk includes interest rate risk, exchange rate risk and other price risks.

Interest rate risk

Interest rate risk arises from the potential loss caused by fluctuations in the fair value or in future cash flows of a financial instrument due to changes in market interest rates. The Company's exposure to the risk of interest rate fluctuations is mainly in respect of the long-term loans and credit facilities it has received at floating interest rates.

The Company manages interest rate risk by distribution of its financing at fixed and floating rates. The Company policy is to maintain net non-current financing from third parties at fixed rates. It does this by entering into interest rate swaps which are designated as hedges of the relevant loans.

Exchange rate risk

The Company has no exposure whatsoever to exchange rate risk, since its sales are in the functional currency.

Price risk

The Company holds inflation hedging instruments for its rental income in order to cover CPI fluctuation risks.

9.5.3 Liquidity risk

Liquidity risk arises from the possibility of the Company not having or not being able to dispose of liquid funds in sufficient quantities and at an appropriate cost to meet its payment obligations from time to time.

The company manages liquidity risk for ordinary activities by drawing up period cash flow statements. In addition, the Company regularly monitors fulfillment of the obligations under the financing agreements.

10. Current and non-current financial liabilities

The detail on the related headings in the balance sheet is as follows:

31 December 2011

	Thousands of euros		
	Non-current		Current
	Bank borrowings	Derivative financial instruments	Bank borrowings
Syndicated loan	961,394	-	24,250
Other financial liabilities – deposits	-	14,529	-
Derivative financial instruments (Note 7)	-	106,268	67
Total	**961,394**	**120,797**	**24,317**

31 December 2010

	Thousands of euros		
	Non-current		Current
	Bank borrowings	Derivative financial instruments	Bank borrowings
Syndicated loan	1,080,196	-	178,248
Other financial liabilities – deposits	-	15,833	-
Derivative financial instruments (Note 7)	-	50,467	-
Total	**1,080,196**	**66,300**	**178,248**

Bank borrowings

The detail for syndicated loans is as follows (in thousands of euros):

31 December 2011

	Limit	Arrangement expenses	Drawn		Short-term interest
			Long-term	Short-term	
Senior loan	1,139,003	(25,557)	908,204	4,972	3,227
Mezzanine loan	112,174	(2,915)	81,662	15,256	795
Total payables	**1,251,177**	**(28,472)**	**989,866**	**20,228**	**4,022**

31 December 2010

	Limit	Arrangement expenses	Drawn		Short-term interest
			Long-term	Short-term	
Senior loan	1,139,003	(37,651)	1,024,930	114,072	5,436
Mezzanine loan	112,174	(3,958)	96,918	12,676	1,019
VAT loan	48,223	(43)	-	45,076	5
Total payables	**1,299,400**	**(41,652)**	**1,121,848**	**171,824**	**6,460**

At 31 December 2011 the Company has the following financing associated entirely with the acquisition of real estate assets:

Syndicated mortgage Senior loan:

On 29 July 2010 the Company signed an agreement to amend and update the 1,139,003 thousand euro syndicated loan arranged with 15 banks, with Deutsche Bank as Agent bank. The loan was to partially finance the acquisition price of the properties purchased from the BBVA Group (See Note 5).

The loan is due on 23 September 2017, bears interest at the 3-month Euribor plus 2.5%, and is secured by a mortgage on the assets.

The interest accrued in 2011 and 2010 amounted to 53,789 thousand euros and 55,125 thousand euros, respectively, after considering the existing hedges. The interest paid is recorded under "Finance expenses" in the accompanying profit and loss account.

This financing includes commitments to certain coverage levels for the assets with respect to the outstanding debt (Test Loan to Value) in the event BBVA's credit rating is downgraded below a certain level by rating entities.

Syndicated mortgage Mezzanine loan:

On 29 July 2010 the Company signed an agreement to amend and update the 112,174 thousand euro syndicated loan arranged with 15 banks, with Deutsche Bank as Agent bank. The loan was to partially finance the acquisition price of the properties purchased from the BBVA Group acquisition process (See Note 5).

The loan is due on 23 September 2017 and bears interest at the 3-month Euribor plus 7.75%.

The interest accrued in2011 and 2010 amounted to 11,024 thousand euros and 10,666 thousand euros, respectively, after considering the existing hedges. The interest paid is recorded under "Finance expenses" in the accompanying profit and loss account.

VAT loan:

On 29 July 2010, BBVA granted the Company a VAT loan of 48,223 thousand euros under a private agreement to finance payment of Value Added Tax at the prevailing tax rate for those properties located on mainland Spain and the IGIC (*Value Added Tax for the Canary Islands)* for properties in the Canary Islands. This loan, which was cancelled in February 2011, bore interest at the 3-month Euribor plus 1.20%,

The interest paid in 2011 and 2010 amounted to 42 thousand euros and 474 thousand euros, respectively, recorded under "Finance expenses" in the accompanying profit and loss account.

This loan was repaid in full, prior to maturity, in February 2011 (see Note 10).

On 23 September 2009 BBVA granted the Company a VAT loan of 179,378 thousand euros under a private agreement to finance payment of Value Added Tax at the prevailing tax rate for properties in the first phase and properties with pre-emption rights located in mainland Spain and IGIC (*Value Added Tax for the Canary Islands*) for properties in the Canary Islands. This loan matured on 23 December 2010 and bore interest at 3-month Euribor + 0.75%. This loan was repaid in full, prior to maturity, in February 2010.

The interest accrued during 2010 amounts to 336 thousand euros and is recorded in the income statement.

Debt arrangement expenses:

The costs of arranging financial debt pending amortization by the Company amount to 28,472 thousand euros at year-end 2011 (41,652 thousand euros at year-end 2010). According to accounting standards, these costs must be considered directly attributable to arrangement of the financing and be taken to the profit and loss account according to the effective interest rate method. The amount taken to income in this respect was 13,180 thousand euros in 2011 (6,288 thousand euros in 2010), recorded under "Finance expenses" in the accompanying profit and loss account.

The breakdown by maturity of these loans is as follows (in thousands of euros):

	Thousands of euros	
	Syndicated loans	
	At 12/31/2011	At 12/31/2010
1 year	20,221	171,825
2 years	22,706	17,818
3 years	27,826	23,850
>3 years	939,341	1,080,180
	1,010,094	**1,293,673**

Guarantees received

This heading records security deposits received from the lessees of rental properties, approximately 90% of which the Company deposits with the competent public body (see Note 7). These amounts will be returned at the termination of the agreements.

11 Long-term debts with Group companies and associates

On 22 September 2009 the companies Alcudia Cartera e Inversiones, S.A. (Alcudia), Apollo Care Fund (US) S.a.r.l., ERE III No.1, S.a.r.l., RREEF Iberian Value Added II, S.A. SICAR (IVAFF II) and Tree 2009 Investments, BV (Tree BV) granted the Company a participating loan of 168,750 thousand euros to finance, together with the loans mentioned in the previous note, the purchase of the assets referred to in Note 5.

On 28 July 2010 the Company signed an agreement to amend the participating loans granted by the companies Alcudia Cartera e Inversiones, S.A. (Alcudia), Apollo Care Fund (US) S.a.r.l., ERE III No.1, S.a.r.l., RREEF Iberian Value Added II, S.A. SICAR (IVAFF II) and Tree 2009 Investments, BV (Tree BV) in the total amount of 168,750 thousand euros to finance, together with the loans mentioned in the previous note, the purchase of the assets.

The initial maturity of the loan was 31 December 2010. As from that date it is tacitly extended for 1-year periods until 31 December 2013, and for 6-month periods thereafter, and so are recorded as non-current liabilities.

The loan accrued an ordinary per annum interest rate until 31 December 2013 of the 12-month Euribor plus 9%; beginning 31 December 2013 it will accrue interest at the 6-month Euribor plus 9%. In addition, it accrues a participating interest rate tied to the profitability of the Company.

The interest accrued during 2011 amounted to 35,320 thousand euros (20,166 thousand euros in ordinary interest and 15,154 in participating interest) recorded under "Finance expenses" in the profit and loss account. The interest accrued but not paid during 2011 amounted to 365 thousand euros, recorded under "Short-term debt with group companies and associates" in the accompanying interim balance sheet.

The interest accrued during 2010 amounted to 31,134 thousand euros (19,920 thousand euros in ordinary interest and 11,844 in participating interest), recorded under "Finance expenses" in the profit and loss account. The interest accrued but not paid during 2013 amounted to 35,157 thousand euros, recorded under "Short-term debt with group companies and associates" in the accompanying interim balance sheet.

The interest on the participating loan accrued but not paid at 31 December 2011 amounted to 365 thousand euros and is recorded under "Short-term debt with group companies and associates" in the accompanying balance sheet.

During 2011 some 27,682 thousand euros of the participating loan principal was repaid.

12. Tax matters

Under the applicable tax legislation, taxes cannot be considered definitely settled until the tax returns filed have been inspected by the tax authorities or the 4-year limitation period has elapsed. At year-end 2011, the Company had all of its taxes since its incorporation open to inspection (see Note 1). The Directors of the Company believe that those taxes have been settled correctly, such that even if any differences were to arise as to the regulatory interpretation of the tax treatment of the Company's operations, such liabilities as could result, if any, would not have a material impact on the accompanying accounts.

The balance sheet includes no amounts owed for corporate income tax, as the Company has incurred losses.

Shown below is the breakdown of the tax receivables and payables at 31 December 2011 and 2010 is as follows (in thousands of euros):

	Thousands of euros			
	2011		2010	
	Tax receivables	Tax payables	Tax receivables	Tax payables
Tax matters:				
Deferred tax asset (Note 12.3)	45,613	-	24,863	-
Current tax payable to tax authority	106	-	-	-
Other payables to tax authority	30	(274)	24	(855)
VAT payable to tax authority	-	(847)	45,076	(25,678)
	45,749	**(1,121)**	**69,963**	**(26,533)**

VAT receivables recorded on 31 December 2010 are in respect of input VAT on property purchases during the year (see Note 5). To pay this tax, the Company was granted a VAT loan (see Note 10), which was repaid in full in February 2011 (see Notes 10 and 16).

VAT payables at 31 December 2010 are mainly in respect of property sales carried out during 2010 (see Note 5).

Under Royal Decree-Law 9/2011 of 19 August, which amends art. 25 of Royal Decree-Law 4/2004 of 5 March, implementing the Recast Text of the Corporate Income Tax Act, unused tax losses may be offset against income generated in the tax periods ending in the 18 immediately following years, starting from the first period in which taxable income is generated. This new term will apply to tax losses that were unused at the start of the first tax period that started from 1 January 2012.

However, the final amount to be offset by said tax losses could change as a result of inspections by the tax authorities of the returns for the financial years in which the losses were incurred.

12.1 Reconciliation between accounting income and taxable income

The reconciliation between the accounting income, the corporate income tax base and the resulting tax receivable or payable at 31 December 2011 and 2010 is shown below:

	Thousands of euros	
	2011	2010
Loss before tax	**(11,206)**	**(21,718)**
Temporary differences:		
Increase capital cost	-	(132)
Tax base	**(11,206)**	**(21,850)**
30% tax rate	(3,362)	(6,555)
Corporate income tax payable to/ (receivable from) tax authority	**(3,362)**	**(6,555)**

During 2010, 40 thousand euros of taxes associated with the expenses of the capital increase carried out by the Company were recognized directly in equity.

As of 31 December 2011 the Company has no unused or unrecognized tax deductions.

12.2 Reconciliation between accounting income and tax expense

The reconciliation between accounting income and the corporate income tax liability at 31 December 2011 and 2010 is shown below (in thousands of euros):

	Thousands of euros	
	12/31/2011	12/31/2010
Loss before taxes	**(11,206)**	**(21,718)**
Surcharges	2	-
Amortization adjustments	(17)	-
Taxable income (Tax base)	**(11,221)**	**(21,718)**
30% tax rate	3,366	6,515
Total corporate tax income / (expense)	**3,366**	**6,515**

12.3 Deferred tax assets recorded

Shown below is the breakdown of the balance of this account:

	Thousands of euros	
	12/31/2011	12/31/2010
Temporary differences:		
Hedging derivatives valuation recorded in equity	29,354	11,971
Capitalized tax credits (Note 12.1)	16,259	12,892
Total deferred tax assets	**45,613**	**24,863**

The deferred tax assets still carried on the balance sheet at 31 December 2011 were recorded there because the Directors of the Company believe, based on the best estimates of the Company's future earnings, including certain tax planning measures, that recovery of those assets is probable.

13. Income and expenses

13.1 Revenue

Shown below is the breakdown of the turnover figure by business category at 31 December 2011 and 2010 (in thousands of euros):

	Thousands of euros	
	2011	2010
Revenue from leasing investment property (Note 6.1)	90,358	89,235
Revenue from expenses charged to lessees (Note 6.1)	4.887	3,607
Total	**95,245**	**92,842**

All of the turnover was obtained in Spain.

13.2 External services

The breakdown of this heading of the accompanying profit and loss accounts for the years ended 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Independent professional services	8,763	9,727
Leases	24	13
Banking and similar services	4	4
Other services	17	35
Total	**8,808**	**9,779**

13.3 Taxes other than income tax

The breakdown of this heading of the accompanying profit and loss accounts for the years ended 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Property tax	2,167	1,724
Stamp duties (*Impuesto AJDs*)	82	349
Fees	204	172
Other charges	532	85
Total	**2,985**	**2,330**

13.4 Proceeds from sale of real estate assets

The breakdown of this heading of the accompanying profit and loss accounts for the years ended 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	2010
Proceeds from sale of investment properties	(51,863)	(37,289)
	(51,863)	**(37,289)**

This amount relates entirely to the accounting result of sales of properties completed during 2011 and 2010 (see Note 5).

14. Remuneration and other benefits of the Board of Directors and Senior Executives

14.1 Remuneration of Directors and senior executives

During 2011, the Company Directors received no remuneration of any kind from Tree Inversiones Inmobiliarias, S.A. for the performance of their duties.

The Company does not have any commitments to members of the Board of Directors in respect of pension funds, life insurance, advances, loans or any other items.

The Board of Directors is made up of eight individuals, 7 men and one woman.

There are no senior executives in the Company.

14.2 Disclosure of holdings in companies engaged in similar activities and of pursuit of similar activities by Directors for own account or as employees

Shown below are the members of the Board of Directors and their related persons who have held equity interests in companies with the same, similar or related type of activity as the Company's corporate objects, together with positions and functions held therein, at year-end 2011:

Held by	Company	Position/ Functions	Number of Shares
Kevin Cahill	-	-	-
Jason Oram	WTC ALAMEDA PARK, S.A.	Director	-
Noel Manns	WTC ALAMEDA PARK, S.A.	Director	-
Rafael Avilés Uruñuela	CASTANEA SATIVA CEI, S.L.	Sole Administrator	100%
	APOLLO 3C GANDIA, S.L.	Director	-
	PARQUE EMPRESARIAL OMEGA, S.L.	Deputy Secretary	-
Ismael Clemente	-	-	-
David Nuevo Alfonso	-	-	-
Emma Louise Simmons	-	-	-
Gianluca Muzzi	-	-	-

15. Other information

15.1 Personnel expense

The balance of this heading of the profit and loss account records the remuneration of the only employee (male), classified as administrative staff, and who was an employee of the Company at 31 December 2011.

At year-end 2011 the Company had no pension commitments with respect to its personnel.

15.2 Audit Fees

Fees paid to Deloitte, S.L. for auditing the Company's accounts are as follows: 25,000 euros in 2011 and 24,300 euros in 2010. No fees for any other item have been recorded.

15.3 Deferral of payments to suppliers. Third additional provision. "Disclosure duty" under Act 15/2010, of 5 July.

Shown below are the payments made and pending at 31 December 2011 (in thousands of euros):

	2011	
	Amount	**%**
Within the maximum legal period Remainder	17,959	100
Total payments in the year	**17,959**	**100**
Weighted average days past due	-	
Deferrals beyond legal maximum at balance sheet date	-	

With regards to the information required by the Third Additional Provision of Act 15/2010 of 5 July, at 31 December 2010 the Company did not have any outstanding payables to suppliers deferred beyond the legal maximum.

This balance refers to suppliers who by nature are trade creditors for goods and services supplied, so that it includes the figures in the "Suppliers" current liabilities heading in the balance sheet.

The legal maximum payment period for the Company is 85 days according to Act 3/2004 of 29 December on measures to combat late payment in commercial transactions.

16. Events after the reporting period

In January and February nine offices were sold, with a net book profit of 5,011 thousand euros.

On 29 February 2012 Senior loan principal was cancelled for 122.5% of the principal of the mortgage liability assigned to each of the properties sold between 29 November 2011 and 28 February 2012, for a total of 12,831 thousand euros. Likewise, on the same date, the Senior CAP hedging derivative of 1,974 thousand euros and the Senior SWAP hedging derivative of 10,857 thousand euros were cancelled, giving rise to a payment of 1,105 thousand euros.

On 15 March 2012 the ordinary and participating interest on the participating loans accrued until 28 February 2011, totalling 4,666 thousand euros, was settled.

17. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

TREE INVERSIONES INMOBILIARIAS, S.A.

Management Report
For the year ended 31 December 2011

To the General Meeting of Shareholders

The current situation of the assets managed by the Company is as follows:

At present 100% of the properties are leased. The net turnover of Tree Inversiones Inmobiliarias, S.A. this year was 95,245 thousand euros, consisting of lease income and expenses charged to the lessee, generating losses of 7,840 thousand euros.

The net turnover for 2012 is expected to be 92,625 thousand euros.

The Company's shareholders' equity at year-end was 21,911 thousand euros.

As of the reporting date there were no significant post-balance-sheet events, other than those expressly mentioned in the notes to the financial statements, that might materially affect the activity and operations of the Company. The Company has no research and development activities and holds no treasury shares.

The information on the scope and nature of the financial products held is included in the Notes to the financial statements.

Madrid, 31 March 2012.

Certificate of authorisation of the financial statements

Certificate issued by the Company Secretary of Tree Inversiones Inmobiliarias, S.A., Miguel Ollero Barrera, who hereby attests that all the directors of the Company have signed this document, consisting of **26 pages**, comprising the financial statements (balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements) and Management Report for the year ended 31 December 2011, each and every one of the Directors of the Company, whose first and last names are shown below, having affixed his signature hereto.

Madrid, 31 March 2012

Mr. Ismael Clemente Orrego Chairman	Mr. Miguel Ollero Barrera Non-director secretary
Mr. Gianluca Muzzi Director	Mr. Rafael Avilés Uruñuela Director
Ms. Emma Louise Simmons Director	Mr. Noel Manns Director
Mr. David Nuevo Alfonso Director	Mr. Kevin Cahill Director
	Mr. Jason Oram Director

Certificate of delivery of accounts by the Company Secretary

The Financial Statements and Management Report were approved by the Board of Directors of Tree Inversiones Inmobiliarias, S.A. at its meeting on 31 March 2012 with a view to their being examined by the auditors and subsequently approved by the shareholders in General Meeting. Said Management Report and Financial Statements have been issued on 26 pages, each initialled by me.

Said Financial Statements were delivered to the auditors on 31 March 2012, so that the auditors may issue the necessary audit report.

Signed

Mr. Miguel Ollero Barrera
Company Secretary

ANNEX 6: VALUATION REPORTS

9th June 2014

Savills Consultores Inmobiliarios S.A.
E: jmateo@savills.es

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Paseo de la Castellana 141, 6ª Planta
28046 Madrid
T: +34 91 310 10 16
F: +34 91 310 10 24
www.savills.es

MERLIN Properties Socimi, S.A. (the "Company")
Paseo de la Castellana, 42
28046 Madrid
Spain

and

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

and

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

and

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

Dear Sirs,

PROPERTY: BBVA SALE AND LEASEBACK PORTFOLIO – 905 PROPERTIES THROUGHOUT SPAIN ("THE PORTFOLIO")

1.0 PREAMBLE

We have valued the properties contained in the above portfolio and made such enquiries as are sufficient to provide you with our opinion of Market Value on the basis stated below.

2.0 INSTRUCTIONS AND TERMS OF REFERENCE

2.1 Instructions and Basis of Valuation

You have instructed us to provide our opinion of value on the following basis:

- Market Value

2.2 Definitions of Market Value

For the purpose of our valuation, we have adopted the definition of Market Value contained in the 2012 edition of the Red Book "RICS Valuation – Professional Standards" which came into effect on 30th March 2012, which is as follows:

Market Value (definition as set out at Valuations Standards VS 3.2):

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion."

2.3 General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Conditions set out in the relevant section of the full report.

2.4 Date of Valuation

Our opinions of value are as at 31st December 2013. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

Notwithstanding the above, we are of the opinion that the Market Value of the properties has not materially changed from 31st of December 2013 to 9th of June 2014 except for the sale to private investors of 20 bank branches.

2.5 Purpose of Valuation.

We understand you require this valuation for inclusion in a prospectus to be approved by the Spanish securities market regulator (*Comisión Nacional del Mercado de Valores*) in relation to the proposed offering of shares of the Company and their admission to trading on the Spanish Stock Exchanges (the "Transaction") which investors will rely on in making their decision to invest in the Company.

2.6 Conflicts of Interest

We are not aware of any conflict of interest, either with the borrower (Tree Inversiones Inmobiliarias S.A.) or with The Portfolio (i.e. the same asset valued for BBVA Bank or the possibility that same property form part of other portfolio), preventing us from providing independent valuation advice. We have valued the subject portfolio for Tree Inversiones Inmobiliarias S.A. in December 2010, December 2011, December 2012 and September 2013.

2.7 Valuer Details and Inspection

We confirm that have prepared our Valuation using reasonable skill, care and diligence to be expected of a properly qualified and competent valuer. The due diligence enquiries referred to below and report preparation have been undertaken by Jesus Mateo MRICS, Director; and Fernando Fernández de Ávila MRICS, Associate Director, within Valuation department Savills Madrid office, both qualified for the purpose of the Valuation in accordance with the "Red Book"

The exercise has been undertaken on a 'desk-top' basis and no property inspections have been undertaken. The Valuer has the necessary market knowledge, skills and understanding, to undertake the Valuation competently.

2.8 Addressees and Reliance

In accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is for the use only of the party to whom it is addressed.

2.9 Liability Cap

We accept responsibility for our Report to the addressees of our full report. For the sake of clarity, our aggregate liability due to or under and/or arising out of or in connection with the Report to any one or more or all of the Addressees in tort (including negligence), breach of contract, misrepresentation, breach of statutory duty or otherwise whatsoever shall not exceed the amount of EUR 425,000 (save in respect of matters where we cannot limit or exclude our liability by law).

2.10 RICS Compliance

This report has been prepared in accordance with the Royal Institution of Chartered Surveyors' ("RICS") 2012 edition of the Red Book "RICS Valuation – Professional Standards" which came into effect on 30th March 2012.

2.11 Location

All of the properties are located within Spain.

In Spain, the properties are dispersed across 17 different regions, 49 provinces, and over 100 cities. The subject portfolio was purchased from BBVA on a sale & leaseback deal which consisted of 1,103[1] properties. We understand that since the purchase of The Portfolio 223 properties have been sold.

For the purposes of this valuation we have valued the remaining 885 individual properties.

As well as bank branches and regional head offices which comprise the majority of The Portfolio, there are also 2 logistics properties located in Greater Madrid area, and 3 office buildings in Alicante, Jaen and Las Palmas.

[1] This figure assumes the office building in Bilbao as one single unit (instead of three), and it does not include the five assets acquired by Tree Inversiones Inmobiliarias S.A. as part of the substitution process.

Geographical Analysis

Region	Nº units	Total Area (sqm)	Average Area (sqm)	% of Total	Rent (€ per Annum)	Rent (€/sqm/month)	% of Total
Com.Madrid	165	66.733,81	404	17,6%	21.241.241,18	26,5	23,6%
Cataluña	128	54.878,67	429	14,4%	11.782.837,73	17,9	13,1%
Pais Vasco	100	33.554,89	336	8,8%	10.083.430,45	25,0	11,2%
Com. Valenciana	91	40.977,43	450	10,8%	7.737.394,80	15,7	8,6%
Andalucia	82	30.196,72	368	7,9%	6.911.788,50	19,1	7,7%
Castilla y Leon	67	26.459,92	395	7,0%	6.683.639,79	21,0	7,4%
Galicia	72	30.687,95	426	8,1%	6.508.377,13	17,7	7,2%
Islas Canarias	40	33.797,77	845	8,9%	5.373.051,86	13,2	6,0%
Murcia	22	10.526,00	478	2,8%	3.300.718,18	26,1	3,7%
Asturias	31	8.628,75	278	2,3%	2.035.586,99	19,7	2,3%
Castilla La Mancha	33	12.677,37	384	3,3%	1.991.801,83	13,1	2,2%
Aragon	23	9.405,40	409	2,5%	1.743.403,19	15,4	1,9%
La Rioja	10	4.635,00	464	1,2%	1.533.706,46	27,6	1,7%
Navarra	10	5.318,00	532	1,4%	1.460.509,36	22,9	1,6%
Islas Baleares	13	6.459,40	497	1,7%	870.298,79	11,2	1,0%
Extremadura	10	3.281,00	328	0,9%	422.970,39	10,7	0,5%
Cantabria	8	1.877,00	235	0,5%	383.568,98	17,0	0,4%
TOTAL	905	380.095,08	420	100,0%	90.064.325,61	19,7	100,0%

2.12 Description

The Portfolio comprises a mixture of ground floor retail bank branches with ancillary office accommodation above, a number of pure office buildings and logistics warehouse property on the outskirts of Madrid.

3.0 TENANCY STATEMENT

3.1 Sale and Leaseback Lease Terms

We were provided with a summary (in Spanish) of the main terms of the lease that applies to all units.

We have been informed that all the properties are covered by these master lease agreements. Additionally there are individual leases stating the property's address, description, rent and lease term of each property.

We summarise the principal terms of the lease agreement below:

Tenant:	Banco Bilbao Vizcaya Argentaria, S.A. (BBVA)
Term:	30 years minimum term for branches and 20 for buildings and logistic facilities with tenant's renewal option for an extra 3 periods of 5 years (30+5+5+5= 45 years). 765 leases started in 25/09/2009; 131 leases started in 29/07/2010; 3 leases started in 27/10/2010 and 5 leases started in 20/12/2011.
Rents:	Payable quarterly on 15th February, 15th May, 15th August and 15th November.
Termination right:	In the case of early termination of the lease, the lessor is entitled to choose between 2 options: The net present value of the outstanding rental payments by applying a discount rate of 5.5% with the tenant keeping the right to use the premises; or a lump sum payment of 2 years of rent with the tenant waiving the right to use the property.
Triple-net Rents:	Under the terms of the lease BBVA are liable for all occupational costs and taxes and we have therefore not made a deduction for any ongoing annual non recoverable costs.
Right of renewal:	The tenant will have the right to renew the lease at expiry for 3 further 5 year lease terms.
Annual indexation:	Annual indexation in line with European Union CPI (excluding tobacco). During the first 8 years of the lease a factor of 1.85 is applied to the EUHCPI. From Year 9 onwards a factor 1.5 will be applied to the EUHCPI.
Repair & maintenance:	Tenant to keep the premises in good and substantial repair and condition. Premises' being defined are to include all fixtures and fittings (except tenant's trade fixtures and fittings). Tenant is to replace Landlord's fixtures and fittings when necessary.
Pre-emption right:	Lessee to have first pre-emption right to acquire the properties when and if the owner decides to sell. Lessor is to notify the Lessee of their intention to sell any property.
Repurchase Option:	On termination upon the 3 extensions of the lease (in the end of the 45th year for branches and 35th year for buildings of the lease) the tenant will have the option to acquire the property at the market price obtainable by the owner as determined by independent appraisers.

4.0 VALUATIONS

4.1 Market Value

We have valued each of the bank branches individually by using the traditional "all risks" yield method of valuation which applies our estimation of the market capitalisation rate as a multiplier to the current passing rent (which was supplied to us by the client). We had due regard to comparable investment transactions of which we are aware of in the market.

The investment/income approach is the standard real estate investment methodology applied to the valuation of income producing properties throughout much of Western and Central Europe and proceeds on the basis that the value of an investment property is a function of its income profile (i.e. the rental return it pays to its owner). The same valuation principle is applied to bonds and company shares all over the world. Thus, for example, the value of a share is determined by considering its price to earnings ratio. In the same manner, an investment property's value is determined by considering the relationship between the price paid for the property and its annual returns (or earnings) to the owner of the property in annual rent. This annual return to the investor is called the property's yield and is represented in terms of the annual percentage return an investor will derive from the investments rental stream expressed in relation to the price paid for the property.

We believe that this methodology is the appropriate methodology to value The Portfolio on an individual basis, rather than using the DCF approach because this approach is in line with local market practice and mimics the asset pricing made by the potential buyers, which are primarily private investors, local wealthy investors and family offices. The potential buyers compute all the perceived risks such as illiquidity or tenant default risk, into an initial yield and price the properties accordingly. For example, trophy assets in high income areas are more likely to raise interest from investors than properties in more secondary locations, meaning more liquidity and more aggressive pricing in terms of the "all risks" yield. With respect to the ongoing sales processes of similar properties, we have noticed that investors have also been sensitive to price per sq m and have priced properties also on that basis which translates into over-rented properties being penalised in terms of the yield applied or a premium being applied to under-rented properties.

It should be noted that, as expressly agreed with you, we have valued each individual property in The Portfolio and have not valued The Portfolio as if it were to be sold as a whole.

With regard to the methodology, as a starting point we have arrived at an opinion of a prime retail yield for the relevant markets across Spain. To account for the duration and the contractual rental growth evolution of the BBVA lease and also for the covenant strength, we have applied an 90 basis point reduction to the prime market yields in each of the locations.

We have split The Portfolio into 2 groups. One consisting of properties located in the capitals of the various provinces of Spain (being 49 cities in 49 provinces). The total number of properties located in these cities is 396. The other group includes the rest of the cities in Spain and consists of the remaining 489 assets.

For all the properties in both groups 1 and 2 we have applied this 90 basis point differential to reflect the strong covenant and above Spanish CPI growth implicit in the BBVA lease. We have divided up the cities (in both groups) according to population size.

The market cap rate is then further constructed by assessing the following matrix of criteria for each of the properties:

- **Location** – which city / town the property is in. For example the prime yields applied to Madrid and Barcelona are 90 basis points lower (more aggressive) than the prime yields for Seville, Valencia and Malaga which benefit from smaller populations. The difference in yield here is illustrated on the table below. The table shows our estimation of prime rack rented yields (first column) that would be applied to similar assets on the open market in the top eight cities in Spain in terms of population size. The second column shows our opinion of these prime assets with the benefit of the current BBVA lease (90 basis points difference).

	Market Prime Yield	BBVA lease Prime Yield	Population
Madrid	5.10%	4.20%	3,255,944
Barcelona	5.10%	4.20%	1,621,537
Sevilla	6.00%	5.10%	703,206
Bilbao	5.60%	4.70%	354,860
Valencia	5.75%	4.85%	814,208
Malaga	6.00%	5.10%	568,305
Palma de Mallorca	6.25%	5.35%	401,270
Zaragoza	6.00%	5.10%	674,317

- **Population** - adjustments are made to the prime yield in accordance with the subject population.

- **Specific location** - adjustments are made to the prime yield in relation to whether the property is located in the city centre (no change to yield) or in the Metropolitan area just outside the city centre (25 basis points rise) or in the outskirts (50 basis points rise). We also consider the strength of the specific microlocation of the asset and adjust by up to 25 basis points in the worst cases. In locations outside province capitals the adjustments are doubled to 50 and 100 basis points.

- **Quality of the local environment** – if the quality of the surrounding area (e.g. in terms of being consolidated with good tenants) is high there is no change to the yield. If it is medium the prime yield is raised by 10 basis points and if the quality is low the prime yield is raised by 25 basis points. In locations outside province capitals the adjustments are doubled to 35 basis points if the area is medium and 100 basis points if the quality is low.

- **Frontage** – if the unit does not occupy a corner location, we adjust the yield by up by 2.5 basis points. In locations outside province capitals the adjustment is 10 basis points.

- **Condition** – we assess the internal and external condition, based upon information received, and again either make no adjustment if the condition is considered very good or make a negative adjustment to the yield of up to 20 basis points for a unit in poor internal and external condition. In locations outside province capitals the adjustments are doubled (up to 40 basis points).

- **Percentage of basement accommodation** – based on the ratio of basement to ground floor accommodation, we apply a negative adjustment of 25 up to 50 basis points if there is considered to be too high a percentage of floor area in the basement (given the impact on market rental levels and future tenant demand). In locations outside province capitals the adjustments are 50 and 75 basis points accordingly.

- **ERV situation** – if the subject property is deemed to be rack rented or the passing rent close to its market rent, there is no change to yield. If the property is deemed to be over rented the yield is penalised gradually up to 75 basis points if the property is more than 100% over rented. Likewise if the property is deemed to be under rented similar changes to the initial yield / cap rate are made. In the case of extreme over or under renting (i.e. in excess of 100%), we have applied adjustments of 135 basis points.

  This matrix of criteria has been applied to each of the properties. We have then considered the outputs alongside our general knowledge of the market and compared against the available comparables. We applied a ‘cap’ of 7.00% as the initial yield at the upper end of the scale as we believe that, despite some of the drawbacks associated with the particular assets where the matrix has produced a weaker result, this initial return would sufficiently appeal to investors. This ‘cap’ applies to 6 properties in The

Portfolio. Likewise, we have applied a floor yield of 4.20% as the minimum initial return an investor would demand for these properties. Finally, where we have specific evidence (either yield or capital value rate per sq m) for certain locations, we have made manual adjustments to the applied yield, but this is in a minority of cases.

In arriving at our opinions of value, we have applied the traditional investment method as described above. We have valued each property on an individual basis and the blended initial yield calculated is 5.33%.

4.2 Valuation Certainty

In view of our comments on the market above, there is currently a situation which has a material effect on the degree of certainty and confidence that can be applied to our valuation opinions. It is clear that any property valuations undertaken at the present time are affected by "market instability" together with reduced "liquidity and market activity". RICS Guidance Note 1 (GN1) refers to such circumstances thus:

"Disruption of markets can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the date of valuation coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a valuation, due to inconsistent, or an absence of, empirical data, or the valuer being faced within an unprecedented set of circumstances on which to base a judgement. In such situations demands placed on valuers can be unusually testing. Although valuers should remain able to make judgement, it is important that the context of that judgment is clearly expressed."

"In markets that are inactive with low levels of liquidity there is a reduced amount of data to provide empirical support for valuations. In such cases the valuer should be as explicit as possible to demonstrate the degree to which the conclusion is based on subjectivity. Similarly, in liquid and functioning markets the valuer should state that there is an abundance of empirical data to support the conclusions drawn".

Accordingly, please be advised that such circumstances exist and that we have advised you in the context above. We bring to your attention that we are aware of the recent European sovereign debt crisis and particularly of Spain's involvement, and we have seen a paucity of transactions in recent months. It follows that notwithstanding this wider uncertainty in the financial markets, we necessarily assume debt finance is available in the market on reasonable and acceptable commercial terms.

In any case, we would wish to point out that our valuation is a snapshot of the market as at the date of valuation.

Despite the lack of recent open market transactions, we consider our valuations reflect current market conditions. We are of the opinion that they are well supported by reference to the constant interaction with our transaction teams and external market participants. Through this, we can evaluate current asking and offering prices and make appropriate adjustments to reflect current market conditions. Finally, we consider our opinions of value as detailed above can be reported with a reasonable degree of confidence.

4.3 Market Value

Our valuations are prepared on an individual basis and The Portfolio valuations reported are the aggregate of the individual Market Values, as appropriate.

Having carefully considered the various 905 properties forming the subject portfolio, as described in this report, we are of the opinion that the total Market Value as at 31 December 2013 of the respective interests is at or around:

EUR 1,687,633,000
(One Billion Six Hundred Eighty Seven Million and Six Hundred Thirty Three Thousand Euros)

The properties are dispersed across 17 different regions with the following values:

REGION	BRANCHES	MARKET VALUE	%
COM.MADRID	165	448,758,000.00 €	26.59%
CATALUÑA	128	227,903,000.00 €	13.50%
PAIS VASCO	100	176,142,000.00 €	10.44%
COM. VALENCIANA	91	136,071,000.00 €	8.06%
ANDALUCIA	82	122,309,000.00 €	7.25%
CASTILLA Y LEON	67	116,401,000.00 €	6.90%
GALICIA	72	111,077,000.00 €	6.58%
ISLAS CANARIAS	40	96,412,000.00 €	5.71%
MURCIA	22	56,482,000.00 €	3.35%
ASTURIAS	31	36,210,000.00 €	2.15%
ARAGON	23	34,782,000.00 €	2.06%
CASTILLA LA MANCHA	33	34,744,000.00 €	2.06%
NAVARRA	10	30,983,000.00 €	1.84%
LA RIOJA	10	27,855,000.00 €	1.65%
ISLAS BALEARES	13	17,658,000.00 €	1.05%
EXTREMADURA	10	7,544,000.00 €	0.45%
CANTABRIA	8	6,302,000.00 €	0.37%
TOTAL	**905**	**1,687,633,000.00 €**	100.00%

We are of the opinion that the Market Value of the properties has not materially changed from 31st of December 2013 to 9th of June 2014, except for the sale to private investors of 20 bank branches (located in Madrid), with an aggregate Market Value of € 31,142.000.

5.0 CONFIDENTIALITY AND RESPONSIBILITY

In accordance with the recommendations of the RICS, we would state that this report is provided solely for the purposes stated above.

We are responsible for this report and, according to Article 33.1 (d) of Spanish Royal Decree 1310/2005, of 4 November (as amended), we accept responsibility for the information contained herein and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this report is in accordance with the facts and contains no omissions likely to affect its import.

It is confidential to and for the use only of the party to whom it is addressed who is authorised to rely upon it. No responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk.

In connection with the Transaction, nothing in this letter shall (i) prevent the addressees from complying with all applicable disclosure laws, regulations and principles in connection with the Transaction (ii) restrict the ability of the addressees to consider information for due diligence purposes or share information with other underwriters, agents or dealers participating in the Transaction, (iii) prevent the addressees from retaining documents or other information in connection with due diligence conducted in connection with the Transaction or (iv) prevent the addressees from using any such documents or other information in investigating or defending itself against claims made or threatened by purchasers, regulatory authorities or others in connection with the Transaction.

Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear. Savills has given and has not withdrawn its written consent to the inclusion of this report in the Prospectus.

Yours faithfully,

Fernando Fernández De Ávila MRICS
RICS Registered Valuer
Associate Director Advisory & Valuation
Savills Consultores Inmobiliarios, S.A.

Jesús D. Mateo MRICS
RICS Registered Valuer
Director Advisory & Valuation
Savills Consultores Inmobiliarios, S.A.

Valoraciones & Economics

Merlin Properties SOCIMI, S.A.

Valuation of Tree Inversiones Inmobiliarias, S.A., as at February 28th, 2014.

Strictly private and confidential

June 10th, 2014

June 10th, 2014

Dear Sirs

Merlin Properties SOCIMI, S.A.
Paseo de la Castellana, 42
28046 Madrid

Addressed to Mr. Fernando Ramírez

Valuation of the shares of Tree Real Estate Investments, S.A., as at February 28th, 2014.

Merlin Properties SOCIMI, S.A. (hereinafter "Merlin" or "You"), is a corporation whose sole shareholder is the company called Magic Kingdom, S.L. and whose main business is the investment in real estate assets.

Merlin is completing the process to go public through an Initial Public Offering ("IPO") of new shares, addressed to institutional investors. Merlin is also in the process of adopting all legal requirements related to the regime "Sociedad Anónima Cotizada de Inversión Inmobiliaria" ("SOCIMI").

Subject to certain aspects related to the IPO indicated above, Merlin has reached an agreement to purchase Tree Inversiones Inmobiliarias, S.A. (hereinafter "Tree" or "the Company").

Tree is a SOCIMI that owns a portfolio of rental properties under a sale and lease agreement with BBVA. Tree is in the process of listing directly on the "Mercado Alternativo Bursátil" ("MAB") or indirectly if Merlin becomes public through the abovementioned IPO.

You have engaged us to provide an independent valuation report of the value per share of Tree as at February 28th, 2014 ("the Report").

Our Report with our opinion of the value per share, following the generally accepted methods and professional standards, will serve as support documentation, solely and exclusively, for You in the aforementioned process with the CNMV. Our work has been performed according to our professional services proposal dated June 6th, 2014.

Our Report should be used considered in its entirely. In this regard, we remind You that the use of extracts could potentially be misleading.

Our Report may be shown to the CNMV as part of its supervision process as well as attached to the public prospectus according to the established legal channels.

In any case, PricewaterhouseCoopers Asesores de Negocios, S.L. ("PwC" or "We") accepts no liability or claim whatsoever from third parties (including shareholders, interested investors, creditors, underwriters banks for the IPO, etc.) in relation to the consequences of the acts arising as a result of actions taken based on the Report. Any decision by third parties should be carried out under their sole responsibility and by performing their own analysis, judgments and findings.

You will hold PwC harmless from any claims arising from third parties as a result of the decisions and / or actions they perform relying on our report.

You should note that the information contained herein and the work performed corresponds to the requirements, and therefore, our Report can not be used or considered appropriate by Merlin, underwriters banks, interested investors, or any other third parties for purposes other than that previously described.

PwC, in the preparation of this Report, is not affected by any conflict of interest. The estimate of our fees has been made based on the team needed and the experience of its professionals, the nature of the service and the time required to achieve it. The fees are fixed and independent of the proposed transaction.

This Report should not be treated under any circumstances as a recommendation to Merlin, nor any of the actual shareholders or potential investors to buy or sell, or any other action or decision that may be considered in the context described.

Any decision will be your responsibility, or of third parties, taking into account any other matter outside the scope of our work of which are aware.

We have shown a draft of this Report to the Management of Merlin (hereinafter "the Management"), who have confirmed, by a representation letter, that the Report does not contain significant errors or omissions that may significantly affect our work, as well as the information provided to us is accurate and that it has not omitted any relevant information. We have incorporated their comments on this Report on the aspects that we have considered adequate.

A more detailed description of the work we performed to reach our conclusion is included in the attached Report to this letter. This letter, therefore, must be analysed and interpreted in conjunction with the aforementioned Report, which includes the purpose and scope of this work, general considerations and the information used.

If You require any clarification or further information, please do not hesitate to contact us.

Yours faithfully,

Carlos Lara Castro

Partner

Carlos Fernández Landa

Partner

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Section 1
Objective and Scope

Objective and Scope (1/3)

Objective, scope and methodology

- We have prepared this Report according to the generally accepted criteria and valuation methodologies in order to estimate the market value of Tree.
- We have considered the Adjusted Net Assets Value ("ANAV") as the primary method of valuation. This method indicates the value of a company by adjusting its assets and liabilities to their market value equivalents.
- This approach includes the concept of "Net Asset Value" ("NAV") commonly used in real estate valuations. In addition, we have considered the rest of existing assets and liabilities at the valuation date to determine the value per share and we have carried out certain sensitivities to assets valuation performed by another appraiser.
- Furthermore, we have used the Market Approach as a contrast methodology to the results obtained with ANAV methodology. This approach indicates the market value of the shares of a company based on the comparison with the multiples of comparable companies listed on regulated markets (Trading Multiples Method) or as part of a recent transaction of the sector (Transaction Multiples Method). The latter has not been used because recent transactions with an appropriate degree of comparability have not been found.

Market Value

- For the purposes of our work, we define market value as the estimated amount for which an asset should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.
- Our conclusions assume that Tree will remain as a "SOCIMI" and hence under a general tax rate of 0%. The conclusions of our analysis might differ if occurring circumstances take place that alter such assumption. In any case, the analysis of the effective implementation of the "SOCIMI" regime, the effective application of the tax rate indicated above and the validity of our assumptions are not the subject of our work.
- The impact estimation on value for Merlin, from a financial, economic and/or fiscal standpoints which might occur as the acquisition of Tree by Merlin is not subject of our scope.
- This impact might occur as the change of control in main shareholders resulting from the acquisition and implies the following:
  - the commitment to indemnify Tree, if fiscal impacts arise given the fiscal characteristics of Merlin,
  - the possible implications that might occur related to the subrogation by Merlin to the dividend reinvestment commitments, currently involve between Tree shareholders and the financial institutions with regard the syndicated loans.
- In any case, the scope disregards particular circumstances.

Objective and Scope (2/3)

Valuation Date

- The valuation analysis refers to February 28th, 2014 (the "Valuation Date"), the date of the last non-audited financial information available provided by the Company.
- In any case, it should be noted that any changes or new information on the property portfolio, economic conditions, market changes or on operations and results of the Company after the Valuation Date have not been part of our scope. Our opinion is limited to the Valuation Date and does not include any later date.

Procedures

- Our work has mainly comprised the following:
  - Conversations and meetings with the Management of Tree on the situation of the Company and its prospects.
  - Conversations with the Management of Merlin about Tree's purchase agreement as well as the acceptance of the financial institutions about the future change of control of the Company and the potential subrogation of Merlin under the same obligations and conditions with Tree's current shareholders.
  - General understanding of the applying law of "SOCIMI" regime in Spain.
  - General analysis of the characteristics, current situation and prospects of the property market.
  - General understanding of the "sale and lease back" agreement between BBVA and Tree on the property rental. The agreement has been structured by two contracts. The first contract was signed on September 25th, 2009 and the second contract on July 29th, 2010, covering 80% and 20% of the portfolio respectively. These contracts have equal terms, conditions and clauses. Within this Report, both contracts are indistinctly called the "Contract".
  - Valuation of the Company using the ANAV approach and Trading Multiples as a contrast methodology.
  - Understanding and analysing the following aspects required to estimate the value per share:
    - the audited financial statements of the Company for the period 2011-2013;
    - the unaudited interim financial statements as at February 28th , 2014 (2 months);
    - the main terms of external financing and market contrast procedures to assess whether the book value reflects its market value;
    - parameters and valuation methods to check that the book value of the derivatives adequately reflects their market value;

Objective and Scope (3/3)

- use of deferred tax assets;
- expenses associated with the management of buildings (non-recoverable expenses);
- understanding and review of the criteria and key assumptions of the real estate valuations performed by Savills Consultores Inmobiliarios, S.A. ("Savills") and application of value contrast methodologies;
- an aggregated Discounted Cash Flow (DCF), the global analysis from a financial point of view of Tree's aggregated economic and financial real estate projections stemming from the Contract, the basis of current information, and the estimation of discount rates as an alternative contrast to those used by Savills (according to the risk of the portfolio, the "tenant" and comparable listed companies);
- analysis of other relevant facts and information that we have considered relevant in order to obtain our value conclusion;
- confirmation on behalf of the Management of the non existence, within the annual report dated as of 31 December 2013 and financial statements dated as of 28 February 2014, of liabilities or contingent assets out of balance sheet whose capital gains and/or losses should be valued at the Valuation Date.

- The information that we have used to carry out our work is detailed in Appendix 2. This information has been completed through discussions with the Management of Tree and Merlin, as well as with other information available related to the sector and market in which the company operates.

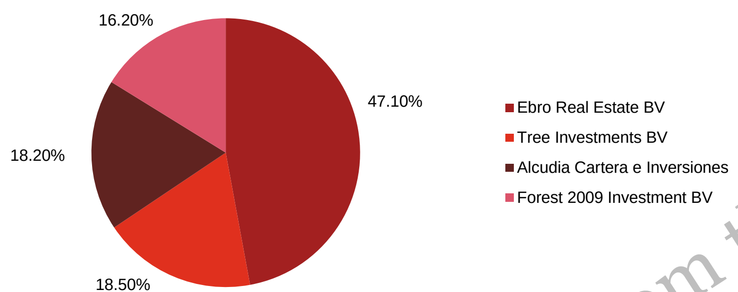
Limitations

- Our conclusions depend on the accuracy and veracity of the information used. We have not performed any audit work and neither have we submitted the financial information, or other provided by the Company or obtained from public sources, to any verification process. The procedures performed do not constitute, neither by its nature nor by its extension, those necessarily required under applicable law for the issuance of an audit opinion and should not be considered as such.
- Furthermore, our work has not involved a due diligence, or any other similar task, financial, fiscal, legal, labour, commercial, registration, environmental, technical, operational, real estate or other standpoints. Therefore, potential events that may arise, have not been taken into consideration.
- Note that our valuation conclusion is based in part on unaudited financial information as of February 28th, 2014 provided by the Company, so any variation on that accounting information could change our value conclusion.
- The hypothesis over which the projections are developed depend on future events and are based on assumptions that may not be valid along the entire projected period. Therefore, the mentioned hypothesis can not be considered in the same way as information derived from financial statements audited for past periods.
- Real estate valuations, elaborated by third party appraisers, as well as hypothesis on future perspectives facilitated by You and the Company at the Valuation Date, are of sole your responsibility and constitute your best estimation possible about the future evolution of real estate assets and of the business.
- Our work has taken into account the property valuation of Tree assets established by an independent third party, which are of their entire responsibility. In this sense, although we have discussed the valuation methods and assumptions used, our conclusions depend on the accuracy of the work of such independent third party. Consequently, we are not responsible for any errors, omissions, lack of completeness or accuracy that might eventually emerge from their work.
- By its very nature, valuation work cannot be regarded as an exact science and the hypothesis and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Although our valuation is in our opinion reasonable based on the information available, others might wish to argue a different value.

Section 2
Company description

General description

- Tree was formed in January 2009. The shareholders of the Company as at December 31st, 2013 are the following:



Source: The Company

- The principal activity of the Company is to manage a portfolio of property (bank branches) entirely acquired to BBVA.
- The portfolio was acquired between 2009 and 2010, by a sale and leaseback agreement, with a long-term binding lease Contract.
- The Contract will guarantee the perception of rentals for at least 30 years since the acquisition date and also with a purchase option by BBVA at market value at the end of the Contract.
- The Contract is for 30 years mandatory with the possible renewal for three additional periods of 5 years each one. Currently, the main term still has a remaining lifetime of approximately 26 - 27 years.
- The Contract provides that the rent increases by the variations in European inflation with a multiplier between 1.85 and 1.5 depending on the period. Similarly, requirements of investments are fully passed on to BBVA, thus representing a triple net income for the owner of the assets.
- The real estate portfolio consists of 903 assets located in Spain. The distribution is: 898 shops located throughout the Spanish territory, 2 warehouses located in the Community of Madrid and 3 office buildings located in Alicante, Jaén and Las Palmas de Gran Canaria.
- The property management has been outsourced to the company Bosque Portfolio Management, S.L. ("Bosque") under a management contract with a commission paid on income received, after deducting the operating expenses of the Company.
- The acquisition of the real estate portfolio was financed through a syndicated loan with two tranches (senior and mezzanine).
- The Company has hedging derivatives of interest rates and inflation.
- Further details are discussed later on.

SOCIMI's main characteristics

- Company's incorporation to the "SOCIMI" regime has been applicable since January 1st 2013, and requested on September 25th, 2013.
- "SOCIMI's" can benefit from a number of tax benefits if they comply with certain requirements, mainly summarized as follows:
  - Must be established as a public limited company with a minimum capital of €5m and quoted in Spain, Europe or any other country with a fiscal agreement with Spain. Its activity must include the acquisition and promotion of real estate assets for rent, while participating in other "SOCIMI's" or similar entities. Meanwhile, the 80% of assets must develop the activities described and the 80% of revenues, excluding extraordinary items, must come from rents and dividends of such assets.
  - Furthermore, regarding the dividends distribution, they are obliged to distribute:
    - at least 80% of the profits obtained by rental activities or secondary activities;
    - 100% of the dividend income received from other "SOCIMI's";
    - at least the 50% of the profits obtained by the sale of such assets (the rest of the profits will be reinvested in a period of 3 years or fully distributed once the 3-year period is over if no reinvestment has been made) ;
  - A minimum of a 3-year holding period for the assets.
  - General tax rate is 0% except for certain cases such as, for example, the breach of the three years holding period, in which case the applicable tax rate would be the general corporate tax. This higher taxation would only be over those rents generated from assets that have failed to comply with the requirement of permanence.
  - If the Company's taxation rate is 0%, Article 25 of the Spanish Corporation Tax Act, which makes it possible to offset tax losses, will not be applicable.
  - The Company will be under a special taxation of 19% over all distributed dividends to the shareholders whose stake is equal or higher than 5%, when this dividends (wherever based) are exempted or taxed at less than 10%. Accordingly, You have told us that there is an agreement whereby the main shareholders, in this situation, will keep the Company safe from having to pay taxes, if it resulted. In this case, Merlin will subrogate as main shareholder once the acquisition becomes completed. In any case, our work can not take account any particular circumstances in this regard, should they exist.

Property Portfolio(1/2)

Property Portfolio

- Madrid, Cataluña and País Vasco regions account for 43% of the total amount of branches.

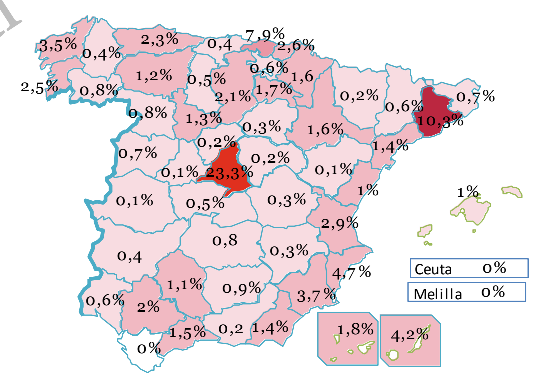
Branches- by region as of a December 31st, 2013

Comunidad	Nº	%
Comunidad de Madrid	165	18.23%
Cataluña	128	14.14%
Pais Vasco	100	11.05%
Comunidad Valenciana	91	10.06%
Andalucia	82	9.06%
Galicia	72	7.96%
Castilla y León	67	7.40%
Islas Canarias	40	4.42%
Castilla la Mancha	33	3.65%
Asturias	31	3.43%
Aragon	23	2.54%
Murcia	22	2.43%
Islas Baleares	13	1.44%
Navarra	10	1.10%
La Rioja	10	1.10%
Extremadura	10	1.10%
Cantabria	8	0.88%
Ceuta	-	-
Melilla	-	-
Total	**905**	**100%**

Source: the Company
Note: In January and February 2 offices were sold, remaining 903 in total.

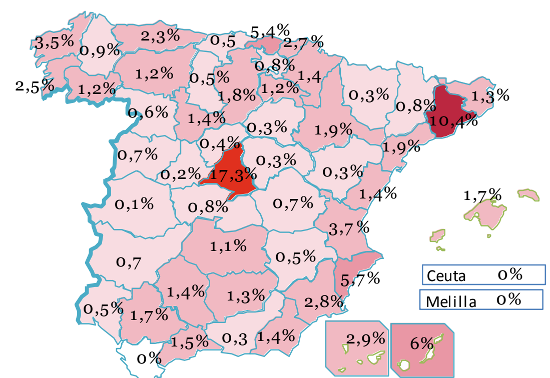
- Madrid and Barcelona regions account for 34% of the rents and 28% of the surface area.

Geographic distribution by amount of rents



Source: The Company

Geographic distribution by surface area



Source: The Company

Property Portfolio (2/2)

Detail of the portfolio (28/02/2014)	Units	Area: Total (m²)	Area: % of Total	Contract Rent (28/02/2014): €/year (`000)	Contract Rent (28/02/2014): % del Total	Contract Rent (28/02/2014): €/m²/month	Market Rent (Savills) €/m²/month
Total	**903[1]**	**378,783**	**100%**	**89,774**		**20**	**14**
Breakdown by location							
Comunidad de Madrid	163	65,672	17%	20,958	23%	27	20
Cataluña	128	54,599	14%	11,784	13%	18	13
Pais Vasco	100	33,584	9%	10,085	11%	25	16
Comunidad Valenciana	91	40,977	11%	7,734	9%	16	11
Rest of locations	421	183,950	49%	39,213	44%	18	12
Breakdown by province							
Capitals of provinces	390	187,521	49.5%	52,876	59%	23	17
Rest of locations	513	191,262	50.5%	36,898	41%	16	11
Commercial breakdown							
Excellent	232	138,870	37%	38,429	80%	23	18
Rest of locations	671	239,913	63%	51,345	20%	18	12
Breakdown by sqm							
<500 m²	710	180,054	48%	41,650	46%	19	14
500 - 1000 m²	132	90,315	24%	24,243	27%	22	17
>1000 m²	61	108,414	29%	23,880	27%	18	13

1- Excludes assets recently sold (in January and February)

Source: the Company and Savills

- According to Savills, 37% of assets (#232) are located in commercial areas considered excellent.
- 48% of total surface area corresponds to commercial premises with surface area under 500 sqm.
- The average Contract rent is €20/sqm/month, higher than the average region capitals (59% of rent revenues) within which Madrid and País Vasco regions have a higher average monthly rent of €27 and €25/sqm, respectively.
- Market rent (€14/sqm/month) according to Savills stands at approximately 30% below the average Contract rent for the 2014 period.

P&L – Recently, Company's result has turned into profit due to the stability of the revenues generated by rents, the extraordinary revenues obtained from the sale of assets and the decrease in financial expense

000 €	2011	2012	2013	February 2014
Total revenues	1 **95,245**	**92,977**	**93,387**	**15,241**
Personnel costs	(75)	(91)	(90)	(9)
External services costs	2 (8,808)	(5,730)	(7,011)	(749)
Taxes	3 (2,985)	(2,837)	(2,836)	(60)
Extraordinary revenues	4 51,924	12,721	27,550	2,153
EBITDA	**135,301**	**97,039**	**111,000**	**16,576**
Amortization	(33,282)	(31,726)	(31,004)	(5,082)
EBIT	**102,019**	**65,314**	**79,995**	**11,494**
Financial revenues	589	180	90	2
Financial expenses	(113,355)	(90,390)	(88,754)	(10,094)
Variation in the Fair Value of financial instruments	(459)	(4,628)	(5,220)	(350)
PBT	**(11,206)**	**(29,524)**	**(13,888)**	**1,052**
Tax	3,366	(12,013)	(5,613)	(515)
Net profit	**(7,840)**	**(41,536)**	**(19,501)**	**537**

Source: audited annual reports in 2011 , 2012 , 2013 and non audited intermediate financial statements in February 2014.

1 The main revenues are those correspondent to the Contract with BBVA.

As the rent is "triple net", the tenant assumes almost all the expenses, that is why the revenues include this re-billing of expenses.

2 External services costs as at 31 December 2013 are comprised of € 7.0 m of independent professional services (of which €2.5 m are Bosque's management fees), € 2.4 m of non-recurrent costs derived from the listing on the Mercado Alternativo Bursátil ("MAB") and € 2.1 m that correspond to community expenses and additional contributions that are passed to the tenant.

3 Property tax ("IBI") is the main component of the tax item, maintaining a stable amount in 2013 from previous year (€ 2.1 m) as the number of bank branches has been constant. "IBI" is re-billed to the tenant. This caption also includes the tax of economic activities ("IAE") of € 0.5 m (tax charged to Tree). The remaining amount (€0.2 m) corresponds to other taxes that are also re-billed to the tenant.

4 Result from the sale of properties. From 2011 to 2013, there were sales of 116, 27 and 33 properties, respectively. The amount of the sale of assets in 2013 was €77.1 m.

Balance Sheet (1/3) – Real Estate investments and the external financing associated to its acquisition are the more significant items

000 €		2011	2012	2013	February 2014
Non current assets		**1,218,147**	**1,165,483**	**1,047,482**	**1,038,723**
Intangible fixed assets		-	-	56	66
Property, Plant and Equipment		23	21	18	18
Real Estate investments	1	1,159,037	1,102,180	1,022,849	1,014,246
Financial investments	2	13,474	12,938	12,674	12,636
Deferred tax assets	3	45,613	50,343	11,885	11,757
Current assets		**24,452**	**9,633**	**15,976**	**16,356**
Accounts receivables		147	160	376	453
Investments in group companies		-	704	646	-
Financial investments		47	40	119	34
Accrued income		-	-	-	161
Cash and cash equivalents		24,258	8,729	14,836	15,707
Total assets		**1,242,599**	**1,175,115**	**1,063,458**	**1,055,079**
Equity	4	**(46,580)**	**(106,161)**	**(111,179)**	**97,872**
Non current liabilities		**1,261,509**	**1,251,861**	**1,125,050**	**925,363**
Bank borrowings	5	961,394	907,843	834,375	833,520
Derivatives	6	106,268	131,857	78,599	77,599
Others	2	14,529	14,350	14,265	14,245
Deudas con empresas grupo	4	179,318	197,811	197,811	-
Current liabilities		**27,670**	**29,415**	**49,588**	**31,844**
Bank borrowings	5	24,250	26,593	29,510	17,370
Derivatives	6	67	183	(18)	484
Others		-	(1)	(1)	(1)
Debts with group companies	4	365	-	16,966	-
Trade creditors		2,988	2,639	3,131	13,991
Total liabilities		**1,242,599**	**1,175,115**	**1,063,458**	**1,055,079**

Source: audited annual reports in 2011 , 2012 , 2013 and non audited intermediate financial statements in February 2014.

1. Real Estate investments are the main assets. As at December 31st, 2013, the Company had 905 assets. 2 of them have been sold in the months of January and February 2014.

   Real Estate investments are valued based on their acquisition price while. In the moment of their sale, the corresponding results are included in the item "extraordinary revenues" in the P&L.

2. Deposits received from the tenant are included in this item. Tree holds 90% of these deposits in the public institution of the region corresponding to the property in rent. Therefore, they are registered both as an asset (part of the collection right from the public institution) and as a liability (because of the obligation of returning them to the tenant at the end of the Contract).

3. Deferred tax assets correspond to the fiscal credit that the Company has registered. These fiscal credits have been originated because of the losses obtained in 2009, 2010 and 2011.

4. As at February 28th, 2014, some loans with shareholders have been capitalized.

Balance Sheet (2/3) – On February 2014 the financial debt amounted €851m composed of senior and mezzanine tranches

000 €		2011	2012	2013	February 2014 (5)
Non current assets		**1,218,147**	**1,165,483**	**1,047,482**	**1,038,723**
Intangible fixed assets		-	-	56	66
Property, Plant and Equipment		23	21	18	18
Real Estate investments	1	1,159,037	1,102,180	1,022,849	1,014,246
Financial investments	2	13,474	12,938	12,674	12,636
Deferred tax assets	3	45,613	50,343	11,885	11,757
Current assets		**24,452**	**9,633**	**15,976**	**16,356**
Accounts receivables		147	160	376	453
Investments in group companies		-	704	646	-
Financial investments		47	40	119	34
Accrued income		-	-	-	161
Cash and cash equivalents		24,258	8,729	14,836	15,707
Total assets		**1,242,599**	**1,175,115**	**1,063,458**	**1,055,079**
Equity	4	**(46,580)**	**(106,161)**	**(111,179)**	**97,872**
Non current liabilities		**1,261,509**	**1,251,861**	**1,125,050**	**925,363**
Bank borrowings	5	961,394	907,843	834,375	833,520
Derivatives	6	106,268	131,857	78,599	77,599
Others	2	14,529	14,350	14,265	14,245
Deudas con empresas grupo	4	179,318	197,811	197,811	-
Current liabilities		**27,670**	**29,415**	**49,588**	**31,844**
Bank borrowings	5	24,250	26,593	29,510	17,370
Derivatives	6	67	183	(18)	484
Others		-	(1)	(1)	(1)
Debts with group companies	4	365	-	16,966	-
Trade creditors		2,988	2,639	3,131	13,991
Total liabilities		**1,242,599**	**1,175,115**	**1,063,458**	**1,055,079**

Source: audited annual reports in 2011 , 2012 , 2013 and non audited intermediate financial statements in February 2014.

On February 28th, 2014, the Company has registered a debt of €851m in the balance sheet with Credit Institutions. This debt corresponds to a syndicated loan composed of senior and mezzanine debt. The main characteristics are summarized in the following table:

Tipo de deuda	Tipo de interés	Vencimiento	Deuda viva feb 14 ('000 €)
Préstamo hipotecado sindicado senior	Eur3M + 2.5%	23/09/2017	833,520
Préstamo hipotecado sindicado mezzanine	Eur3M + 7.75%	23/09/2017	17,370
Total			**850,890**

Source: non-audited financial statements as at February 28th, 2014.

- Debt amortisation calendar included in the annual report is the following:

Amortization year	% principal
2014	3.08%
2015	3.77%
2016	4.40%
After 2016	88.75%

Source: 2013 annual report.

- The debt contract establishes a series of covenants, among which we highlight those related to a decrease in BBVA's credit rating. In July 2012, one of these covenants was activated due to a downgrade in its rating, forcing the Company to distribute the cash surplus ("cash sweep") to carry out anticipated debt repayments.
- This event limit the dividend distribution and break the requisite of payment of dividends that the "SOCIMI" regime requires to benefit of a 0% tax rate.

Balance (3/3) – The Company has hedge the debt interest rate risk through financial derivatives contracts (IRS)

000 €		2011	2012	2013	February 2014
Non current assets		**1,218,147**	**1,165,483**	**1,047,482**	**1,038,723**
Intangible fixed assets		-	-	56	66
Property, Plant and Equipment		23	21	18	18
Real Estate investments	1	1,159,037	1,102,180	1,022,849	1,014,246
Financial investments	2	13,474	12,938	12,674	12,636
Deferred tax assets	3	45,613	50,343	11,885	11,757
Current assets		**24,452**	**9,633**	**15,976**	**16,356**
Accounts receivables		147	160	376	453
Investments in group companies		-	704	646	-
Financial investments		47	40	119	34
Accrued income		-	-	-	161
Cash and cash equivalents		24,258	8,729	14,836	15,707
Total assets		**1,242,599**	**1,175,115**	**1,063,458**	**1,055,079**
Equity	4	**(46,580)**	**(106,161)**	**(111,179)**	**97,872**
Non current liabilities		**1,261,509**	**1,251,861**	**1,125,050**	**925,363**
Bank borrowings	5	961,394	907,843	834,375	833,520
Derivatives	6	106,268	131,857	78,599	77,599
Others	2	14,529	14,350	14,265	14,245
Deudas con empresas grupo	4	179,318	197,811	197,811	-
Current liabilities		**27,670**	**29,415**	**49,588**	**31,844**
Bank borrowings	5	24,250	26,593	29,510	17,370
Derivatives	6	67	183	(18)	484
Others		-	(1)	(1)	(1)
Debts with group companies	4	365	-	16,966	-
Trade creditors		2,988	2,639	3,131	13,991
Total liabilities		**1,242,599**	**1,175,115**	**1,063,458**	**1,055,079**

Source: audited annual reports in 2011 , 2012 , 2013 and non audited intermediate financial statements in February 2014.

5 However, in order to prevent this effect, the main shareholders and the creditors of the syndicated loan have signed an agreement through which the distribution of dividends, as required in the "SOCIMI" regime, is allowed. Subsequently, the main shareholders will partially reinvest these dividends (up to a maximum of 50%) as an increase of capital that will allow the Company to carry out the advanced payments (as long as BBVA rating, in not upgraded again above the stated hurdle)

- Likewise, in November 2013, the creditors of the syndicated loans granted a waiver to modify certain conditions of the debt contract that prevents the fulfilment of the "SOCIMI" regime.
- You have communicated to us that the financial credit institutions of the syndicated loan have authorized the future change of control in the Company and the future subrogation of Merlin in all the becomes completed obligations as the new main shareholder once the purchase agreement becomes completed.

6

- Under the item financial derivatives, the IRS ("Interest Rate Swaps") are used to hedge the interest rate risk of the bank debt. These IRS are registered as their market value. All of them are standard, that is, interchangeable at a standard fixed rate (that the Company pays) for a variable rate (3 months Euribor, that the financial entity pays) for a notional quantity with quarterly periodicity. The maturity date has been set to be 2017.

Section 3
Valuation of Tree

Section 3.1
Adjusted Net Assets Value (ANAV)

The valuation has been based on the ANAV, taking NAV according to Savills valuations (December 2013) as a starting point and considering the sensitivity and adjustments relevant to these, as well as the aggregation and deduction related to the rest of the balance sheet items with the aim to obtain a value per share as at February 28th, 2014.

ANAV

A NAV on February 28th, 2014 Market value of the real estate assets according to Savills minus the financial debt and other asset and liabilities (treasury, tax credits, securities and creditors)

B Sensitivity to the market value of the real estate assets.

C Contrast of the fair value of financial derivatives

D Adjustment due to the present value of the future GPA

E Consideration of other minor adjustments and fiscal effects

F Value per share according to the ANAV

PwC analysis:

- Global revision of criteria and hypothesis of the real estate valuations of Savills market on December 31st, 2013.
- Adjustment of the market value of the real estate portfolio because of the sale of branches in the months of January and February 2014.
- External financing: contrast of the financing interest rates with listed corporate bond emissions with similar solvency levels, to evaluate that no relevant differences between the book value and the market value are identified.

- Contrast analysis of real estate assets aggregated value through the DFC method:
  - net income up to the end of the Contract,
  - and the terminal value considering the market rents at the time.
- Consideration from the past time December 31th to February 28th, 2014.
- Consideration of alternative discount rates to Savills, differentiating the inherent risk to the rents of the Contract and the terminal value risk.

- Understanding of the main contract terms of the different instruments.
- Contrast by DFC, considering an appropriate discount rate (zero-coupon curve) to evaluate that there are no relevant differences with the fair amount reflected in the Balance Sheet.

- General identification of the recurrent G&A costs, non recoverable and not deducted in the value of the real estate asset performed by Savills.
- Present value of the G&A costs throughout time, considering adequate discount rates and differentiating between the explicit period of the Contract and the terminal value.

- Credit and fiscal deposits: general evaluation about general signs of relevant differences between the book value reflected on the Balance Sheet and market value by DCF.
- Derivative of inflation rates: general understanding of the hedge that is not reflected on the Balance Sheet and not considered in the real estate portfolio value, as well as an estimation of the present value of its impact through DCF.

Contrast with Market Approach

- Contrast with multiples of listed companies.
- From the selection of a sample of similar companies to Tree (to the extent possible), regarding the tax regime, type of real estate assets, location and EBITDA margins.

A The NAV per share as at February 28th, 2014 is €90.4, considering the valuations performed by Savills and other assets and debt (excluding derivatives) as for the Balance Sheet at that date

000 €	NBV February 14	MV February 14
Non-current assets	**1,038,723**	**1,705,370**
Intangible fixed assets	66	66
Property, Plant and Equipment	18	18
Real Estate investments	1,014,246	1,680,893
Financial investments	12,636	12,636
Deferred tax assets	11,757	11,757
Current assets	**16,356**	**16,356**
Accounts receivable	453	453
Financial investments	34	34
Acrrued income	161	161
Cash and cash equivalents	15,707	15,707
Total assets	**1,055,079**	**1,721,726**
Equity	**97,872**	**764,519**
Non-current liabilities	**925,363**	**925,363**
Bank borrowings	833,520	833,520
Derivatives	77,599	77,599
Other non-current liabilities	14,245	14,245
Current liabilities	**31,844**	**31,844**
Bank borrowings	17,370	17,370
Derivatives	484	484
Other non-current liabilities	(1)	(1)
Accounts payable	13,991	13,991
Total equity and liabilities	**1,055,079**	**1,721,726**

000 €	
NAV	**842,602**
Market Value of the Real Estate portfolio	**1,680,893**
Other assets	**40,833**
Cash and cash equivalents	15,707
Financial investments	12,636
Deferred tax assets	11,757
Other assets	732
	-
Debt (excluding derivatives)	**(879,125)**
Long-term debt with banks	(833,520)
Other long-term financial liabilities	(14,245)
Short-term debt with banks	(17,370)
Trade payables	(13,991)
Other short-term financial liabilities	1
No. Shares	9,323,000
NAV per share (€)	**90.4**

As specified before, for the NAV estimation as at February 28th, 2014:

- We have analysed the reasonability of the market value of the most significant captions considered for NAV calculation, namely: Real Estate investments (market value of the portfolio) and debt with banks.
- We have included the book value as the best approximation to the market value of the minor and non significant captions considered for NAV calculation.

A The market valuation of the property assets by third parties is consistent and has an adequate internal support in its main criteria (1/2)

Appraiser's general approach

- We received the market valuation of the assets as at December 31st, 2013, carried out by Savills, which concluded that the appraisal value is €1,687m, for 905 assets. We have carried out the review and implementation of additional methods in order to contrast the value.
- Savills had valued each branch individually though the "all-risk yield" valuation, by which they applied capitalization rate on current Contract rent.
- This method considers all impacts and risk foreseen for such rent and future performance of each assets.
- In order to obtain the "all-risk yield" of each asset, Savills started from a "prime retail" market yield of 5.10% ("base yield") over which 90 basis points have been deduced with the purpose of reflecting implicitly the type of contract. Subsequently, they implemented a series of upward adjustments thus increasing the "yield base" by some determined basis points, as follows, when applicable for each location:
  - Location: (90 bps)
  - Population: (90 bps)
  - Specific location: (100 bps)
  - Neighbourhood: (100 bps)
  - Façade:(10 bps)
  - Conservation status: (40 bps)
  - Percentage of space under ground over the total space: (75 bps)
  - Market Rent situation (over rented/under rented): (135 bps)
- In this way, the average "all risk yield" of the portfolio stands at 5.33%, considering a minimum of 4.20% and a maximum of 7.50%.
- The following chart shows market values, Contract and market rents, as well as the "all risk yield" of the portfolio (after excluding the two assets that were sold in January and February 2014).

		Value (Savills)			Contract Rent (CR)			Market Rent Savills (MR)			
Detail of the portfolio (28/02/2014)	Units	(`000€)	€/m²	% of Total	€/year (`000)	€/m²/ month	% of Total	€/year	€/m²/ month	Difference CR/MR	All Risk Yield
Total	**903[1]**	**1,680,893**	**4,438**	**100%**	**89,774**	**20**	**100%**	**65,024**	**14**	**28%**	**5.33%**
Breakdown by location											
Comunidad de Madrid	163	442,018	6,731	26%	20,958	27	23%	15,801	20	25%	5.03%
Cataluña	128	227,903	4,174	14%	11,784	18	13%	8,799	13	25%	5.24%
Pais Vasco	100	176,142	5,245	10%	10,085	25	11%	6,648	16	34%	5.75%
Comunidad Valenciana	91	136,071	3,321	8%	7,734	16	9%	5,350	11	31%	5.68%
Rest of locations	421	698,759	3,799	42%	39,213	18	44%	28,426	13	28%	5.61%
Breakdown by province											
Capitals of provinces	390	1,066,596	5,688	63%	52,876	23	59%	38,806	17	27%	4.92%
Rest of locations	513	614,297	3,212	37%	36,898	16	41%	26,218	11	29%	5.90%
Commercial breakdown											
Excellent	232	718,628	5,175	43%	38,429	23	80%	29,240	18	24%	5.49%
Rest of locations	671	962,265	4,011	57%	51,345	18	20%	35,784	12	30%	5.46%
Breakdown by sqm											
<500 m²	710	785,174	4,361	47%	41,650	19	46%	29,723	14	29%	5.48%
500 - 1000 m²	132	463,129	5,128	28%	24,243	22	27%	18,024	17	26%	5.38%
>1000 m²	61	432,590	3,990	26%	23,880	18	27%	17,278	13	28%	5.57%

1- Excludes assets recently sold (in January and February)

Source: Savills valuation report.

A The market valuation of the property assets by third parties is consistent and has an adequate internal support in its main criteria (2/2)

Appraisal analysis

- We have carried out a high-level analysis of the fairness of the applied methodology and internal consistency of the most significant assumptions considered by Savills (rents and yields), according to:
  - Yields: "prime yield" and the general adjustment process;
  - Market rents: by geographic profile.
- In addition, we have carried out a high-level market rent analysis assumed by Savills (analysing individually 31% of the portfolio's assets #56), based on reports prepared by real estate consultancy companies operating in the Spanish market and information available on real estate websites, by geographic profiles and by averages. For the rest of the assets, we have prepared high-level study of internal consistency of market rents applied in the valuation, based on geographical criteria at regional, provincial and municipal levels. Generally, the results are in line with market rents indicated by Savills.
- Likewise, for a sample of assets provided by the Company, we have verified that the values of Savills do not differ significantly from the purchase offers they are receiving:

# assets	Sqm	Price (purchase intentions) (`000€)	Savills Value (`000€)	Savills Value vs Sell Price	Price (purchase intentions) (€/m²)	Savills Value (€/m²)
34	11,345	78,960	78,504	-0.58%	6,960	6,920

Source: the Company

- From our analysis we can observe:
  - There is a general consistency and individual asset breakdown in the third party assumptions.
  - In general, the market rents considered by the third party are within the market range, according to the contrast we have made.
  - There are no differences between the third party market values and bids received individually for a sample analyzed.

Asset sale value adjustment

- The Company informed us that during January and February 2014, 2 branches have been sold.
- We have adjusted the third party's value as at December 31st, 2013, excluding these 2 assets, so that the portfolio's value, taking into consideration the same criteria and valuation hypothesis, would stand at €1.681m for the 903 remaining assets at the Valuation Date.

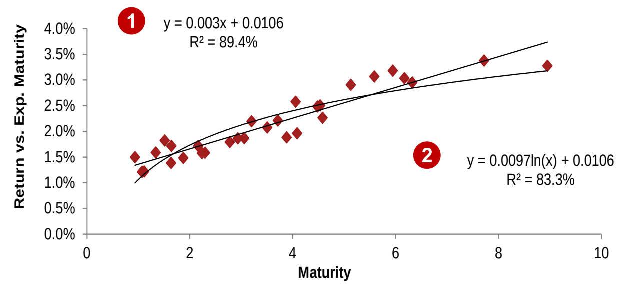
A The debt registered in the balance sheet as at February 28th, 2014 seems not to differ significantly from its market value

- In order to check if the debt carrying amount is similar to the market value, we have contrasted the interest paid by the Company with the yield of corporate bonds in the market sector. We have concluded that the value reflected in books seems not to differ significantly from its market value.
- A research has been performed on the basis of corporate bonds of comparable listed companies with similar solvency:
  - Senior debt: obtaining a sample of more than 30 corporate bonds, we have performed a regression analysis between yields and maturities;
  - Mezzanine debt: since mezzanine debt is subordinated to senior, we have carried out a research on this kind of corporate bonds obtaining only 6 results. Due to the fact that all results have perpetuity characteristics, we have based our analysis on an average.
- The interest payments shown by both senior and mezzanine debt are in line with the market, as can be appreciated in the following table:

	Tree						Market
	Floating rate	+	Spread	=	Total		
Senior	3 months Euribor (0.55%)		2.50%		3.00%		2.9% - 3.2%
Mezzanine	3 months Euribor (0.55%)		7.75%		8.00%		7.3% - 7.5%

Source: Bloomberg and PwC analysis.

- Senior – It can be observed from the analysis performed that the yield stands on a range between 2.9% and 3.2% for a maturity of 7 years.



Source: Bloomberg and PwC analysis

- Mezzanine – From the analysis performed, it can be appreciated that the yield is between 7.3% and 7.5%.

Name	Country	Maturity	Expected Return
Technopolis Plc	Finland	Perpetuity	9.1%
Sponda OYJ	Finland		8.8%
Agile Property	Cayman Islands		9.9%
Global Logistic Property	Singapur		5.7%
Mapletree Logistic	Singapur		5.6%
Ascendas	Singapur		5.8%
		Median	**7.3%**
		Mean	**7.5%**

Source: Bloomberg and PwC analysis

B Considering a DCF of future aggregated net rents, in contrast to the appraisals, we can identify an upside of value (circa 10%)

Value contrast by aggregated DCF method

- We have contrasted the property portfolio value that considers alternative the expected risks inherent to rents by using the DCF method on the future aggregated rents (rather than individual asset rents).
- This method is used to estimate the present value of the cash flows from Contract rents as well as a market residual value (or terminal). To this end, the following has been considered:
  - During the Contract period, we have projected the rents considering the change rate and the multiplier indicated therein. These rents have been discounted at a 5.1% discount rate, in line with the required return for BBVA's senior debt for a similar extrapolated maturity, taking this reference as an adequate "proxy" to the inherent risk in the Contract rents.
  - Upon termination of the Contract, we calculated the residual value assuming the assets are re-rented at market prices (estimated at that future moment), except for those assets that could have lower demand (43 assets, as stated in the appraisal).
  - To do this, we have:
    a. estimated the future market rents at the time of Contract termination, based on the nowadays market rent indicated by Savills and applying estimates of variation of the Spanish price index (average IMF, EIU and PwC UK estimates);
    b. taken into consideration that market rents should be adjusted in terms of Capex and Property Tax;
    c. applied an exit real estate yield ("exit yield" capitalization rate) of 6% based on the historical levels, our experience, general real estate consultant estimations and in line with a "WACC" of 7.5% minus a perpetuity inflation rate of 1.5%. The "WACC" has been estimated based on European listed companies with a similar rental activity and yields profile. It has been considered as an adequate reflection of the risk inherent to the market rent assumption for that moment in the future.

B Considering a DCF of future aggregated net rents, in contrast to the appraisals, we can identify an upside (circa 10%)

Value contrasting by the DCF method

- From the analysis performed, an approximate value around €1.845m is obtained. This value, in comparison to Savills' is mainly explained by the fact that the discount rate applied to the Contract rents (BBVA risk) is lower that the majority of individual "all risk yields" and for the explicit consideration of the indexation rate of the Contract rents in the DCF.

000 €		2014*	2015	2016	2017	TV
Rental Income		75,263	92,214	93,738	95,386	94,152
Expenses[1]						(7,689)
Discount Period		0.42	1.34	2.34	3.34	26
Discount Factor		0.98	0.94	0.89	0.85	0.15
Discounted Cash Flow		**73,710**	**86,275**	**83,445**	**80,792**	**12,760**
WACC forecast period	5.1%					
WACC TV	7.5%					
Exit Yield (%)	6.0%					
Terminal Value	210,546					
Portfolio Value ('000 €)	**1,845,193**					

1 – includes Capex and Property Tax ("IBI").
*2014 includes the cash flow from March to December.
Note: for illustrative purposes, we have included only the first 4 years of the projection and the terminal value. However, in the explicit period, the term to maturity of the Contract (2040) has been considered.
Source: PwC analysis.

C We do not identify significant differences on the market value of the Interest Rate Swap registered on the balance sheet

- We have analysed the main clauses of the different instruments included in the contracts in order to understand their performance and we have contrasted the valuations as at February 28th, 2014 given by Tree. These instruments have been signed with different counterparties for a total amount of €869.9m. In the following chart we summarize these instruments details:

Break up details on IRS

Maturity range	Notional range (€)	Fixed rate range	Floating rate	Frecuency payment
may 2017- September 2017	11.7 - 299.3	2.25%-3.46%	EUR3M	Trimestral

Source: IRS contracts with there conditions y Annual Accounts given by the Company, Bloomberg

- In order to carry out our contrast exercise of the value given by the Company, we have applied the general method normally used which consists of the discounts of each cash flow of the instrument at a proper rate (zero coupon curve).
- Following we describe the formulas used:
  - Receipt leg:

    [Nominal x Euribor 3 months x Nº of days/360] x DF

  - Pay leg:

    [Nominal x Fixed rate x Nº of days/ 360] x DF

Where:

- Nominal: Notional of the financial instrument.
- 3 months Euribor: 3 months Euribor fixed at the begining of each quarterly period.
- Nº of days: Number of days between each quarterly period.
- DF: Maturity discount factor of each quarterly period based on the zero coupon rate of the euro.
- Fixed rate: Established fixed rate.

- We have concluded that the fair value shown in the balance sheet as at February 28th, 2014 of €78m (€8.4 per share) is reasonable.

Interpolated zero cupon curve

30/06/2014	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022
0.29%	0.45%	0.52%	0.69%	0.90%	1.11%	1.31%	1.50%	1.67%

D The present value of future general & administration (G&A) costs have not being considered in the real estate appraisal and, therefore, have been deducted from our equity value estimation

- The managing of the Company associated as a whole portfolio requires incurring in costs not included in property valuations. These recurrent costs, which may not be passed on to the tenant, are detailed in the income statement in Section 2.
- This item has been subtracted from the value per share as it is not included in property valuations. This is necessary to be consistent with the perspective of valuation based on the required maintenance of the portfolio under the existing Contract rent.
- In our DCF analysis, we have started with a recurring annual amount set for the period 2014, which has been projected over the life of the Contract and then we have estimated the market value to perpetuity. The recurring amount over the life of the Contract includes the related management agreement with Bosque (€2.5m) and business tax ("IAE", €0.5 m). In order to calculate the terminal value we estimated 1.5% of rental income and expenditure management of the Company and the corresponding "IAE".
- From this analysis, we obtained a present value of the G&A cost of €60.4m (€6.5 per share) that has been considered as a negative adjustment in the ANAV.
- The discount rates applied were the same then those considered for the contrast value of the assets.

Estructural Costs

000 €	2014 *	2015	2016	2017	VT
Recurrent estructural costs	2,468	3,023	3,073	3,127	1,910
Discount period	0.42	1.34	2.34	3.34	26.3
Discount factor	0.98	0.94	0.89	0.85	0.1
Recurrent discounted estructural costs	**2,417**	**2,829**	**2,737**	**2,651**	**284**
WACC proyection period	5.1%				
WACC VT	7.5%				
Cash Flow	55,616				
Terminal Value	4,772				
Actual value of recurrent estructual costs	**60,389**				

*2014 includes months from March to December.
Note: For illustrative purposes, we have included only the first four years of the projection and the terminal value. However, the explicit period has considered up to the maturity of the Contract (2040).
Source: PwC analysis.

E Additionally, a total negative adjustment of €1.6m from deferred tax assets, inflation derivatives and deposits, has been considered (1/2)

Deferred tax assets

- The tax rate generally applicable to the results from the rent activity is 0% under the "SOCIMI" regime, being the standard rate of 30% applicable to the sale of assets that have been held less than three years since the Company was incorporated as a "SOCIMI".
- As indicated previously in the section "Objective and Scope", we have considered that the Company will continue accomplishing the requirements to benefit from a tax rate of 0% on revenues' rents, based, among others, on these aspects:
  - No significant changes are expected in the arrangement of the property portfolio or activity.
  - Although there is currently a requirement of compliance with the "cash sweep" covenant, the Company plans to reach a debt refinancing in 2017 which would include the amendment of this clause since it appears suitable for all parties, as has been explained to us by the Management. In fact, during the year 2013, the syndicated loan creditors agreed to a "waiver" to modify certain terms of the debt contract, which prevented compliance with the "SOCIMI" regime.
  - Furthermore, it would be possible a future potential of recover the credit rating of BBVA in line with expectations of economic recovery and prospects for the sector, as well as with the improvement in BBVA's credit rating that has recently taken place.

- In addition, tax credits are expected to be recovered, due to the taxable income associated to the projected asset sale transactions that will breach the 3- year permanence requirement. In this regard, the Company has confirmed the intention to sell 51 assets during the period 2014-2017 which would imply tax payments of 30% of the associated profits, resulting in a recoverability of tax credits.
- The following table shows the assumptions performed on the tax forecast related to the above:

	2014	2015	2016	2017
Number of offices sold	10	11	15	15
Tasable	5,521	5,061	5,916	5,176
Tax	30%	30%	30%	30%
Harnessing tax credits	(1,834)	(1,815)	(1,775)	(1,553)
Discount period	0.42	1.34	2.34	3.34
Discount factor	0.97	0.91	0.84	0.78
PV pof harnessing tax credits	**1,779**	**1,647**	**1,497**	**1,218**
Value of differed taxes ('000 €)	**6,142**			

Source: PwC Analysis

- The current present value for the use of tax credits has been obtained through a discount rate of 7.5% based on the WACC analysis, obtaining an approximate value of € 6.1 m. This value results in a negative adjustment for the amount of € 5.6 m (€ 0.6 per share) because the NAV is considering a carrying amount of €11.7m.

E Additionally, a negative adjustment of €1.6m from deferred tax assets, inflation derivatives and deposits, has been considered (2/2)

Inflation derivatives

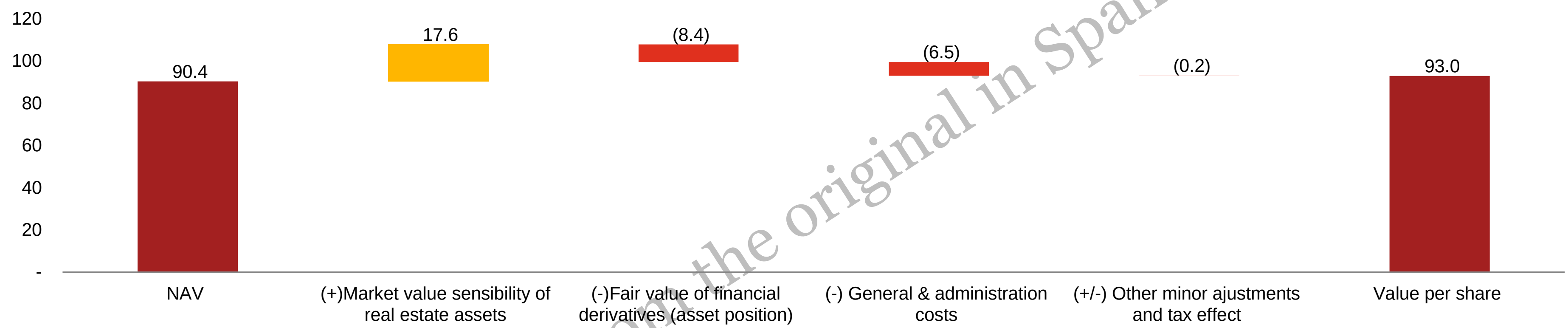
- The Company has confirmed to us that as at February 28th, 2014, there exist four inflation derivatives (swaps) with maturity in 2017 aimed to hedge from an increase in the harmonized Euro Zone CPI, to which is referred the payment of the rent according to the Contract.
- As a result of the inflation derivatives contracts, the Company receives a fixed rate of 3.34% and pays a floating amount referenced to the variation of the harmonized Euro Zone CPI.
- The effect of these derivatives has not been reflected by the Company in the Balance Sheet. Therefore, we have performed an analysis of the impact in value of them.
- In order to estimate this impact, we have considered an average differential of approximately €1.9m for the period 2015-2017.
- To estimate the present value of the derivatives, through the mentioned DCF, we have applied an adequate discount rate (the zero - coupon curve).
- From the analysis performed we have obtained a positive impact (debtor position) of €3.1m (€0.3 per share).

Deposits

- We have assumed the Company will recover its registered deposits (€12.6m in assets and €14.2m in liabilities) upon the termination of the Contract for the amount register in the balance sheet at Valuation Date.
- We have estimated the present value through the DCF method with a discount rate equivalent to the risk - free rate of 3.44% (10-year yield of the sovereign bond for Spain as at February 28th, 2014 according to Bloomberg). Thereby, we have obtained an impact on value of €0.9m (€0.1 per share).

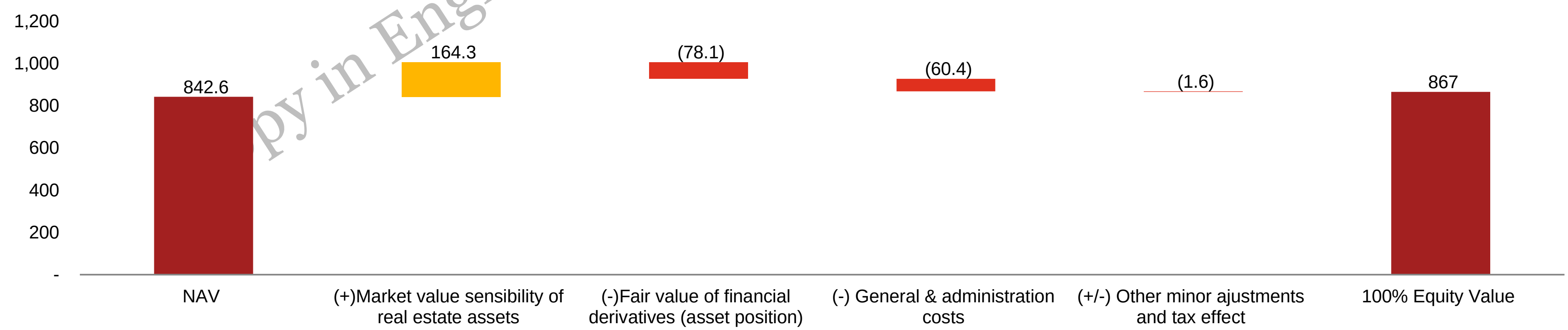
F The value of Tree is of approximately € 93 per share (€ 867m)

Value per share (€)



Source: PwC analysis. The number for the existing shares at Valuation Date is 9.323.000

100% Equity Value (€m)



Source: PwC analysis. The number for the existing shares at Valuation Date is 9.323.000

Section 3.2
Market Approach

As a crossed check we have applied the Market Approach considering comparable listed European companies in terms of its EBITDA margin, composition of its real estate portfolio and fiscal regime

Market Comparable Method

- For this analysis we have selected listed comparable companies of Tree with similar and/or comparable fiscal regimes in Europe (REITs in UK and SIICs in France).
- The business of the comparable listed companies are not exactly the same as the Company taking into consideration the particularities driven from the Contract and its lower risk compared with standard rent contracts in the real estate market.
- However, we have selected these companies whose activity is most similar (good assets rented in well located areas) and EBITDA margin of at least 70%.
- From each comparable company we have obtained the Market Cap/NAV and EV/EBITDA multiples to subsequently compare them with the implicit multiples of Tree.
- Taking into account that the portfolio of Tree is composed totally by real-estate assets dedicated to rent, specifically commercial properties, whose EBITDA margin (excluding asset sales) is of 90% we have selected the comparable companies shown in the following table.

Company	NAV 2013	Rent income/ total income	EBITDA margin 2013	EV/ EBITDA 2013	Market Cap/NAV 2013
Testa	n.d.	98.1%	78.0%	15.9x	n.d.
SIIC de Paris	1,114	99.7%	93.3%	20.3x	0.7x
Gecina	6,246	98.7%	70.0%	21.3x	0.9x
SFL	n.d.	98.5%	82.3%	24.4x	n.d.
Mean	**3,680**	**98.8%**	**80.9%**	**20.5x**	**0.8x**
Median	**3,680**	**98.6%**	**80.2%**	**20.8x**	**0.8x**

Source: Capital IQ

Market Transaction Method

- The Market Transaction Method has been discarded as the identified transactions refer to companies that have a different type of business.

Through the method of contrast, the value per share is €86.7

- Tree's Enterprise Value resulting from the average EV/EBITDA multiple of the listed comparable companies is €1,722m. Considering net debt, the Equity value is €808m (€86.7 per share).
- Considering NAV at €90.4 per share, it results in a 0.96x implicit Equity Value/ NAV multiple.
- This multiple is above the average multiples for comparable companies, which makes sense taking into account the fact that Tree has less portfolio risk (due to the Contract) than comparable companies.
- According to the information published by comparable companies, it seems that the risk of theses companies may be higher because, among other reasons, the occupancy rate of the properties is less than 100% and the rent contracts to their properties would not be long –term or guaranteed to the same extent.

Thousands of euros (round up)

Tree - EBITDA 2013*	**84,000**
Multiple EV/EBITDA	20.50x
Enterprise Value (EV)	**1,722,000**
Net financial debt	(913,266)
Equity value (100%)	**808,734**
	-
Nº of shares	9,323
€ per share (Equity)	**86.7**
€ per share (NAV)	90.4**
Value/NAV (€ per share)	**0.96x**

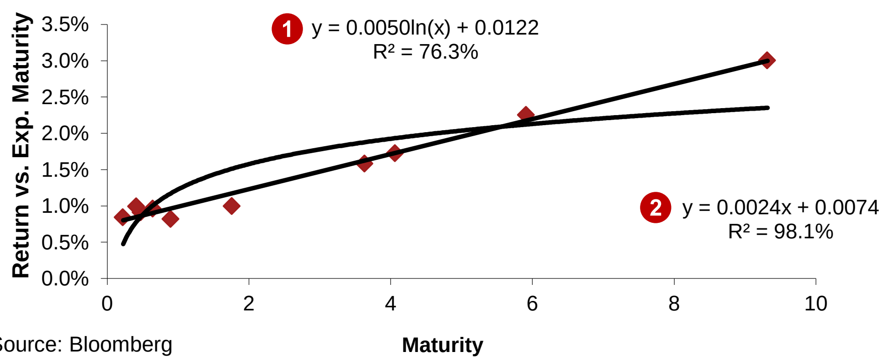
*Excluding the sale of real-estate properties for the period 2013.

**See Section 3.1

Sources: Capital IQ, Tree annual report and PwC analysis.

Appendix 1
Discount rates and other considerations

The return on the corporate bond for BBVA considering the maturity of the Contract is estimated at 5.1%



Source: Bloomberg

	Maturity	R2	Yield to Maturity
1 Logarithmic Regression	7	76.3%	2.9%
2 Linear Regression	7	98.2%	7.3%
		Mean	**5.1%**

Source: Bloomberg and PwC analysis

The Weighted Average Cost of Capital estimated is 7.5%, considering a 0% Corporate Tax (1/2)

1	Risk Free Rate	3.4%
2	Beta Coefficient	1.15
3	Equity Market Risk Premium	5.5%
	Cost of Equity	**9.7%**
	Average spread on risk-free	1.7%
4	Cost of debt	5.2%
	Corporate tax	0.0%
	Cost of debt (after tax)	**5.2%**
5	% Equity	51.5%
	% Debt	48.5%
	Wwighted Average Cost of Capital (WACC)	**7.5%**

Source: Bloomberg, Capital IQ, annual reports of comparable companies and PwC analysis

1. 10-year Spanish Government Bond yield as at February 28th, 2014.
2. The Beta Coefficient reflects the inherent risk of a determined industry, represented by the selected European comparable listed companies that operate in similar regimes to "SOCIMI´s". It has been estimated as shown in the table on next page.
3. The market risk premium used has been estimated as the excess average profitability of the selected European comparable listed companies that operate in similar regimes to "SOCIMI´s" over the historic long term Spanish sovereign bonds according to several empirical analysis.
4. The average spread on risk-free is calculated by adding the average spread between the yield on sovereign bonds and the returns offered by debt spread observed for corporate bonds from European comparable listed companies that operate in similar regimes to REITs.
5. The estimate of the capital structure of the market (optimal) is performed based on historical analysis (five years) of the capital structure of the selected comparable listed companies engaged in the industry.

The Weighted Average Cost of Capital estimated is 7.5%, considering a 0% Corporate Tax (2/2)

Comparable companies beta analysis

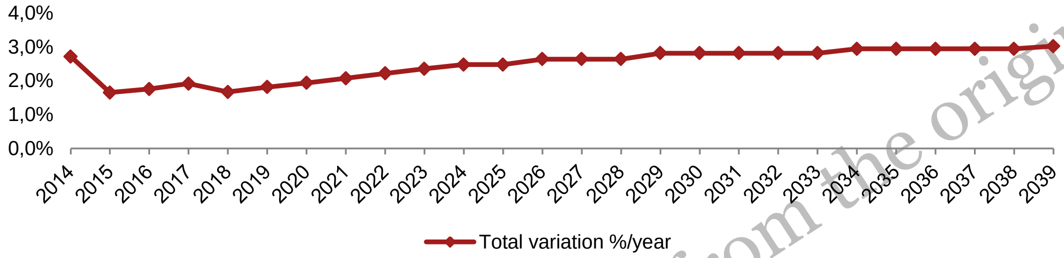
Company	Beta	R2	Periodicity	Number of points	Adjusted Beta	Unlevered Beta	Relavered Beta
Gecina SA	1.61	46.90%	Mensual	60	1.41	0.72	1.39
Societe Fonciere Lyonnaise	0.52	25.50%	Mensual	60	0.68	0.38	0.74
Workspace Group plc	1.31	30.20%	Mensual	60	1.21	0.60	1.16
Hammerson plc	1.14	44.90%	Mensual	60	1.09	0.66	1.29
Mean							**1.15**
Median							**1.22**

Source: Bloomberg, Capital IQ and PwC analysis

- Comparable listed companies used in the beta analysis are not exactly the same as the companies used in the analysis of multiples, as some of them were not statistically significant.

In the DCF approach of the future aggregated net rent, the Contract rents of the assets vary considering a rent multiplier and the Eurozone price index, in contrast with the appraisals. The market rents would vary depending on the Spanish CPI

Contract Rents. Estimation of the annual variation according to the multiplier indicated in the Contract and forecasts of the Eurozone CPI (excluding tobacco)



Year	2014	2015	2016	2017	2018	2019 (until the end of the Contract)
Income multiplier (according to BBVA Contract)	n.a.	1.85	1.85	1.85	1.85	1.50

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Harmonized CPI Eurozone (excluding tocacco)*	1.5%	0.9%	1.0%	1.0%	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.7%	1.7%	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%	1.9%	1.9%	2.0%

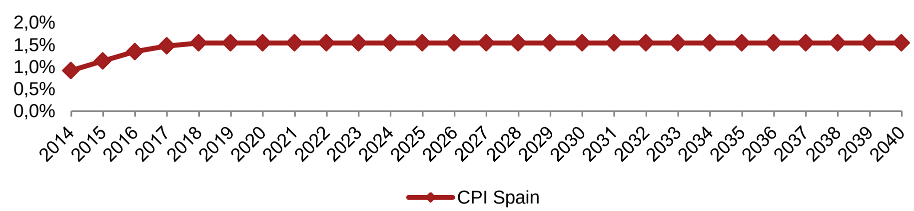
* Source: Bloomberg

Market Rents. Estimation of the annual variation depending on the CPI forecast for Spain of several sources.

Year	2014	2015	2016	2017	2018	VT
FMI	1.5%	1.2%	1.2%	1.2%	1.2%	1.2%
PwC UK	0.9%	1.2%	1.7%	1.7%	1.7%	1.7%
Economist Inteligence Unit	0.4%	1.0%	1.1%	1.5%	1.7%	1.7%
CPI Spain	**0.9%**	**1.1%**	**1.3%**	**1.5%**	**1.5%**	**1.5%**

Source: IMF, EIU and PwC UK estimations

CPI Estimation



Detailed of the comparable companies used in the Market Comparable Method.

Testa Inmuebles en Renta, S.A (Testa) - Spain

- Testa owns offices, logistic centers, shopping centers, apartments, residences, hotels and parkings. Its major areas of influence are Madrid, Barcelona, Paris and Miami.
- Asset allocation by product type (2012):

Property Type	Distribution
Offices	66%
Hotels	12%
Commercial Centres	10%
Residencial	5%
Logistic Centres	3%
Residence	1%
Parking	1%
Others	2%

Source: annual report of Testa Inmuebles en Renta, S.A.

La Société Foncière Lyonnais (SFL) - France

- SFL is a real estate investment company. Its portfolio is comprised of real estate assets located exclusively in Paris. Most of the assets are located in the business district (82% of the portfolio's value).
- Asset allocation by each product's value (12/31/2013):

Property Type	Distribution
Offices	79%
Retail	20%
Residencial	1%

Source: annual report of Société Foncière Lyonnais (SFL).

Gecina - France

- Gecina is a French real estate investment company (SIIC). 90% of its assets are located in the Paris region. The portfolio is comprised of office buildings (mostly), as well as residential assets, student residences and healthcare facilities.
- Asset location by each product's value (06/30/2013):

Property Type	Distribution
Offices	63%
Residencial and student residences	27%
Healthcare	10%

Source: annual report of Gecina.

SIIC de Paris - France

- SIIC de Paris is a real estate company headquartered in France, dedicated to the operation and rental of real estate assets. The Company's portfolio is mainly comprised of offices located in Paris. In terms of asset valuation, the 53% of the assets are located near Paris Centre West, with the 38% of the assets situated at the Central Business District (CBD). 35% of the value of assets are located in the surrounding cities of Paris.
- Distribution of assets by each product's area (2013):

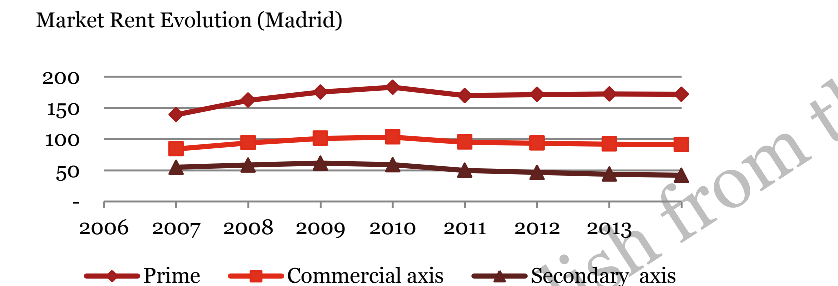
Property Type	Distribution
Offices	97%
Retail	1%
Residencial	1%
Others	1%

Source: annual report of SIIC de Paris.

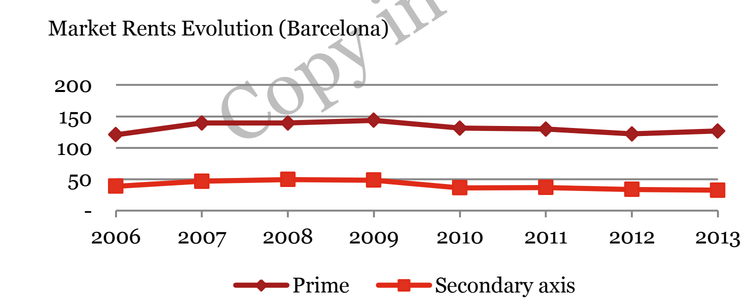
Commercial Real Estate Market tendencies

Rents

- Although there is demand in the prime locations of Madrid and Barcelona, the increase in commercial property supply has led to a decrease in rents. In general, in all prime commercial sections, rents have decreased or remained constant.



Source: Compiled from real estate market reports (2013)



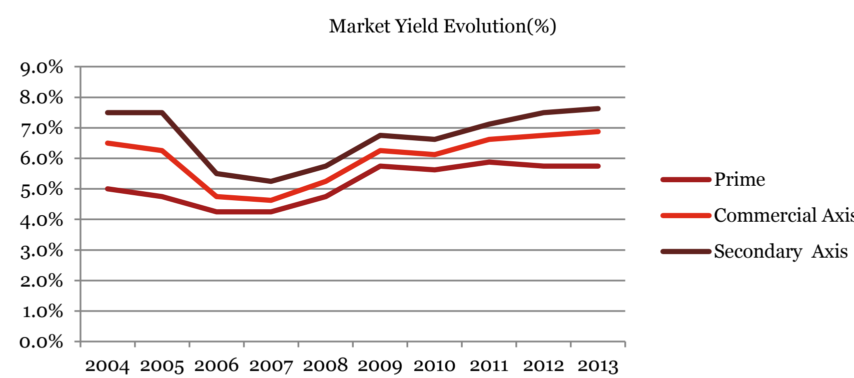
Source: Compiled from real estate market reports (2013)

Investment Market

- In the last months of 2013 it is observed that the interest of long-term investors, characterized as "core" or institutional, and more selective for the prime product. Most transactions are taking place in the High Street or Prime sector. Investors are looking for safety in assets located in prime locations, with potential to improve rents, as happened in premises that were part of the commercial network of Spanish banks.

Yields

- Yields obtained by commercial assets in Spain during 2013 have remained stable. The following graphic shows the evolution of the initial yield required by an investor, for each of the three types of axis. Prime, Commercial axis and secondary axis.



Source: Compiled from real estate market reports (2013)

Market information according to the information provided by Savills

- Main sale leaseback transactions of financial institutions in Spain:

Entity	# Assets	Date	Yield (approximate)	Medium Rent (€/m²/mes	Contract Duration
Banco Santander	HQ	2,007	4.40%	18.14	40
Banco Santander	several assets	2,007	4.00%	n.d.	25
Banco Santander	1,152	2,007	5.00%	19.20	25
Barclays	24	2,008	5.50%	n.a.	10
Banco Popular	>100	2,008	6.0%	n.a.	10
Banco Pastor	161	2,008	6.00%	n.a.	20
BBVA	944	2,009	6.98%	17.61	30
Barclays	23	2,009	6.00%	20.00	15
BBVA	153	2,010	n.a.	n.a.	30
Barclays	50	2,010	5.50%	n.a.	10
B. Guipuzcoano	24	2,010	6.00%	18.00	10
Banco Sabadell	369	2,010	6.65%	17.85	25
Caja Madrid	97	2,010	n.a.	n.a.	25
CaixaBank	439	2,012	n.a.	n.a.	n.a.
Deutsche Bank	HQ	2,013	6.17%	35.00	10
Caja Madrid	>200	Several	6.22%	n.a.	25
		Average	**5.69%**	**20.83**	**21**

Fuente: Compiled from Savills Valuation Report

n.a. - not available

- Bank branches portfolio transactions have been a popular investment products since 2007. Many investors were attracted by long term lease contracts provided by most regional banks and saving banks.
- The sale of these portfolios by the banks to institutional investors was followed by the sale of these portfolios unit by unit to private investors, family funds and individuals. Unit sales have achieved more aggressive returns than those obtained by portfolio transactions.

Appendix 2
Sources of information

Sources of information

- The key information that we have used in our valuation Report is the following:
  - Tree annual reports audited in 2013 and 2012;
  - Intermediate Financial Statements that have not been audited as at February 2014;
  - Draft of Informative prospectus on the incorporation to the "MAB";
  - Detailed summary of the offers received during 2014 regarding the selling of assets;
  - Valuation Report of the real estate assets of Savills as at December 31st, 2013;
  - Company's legislation;
  - Shareholder Agreement;
  - Concession Agreement in accordance with fulfilment of debt covenants ("Waiver Request Letter") on November 19th, 2013;
  - Debt contract and corresponding appendix ("Amendment and Restatement Agreement") on the 28th, July 2010;
  - Contracts of derivatives signed with the banks Deutsche Bank on January 1st, 2014 ; Natixis, Barclays and ING on the 31st, December 2013 and Société Générale and La Caixa on January 2nd , 2014;
  - Summary documents about the valuation of the derivatives issued by third parties;
- Also, we have used the public information sources available, detailed below:
  - Annual reports and information of comparable companies;
  - Long term estimation of the Consumption Price Index (CPI) in Spain and in the Eurozone as a whole by the Economist Intelligence Unit (EIU), International Monetary Fund(IMF), Bloomberg and Eurostat;
  - Forwards at the valuation date of the zero coupon rate curves, interest rates and harmonized CPI excluding tobacco by Bloomberg;
  - Market information of listed comparable companies and BBVA bond issues: Bloomberg, Factiva, Thomson Reuters and Capital IQ;
  - Public information on the websites of comparable companies;
  - Press reports since 2009 until the valuation date;
  - Real Estate reports of 2013 and 2014 from prestigious consulting firms and general press, as well as public sources of enterprises that publish the current offer in the present environment;

Appendix 3
Glossary

Glossary of terms and abbreviations (1/4)

Term	Definition
AA	Annual Accounts
MAB	Mercado Alternativo Bursátil
ANAV	Adjusted Net Asset Value
BBVA	Banco Bilbao Vizcaya Argentaria
CAPEX	Capital Expenditure
CNMV	Comisión Nacional del Mercado de Valores
CPI	Consumer Price Index
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBT	Earnings Before Taxes
EIU	Economist Inteligence Unit

Glossary of terms and abbreviations (2/4)

Term	Definition
EMRP	Equity Market Risk Premium
EUR, €	Euro
EV	Enterprise Value
IMF	International Monetary Fund
INE	Instituto Nacional de Estadística
IRS	Interest Rate Swaps
LC	Leasing contract
Ltd.	Limited Company
M€	Millions of Euros
Market Cap	Market Capitalization
MV	Market value
NAV	Net Asset Value

Glossary of terms and abbreviations (3/4)

Term	Definition
NBV	Net Book Value
Plc.	Public Limited Company
PT	Property Tax
PV	Present Value
PwC	Pricewaterhouse Coopers Asesores de Negocios, S.L.
R2	Statistic Coeficient of Determination
REIT	Real Estate Investment Trust
Report	Independent report developed by PwC
RM	Renta Mercado Savills
RV	Residual Value
SIIC	Sociétés d'Investissement Immobilier Cotées (REIT)
IAE	Impuesto de Actividades Económicas. Tax on Economic Activities

Glossary of terms and abbreviations (4/4)

Term	Definition
The Company	Tree Inversiones Inmobiliarias S.A.
Valuation Date	February 28th, 2014
WACC	The Weighted Average Cost of Capital

Valoraciones & Economics

Merlin Properties SOCIMI, S.A.

Informe de valoración independiente de las acciones de Tree Inversiones Inmobiliarias, S.A., a fecha 28 de febrero de 2014.

Estrictamente privado y confidencial

10 junio 2014

pwc

10 de junio de 2014

Estimados señores

Merlin Properties SOCIMI, S.A.
Paseo de la Castellana, 42
28046 Madrid

A la atención del Sr. Fernando Ramírez

Informe de valoración independiente de las acciones de Tree Inversiones Inmobiliarias, S.A., a fecha 28 de febrero de 2014.

Merlin Properties SOCIMI, S.A. (en adelante “Merlin” o “Ustedes”), es una Sociedad Anónima cuyo accionista único es la Sociedad Limitada denominada Magic Kingdom, S.L. y cuyo objeto social está relacionado con la tenencia de inversiones inmobiliarias.

Merlin se encuentra en proceso de finalización de los trámites exigidos para iniciar la cotización en el mercado primario (continuo) a través de una oferta de suscripción de acciones (la “Oferta”), dirigida a inversores institucionales.

Supeditado a ciertos aspectos relacionados con la Oferta indicada anteriormente, Merlin ha alcanzado un acuerdo de compra de la compañía Tree Inversiones Inmobiliarias, S.A. (en adelante “Tree” o “la Compañía”).

Tree es una SOCIMI, que cuenta con una cartera de locales en renta que fueron adquiridos y alquilados a BBVA y que se encuentra en proceso de cotizar de forma directa en el Mercado Alternativo Bursátil (MAB) o bien de forma indirecta a través de la cotización de Merlin en el mercado primario continuo.

Ustedes nos han comunicado la necesidad que tienen de disponer de un informe de valoración independiente del valor por acción de Tree.

En este contexto, Ustedes nos han requerido un informe independiente con nuestra opinión sobre el valor por acción de Tree, siguiendo los métodos y criterios profesionales generalmente aceptados, que sirva como documentación de soporte, única y exclusivamente, para Ustedes en el citado proceso frente a la CNMV. Nuestro trabajo se ha realizado de acuerdo a nuestra propuesta de servicios profesionales de fecha 6 de junio de 2014.

Nuestro Informe deberá utilizarse considerando su contenido íntegro. En este sentido, cabe recordarles que la utilización de extractos del mismo podría potencialmente inducir a interpretaciones parciales o erróneas.

Nuestro informe podrá mostrarse a la CNMV como parte de su proceso de supervisión, así como adjuntarlo en el folleto público preceptivo y siguiendo los canales establecidos legalmente para ello.

En cualquier caso, PricewaterhouseCoopers Asesores de Negocios, S.L. (“PwC” o “nosotros”) no acepta responsabilidad ni reclamación alguna y de ningún tipo frente a terceros (incluidos accionistas, inversores interesados, acreedores y bancos colocadores que se encarguen de la Oferta, entre otros), en relación con las consecuencias de las acciones que se deriven como resultado de que éstos se basen en el Informe. Cualquier decisión por parte de terceros deberá realizarse bajo su responsabilidad y realizando sus propios análisis, juicios y averiguaciones.

Ustedes mantendrán indemne a PwC por cualquier reclamación surgida por terceros hacia nosotros, como consecuencia de las decisiones y/o acciones que dichos terceros realicen basadas en nuestro Informe.

PricewaterhouseCoopers Asesores de Negocio, S.L., Torre PwC, Castellana 259 B, 28046 Madrid
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Ustedes deberán tener en cuenta que la información contenida en el mismo y el trabajo realizado corresponden a lo requerido, y en consecuencia, nuestro Informe no podrá utilizarse ni considerarse adecuado por Merlin, ni por los bancos colocadores, ni por inversores institucionales interesados, ni en general, por cualquier otras terceras partes para propósitos diferentes a los descritos.

PwC, en la elaboración del presente Informe no se ve afectado por ningún conflicto de interés. La estimación de nuestros honorarios se ha realizado en base al equipo necesario y experiencia de sus profesionales, la naturaleza del servicio y el tiempo necesario para la realización del mismo. Los honorarios son fijos e independientes de la operación propuesta.

Este Informe no debe ser entendido en ningún caso como una recomendación a Merlin, a Tree, ni a sus respectivos accionistas actuales ni potenciales inversores interesados, para que compren o vendan, ni sobre ninguna otra acción o toma de decisión que puedan considerar en el contexto descrito.

Cualquier toma de decisiones será de su responsabilidad, o de terceros, tomando en cuenta cualquier otro aspecto que no haya formado parte del alcance del trabajo y de los cuales tengan conocimiento.

Hemos mostrado un borrador del presente Informe a la Dirección de la Compañía de Merlin (en adelante,"la Dirección"), quienes nos han confirmado por escrito, mediante una carta de manifestaciones, que los contenidos del mismo sobre hechos que sean de su conocimiento no contienen errores u omisiones relevantes que puedan afectar significativamente a nuestro trabajo, así como que la información que nos han facilitado es exacta y que no se ha omitido ninguna información relevante. Hemos incorporado sus comentarios a este Informe en los aspectos que hemos considerado adecuados.

Un mayor detalle del trabajo realizado para llegar a nuestra conclusión de valor se incluye en el Informe adjunto a esta carta. Esta carta, por tanto, deberá ser analizada e interpretada conjuntamente con el citado Informe, el cual recoge el propósito y alcance del trabajo, las consideraciones generales y la información utilizada.

Nos encontramos a su disposición para cualquier duda o aclaración.

Atentamente,

Carlos Lara Castro

Socio

Carlos Fernández Landa

Socio

Índice

Sección 1
Objetivo y alcance

Objetivo y alcance (1/3)

Objetivo, alcance y metodología

- Hemos elaborado este Informe siguiendo los criterios y metodologías de valoración generalmente aceptadas, con el objetivo de estimar el valor de mercado de la acción de Tree.
- Hemos considerado el enfoque de Patrimonio Neto Corregido (“PNC”) como método de valoración principal. Este método indica el valor de los Fondos Propios de una empresa ajustando los activos y pasivos a su valor de mercado.
- Este enfoque incluye el concepto “Net Asset Value” (“NAV”) comúnmente utilizado en valoraciones del sector inmobiliario. Así mismo, para determinar el valor por acción se han considerado el resto de activos y pasivos existentes a fecha de valoración y realizado ciertas sensibilidades a las valoraciones de activos realizadas por un tasador tercero.
- Por otro lado, hemos utilizado el Enfoque de Mercado como metodología de contraste global del resultado obtenido con el PNC. Este enfoque indica el valor de mercado de las acciones de una compañía basándose en la comparación con los múltiplos de compañías comparables que cotizan en mercados organizados (Método de Múltiplos de Cotizadas) o que forman parte de una transacción reciente pública o privada del sector (Método de Múltiplos de Transacciones), no utilizando esta última dado que no se han encontrado transacciones recientes con un grado de comparabilidad adecuado.

Valor de mercado

- A los efectos de nuestro trabajo, definimos valor de mercado como el valor de las acciones sobre el que se podría negociar, a una fecha predeterminada entre un libre comprador y un libre vendedor dispuestos a realizar una transacción actuando sin compulsión alguna y en beneficio propio, ambos con una información adecuada sobre los negocios y mercados en los que opera la Compañía.
- Nuestras conclusiones asumen el mantenimiento de Tree como SOCIMI con un tipo impositivo general del 0%. Las conclusiones de nuestro análisis podrían diferir en el caso de que sobrevengan circunstancias que modifiquen dicha asunción. En cualquier caso, el análisis del efectivo cumplimiento del régimen SOCIMI, la efectiva aplicación del tipo impositivo indicado y la validez de nuestra asunción no es objeto de nuestro trabajo.
- No es objeto de nuestro alcance la estimación del impacto en valor para Merlin ni la evaluación del impacto financiero, económico y/o fiscal que pudiera producirse tras la adquisición de Tree por parte de Merlin como consecuencia de la propia operación de compra, del cambio de accionista principal y de:
  - el compromiso de mantener indemne a Tree, si surgieran impactos fiscales procedentes de las características fiscales propias de Merlin,
  - las implicaciones que pudieran surgir relacionadas con su subrogación en los compromisos de reinversión de dividendos, derivados de los acuerdos existentes entre los accionistas principales de Tree y las entidades financieras del préstamo sindicado.

En cualquier caso, el alcance no tiene en cuenta circunstancias particulares.

Objetivo y alcance (2/3)

- Así mismo, el alcance no considera el impacto que podría tener para Merlin, ni en general, para cualquier inversor interesado, por el hecho de que Merlin o cualquier accionista de Tree se viera obligado a reinvertir los dividendos distribuidos por Tree o circunstancias particulares que les impidieran disfrutar del tipo general del 0% relacionado con las SOCIMIs.

Fecha de Valoración

- Los análisis de valoración se refieren a 28 de febrero de 2014 (la "Fecha de Valoración"), fecha de la última información financiera disponible no auditada facilitada por la Compañía.
- En todo caso, cabe resaltar que cualquier cambio o información nueva sobre la cartera inmobiliaria, las condiciones económicas, cambio de mercado o de las operaciones y resultados de la Compañía posteriores a la Fecha de Valoración no han sido objeto de nuestro trabajo. Nuestra opinión se limita a la citada Fecha de Valoración y no incluye ninguna otra fecha posterior.

Procedimientos llevados a cabo

- Nuestro trabajo ha comprendido fundamentalmente los siguientes aspectos:
  - Conversaciones y reuniones con la Dirección de Tree sobre la situación de la Compañía y sus perspectivas.
  - Conversaciones con la Dirección de Merlin sobre el acuerdo de compra de Tree así como sobre la aceptación de las entidades financieras en relación al futuro cambio de control de la Compañía y la potencial subrogación de Merlin en las mismas obligaciones y condiciones existentes con los accionistas principales actuales de Tree.
  - Entendimiento general de la normativa aplicable para las SOCIMIs en España.
  - Análisis general de las características, situación actual y perspectivas del mercado inmobiliario.
  - Entendimiento general del acuerdo de "sale & lease back" entre BBVA y Tree sobre el alquiler de los inmuebles. Dicho acuerdo se ha estructurado mediante dos contratos. El primer contrato se firmó el 25 de septiembre de 2009 y posteriormente se firmó un segundo contrato el 29 de julio de 2010, por el de 80% y 20% de la cartera respectivamente, con igualdad de términos, condiciones y cláusulas en ambos casos. En este Informe denominamos el "Contrato" indistintamente al referirnos a ambos.
  - Valoración de la Compañía a través del PNC y aplicación de la metodología de contraste de Múltiplos de Mercado.

Objetivo y alcance (3/3)

- Entendimiento y análisis de los siguientes aspectos necesarios para obtener la estimación del valor por acción:
    - de las Cuentas Anuales auditadas de la Compañía del período 2011-2013;
    - de los Estados Financieros intermedios no auditados a 28 de febrero de 2014 (2 meses);
    - de los términos principales de la financiación ajena y procedimientos de contraste con mercado para evaluar si el valor contable refleja adecuadamente su valor de mercado;
    - análisis de los parámetros y métodos de valoración necesarios para contrastar que el valor en libros de los instrumentos derivados del balance reflejen adecuadamente su valor de mercado;
    - de la utilización de los activos por impuesto diferido;
    - de los gastos asociados a la gestión de los inmuebles (no facturables en las rentas);
    - entendimiento y revisión de los criterios e hipótesis clave de las valoraciones inmobiliarias realizadas por Savills Consultores Inmobiliarios, S.A. ("Savills") y aplicación de metodologías de contraste de valor;
    - ello ha conllevado a un ejercicio de Descuento de Flujos de Caja (DFC) agregado, el análisis global desde un punto de vista financiero de las proyecciones económico-financieras inmobiliarias agregadas de Tree derivadas del Contrato en base a la información actual, de estimación de tasas de descuento como alternativa de contraste a las utilizadas por Savills (acorde con el riesgo de la cartera, su "tenant" y compañías comparables cotizadas);
    - análisis de otros hechos relevantes y datos que hemos considerado pertinentes para llegar a nuestra conclusión de valor;
    - confirmación por parte de la Dirección de que no existen pasivos o activos contingentes fuera de balance, en las Cuentas Anuales a 31 de diciembre de 2013 y los Estados Financieros a 28 de febrero de 2014 cuyas plusvalías y/o minusvalías latentes debieran valorarse a la Fecha de Valoración.

La información básica disponible con la que hemos contado para realizar nuestro trabajo se desglosa en el Anexo 2, la cual consideramos suficiente. Esta información ha sido complementada mediante discusiones con la Dirección de Tree y de Merlin así como con otra información disponible sobre el sector y el mercado en el que opera la Compañía.

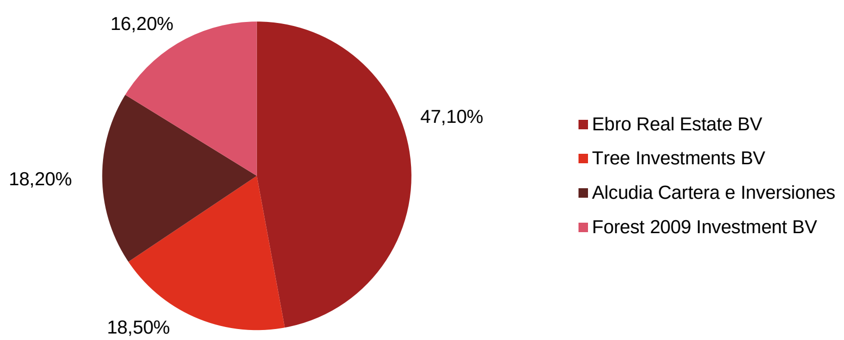
Limitaciones

- Nuestras conclusiones dependen de la exactitud y veracidad de la información utilizada. No hemos realizado ningún trabajo de auditoría ni hemos sometido la información financiera o de otro tipo, utilizada en este Informe a ningún proceso de verificación, sea facilitada por la Dirección u obtenida de fuentes públicas. Los procedimientos realizados no constituyen, ni por su naturaleza, ni por su extensión, los necesariamente requeridos de acuerdo con la legislación vigente para la emisión de una opinión de auditoría y no deben considerarse como tal.
- Nuestro trabajo tampoco ha consistido en la realización de una "due diligence" ni trabajo similar que permita la evaluación de la situación financiera, fiscal, legal, laboral, comercial, registral, medioambiental, técnica, operativa, inmobiliaria o de otro tipo. Por tanto, los potenciales hechos que pudieran derivarse de ello, si existiesen, no han podido ser tomados en consideración.
- Cabe señalar que nuestra conclusión de valoración está basada en parte en información contable no auditada a 28 de febrero de 2014 proporcionada por la Compañía, por lo que cualquier variación sobre dicha información contable podría hacer cambiar nuestra conclusión de valor.
- Las hipótesis sobre las que se basan las proyecciones económico-financieras e inmobiliarias atienden a hechos futuros y están basadas en asunciones que podrían no ser válidas para la totalidad del período proyectado. Por tanto, dichas hipótesis no pueden considerarse en la misma medida que la información derivada de los Estados Financieros auditados para ejercicios históricos.
- Las valoraciones inmobiliarias, elaboradas por tasadores terceros, así como hipótesis de perspectivas futuras facilitadas por la Dirección a la Fecha de Valoración, son de su responsabilidad y constituyen su mejor estimación posible sobre la evolución futura de los activos inmobiliarios y del negocio.
- Nuestro trabajo ha tenido en cuenta las tasaciones inmobiliarias de los activos de Tree realizados por el citado tercero independiente, las cuales son de su entera responsabilidad. En este sentido, si bien hemos discutido los métodos de valoración e hipótesis empleados, nuestras conclusiones dependen de la veracidad y exactitud del trabajo realizado por dicho tercero independiente. En consecuencia, no nos responsabilizamos ante cualquier error, omisión, falta de integridad o exactitud que eventualmente pudiera surgir de su trabajo.
- Aunque consideramos que nuestra valoración es razonable y defendible en base a la información disponible, debemos indicar que las valoraciones de negocios e inmuebles no son una ciencia exacta, sino un ejercicio basado en la experiencia y en el empleo de hipótesis que contienen cierta dosis de subjetividad, por lo que terceras partes podrían no estar necesariamente de acuerdo con las mismas.

Sección 2
La Compañía y su evolución

Descripción general

- Tree fue constituida en enero de 2009. El accionariado de la Compañía a 31 de diciembre de 2013 se compone de la siguiente manera:



Fuente: La Compañía

- La principal actividad de la Compañía es la gestión de una cartera de locales (oficinas bancarias) que adquirió, entre 2009 y 2010, íntegramente mediante "sale & leaseback" a BBVA, con contrato de arrendamiento de obligado cumplimiento a largo plazo, que le garantizan la percepción de rentas durante al menos 30 años desde su adquisición y con opción de compra por parte del BBVA a valor de mercado en la finalización del contrato.
- Tal como se ha comentado anteriormente, el primer contrato se firmó el 25 de septiembre de 2009 y posteriormente se firmó un segundo contrato el 29 de julio de 2010, por el de 80% y 20% de la cartera respectivamente, con igualdad de términos, condiciones y cláusulas en ambos casos.
- El Contrato es de 30 años de obligado cumplimiento con la posibilidad de renovación por 3 periodos adicionales de 5 años cada uno. Actualmente, al plazo principal le queda un periodo de vigencia aproximado de 26 – 27 años.
- El Contrato establece que la renta se incremente según la variación de la inflación europea con un multiplicador entre 1,85 y 1,5 en función del periodo. Asimismo, los gastos derivados de los inmuebles se repercuten íntegramente al BBVA, constituyendo por tanto una renta "triple neta" para el propietario de los activos.
- La cartera inmobiliaria consiste en 903 activos ubicados en España. Se distribuye en: 898 locales comerciales ubicados a lo largo del territorio español, 2 naves industriales ubicadas en la Comunidad de Madrid y 3 edificios de oficinas ubicados en Alicante, Jaén y Las Palmas de Gran Canaria.
- La gestión de los inmuebles se ha externalizado a través de la sociedad Bosque Portfolio Management, S.L. ("Bosque") en virtud de un contrato de gestión remunerado con una comisión de las rentas percibidas, una vez descontados los gastos operativos de la Compañía.
- La adquisición de la cartera inmobiliaria se financió a través de un préstamo hipotecario con dos tramos (senior y "mezzanine").
- A su vez, la Compañía tiene contratados derivados de cobertura de tipos de interés y de inflación.
- Un mayor detalle se analiza más adelante.

Características principales de una SOCIMI

- El 25 de septiembre de 2013 se solicitó la incorporación de la Compañía al régimen fiscal SOCIMI, de aplicación a partir del 1 de enero de 2013.
- Las SOCIMIs se pueden beneficiar de una serie de ventajas fiscales en el caso de que cumplan determinados requisitos cuyos puntos principales se resumen a continuación:
  - Deben constituirse como Sociedad Anónima con un capital mínimo de 5 millones de euros que cotice en España, Europa o cualquier otro país con acuerdo fiscal con España. Su actividad debe comprender la adquisición y promoción de activos inmobiliarios destinados al alquiler, participando a su vez en otras SOCIMIs o entidades similares. Por su parte, el 80% de los activos deben desarrollar las actividades descritas y el 80% de los ingresos, excluyendo extraordinarios, deben proceder de rentas y dividendos de este tipo de activos.
  - Además, en cuanto a la distribución de dividendos, tienen obligación de distribuir:
    - al menos el 80% de los beneficios obtenidos por actividades de alquiler o actividades secundarias;
    - el 100% de las ganancias percibidas de dividendos de otras SOCIMIs;
    - al menos el 50% de las ganancias derivadas de la venta de este tipo de activos (el resto de la ganancia será reinvertida en un período de 3 años o completamente distribuida una vez que el período de 3 años haya terminado y no se haya hecho ninguna reinversión).
  - Periodo de mantenimiento de los activos por un mínimo de 3 años.
  - El tipo general es del 0% salvo determinados supuestos como, por ejemplo, el incumplimiento del período de mantenimiento de tres años que haría que el tipo aplicable fuese el general del impuesto de sociedades. Esta mayor tributación sería solamente sobre aquellas rentas generadas por los activos que han incumplido el requisito de permanencia.
  - En el caso que la Compañía tribute al tipo de gravamen del 0%, no resultará de aplicación el artículo 25 de la Ley del Impuesto de Sociedades que permite compensar las bases imponibles negativas generadas.
  - La Compañía estará sometida a un gravamen especial del 19% sobre el importe íntegro de los dividendos distribuidos a los socios cuya participación sea igual o superior al 5%, cuando dichos dividendos, en sede de sus socios, estén exentos o tributen a un tipo de gravamen inferior al 10%. En este sentido, Ustedes nos han comunicado que existe un acuerdo mediante el cual los accionistas principales que se encuentren en esta situación mantendrán indemne a la Compañía por el pago de impuestos que en su caso se derivara, al que Merlin se subrogaría como accionista principal una vez realizada la adquisición de Tree. En cualquier caso, nuestro trabajo no puede tener en cuenta circunstancias particulares en este sentido, si existiesen.

La cartera de inmuebles (1/2)

Cartera de inmuebles

- Las comunidades de Madrid, Cataluña y País Vasco concentran el 43% del número de sucursales.

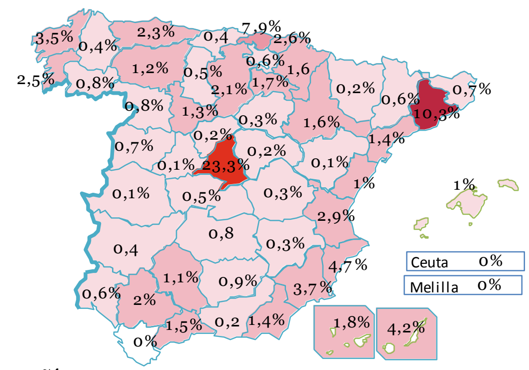
Sucursales - comunidad autónoma a 31 de diciembre de 2013

Comunidad	Nº	%
Comunidad de Madrid	165	18,23%
Cataluña	128	14,14%
Pais Vasco	100	11,05%
Comunidad Valenciana	91	10,06%
Andalucia	82	9,06%
Galicia	72	7,96%
Castilla y León	67	7,40%
Islas Canarias	40	4,42%
Castilla la Mancha	33	3,65%
Asturias	31	3,43%
Aragon	23	2,54%
Murcia	22	2,43%
Islas Baleares	13	1,44%
Navarra	10	1,10%
La Rioja	10	1,10%
Extremadura	10	1,10%
Cantabria	8	0,88%
Ceuta	-	-
Melilla	-	-
Total	**905**	**100%**

Fuente: La Compañía
Nota: En los meses de enero y febrero se vendieron 2 oficinas, quedando en total 903.

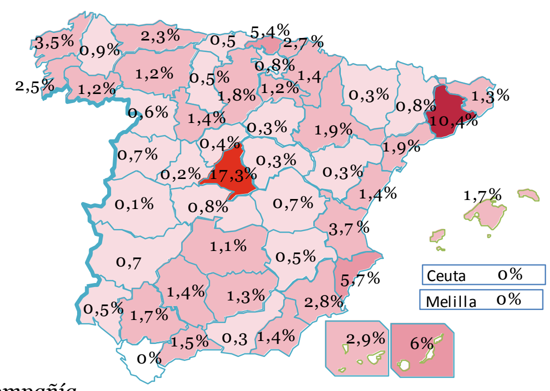
- La Comunidad de Madrid y la provincia de Barcelona concentran en total el 34% de la renta y el 28% de la superficie.

La distribución geográfica por el importe de la renta



Fuente: La Compañía

La distribución geográfica por superficie



Fuente: La Compañía

La cartera de inmuebles (2/2)

Desglose de la cartera (28/02/2014)	Uds	Superficie Total (m²)	Superficie %de Total	Renta Contrato (28/02/2014) €/año (`000)	Renta Contrato (28/02/2014) %del Total	Renta Contrato (28/02/2014) €/m²/mes	Renta Mercado Savills €/m²/mes
Total	**903[1]**	**378.783**	**100%**	**89.774**		**20**	**14**
Deglose por situación geográfica							
Comunidad de Madrid	163	65.672	17%	20.958	23%	27	20
Cataluña	128	54.599	14%	11.784	13%	18	13
Pais Vasco	100	33.584	9%	10.085	11%	25	16
Comunidad Valenciana	91	40.977	11%	7.734	9%	16	11
Resto	421	183.950	49%	39.213	44%	18	12
Desglose provincial							
Capitales de provincias	390	187.521	49,5%	52.876	59%	23	17
Resto	513	191.262	50,5%	36.898	41%	16	11
Desglose comercial							
Excelente	232	138.870	37%	38.429	80%	23	18
Resto	671	239.913	63%	51.345	20%	18	12
Desglose por superficie							
<500 m²	710	180.054	48%	41.650	46%	19	14
500 - 1000 m²	132	90.315	24%	24.243	27%	22	17
>1000 m²	61	108.414	29%	23.880	27%	18	13

1- No incluye los activos recientemente vendidos (en Enero y Febrero de 2014)

Fuente: La Compañía y Savills

- Según Savills, el 37% de los activos (#232) están ubicados en zonas comerciales consideradas excelentes.
- El 48% de la superficie total corresponde a locales comerciales con superficie por debajo de 500 m².
- La renta media de Contrato es de 20€/m²/mes, siendo superior a dicha media las capitales de provincias (59% de los ingresos por renta) y donde destacan la Comunidad de Madrid y País Vasco con renta mensual media de 27 y 25€/m², respectivamente.
- La renta de mercado (14€/m²/mes) según información facilitada por Savills se sitúa en aproximadamente un 30% por debajo de la renta media de Contrato para el periodo de 2014.

Cuenta de resultados – El beneficio neto ha pasado a ser positivo recientemente motivado por la estabilidad de ingresos por renta, la continuidad de los ingresos extraordinarios de ventas de activos y la disminución progresiva de los gastos financieros

000 €		2011	2012	2013	Febrero 2014
Ingresos totales	1	**95.245**	**92.977**	**93.387**	**15.241**
Gastos de personal		(75)	(91)	(90)	(9)
Servicios exteriores	2	(8.808)	(5.730)	(7.011)	(749)
Tributos	3	(2.985)	(2.837)	(2.836)	(60)
Ingresos extraordinarios	4	51.924	12.721	27.550	2.153
EBITDA		**135.301**	**97.039**	**111.000**	**16.576**
Amortización		(33.282)	(31.726)	(31.004)	(5.082)
EBIT		**102.019**	**65.314**	**79.995**	**11.494**
Intereses financieros		589	180	90	2
Gastos financieros		(113.355)	(90.390)	(88.754)	(10.094)
Variación valor razonable de los instrumentos financieros		(459)	(4.628)	(5.220)	(350)
BAT		**(11.206)**	**(29.524)**	**(13.888)**	**1.052**
Impuesto		3.366	(12.013)	(5.613)	(515)
Bº Neto		**(7.840)**	**(41.536)**	**(19.501)**	**537**

Fuente: Cuentas Anuales auditadas de 2011 , 2012 , 2013 y Estados Financieros intermedios no auditados de febrero 2014.

1 Los principales ingresos de la Compañía son los correspondientes al Contrato con BBVA.

Al tratarse de renta "triple neta", el arrendatario asume prácticamente todos los gastos, por lo que en los ingresos se incluye dicha refacturación.

2 Servicios exteriores a 31 diciembre de 2013 está compuesto principalmente por servicios de profesionales independientes por importe de 7,0 millones de euros entre los que destacan 2,5 millones de euros correspondientes a la comisión de gestión de Bosque, 2,4 millones de euros de gastos no recurrentes asociados a la salida al MAB (que Tree tenía previsto realizar) y 2,1 millones de euros en concepto de gastos de comunidad y derramas que se repercuten al inquilino.

3 El impuesto sobre bienes inmuebles ("IBI") es el principal componente de la partida tributos, habiendo mantenido un saldo constante (2,1 M€) en 2013 con respecto al año anterior al no haber prácticamente variado el número neto de sucursales en propiedad. El IBI se refactura al inquilino. En esta partida, también se incluye el impuesto de actividades económicas ("IAE") por importe de 0,5 millones de euros (impuesto a cargo de Tree). El importe remanente (0,2M€) se corresponde con otras tasas que también se refacturan al inquilino.

4 Resultado contable de las ventas de inmuebles. En el periodo 2011 a 2013 se vendieron 116, 27 y 33 inmuebles, respectivamente. El importe de venta de los activos del 2013 ascendió a 77,1 millones de euros.

Balance (1/3) - La partida más significativa del balance son las inversiones inmobiliarias y la financiación ajena obtenida desde su adquisición

000 €		2011	2012	2013	Febrero 14
Activos no corrientes		**1.218.147**	**1.165.483**	**1.047.482**	**1.038.723**
Inmovilizado inmaterial		-	-	56	66
Inmovilizado material		23	21	18	18
Inversiones inmobiliarias	1	1.159.037	1.102.180	1.022.849	1.014.246
Inversiones financieras	2	13.474	12.938	12.674	12.636
Activos por impuesto diferido	3	45.613	50.343	11.885	11.757
Activos corrientes		**24.452**	**9.633**	**15.976**	**16.356**
Deudores comerciales		147	160	376	453
Inversiones en empresas grupo		-	704	646	-
Inversiones financieras		47	40	119	34
Periodificaciones		-	-	-	161
Tesorería		24.258	8.729	14.836	15.707
Activo total		**1.242.599**	**1.175.115**	**1.063.458**	**1.055.079**
Patrimonio neto	4	**(46.580)**	**(106.161)**	**(111.179)**	**97.872**
Pasivo no corriente		**1.261.509**	**1.251.861**	**1.125.050**	**925.363**
Deudas con Entidades de Crédito	5	961.394	907.843	834.375	833.520
Derivados	6	106.268	131.857	78.599	77.599
Otros	2	14.529	14.350	14.265	14.245
Deudas con empresas grupo	4	179.318	197.811	197.811	-
Pasivo corriente		**27.670**	**29.415**	**49.588**	**31.844**
Deudas con Entidades de Crédito	5	24.250	26.593	29.510	17.370
Derivados	6	67	183	(18)	484
Otros		-	(1)	(1)	(1)
Deudas con empresas grupo	4	365	-	16.966	-
Acreedores comerciales		2.988	2.639	3.131	13.991
Pasivo total		**1.242.599**	**1.175.115**	**1.063.458**	**1.055.079**

Fuente: Cuentas Anuales auditadas de 2011 , 2012 , 2013 y Estados Financieros intermedios no auditados de febrero 2014.

1 La principal partida del activo la representan las inversiones inmobiliarias. A 31 de diciembre de 2013, la Compañía contaba con 905 activos, de los cuales, en los meses de enero y febrero de 2014, se han vendido 2.

Las inversiones inmobiliarias se encuentran valoradas a su precio de adquisición mientras que en el momento de su venta, los resultados derivados de la misma se incluyen dentro del epígrafe "ingresos extraordinarios" de la cuenta de resultados.

2 Se incluyen las fianzas recibidas por parte del inquilino y que Tree deposita en un 90% en el organismo público correspondiente a la comunidad autónoma donde pertenezca el inmueble en alquiler. Por lo tanto, se registran tanto en el activo (parte del derecho de cobro frente al organismo público), como en el pasivo (debido a la obligación de devolver estas fianzas al inquilino al término del Contrato).

3 Los activos por impuesto diferido se corresponden con los créditos fiscales que la Compañía tiene activados como consecuencia de que se esperan poder utilizar en el futuro dado que estima continuar tributando por el impuesto de sociedades en los años próximos en relación a la venta de inmuebles. Dichos créditos fiscales se han originado por las pérdidas obtenidas en los ejercicios 2009, 2010 y 2011.

4 A 28 de febrero de 2014, se han capitalizado préstamos participativos que había con accionistas, pasando a tener fondos propios positivos.

Balance (2/3) - A 28 de febrero de 2014 la deuda financiera asciende a 851 M€ compuesta por dos tramos (senior y mezzanine)

000 €		2011	2012	2013	Febrero 14
Activos no corrientes		**1.218.147**	**1.165.483**	**1.047.482**	**1.038.723**
Inmovilizado inmaterial		-	-	56	66
Inmovilizado material		23	21	18	18
Inversiones inmobiliarias	1	1.159.037	1.102.180	1.022.849	1.014.246
Inversiones financieras	2	13.474	12.938	12.674	12.636
Activos por impuesto diferido	3	45.613	50.343	11.885	11.757
Activos corrientes		**24.452**	**9.633**	**15.976**	**16.356**
Deudores comerciales		147	160	376	453
Inversiones en empresas grupo		-	704	646	-
Inversiones financieras		47	40	119	34
Periodificaciones		-	-	-	161
Tesorería		24.258	8.729	14.836	15.707
Activo total		**1.242.599**	**1.175.115**	**1.063.458**	**1.055.079**
Patrimonio neto	4	**(46.580)**	**(106.161)**	**(111.179)**	**97.872**
Pasivo no corriente		**1.261.509**	**1.251.861**	**1.125.050**	**925.363**
Deudas con Entidades de Crédito	5	961.394	907.843	834.375	833.520
Derivados	6	106.268	131.857	78.599	77.599
Otros	2	14.529	14.350	14.265	14.245
Deudas con empresas grupo	4	179.318	197.811	197.811	-
Pasivo corriente		**27.670**	**29.415**	**49.588**	**31.844**
Deudas con Entidades de Crédito	5	24.250	26.593	29.510	17.370
Derivados	6	67	183	(18)	484
Otros		-	(1)	(1)	(1)
Deudas con empresas grupo	4	365	-	16.966	-
Acreedores comerciales		2.988	2.639	3.131	13.991
Pasivo total		**1.242.599**	**1.175.115**	**1.063.458**	**1.055.079**

Fuente: Cuentas Anuales auditadas de 2011 , 2012 , 2013 y Estados Financieros intermedios no auditados de febrero 2014.

5 A 28 de febrero de 2014, la Compañía tiene registrado en balance una deuda con Entidades de Crédito de 851 millones de euros. Esta deuda se corresponde con un préstamo sindicado compuesto por dos tramos (senior y "mezzanine"). Las principales características de los mismos se resumen en la siguiente tabla:

Tipo de deuda	Tipo de interés	Vencimiento	Deuda viva feb 14 ('000 €)
Préstamo hipotecado sindicado senior	Euribor 3 meses + 2,5%	23/09/2017	833.520
Préstamo hipotecado sindicado mezzanine	Euribor 3 meses + 7,75%	23/09/2017	17.370
Total			**850.890**

Fuente: Estados Financieros no auditados a 28 de febrero de 2014

- De las Cuentas Anuales se desprende el calendario de amortización de la deuda siguiente:

Año amortización	% principal
2014	3,08%
2015	3,77%
2016	4,40%
Después de 2016	88,75%

Fuente: Cuentas Anuales de 2013

- El contrato establece una serie de "covenants", de los cuales destacan los relacionados con una bajada de la calificación crediticia de BBVA. En el mes de julio de 2012, se activó uno de estos "covenants" debido a una bajada de su rating, quedando la Compañía obligada a distribuir todo el excedente de caja ("cash sweep") para realizar cancelaciones anticipadas de deuda.
- Este hecho limitaría la distribución de dividendos y se estaría incumpliendo el requisito de reparto de dividendos que se exige en el régimen SOCIMI para un tipo impositivo de 0%.

Balance (3/3) - La Compañía tiene limitado el riesgo de tipo de interés de la deuda mediante contratos de derivados financieros (IRS)

000 €		2011	2012	2013	Febrero 14
Activos no corrientes		**1.218.147**	**1.165.483**	**1.047.482**	**1.038.723**
Inmovilizado inmaterial		-	-	56	66
Inmovilizado material		23	21	18	18
Inversiones inmobiliarias	1	1.159.037	1.102.180	1.022.849	1.014.246
Inversiones financieras	2	13.474	12.938	12.674	12.636
Activos por impuesto diferido	3	45.613	50.343	11.885	11.757
Activos corrientes		**24.452**	**9.633**	**15.976**	**16.356**
Deudores comerciales		147	160	376	453
Inversiones en empresas grupo		-	704	646	-
Inversiones financieras		47	40	119	34
Periodificaciones		-	-	-	161
Tesorería		24.258	8.729	14.836	15.707
Activo total		**1.242.599**	**1.175.115**	**1.063.458**	**1.055.079**
Patrimonio neto	4	**(46.580)**	**(106.161)**	**(111.179)**	**97.872**
Pasivo no corriente		**1.261.509**	**1.251.861**	**1.125.050**	**925.363**
Deudas con Entidades de Crédito	5	961.394	907.843	834.375	833.520
Derivados	6	106.268	131.857	78.599	77.599
Otros	2	14.529	14.350	14.265	14.245
Deudas con empresas grupo	4	179.318	197.811	197.811	-
Pasivo corriente		**27.670**	**29.415**	**49.588**	**31.844**
Deudas con Entidades de Crédito	5	24.250	26.593	29.510	17.370
Derivados	6	67	183	(18)	484
Otros		-	(1)	(1)	(1)
Deudas con empresas grupo	4	365	-	16.966	-
Acreedores comerciales		2.988	2.639	3.131	13.991
Pasivo total		**1.242.599**	**1.175.115**	**1.063.458**	**1.055.079**

Fuente: Cuentas Anuales auditadas de 2011 , 2012 , 2013 y Estados Financieros intermedios no auditados de febrero 2014.

5 Sin embargo, para omitir este efecto la Compañía, sus principales accionistas y los acreedores del préstamo sindicado han firmado un acuerdo mediante el que se permite distribuir dividendos tal y como se exige en el régimen SOCIMI y posteriormente, los accionistas principales reinvertirán dichos dividendos de forma parcial (hasta un máximo de 50%) como aumento de capital que permita a la Compañía realizar los pagos anticipados de deuda (mientras no vuelva a subir el “rating” de BBVA).

- Así mismo, en noviembre de 2013, los acreedores del préstamo sindicado otorgaron un “waiver” a Tree para modificar ciertas condiciones del contrato de deuda, que impedían cumplir con el régimen SOCIMI.
- Ustedes nos han comunicado que las entidades financieras acreedoras del préstamo sindicado, han aceptado el futuro cambio de control de la Compañía y la futura subrogación de Merlin en la totalidad de las obligaciones como accionista principal, una vez que se materialice el acuerdo de compra.

6 En la partida de derivados, se encuentran registrados los IRS (“Interest Rate Swaps”) utilizados para cubrir el riesgo de tipo de interés de la deuda bancaria. Estos IRS están registrados a su valor razonable. Todos ellos son del tipo estándar o ‘plain vanilla’, es decir, intercambian un tipo fijo (que paga la Compañía) por un tipo variable (el Euribor a 3 meses, que paga la entidad financiera) para una cantidad nocional con periodicidad trimestral. El vencimiento se ha fijado en 2017.

Sección 3
Valoración de Tree

Sección 3.1
Método del Patrimonio Neto Corregido

La valoración se ha basado en el PNC, tomando de punto partida el NAV según las valoraciones de Savills (diciembre 2013) y considerando las sensibilidades y ajustes pertinentes a éstas, así como la agregación y deducción del resto de partidas patrimoniales para poder obtener un valor por acción a 28 de febrero de 2014

PNC

A NAV a 28-febrero-14 Valor de mercado de los activos inmobiliarios según Savills menos la deuda hipotecaria y otros activos y pasivos (tesorería, créditos fiscales, fianzas y acreedores)

B Sensibilidad al valor de mercado de los activos inmobiliarios

C Contraste del valor razonable derivados financieros

D Ajuste por el valor actual de los costes de estructura futuros

E Considera-ción de otros ajustes menores y efectos impositivos

F Valor por acción según el PNC

Análisis PwC:

A:

- Revisión global de los criterios e hipótesis de las valoraciones inmobiliarias de mercado de Savills a fecha 31 de diciembre de 2013.
- Ajuste del valor de mercado de la cartera inmobiliaria por ventas de sucursales en los meses de enero y febrero de 2014.
- Financiación ajena: contraste de los tipos de interés de la financiación con emisiones de bonos corporativos cotizados con niveles de solvencia similares, para evaluar que no se detectan indicios relevantes de diferencias entre el valor contable reflejado en el balance y el valor de mercado.

B:

- Contraste del valor inmobiliario a nivel agregado mediante el método explícito del DFC de:
  - las rentas netas hasta el fin del Contrato y,
  - el valor terminal considerando rentas de mercado.
- Consideración del transcurso de tiempo hasta 28 de febrero de 2014.
- Consideración de tasas de descuento alternativas a Savills diferenciando el riesgo inherente a las rentas del Contrato y la del valor terminal.

C:

- Entendimiento de los principales términos de los contratos de los diferentes instrumentos.
- Contraste mediante DFC, considerando una tasa de descuento adecuada (la curva cupón cero) para evaluar que no se detectan diferencias relevantes con el valor razonable reflejado en balance.

D:

- Identificación general de los costes de estructura recurrentes, no repercutibles al arrendatario y no deducidos del valor de la cartera inmobiliaria.
- Estimación, mediante el DFC, del valor actual de los costes de estructura a lo largo del tiempo, considerando unas tasas de descuento adecuadas y diferenciando entre el periodo explícito del Contrato y el valor terminal.

E:

- <u>Créditos y fianzas fiscales:</u> evaluación general sobre indicios de diferencias relevantes entre el valor contable reflejado en el balance y el valor de mercado mediante el DFC.
- <u>Derivado de tipos de inflación</u>: entendimiento general de esta cobertura no reflejada en el balance y no considerada en el valor de la cartera inmobiliaria, así como estimación del valor actual de su impacto mediante el DFC.

F:

Contraste con Múltiplos de mercado

- Contraste con múltiplos de compañías cotizadas
- A partir de la selección de una muestra de compañías similares a Tree (en la medida de lo posible) en cuanto a régimen fiscal, tipología de activos inmobiliarios, localización y márgenes EBITDA.

A El NAV por acción a 28 de febrero de 2014 es de 90,4 € considerando las valoraciones inmobiliarias de Savills, otros activos y la deuda (excluyendo derivados) según el balance a dicha fecha

000 €	VNC Febrero 2014	VM Febrero 2014
Activos no corrientes	**1.038.723**	**1.705.370**
Inmovilizado inmaterial	66	66
Inmovilizado material	18	18
Inversiones inmobiliarias	1.014.246	1.680.893
Inversiones financieras	12.636	12.636
Activos por impuesto diferido	11.757	11.757
Activos corrientes	**16.356**	**16.356**
Deudores comerciales	453	453
Inversiones financieras	34	34
Periodificaciones	161	161
Tesorería	15.707	15.707
Activo total	**1.055.079**	**1.721.726**
Patrimonio neto	**97.872**	**764.519**
Pasivo no corriente	**925.363**	**925.363**
Deudas con Entidades de Crédito	833.520	833.520
Derivados	77.599	77.599
Otros pasivos financieros	14.245	14.245
Pasivo corriente	**31.844**	**31.844**
Deudas con Entidades de Crédito	17.370	17.370
Derivados	484	484
Otros pasivos financieros	(1)	(1)
Acreedores comerciales	13.991	13.991
Pasivo total	**1.055.079**	**1.721.726**

000 €	
NAV	**842.602**
Valor de mercado cartera inmobiliaria	**1.680.893**
Otros activos	**40.833**
Tesorería	15.707
Inversiones financieras	12.636
Activos por impuesto diferido	11.757
Otros activos	732
Deuda (excluidos derivados)	**(879.125)**
Deudas con Entidades de Crédito a largo plazo	(833.520)
Otros pasivos financieros a largo plazo	(14.245)
Deudas con Entidades de Crédito a corto plazo	(17.370)
Acreedores comerciales	(13.991)
Otros pasivos financieros a corto plazo	1
Nº acciones	9.323.000
NAV por acción (€)	**90,4**

- Tal y como se ha indicado anteriormente, para la estimación del NAV a 28 de febrero de 2014 hemos:
  - analizado la razonabilidad del valor de mercado de las partidas más significativas que son consideradas dentro del NAV, a saber: inversiones inmobiliarias (valor de mercado de la cartera inmobiliaria) y deudas con entidades de crédito.
  - incluido el valor neto contable como mejor aproximación inicial al valor de mercado del resto de partidas menores y no significativas que son consideradas dentro del NAV.

A La valoración de mercado de los activos inmobiliarios realizada por terceros es coherente y cuenta con adecuado soporte interno en sus criterios principales (1/2)

Enfoque general del tasador

- La Dirección nos ha aportado las valoraciones de mercado de los activos inmobiliarios a la fecha 31 de diciembre de 2013 realizadas por Savills, cuya conclusión asciende a 1.687 millones de euros para 905 activos. Sobre las mismas hemos realizado un trabajo de entendimiento, revisión y aplicación de métodos adicionales de contraste de valor.
- Savills ha valorado individualmente cada sucursal por el método "all risk yield", en el que aplican una tasa de capitalización sobre la renta actual de Contrato.
- Este método considera de forma implícita, en la citada rentabilidad aplicada, los impactos y riesgos que se prevén a futuro sobre dicha renta y el comportamiento de cada activo.
- Para obtener la rentabilidad "all risk yield" de cada activo, Savills ha partido de la "yield" de mercado "prime retail" de 5,10% ("yield base"), a la que ha descontado 90 puntos básicos para reflejar, de forma implícita, el tipo de Contrato. Posteriormente, ha aplicado una serie de ajustes, incrementando hasta unos puntos básicos determinados la "yield base" según su:
  - Ubicación: (90 pb)
  - Población: (90 pb)
  - Localización dentro de la ciudad: (100 pb)
  - Alrededores: (100 pb)
  - Fachada del local: (10 pb)
  - Estado de conservación: (40 pb)
  - Porcentaje de la superficie bajo rasante que supone en la superficie total del activo: (75 pb)
  - Situación de la renta: sobre o infra arrendado: (135 pb)
- De esta forma, la "all risk yield" media de la cartera se sitúa en 5,33%, considerando un mínimo de 4,20% y un máximo de 7,50% independiente de los ajustes realizados.
- El siguiente gráfico muestra los valores de mercado, las rentas de Contrato y de mercado, así como la "all risk yield" de la cartera inmobiliaria (una vez descontados los dos activos que se vendieron en enero y febrero de 2014).

		Valor Savills			Renta Contrato (RC)			Renta Mercado Savills (RM)			
Desglose de la cartera (28/02/2014)	Uds	(`000€)	€/m²	% del Total	€/año (`000)	€/m²/ mes	% del Total	€/año	€/m²/ mes	Diferencia RC/RM	All Risk Yield
Total	**903[1]**	**1.680.893**	**4.438**	**100%**	**89.774**	**20**	**100%**	**65.024**	**14**	**30%**	**5,33%**
Por situación geográfica											
Comunidad de Madrid	163	442.018	6.731	26%	20.958	27	23%	15.801	20	25%	5,03%
Cataluña	128	227.903	4.174	14%	11.784	18	13%	8.799	13	25%	5,24%
Pais Vasco	100	176.142	5.245	10%	10.085	25	11%	6.648	16	34%	5,75%
Comunidad Valenciana	91	136.071	3.321	8%	7.734	16	9%	5.350	11	31%	5,68%
Resto	421	698.759	3.799	42%	39.213	18	44%	28.426	13	28%	5,61%
Provincial											
Capitales de provincias	390	1.066.596	5.688	63%	52.876	23	59%	38.806	17	27%	4,92%
Resto	513	614.297	3.212	37%	36.898	16	41%	26.218	11	29%	5,90%
Comercial											
Excelente	232	718.628	5.175	43%	38.429	23	80%	29.240	18	24%	5,49%
Resto	671	962.265	4.011	57%	51.345	18	20%	35.784	12	30%	5,46%
Por superficie											
<500 m²	710	785.174	4.361	47%	41.650	19	46%	29.723	14	29%	5,48%
500 - 1000 m²	132	463.129	5.128	28%	24.243	22	27%	18.024	17	26%	5,38%
>1000 m²	61	432.590	3.990	26%	23.880	18	27%	17.278	13	28%	5,57%

1- No incluye los activos recientemente vendidos (en Enero y Febrero de 2014)

Fuente: Informe de Savills.

A La valoración de mercado de los activos inmobiliarios realizada por terceros es coherente y cuenta con adecuado soporte interno en sus criterios principales (2/2)

Análisis de la tasación

- Hemos analizado a nivel general la razonabilidad de la metodología aplicada y la coherencia interna de las hipótesis más significativas consideradas por Savills (rentas y rentabilidades) en función de:
  - Rentabilidades: la "yield prime" y el proceso de ajuste general;
  - Rentas de mercado: por perfiles geográficos.
- Adicionalmente, hemos realizado un análisis a alto nivel de las rentas de mercado asumidas por Savills (analizando individualmente un 31% de los activos de la cartera; #56), basándonos en estudios de mercado de consultoras inmobiliarias que operan en el mercado español e información disponible en portales inmobiliarios por perfiles geográficos y promedios. Para el resto de los activos inmobiliarios, hemos analizado en términos de alto nivel, la coherencia interna y razonabilidad global de las rentas de mercado en base a criterios geográficos a nivel autonómico, provincial y municipal. Los resultados obtenidos se encuentran en línea con las rentas de mercado indicadas por Savills.
- Así mismo, para una muestra de activos aportada por la Compañía, hemos contrastado que los valores de Savills no difieren de forma significativa respecto de las ofertas de compra que están recibiendo:

# activos	Supeficie	Precio (intenciones de compra) (`000€)	Valor Savills (`000€)	Valor Savills vs Precio venta	Precio (intenciones de compra) (€/m²)	Valor Savills (€/m²)
34	11.345	78.960	78.504	-0,58%	6.960	6.920

Fuente: La Compañía

- Del análisis realizado se observa que:
  - Existe coherencia general y desglose individual por activo en las asunciones del tercero.
  - En general, las rentas de mercado consideradas por el tercero se encuentran dentro del rango de mercado, según el contraste realizado.
  - No hay diferencias entre los valores de mercado del tercero y las ofertas recibidas de forma individual.

Ajuste de valor por ventas de activos

- La Compañía nos ha manifestado que en los meses de enero y febrero de 2014 han procedido a la venta de 2 sucursales.
- Hemos ajustado el valor según el tercero a 31 de Diciembre de 2013 mediante la exclusión de estos dos activos, de tal forma que el valor de la cartera, teniendo en cuenta los mismos criterios e hipótesis de valoración, se situaría en 1.681 millones de euros para los 903 activos existentes a la Fecha de Valoración.

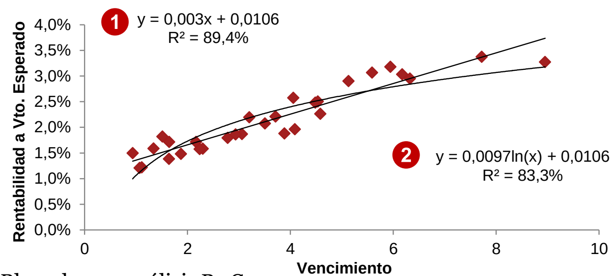
A El valor en libros de la deuda registrada en el balance a 28 de febrero de 2014 parece no diferir de su valor de mercado

- Con el fin de analizar si el valor en libros de la deuda se asemeja a su valor de mercado, hemos contrastado sus tipos de interés con las rentabilidades de emisiones corporativas similares en el sector. Hemos concluido que el valor reflejado en el balance no parece diferir de su valor de mercado.
- Para ello, se han buscando emisiones de bonos de empresas comparables con solvencia similar, a saber:
  - deuda senior: obteniendo una muestra de más de 30 emisiones y realizando un análisis de regresión en función de la rentabilidad y el plazo de dichas emisiones;
  - deuda “mezzanine”: al ser deuda subordinada a la senior, se ha realizado una búsqueda de bonos subordinados, obteniéndose sólo 6 emisiones. Debido a que este tipo de emisiones son a perpetuidad, nos hemos basado en análisis de medias.
- Se observa que los tipos de financiación de la deuda senior y “mezzanine” se encuentran en línea con las emisiones observadas en el mercado, como se puede apreciar en el siguiente cuadro:

	Tree					
	Tipo variable	+	Spread	=	Total	Mercado
Senior	Euribor 3 meses (0,55%)		2,50%		3,00%	2,9% - 3,2%
Mezzanine	Euribor 3 meses (0,55%)		7,75%		8,00%	7,3% - 7,5%

Fuente: Bloomberg y análisis PwC

- Senior - Del análisis realizado se observa que la rentabilidad considerando un plazo de vencimiento de 7 años (plazo del contrato de deuda de Tree) estaría en la horquilla de 2,9% y 3,2%.



Fuente: Bloomberg y análisis PwC

- Mezzanine - Del análisis realizado se observa que la rentabilidad se encuentra comprendida en torno a 7,3% - 7,5%.

Nombre	Pais	Vto.	Rentabilidad Esperada
Technopolis Plc	Finlandia	Perpetua	9,1%
Sponda OYJ	Finlandia		8,8%
Agile Property	Islas Cayman		9,9%
Global Logistic Property	Singapur		5,7%
Mapletree Logistic	Singapur		5,6%
Ascendas	Singapur		5,8%
		Mediana	**7,3%**
		Media	**7,5%**

Fuente: Bloomberg y análisis PwC

B Considerando un enfoque de DFC de las rentas netas futuras agregadas, como contraste a las tasaciones hemos identificado una sensibilidad al alza respecto al valor del tasador tercero en torno al 10%

Contraste de valor mediante el método de DFC agregado

- Hemos realizado un contraste de valor de la cartera inmobiliaria que considera de forma alternativa los riesgos inherentes que se prevén a futuro sobre las rentas, todo ello mediante el método del DFC de las rentas futuras agregadas (en lugar de por activo individual).
- Este método sirve para estimar el valor actual de los flujos de caja procedentes de las rentas de Contrato, así como el valor residual (o terminal) de mercado en la finalización del mismo. Para ello, se ha considerado lo siguiente:
  - Durante el periodo de Contrato, hemos proyectado sus rentas teniendo en cuenta el índice de variación y multiplicador indicado en el mismo. Estas rentas se han actualizado a una tasa de descuento de 5,1% en línea con la rentabilidad exigida a las emisiones de deuda senior del BBVA en un plazo similar, considerando esta referencia como una "proxy" adecuada al riesgo inherente de las rentas de Contrato.
  - A la finalización del Contrato, hemos calculado el valor residual asumiendo que los activos se vuelven a alquilar a rentas de mercado (estimadas a dicho momento futuro), a excepción de los activos que pudieran tener escasa demanda (43 activos según se indica en la tasación). Para ello, hemos:

a. Estimado la renta de mercado en el momento de finalización del Contrato partiendo de la renta de mercado indicada por Savills a día de hoy y aplicando las previsiones de variación del índice de precios de España (media de FMI, EIU y estimaciones de PwC UK);

b. considerado que a la renta de mercado habría que descontar los importes de las partidas de Capex e IBI que no se repercutirían a los inquilinos;

c. aplicado una rentabilidad inmobiliaria de salida "exit yield" (tasa de capitalización) del 6% en base al histórico, nuestra experiencia, estimaciones generales de consultoras inmobiliarias y en línea con un CMPC del 7,5% menos una tasa de inflación a perpetuidad del 1,5%. El CMPC (también denominado "WACC") se ha estimado a partir de empresas cotizadas europeas con perfil de actividad de alquiler y rentabilidad similar. Se ha considerado como reflejo adecuado del riesgo inherente a la asunción de renta de mercado para dicho momento futuro.

B Considerando un enfoque de DFC de las rentas netas futuras agregadas, como contraste a las tasaciones hemos identificado una sensibilidad al alza respecto al valor del tasador tercero en torno al 10%

Contraste de valor mediante el método de DFC agregado

- Del análisis elaborado se obtiene que el valor de la cartera estaría en torno a 1.845 millones de euros aproximadamente. El valor superior respecto a la valoración de Savills se explica en mayor medida porque la tasa de descuento de las rentas de Contrato (riesgo BBVA) son inferiores a las "all risk yields" y la consideración de forma explícita del tipo de indexación de las rentas de Contrato en el DFC.

000 €		2014*	2015	2016	2017	VT
Ingresos por arrendamientos		75.263	92.214	93.738	95.386	94.152
Gastos[1]						(7.689)
Periodo de decuento		0,42	1,34	2,34	3,34	26
Factor de Descuento		0,98	0,94	0,89	0,85	0,15
Flujos de caja descontados		**73.710**	**86.275**	**83.445**	**80.792**	**12.760**
WACC periodo de proyección	5,1%					
WACC VT	7,5%					
Exit Yield (%)	6,0%					
Valor Terminal	210.546					
Valor cartera ('000 €)	**1.845.193**					

1 – incluye Capex e IBI
*2014 incluye el flujo correspondiente a los meses de marzo a diciembre.
Nota: A modo ilustrativo, se ha incluido sólo los primeros cuatro años de la proyección y el valor terminal. No obstante, en el periodo explícito se ha considerado el plazo hasta el vencimiento del Contrato (2040).
Fuente: análisis PwC.

C No identificamos diferencias significativas en el valor razonable de los derivados financieros de tipo de interés reflejados en balance

- Hemos analizado los principales términos de los contratos de los diferentes instrumentos para comprender su funcionamiento y hemos realizado un contraste de las valoraciones a 28 de febrero de 2014 facilitadas por Tree. Estos instrumentos se han contratado con diferentes contrapartes por un importe total nocional de 869,9 millones de euros. A continuación se muestra un resumen de detalle de los mismos:

Detalle de los derivado de tipo de interés

Rango de vencimientos	Rango de nocionales (M€)	Rango de tipo fijo	Tipo variable	Frecuencia de pago
mayo 2017 - septiembre 2017	11,7 - 299,3	2,55% - 3,50%	Euribor 3 meses	Trimestral

Fuente: Contratos con las condiciones de los IRS y Cuentas Anuales facilitadas por la Compañía, Bloomberg

- Para la realización de nuestro ejercicio de contraste de los valores aportados por la Compañía, hemos aplicado la metodología generalmente utilizada que consiste en el descuento de los flujos del instrumento a una tasa adecuada (la curva cupón cero).
- A continuación se describen las fórmulas utilizadas para dicho contraste.
  - Rama de Recibo:

    [Nominal x Euribor 3 meses x Plazo / 360] x FDeur

  - Rama de Pago:

    [Nominal x Tipo Fijo x Plazo / 360] x FDeur

Donde:

- Nominal: es el nocional del instrumento financiero.
- Euribor 3 meses: tipo Euribor a 3 meses fijado al inicio de cada periodo trimestral.
- Plazo: número de días comprendidos en cada periodo trimestral.
- FDeur: factor de descuento al vencimiento de cada uno de los periodos trimestrales basado en la curva cupón cero para el euro
- Tipo Fijo: tipo fijo establecido.

- Hemos concluido que el valor razonable reflejado en el balance a 28 de febrero de 2014 de 78 millones de euros (8,4€por acción) es adecuado.

Tipos cupón cero interpolados

30/06/2014	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022
0,29%	0,45%	0,52%	0,69%	0,90%	1,11%	1,31%	1,50%	1,67%

D El valor actual de los costes de estructura futuros no repercutibles, al no estar considerados en las tasaciones inmobiliarias, se ha deducido en nuestra estimación del PNC

- El funcionamiento de la Compañía asociado a la cartera en su conjunto exige incurrir en unos costes no incluidos en las tasaciones inmobiliarias. Estos costes recurrentes y no repercutibles al inquilino se detallan en la cuenta de resultados de la sección 2.
- Dicho componente se ha deducido del valor por acción dado que no está incluido en las tasaciones inmobiliarias y, sobre todo, a que resulta necesario y consistente con la óptica de valoración basada en el obligado mantenimiento de la cartera bajo el Contrato existente de renta.
- En nuestro análisis de DFC, hemos partido de un importe anual recurrente ajustado para el periodo 2014, que ha sido proyectado a lo largo de la vida del Contrato y posteriormente se ha estimado el importe de mercado a perpetuidad. El importe recurrente a lo largo de la vida del contrato incluye los relacionados con el contrato de gestión con Bosque (2,5M€) y el impuesto de actividades económicas (IAE; 0,5M€). Para el cálculo del valor terminal hemos estimado un 1,5% sobre los ingresos por alquiler como gasto de gestión de la Compañía y el correspondiente IAE.
- De dicho análisis, hemos obtenido un valor actual de los costes de estructura de 60,4 millones de euros (6,5 euros por acción) que se ha considerado como un ajuste negativo dentro del PNC.
- Las tasas de descuento aplicadas para calcular mediante el citado DFC han sido las mismas que las consideradas para el contraste de valor de los activos.

Costes de estructura

000 €	2014 *	2015	2016	2017	VT
Costes de estructura recurrentes	2.468	3.023	3.073	3.127	1.910
Periodo de descuento	0,42	1,34	2,34	3,34	26,3
Factor de Descuento	0,98	0,94	0,89	0,85	0,1
Costes de estructura recurrentes descontados	**2.417**	**2.829**	**2.737**	**2.651**	**284**
WACC período proyección	5,1%				
WACC VT	7,5%				
Flujo de caja	55.616				
Valor terminal	4.772				
Valor actual de los costes de estructura recurrentes	**60.389**				

*2014 incluye el flujo correspondiente a los meses de marzo a diciembre.
Nota: A modo ilustrativo, se ha incluido sólo los primeros cuatro años de la proyección y el valor terminal. No obstante, en el periodo explícito se ha considerado el plazo hasta el vencimiento del Contrato (2040).
Fuente: análisis PwC.

E *Adicionalmente, se ha considerado un ajuste negativo en valor de 1,6 M€ por concepto de activos por impuesto diferido, derivados de inflación y fianzas (1/2)*

Activos por impuesto diferido

- El tipo impositivo aplicable en general para los resultados procedentes de la actividad de arrendamiento es 0% en el régimen SOCIMI, siendo el tipo general del 30% el aplicable en las operaciones de venta de activos que se hayan mantenido menos de tres años en el patrimonio de la Compañía desde que se constituyó como SOCIMI.
- Tal y como se ha indicado anteriormente en la sección "objetivo y alcance", hemos considerado que la Compañía seguirá cumpliendo los requisitos para disfrutar el tipo 0% sobre los ingresos por rentas basándose entre otros, en los siguientes aspectos:
  - No se esperan cambios significativos en la composición de la cartera patrimonial ni en la actividad.
  - A pesar de que en la actualidad existe el requerimiento del cumplimiento del "cash sweep" indicado anteriormente, la Compañía tiene la previsión de conseguir una refinanciación de la deuda en el año 2017 que incluya la modificación de esta cláusula dado que parece adecuado para todas las partes según nos ha manifestado la Dirección. De hecho, durante el ejercicio de 2013, los acreedores del préstamo sindicado acordaron un "waiver" para modificar ciertas condiciones del contrato de deuda, que impedían cumplir con el régimen SOCIMI.
  - Así mismo, sería posible una recuperación de la calificación de solvencia del BBVA en línea con las previsiones de recuperación económica y perspectivas del sector, así como a la mejora de la calificación crediticia de BBVA acaecida recientemente.
- Por otro lado, por operaciones puntuales de venta de activos que incumplan el requisito de permanencia de 3 años, se espera que se recuperen créditos fiscales. En este sentido, la Compañía nos ha confirmado la intención de vender 51 activos en el periodo 2014-2017 lo que supondría el afloramiento de pago de impuestos por el 30% de estos beneficios, y la consiguiente recuperabilidad de créditos fiscales.
- El siguiente cuadro muestra las hipótesis realizadas sobre la previsión impositiva.

Venta de inmuebles ('000€)	2014	2015	2016	2017
Número de oficinas vendidas	10	11	15	15
Base imponible	5.521	5.061	5.916	5.176
Impuesto	30%	30%	30%	30%
Aprovechamiento créditos fiscales	(1.834)	(1.815)	(1.775)	(1.553)
Periodo de descuento	0,42	1,34	2,34	3,34
Factor de descuento	0,97	0,91	0,84	0,78
Créditos fiscales	**1.779**	**1.647**	**1.497**	**1.218**

WACC período proyección	**7,5%**
Valor actual - créditos fiscales	**6.142**

Fuente: análisis PwC.

- Se ha obtenido el valor actual del aprovechamiento de los créditos fiscales aplicando como tasa de descuento del 7,5% en base al CMPC, obteniéndose un valor aproximado de 6,1 millones de euros. Dicho valor se traduce en un ajuste negativo por importe de 5,6 millones de euros (0,6€ por acción) dado que en el NAV está considerando el valor en libros (valor bruto) de 11,7 millones de euros.

E Adicionalmente, se ha considerado un ajuste negativo en valor de 1,6 M€ por concepto de activos por impuesto diferido, derivados de inflación y fianzas (2/2)

Derivados de inflación

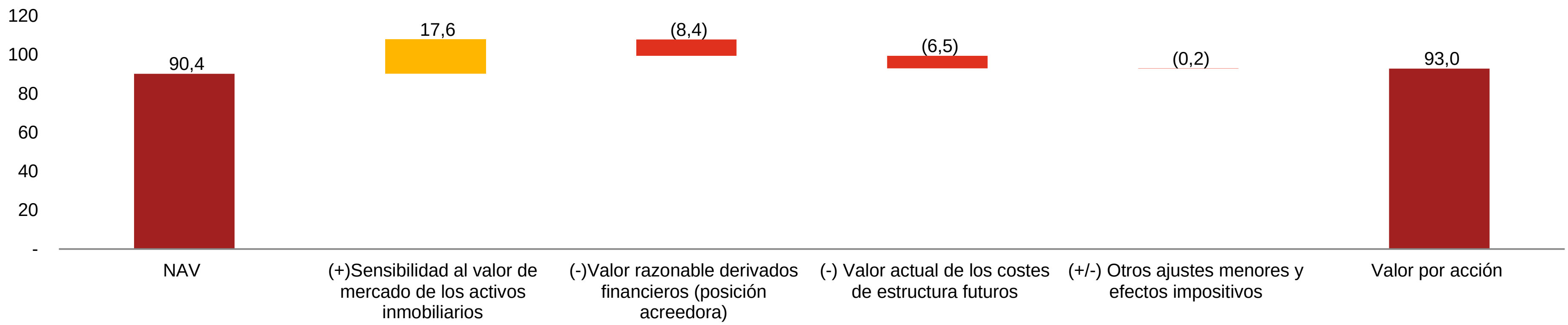
- La Compañía nos ha manifestado que a 28 de febrero de 2014 mantiene cuatro derivados de inflación de tipo “swap” con vencimiento en agosto de 2017 para protegerse de la subida del IPC armonizado de la zona Euro, al cual está referenciado el pago del alquiler de acuerdo al Contrato.
- En los contratos de derivados de inflación, la Compañía recibe un tipo fijo del 3,34% y paga un tipo variable en línea con la evolución del IPC armonizado de la zona Euro.
- La Compañía no tiene registrado en el balance el efecto de dichos derivados. En este sentido, se ha hecho un análisis del impacto en valor de los derivados,
- Para la estimación del impacto, hemos considerado un diferencial medio de 1,9 millones de euros aproximadamente en el periodo 2014-2017.
- Para estimar el valor actual de los derivados, mediante el citado DFC, se ha aplicado una tasa de descuento adecuada (la curva cupón cero).
- Del análisis realizado se ha obtenido un impacto positivo (posición deudora) por importe de 3,1 millones de euros (0,3 € por acción).

Fianzas

- Hemos partido del supuesto factible de que la Compañía materializará las fianzas que tiene registradas (12,6 millones de euros en el activo y 14,2 millones de euros en el pasivo) en la fecha de vencimiento del Contrato por el importe registrado en el balance a Fecha de Valoración.
- Hemos estimado el valor actual de los importes indicados a través del método de DFC aplicando una tasa de descuento equivalente a la tasa libre de riesgo de 3,44% (rentabilidad del bono a 10 años de España a 28/02/2014 según Bloomberg). Con ello, hemos obtenido un impacto en valor de 0,9 millones de euros (0,1€ por acción).

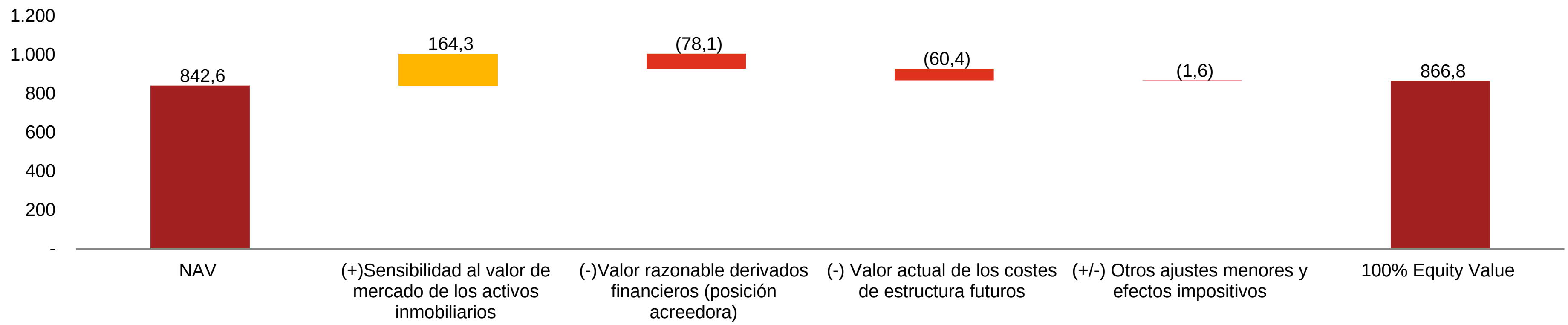
F El valor de las acciones de Tree es de aproximadamente 93 € por acción (867 millones de euros aproximadamente)

Valor por acción (€)



Fuente: análisis PwC. El número de acciones existentes a fecha de valoración es de 9.323.000

100% Equity Value (M €)



Fuente: análisis PwC. El número de acciones existentes a fecha de valoración es de 9.323.000

Sección 3.2
Contraste con Múltiplos de Mercado

Como contraste a nuestra conclusión de valor hemos aplicado el Enfoque de Mercado considerando compañías cotizadas europeas comparables en términos de margen EBITDA, composición de su cartera inmobiliaria y régimen fiscal

Cotizadas comparables

- Para la selección de compañías comparables al negocio de Tree hemos seleccionado compañías cotizadas similares y/o con régimenes fiscales comparables en Europa (REITs en UK y SIICs en Francia).
- La actividad de las compañías cotizadas comparables no es exactamente igual a la de Tree, teniendo en cuenta las peculiaridades derivadas del Contrato y su menor riesgo respecto a los contratos "tipo" en el mercado inmobiliario.
- Sin embargo, hemos seleccionado aquellas compañías europeas cuya actividad es más similar (buenos activos en arrendamiento situadas en zonas bien localizadas) y con márgenes EBITDA no inferior al 70%.
- De cada una de las compañías comparables hemos obtenido sus múltiplos Capitalización Bursátil/NAV y EV/EBITDA para posteriormente contrastar con los derivados implícitamente del valor de Tree según el PNC.
- Teniendo en cuenta que la cartera de inmuebles de Tree se compone en su totalidad por inmuebles en alquiler, en concreto de locales comerciales, y que su margen EBITDA (excluyendo ventas de activos) es del 90%, se han elegido las compañías comparables cotizadas de la tabla de la derecha.

Compañía	NAV 2013	Ingresos alquiler/ total ingresos	Margen EBITDA 2013	EV/ EBITDA 2013	Capitalización Bursátil/NAV 2013
Testa	n.d.	98,1%	78,0%	15,9x	n.d.
SIIC de Paris	1.114	99,7%	93,3%	20,3x	0,7x
Gecina	6.246	98,7%	70,0%	21,3x	0,9x
SFL	n.d.	98,5%	82,3%	24,4x	n.d.
Promedio	**3.680**	**98,8%**	**80,9%**	**20,5x**	**0,8x**
Mediana	**3.680**	**98,6%**	**80,2%**	**20,8x**	**0,8x**

Fuente: Capital IQ

Transacciones comparables

- No se han tenido en cuenta transacciones comparables como método de contraste ya que no se han encontrado transacciones recientes con un grado de comparabilidad significativo.

Mediante el método de contraste se deduce un valor por acción de 86,7 €

- El valor de negocio para Tree resultante del múltiplo promedio EV/EBITDA de las compañías comparables cotizadas es de 1,722 millones de euros. Considerando la posición de deuda financiera neta, el valor de las acciones (Equity value) es de 808 millones de euros (86,7 € por acción).
- Considerando que el NAV se sitúa en 90,4€ por acción se obtiene un múltiplo implícito de Equity value/NAV de 0,96x.
- Dicho múltiplo se sitúa por encima de la media del múltiplo de las compañías comparables, lo que tiene sentido ya que el negocio de Tree tiene menor riesgo implícito de cartera (debido al Contrato) respecto de las compañías comparables.
- Según la información publicada por las compañías comparables, se deduce que su riesgo puede ser mayor ya que, entre otros, su porcentaje de ocupación de los inmuebles es menor del 100% y los contratos de alquiler de sus inmuebles no serían a tan largo plazo ni las rentas aseguradas en la misma medida.

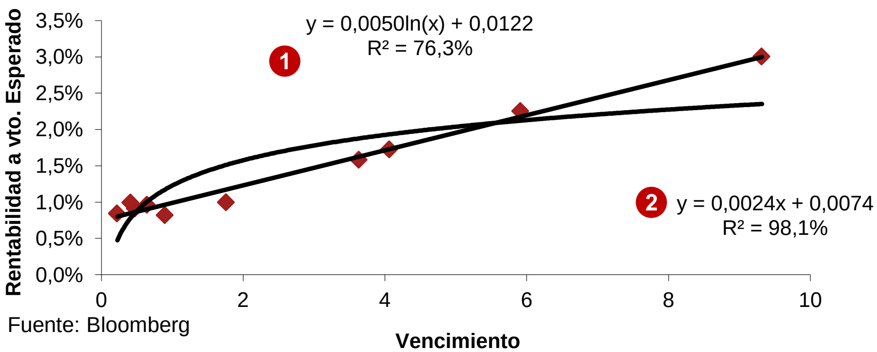
Miles de euros (Valores redondeados)

Tree - EBITDA 2013*	**84.000**
Múltiplo EV/EBITDA	20,50x
Valor de negocio (EV)	**1.722.000**
Deuda financiera neta	(913.266)
Valor de las acciones (100%)	**808.734**
Nº acciones (miles)	9.323
€ por acción (Fondos Propios)	**86,7**
€ por acción (NAV)	90,4**
Valor/NAV (€ por acción)	**0,96x**

*Excluyendo la venta de inmuebles del periodo 2013
**Ver Sección 3.1
Fuente: Capital IQ, Cuenta Anuales de Tree y análisis PwC.

Anexo 1
Tasas de descuento y otras consideraciones

La rentabilidad de bono corporativo de BBVA inferido para el plazo restante de Contrato se sitúa en 5,1%



Fuente: Bloomberg

	Vencimiento	R2	Rentabilidad Esperada
1 Regresión Logarítmica	27	76,3%	2,9%
2 Regresión Lineal	27	98,2%	7,3%
		Promedio	**5,1%**

Fuente: Bloomberg, análisis PwC

El CMPC se ha estimado en un 7,5% considerando un tipo impositivo del 0% (1/2)

1	Tasa libre de riesgo	3,4%
2	Coeficiente Beta	1,15
3	Prima de riesgo de mercado ("PRM")	5,5%
	Coste de los Fondos Propios	**9,7%**
	Diferencial medio aproximado	1,7%
4	Coste bruto de la deuda	5,2%
	Tipo de impuesto sobre sociedades	0,0%
	Coste neto de la deuda	**5,2%**
5	% Fondos Propios	51,5%
	% Recursos ajenos (deuda)	48,5%
	Coste Medio Ponderado del Capital (CMPC)	**7,5%**

Fuente: Bloomberg, Capital IQ, CCAA de las compañías comparables y análisis PwC

1. Rentabilidad "spot" a 28 de febrero de 2014 de las obligaciones del Estado Español a 10 años.
2. Coeficiente Beta obtenido de acuerdo a un análisis de betas de compañías cotizadas inmobiliarias europeas en régimen similar a SOCIMI con relevancia estadística (ver página siguiente).
3. Exceso de la rentabilidad media histórica del mercado de capitales español sobre las obligaciones del Estado a largo plazo según diversos estudios empíricos y considerando la situación actual de este último.
4. Diferencial entre la rentabilidad de bonos a largo plazo de compañías europeas comparables del sector en régimen similar a SOCIMI respecto a la tasa libre de riesgo.
5. Se ha asumido una estructura de capital óptima de mercado del 51,5% de fondos propios y de 48,5% de deuda según la estructura observada en las compañías cotizadas inmobiliarias comparables consideradas.

El CMPC se ha estimado en un 7,5% considerando un tipo impositivo del 0% (2/2)

Análisis de obtención de la beta

Compañía	Beta	R2	Periodicidad	Puntos de la muestra	Beta ajustada	Beta desapalancada	Beta re-apalancada
Gecina SA	1,61	46,90%	Mensual	60	1,41	0,72	1,39
Societe Fonciere Lyonnaise	0,52	25,50%	Mensual	60	0,68	0,38	0,74
Workspace Group plc	1,31	30,20%	Mensual	60	1,21	0,60	1,16
Hammerson plc	1,14	44,90%	Mensual	60	1,09	0,66	1,29
Media							**1,15**
Mediana							**1,22**

Fuente: Bloomberg, Capital IQ y análisis PwC

- Las compañías comparables cotizadas utilizadas para la obtención de la Beta no son exactamente las mismas que aquellas utilizadas en el análisis de múltiplos de mercado ya que su representatividad estadística (R2) no es significativa.

Los análisis realizados toman como punto de partida la valoración de los activos inmobiliarios de Savills de fecha 31 de diciembre de 2013

savills

This matrix of criteria has been applied to each of the properties. We have then considered the outputs alongside our general knowledge of the market and compared against the available comparables. We applied a 'cap' of 7.00% as the initial yield at the upper end of the scale as we believe that, despite some of the drawbacks associated with the particular assets where the matrix has produced a weaker result, this initial return would sufficiently appeal to investors. This 'cap' applies to 6 properties in the portfolio. Likewise, we have applied a floor yield of 4.20% as the minimum initial return an investor would demand for these properties. Finally, where we have specific evidence (either yield or capital value rate per sq m) for certain locations, we have made manual adjustments to the applied yield, but this is in a minority of cases.

In arriving at our opinions of value, we have applied the traditional investment method as described above. We have valued each property on an individual basis and the blended initial yield calculated is 5.33%.

Appendix 2 sets out our opinions of Market Value of the entire portfolio on a property by property basis.

9.2.3 Non-Recoverable Costs

Under the terms of the lease BBVA are liable for all occupational costs and taxes and we have therefore not made a deduction for any ongoing annual non recoverable costs.

9.2.4 Capital Expenditure

We have not generally made an allowance for the deduction of Cap Ex in our valuation and have assumed where appropriate that the premises will be put into good condition upon vacation by BBVA.

9.3 Purchasers' Costs

Our opinion of Market Value is stated as a figure exclusive of purchaser's costs, as is standard practice in Spain.

9.4 Market Value

Our valuations are prepared on an individual basis and the portfolio valuations reported are the aggregate of the individual Market Values, as appropriate.

Having carefully considered the various 905 properties forming the subject portfolio, as described in this report, we are of the opinion that the total Market Value as at 31 December 2013 of the respective interests is at or around:

EUR 1,687,633,000
(One Billion Six Hundred Eighty Seven Million and Six Hundred Thirty Three Thousand Euros)

The individual values are summarised within the Schedule of Market Values at Appendix 2.

The above assumes that each property is sold individually as we are of the opinion that the subject assets would not achieve the aggregate total as reported if sold as a portfolio, as a result of the current economic climate.

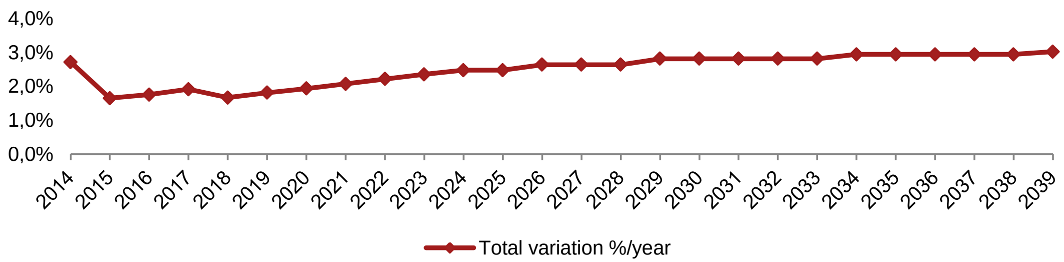
We consider that the likely time period for disposal is likely to be around 9 – 12 months on average for the majority of assets, although this is coming under pressure and could be far longer for some of the properties. However, we note that they form part of a wider portfolio and therefore we consider that in order to achieve our opinions of Market Value, one would need to undertake an orderly sales process over perhaps a four to five year period.

BBVASale and Leaseback Portfolio
TREE Inversiones — *Page 24*

Fuente: Savills: BBVA SALE AND LEASEBACK PORTFOLIO · SPAIN - Valuation & Appraisal Report 31/12/2013

En el enfoque de DFC de las rentas netas futuras agregadas, como contraste a las tasaciones, las rentas de contrato de los inmuebles varían teniendo en cuenta un multiplicador de la renta determinado y el índice de precios de la Eurozona. Las rentas de mercado variarían en función del IPC de España.

Rentas de contrato. Estimación de variación anual según un multiplicador indicado en el Contrato y las previsiones de IPC de la Eurozona (excluido tabaco)



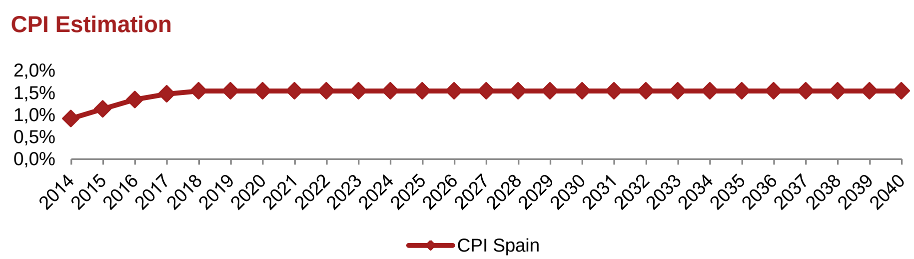
Year	2014	2015	2016	2017	2018	2019 (untill the end of the Contract)
Income multiplier (according to BBVA Contract)	n.a.	1,85	1,85	1,85	1,85	1,50

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2040
Harmonized CIP Eourozone (excluding tobacco)*	1,5%	0,9%	1,0%	1,0%	1,1%	1,2%	1,3%	1,4%	1,5%	1,6%	1,7%	1,7%	1,8%	1,8%	1,8%	1,9%	1,9%	1,9%	1,9%	1,9%	2,0%	2,0%

* -Fuente: Bloomberg

Rentas de mercado. Estimación de variación anual según las previsiones de IPC de España de diversas fuentes.

Year	2014	2015	2016	2017	2018	VT
FMI	1,5%	1,2%	1,2%	1,2%	1,2%	1,2%
PwC UK	0,9%	1,2%	1,7%	1,7%	1,7%	1,7%
Economist Intelligence Unit	0,4%	1,0%	1,1%	1,5%	1,7%	1,7%
CPI Spain	**0,9%**	**1,1%**	**1,3%**	**1,5%**	**1,5%**	**1,5%**



Fuente: FMI, EIU y estimaciones de PwC UK

Resumen de perfiles de cotizadas comparables en la metodología de contraste de Múltiplos de Mercado

Testa Inmuebles en Renta, S.A (Testa) - España

- Testa es propietaria de oficinas, centros logísticos, centros comerciales, viviendas, residencias, hoteles y parking. Sus zonas más importantes de influencia son Madrid y Barcelona, París y Miami.
- Distribución de activos por tipo de producto (2012):

Tipos de inmueble	Distribución
Oficinas	66%
Hoteles	12%
Centros Comericales	10%
Viviendas	5%
Centros logísticos	3%
Residencias	1%
Aparcamientos	1%
Otros	2%

Fuente: Cuentas Anuales de Testa Inmuebles en Renta, S.A.

La Société Foncière Lyonnais (SFL) - Francia

- SFL es una sociedad de inversión inmobiliaria. Su cartera está compuesta por activos inmobiliarios localizados exclusivamente en París. La mayoría de los activos están ubicados en la zona de negocios (82% del valor de la cartera).
- Distribución de activos por el valor de cada producto (31/12/2013):

Tipos de inmueble	Distribución
Oficinas	79%
Retail	20%
Residencial	1%

Fuente: Cuentas Anuales de Société Foncière Lyonnais (SFL).

Gecina - Francia

- Gecina es una sociedad de inversión inmobiliaria francesa (SIIC). El 90% de su patrimonio se encuentra en la región de París. La cartera está compuesta por edificios de oficinas (en su mayoría) así como activos para uso residencial, residencias de estudiantes y centros de salud.
- Distribución de activos por el valor de cada producto (30/06/2013):

Tipos de inmueble	Distribución
Oficinas	63%
Residencial y residencias de estudiantes	27%
Centros de salud	10%

Fuente: Cuentas Anuales de Gecina.

SIIC de Paris - Francia

- SIIC de Paris SA es una empresa inmobiliaria con sede en Francia, dedicada a la explotación y de alquiler de activos inmobiliarios. La cartera de la empresa está compuesta principalmente por oficinas, ubicadas en Paris y sus alrededores. En París, en términos de valoración de los activos, el 53% de los activos se encuentran en la zona de París Centro Oeste, con el 38% de los activos en el Distrito Central de Negocios (CBD). El 35% del valor de los activos se ubican en las afueras de París.
- Distribución de activos por la superficie de cada producto (2013):

Tipos de inmueble	Distribución
Oficinas	97%
Comercial	1%
Residencial	1%
Otros	1%

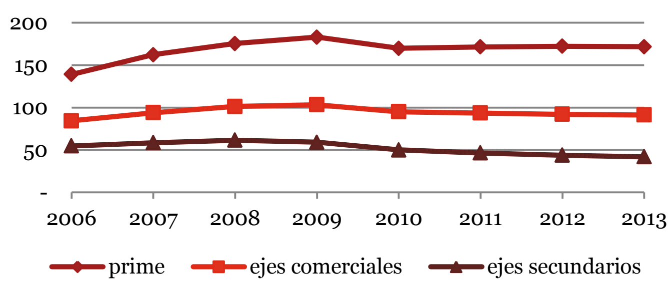
Fuente: Cuentas Anuales de SIIC de Paris.

Situación del mercado inmobiliario de locales comerciales según informes de mercado elaborados por terceros

Rentas

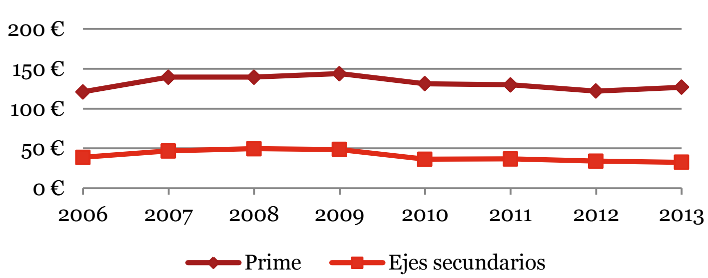
- La demanda, sigue estando vigente en las principales calles de Madrid y Barcelona. El incremento de la oferta de locales comerciales ha provocado una caída de las rentas. En general en la totalidad de los tramos comerciales prime las rentas han disminuido o han permanecido constante.

Evolución de rentas de mercado €/m2/mes (Madrid)



Fuente: Elaboración propia a partir de los informes de Mercado Inmobiliario (2013)

Evolución de rentas de mercado €/m2/mes (Barcelona)



Fuente: Elaboración propia a partir de los informes de Mercado Inmobiliario (2013)

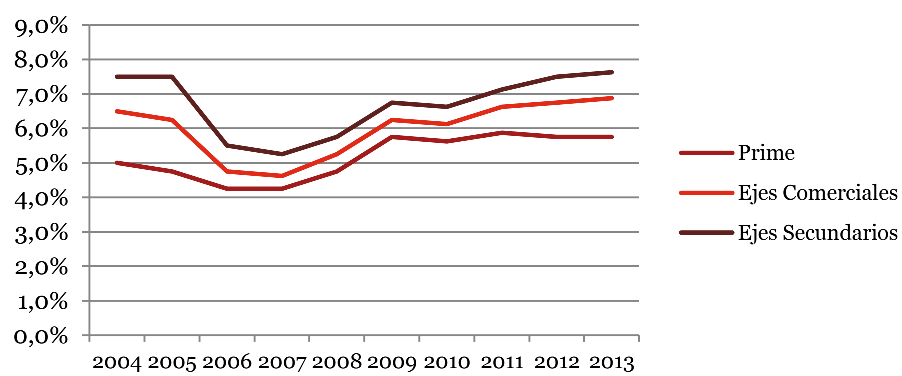
Mercado de inversión

- En los últimos meses del 2013 se pudo observar el interés de los inversores a largo plazo, de carácter "core" e institucional, mas selectivos por el producto prime. La mayoría de las transacciones se están produciendo en el sector High Street o Prime. El inversor busca seguridad de activos ubicados en las mejores localizaciones, con potencial de mejora de rentas, como así ha ocurrido en locales que formaban parte de la red comercial de los bancos nacionales.

Rentabilidades

- Las rentabilidades que se han obtenido por los activos comerciales en España durante el 2013 se han mantenido estables. A continuación se presenta la evolución de la tasa de rentabilidad inicial exigida por un inversor para cada una de las tres tipologías de ejes : Prime, ejes comerciales y ejes secundarios.

Evolución Tasa de Rentabilidad Media de Mercado (%)



Fuente: Elaboración propia a partir de los informes de Mercado Inmobiliario (2013)

Información del mercado según la información facilitada por Savills

- Las principales operaciones sale&leaseback de las instituciones financieras en España:

Institución	# Activos	Fecha	Yield (aproximada)	Renta media (€/m²/mes	Duración del contrato
Banco Santander	oficinas principales	2007	4,40%	18,14	40
Banco Santander	Varios activos	2007	4,00%	n.d.	25
Banco Santander	1.152	2007	5,00%	19,20	25
Barclays	24	2008	5,50%	n.d.	10
Banco Popular	>100	2008	6,0%	n.d.	10
Banco Pastor	161	2008	6,00%	n.d.	20
BBVA	944	2009	6,98%	17,61	30
Barclays	23	2009	6,00%	20,00	15
BBVA	153	2010	n.d	n.d.	30
Barclays	50	2010	5,50%	n.d.	10
B. Guipuzcoano	24	2010	6,00%	18,00	10
Banco Sabadell	369	2010	6,65%	17,85	25
Caja Madrid	97	2010	n.d	n.d.	25
CaixaBank	439	2012	n.d	n.d.	n.d.
Deutsche Bank	oficinas principales	2013	6.17%	35,00	10
Caja Madrid	>200	Varios	6,22%	n.d.	25
		Promedio	**5,69%**	**20,83**	**20,67**

Fuente: Elaboración propia a partir de la información del informe de Savills

- Las transacciones de carteras de sucursales de los bancos han sido un producto de inversión muy popular desde 2007. Una gran cantidad de inversores se sintieron atraídos por los contratos de arrendamiento a largo plazo proporcionados por la mayoría de los bancos y cajas regionales.
- La venta de estas carteras por los bancos a los inversionistas institucionales fue seguida por la venta de propiedades de estas carteras por unidades a los inversores privados, fondos familiares e individuales. La venta por unidades ha logrado, en general, rendimientos más agresivos que los obtenidos mediante las transacciones de carteras.

Anexo 2
Fuentes de información

Fuentes de información

- La información clave que hemos utilizado en nuestro análisis de valoración se indica a continuación:
  - Cuentas Anuales de Tree auditadas de los años 2013 y 2012;
  - Estados Financieros intermedios no auditados a la fecha de febrero de 2014;
  - Folleto informativo de incorporación al MAB en borrador;
  - Detalle resumen de las ofertas recibidas durante el 2014 de cara a la venta de activos;
  - Informe de valoración de los activos inmobiliarios de Savills a fecha de 31 de Diciembre de 2013;
  - Estatutos de la Sociedad;
  - Acuerdo de accionistas;
  - Acuerdo de concesión de la dispensa del cumplimiento de los covenants de la deuda (“Waiver Request Letter”) a fecha 19 de noviembre de 2013;
  - Contrato de deuda y anexos correspondientes (“Amendment and Restatement Agreement”) a fecha 28 de julio de 2010;
  - Contratos de derivados firmados con los bancos Deutsche Bank el 1 de enero de 2014, Natixis, Barclays e ING el 31 de diciembre de 2013 y Société Générale y La Caixa el 2 de enero de 2014;
  - Documentos resumen sobre aproximación a valor de los derivados emitidos por terceros.

- También hemos utilizado fuentes de información disponibles de carácter público que detallamos a continuación:
  - Cuentas Anuales e información de gestión de compañías comparables;
  - Estimación del Índice de Precios al Consumo (“IPC”) a largo plazo de España y la Eurozona en su conjunto por Economist Intelligence Unit (“EIU”), Fondo Monetario Internacional (“FMI”), Bloomberg y Eurostat;
  - Forwards a Fecha de Valoración de las curvas cupón cero, tipos de interés e IPC armonizado excluyendo tabaco por Bloomberg;
  - Información de mercado de comparables cotizadas y emisiones de deuda de competidores y de BBVA: Bloomberg, Factiva, Thomson Reuters y Capital IQ;
  - Información pública en las páginas web de las compañías comparables;
  - Noticias de prensa desde el 2009 hasta Fecha de Valoración;
  - Informes de mercado inmobiliario de 2013 y 2014 de consultoras de reconocido prestigio y prensa general así como fuentes públicas de empresas que publican la oferta actual en el entorno a través de webs.

Anexo 3
Glosario

Glosario de términos y abreviaciones (1/4)

Término	Definición
BAT	Beneficios Antes de Impuestos
BBVA	Banco Bilbao Vizcaya Argentaria
Capex	Capital Expenditure (inversiones de capital)
CCAA	Cuentas Anuales
CMPC	Coste Medio Ponderado de Capital
DFC	Descuento de Flujos de Caja
Dirección	La Dirección de Merlin Properties SOCIMI, S.A.
EBIT	Earnings before interest and tax (Beneficios antes de intereses e impuestos)
EBITDA	Earnings before interest, tax, depreciation and amortisation (Beneficios antes de intereses, impuestos y amortizaciones)
EIU	Economist Inteligence Unit
EUR, €	Euro

Glosario de términos y abreviaciones (2/4)

Término	Definición
EV	Enterprise Value (valor de negocio)
Fecha de Valoración	28 de febrero de 2014
FMI	Fondo Monetario Internacional
IAE	Impuesto Actividades Económicas
IBI	Impuesto sobre Bienes Inmuebles
INE	Instituto Nacional de Estadística
IPC	Índice de Precios al Consumo
Informe	Informe de valoración independiente elaborado por PwC
IRS	Interest Rate Swaps
La Compañía, el Grupo o Ustedes	Tree Inversiones Inmobiliarias S.A.
MAB	Mercado Alternativo Bursátil

Glosario de términos y abreviaciones (3/4)

Término	Definición
Market Cap	Capitalización Bursátil
M€	Millones de euros
NAV	Net Asset Value
PNC	Patrimonio Neto Corregido
PRM	Prima de Riesgo de Mercado
PwC	Pricewaterhouse Coopers Asesores de Negocios, S.L.
RC	Renta Contrato
RM	Renta Mercado Savills
REIT	Real Estate Investment Trust
R2	Coeficiente de determinación estadístico
S.A.	Sociedad Anónima

Glosario de términos y abreviaciones (4/4)

Término	Definición
SIIC	Sociétés d'Investissement Immobilier Cotées
S.L.	Sociedad Limitada
SOCIMI	Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario
VA	Valor Actual
VM	Valor Mercado
VT	Valor Terminal o valor residual
VNC	Valor Neto Contable

ANNEX 7: UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

Deloitte.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of special independent auditors' report originally issued in Spanish and prepared in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. In the event of a discrepancy, the Spanish-language version prevails.

SPECIAL INDEPENDENT AUDITORS' REPORT ON THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS.

To the Board of Directors of Merlin Properties SOCIMI, S.A.:

We conducted our engagement on the accompanying pro forma financial information of Merlin Properties SOCIMI, S.A. ("Merlin"), prepared by the directors of Merlin Properties SOCIMI, S.A., which comprises the pro forma income statements at 31 December 2013 and 31 March 2014, and the pro forma balance sheet at 31 March 2014. The applicable criteria on the basis of which the directors of Merlin Properties SOCIMI, S.A. compiled the pro forma financial information, which are described in Notes 1 to 7 to the aforementioned pro forma financial information, are those provided for in European Commission Regulation (EC) No 809/2004 and in the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulators (CESR) recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2011/81).

The pro forma financial information was compiled by the directors of Merlin Properties SOCIMI, S.A. to illustrate the impact of the following transaction:

- On 9 April 2014, Merlin entered into an irrevocable purchase agreement with the shareholders of Tree Inversiones Inmobiliarias, S.A. ("Tree"), whereby Merlin undertakes irrevocably to acquire all the shares of Tree. Tree, which owns the real estate portfolio that will constitute Merlin's initial portfolio ("Seed portfolio"), and the shareholders of Tree agreed irrevocably to the sale of their shares in Tree to Merlin.
- The acquisition by Merlin of the shares in Tree shall be conditional on the prior fulfilment of the following conditions:
    a) The performance by Merlin of a public offering of its ordinary shares on a regulated stock exchange, raising the funds necessary to meet the sale price of the shares of Tree.
    b) The financing documents of the related counterparties, granting the required waiver in relation to the change in control at Tree, subject to the acquisition by Merlin of the shares of Tree.
    c) The waiver by BBVA of the rights it may exercise with regard to the lease agreement in force to acquire Tree's portfolio (as defined in the prospectus) at the sale price of the shares of Tree and under the same conditions, or, on the contrary, the expiry of the deadline established in BBVA's lease agreement without BBVA exercising its rights.

The information was presented as if the transaction had occurred on 1 January 2013 to prepare the pro forma income statements at 31 December 2013 and 31 March 2014, and on 31 March 2014 to prepare the pro forma balance sheet at 31 March 2014. As indicated in Notes 3 and 4 to the accompanying pro forma information, the information used as the basis for compiling the pro forma financial information was extracted by the directors of Merlin Properties SOCIMI, S.A. from:

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

- The financial statements of Tree at 31 December 2013, on which we issued an auditors' report on 8 April 2014 in which we expressed an unqualified opinion;
- The interim financial statements of Tree for the three-month period ended 31 March 2014, on which we issued a report on limited review dated 4 June 2014; and
- The financial statements of Merlin for the seven-day period ended 31 March 2014, on which we issued an auditors' report on 26 May 2014 in which we expressed an unqualified opinion and included an emphasis of matter paragraph explaining that Merlin was incorporated on 25 March 2014 and that the interim financial statements were prepared as part of Merlin's stock exchange flotation in order to divulge Merlin's historical information.

Responsibility of the directors for the pro forma financial information

The directors of Merlin Properties SOCIMI, S.A. are responsible for the preparation and the content of the pro forma financial information, on the basis of the requirements established in European Commission Regulation (EC) No 809/2004 and the ESMA update of the CESR recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2011/81). The directors of Merlin Properties SOCIMI, S.A. are also responsible for the assumptions and hypotheses included in Notes 5, 6 and 7 to the pro forma financial information, on which the pro forma adjustments are based.

Our responsibility

Our responsibility is to issue the report required in Annex II item 7 of European Commission Regulation (EC) No 809/2004, which under no circumstances may be considered to be an audit of financial statements, on whether the pro forma financial information was adequately prepared, in all material respects, by the directors of Merlin Properties SOCIMI, S.A., on the basis of the requirements established in European Commission Regulation (EC) No 809/2004, the ESMA update of the CESR recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2011/81) and the assumptions and hypotheses defined by the directors of Merlin Properties SOCIMI, S.A.

Our work was performed in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board, which requires compliance with ethical requirements and the planning and performance of procedures to obtain reasonable assurance as to whether directors have compiled, in all material respects, the pro forma financial information on the basis of the requirements established in European Commission Regulation (EC) No 809/2004, the ESMA update of the CESR recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2011/81) and the assumptions and hypotheses defined by the directors of Merlin Properties SOCIMI, S.A.

For purposes of this report, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, or for expressing any other opinion on the pro forma financial information, on the assumptions and hypotheses used in the preparation thereof, or on any specific items or accounts, nor have we performed an audit or limited review of the financial information used as the basis for the compilation of the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for these purposes. Since this pro forma financial information was prepared to reflect a hypothetical situation, it is not intended to represent, and does not represent, the financial and net worth position or the profit of loss from operations of Merlin Properties SOCIMI, S.A. Consequently, we do not express an opinion as to whether the financial information that would have been obtained if the transaction described had occurred at 1 January 2013 for the income statements at 31 December 2013 and 31 March 2014, and at 31 March 2014 for the balance sheet at 31 March 2014, would correspond with the accompanying pro forma information.

The aim of a report of this nature is to provide reasonable assurance as to whether the pro forma financial information was compiled, in all material respects, on the basis of the criteria used in the preparation thereof and requires the performance of procedures necessary to assess whether the criteria used by directors in the aforementioned compilation provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence as to whether:

- The pro forma adjustments give appropriate effect to those criteria;
- The pro forma financial information reflects the proper application of those adjustments to the historical information; and
- The accounting policies used by the directors of Merlin Properties SOCIMI, S.A. in compiling the pro forma financial information are consistent with the accounting policies used in the preparation of the interim financial statements of Merlin Properties SOCIMI, S.A. at 31 March 2014.

The procedures performed depend on our professional judgment, having regard to our understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information was compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion:

- The accompanying pro forma financial information has been properly compiled on the basis of the criteria used and the assumptions and hypotheses defined by the directors of Merlin Properties SOCIMI, S.A.
- The accounting policies used by the directors of Merlin Properties SOCIMI, S.A. in compiling the accompanying pro forma financial information are consistent with the accounting policies used in the preparation of the interim financial statements of Merlin Properties SOCIMI, S.A. at 31 March 2014.

This report was prepared at the request of Merlin Properties SOCIMI, S.A. in relation to the process of issuance and of the verification and registration of the prospectus of Merlin Properties SOCIMI, S.A. which is expected to be approved on or about 12 June 2014 and, therefore, it must not be used for any other purpose or in any other market, or published in any other prospectus or document of a similar nature to the prospectus of Merlin Properties SOCIMI, S.A. without our express consent. We will not accept any liability to persons other than the addressees of this report.

DELOITTE, S.L.

Antonio Sánchez-Covisa Martín-González
5 June 2014

UNAUDITED PRO FORMA CONDENSED BALANCE SHEET AS OF MARCH 31, 2014
(Thousands of Euros)

	Merlin Properties, S.A. 03/31/2014 (3)	Tree Inversiones Inmobiliarias, S.A. 03/31/2014 (4)	Pro Forma adjustment for the fair value valuation of investment property (5)	Pro forma balance sheet
Assets				
Non-current assets				
Intangible assets	-	64	-	64
Property, plant & equipment	-	23	-	23
Investment property	-	1,011,710	449,197	1,460,907
Derivative	-	-	219,986	219,986
Other non current assets	-	24,362	-	24,362
Total Non-current assets	**-**	**1,036,159**	**669,183**	**1,705,342**
Current assets				
Trade and other receivables	-	180	-	180
Short-term financial investments	-	97	-	97
Cash and cash equivalents	60	10,798	-	10,858
Total Current assets	**60**	**11,075**	**-**	**11,135**
Total Assets	**60**	**1,047,234**	**669,183**	**1,716,477**

	Merlin Properties, S.A. 03/31/2014	Tree Inversiones Inmobiliarias, S.A. 03/31/2014	Pro Forma adjustment for the fair value valuation of investment property	Pro forma balance sheet
Shareholders' Equity and Liabilities				
Total Equity	**55**	**100,408**	**651,375**	**751,838**
Non-current liabilities				
Bank borrowings	-	822,943	-	822,943
Derivatives	-	77,012	-	77,012
Other financial liabilities	-	14,245	-	14,245
Deferred tax liabilities	-	-	17,808	17,808
Total Non-current liabilities	**-**	**914,200**	**17,808**	**932,008**
Current liabilities				
Bank borrowings	-	30,711	-	30,711
Trade and other payables	5	1,915	-	1,920
Total Current liabilities	**5**	**32,626**	**-**	**32,631**
TotalShareholders' Equity and Liabilities	**60**	**1,047,234**	**669,183**	**1,716,477**

UNAUDITED PRO FORMA INCOME STATEMENT FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014

	Merlin Properties, S.A. 03/31/2014 (3)	Tree Inversiones Inmobiliarias, S.A. 03/31/2014 (4)	Pro Forma adjustment for the depreciation of fair value valuation (6)	Pro Forma adjustment for the gain on the acquisition (7)	Pro Forma 03/31/2014 Income Statement
Revenue	-	22,850	-	-	22,850
Personnel expenses	-	(14)	-	-	(14)
Other operating expenses	(5)	(1,164)	-	-	(1,169)
Depreciation and amortization charges	-	(7,620)	(3,903)	-	(11,523)
Proceeds from sale of real estate assets	-	2,142	-	-	2,142
Operating profit	**(5)**	**16,194**	**(3,903)**	**-**	**12,286**
Finance income	-	3	-	9,377	9,380
Finance expenses	-	(14,996)	-	-	(14,996)
Change in fair value of financial instruments	-	(337)	-	-	(337)
Financial loss (net)	**-**	**(15,330)**	**-**	**9,377**	**(5,953)**
Profit (loss) before income tax	**(5)**	**864**	**(3,903)**	**9,377**	**6,333**
Income taxes	-	(536)	-	-	(536)
Profit (loss) for the year	**(5)**	**328**	**(3,903)**	**9,377**	**5,797**

UNAUDITED PRO FORMA INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

	Merlin Properties, S.A. 2013	Tree Inversiones Inmobiliarias, S.A. 2013 (4)	Pro Forma adjustment for the depreciation of fair value valuation (6)	Pro Forma adjustment for the gain on the acquisition (7)	Pro Forma 2013 Income Statement
Revenue	-	93,399	-	-	93,399
Personnel expenses	-	(90)	-	-	(90)
Other operating expenses	-	(9,847)	-	-	(9,847)
Depreciation and amortization charges	-	(31,004)	(15,612)	-	(46,616)
Proceeds from sale of real estate assets	-	27,541	-	-	27,541
Other operating income / expenses	-	(3)			(3)
Operating profit	**-**	**79,996**	**(15,612)**	**-**	**64,384**
Finance income	-	90	-	9,377	9,467
Finance expenses	-	(88,754)	-	-	(88,754)
Change in fair value of financial instruments	-	(5,220)	-	-	(5,220)
Financial loss (net)	**-**	**(93,884)**	**-**	**9,377**	**(84,507)**
Profit (loss) before income tax	**-**	**(13,888)**	**(15,612)**	**9,377**	**(20,123)**
Income taxes	-	(5,613)	-	-	(5,613)
Profit (loss) for the year	**-**	**(19,501)**	**(15,612)**	**9,377**	**(25,736)**

UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

The following unaudited pro forma condensed financial Information sets forth the unaudited pro forma condensed income statements of Merlin Properties, S.A. (the "Company") for the year ended December 31, 2013 and for the three month period ended March 31, 2014, as well as the unaudited pro forma condensed balance sheet of Merlin Properties, S.A. (the "Company") as of March 31, 2014, which has been derived form, and should be read in conjunction with the financial statements as of and for the year ended December 31, 2013 of Tree Inversiones Inmobiliarias, S.A. ("Tree"), with our interim financial statements of Tree as of and for the period ended March 31, 2014, and with the financial statements of the Company as of and for the seven days period ended on March 31, 2014, all prepared in accordance with Spanish GAAP (refer to "Part VI: Important information" of the Prospectus where the impacts with International Financial Reporting Standards adopted by the European Union are explained).

We have included the unaudited pro forma condensed financial information to illustrate, on a pro forma basis the acquisition of Tree by the Company assuming the transaction was consummated at the beginning of the fiscal year presented for the purpose of the income statement and at the end of the most recent period presented for the purpose of the balance sheet. On [9 April 2014], the Company entered into an Irrevocable Undertaking Agreement with the shareholders of Tree, to acquire, conditional on Admission, 100% of the shares in Tree [for a total purchase price of approximately €742,406,000 (excluding acquisition costs and expenses)].

The event describe above is herein referred to the "Transaction" and is described in more detail in Note 2 to this "Unaudited Pro Forma Condensed Financial Information".

The unaudited pro forma condensed income statement for the year ended December 31, 2013 and the three month period ended March 31, 2014 are presented only through "Profit (loss) for the year" and includes specific adjustments related to the Transaction.

The unaudited pro forma condensed financial information is presented for illustrative purposes only and reflects estimates and certain assumptions made by the Board of Directors of the Company that are considered reasonable under the circumstances as of the date of this prospectus and which are based on the information available at the time of the preparation of the unaudited pro forma condensed financial information. Actual adjustments may differ materially from the information presented herein. The unaudited pro forma condensed financial information does not purport to represent what the Company's income statement and balance sheet would have been if the Transaction had occurred on the dates indicated and is not intended to project the Company's results of operations or financial position for any future period or date.

Notes to the Unaudited Pro Forma Condensed Financial Information

1) Basis of Preparation

The Board of Directors of Merlin Properties SOCIMI, S.A. is responsible for the preparation and content of the unaudited pro forma condensed financial information in accordance with regulation of the European Union contained in Regulation (EC) No. 809/2004 and the ESMA update of the CESR recommendations for the consistent implementation of that regulation (ESMA/2011/81). In preparing the unaudited pro forma condensed financial information we have taken into consideration the accounting policies applied to prepare our historical financial statements, prepared in accordance with Spanish GAAP.

The unaudited pro forma adjustments to the unaudited pro forma condensed financial information give effect to events directly attributable to the Transaction and are factually supportable. The adjustments to the unaudited pro forma condensed balance sheet have been included regardless of whether it has continuing impact or is non-recurring.

Material non-recurring profits and losses that result directly from the Transaction have not been included in the unaudited pro forma condensed income statement.

We have assumed that the Transaction has been completed on:

- January 1, 2013 for the purpose of presenting the unaudited pro forma condensed income statement for the year ended December 31, 2013 and for the three months period ended March 31, 2014.
- March 31, 2014 for the purpose of presenting the unaudited condensed balance sheet as of March 31, 2014.

2) Description of the Transaction

On [9 April 2014], the Company entered into an irrevocable undertaking agreement with Ebro BV, Tree 2009, Forest BV and Alcudia (the Tree shareholders) pursuant to which the Company irrevocably agrees to acquire 100% of the shares of Tree, the company which holds real estate portfolio which will form the seed portfolio of the Company, and the Tree shareholders have irrevocably agreed to sell their shares in Tree to the Company.

The acquisition of the Tree shares by the Company shall be subject to the prior fulfillment of the following conditions precedent:

(a) The Company completing a successful initial public offering of its Ordinary Shares in a regulated stock exchange, raising net proceeds sufficient to pay the Tree share price for the Tree shares.

(b) The relevant counterparties to the financing documents granting the required waiver in respect of the change of control in Tree, and to the extent required in Bosque, pursuant to the acquisition by the Company of the shares in Tree and Bosque.

(c) BBVA waiving any rights it may have under the existing lease agreement to acquire the Seed Portfolio (as defined in the Prospectus) for the Tree share price and in the same conditions or otherwise lapse of the period established in the BBVA Lease Agreement without BBVA having exercised its rights.

3) Merlin Properties, S.A.

This column is derived from the audited interim financial statements as of and for the seven days period ended March 31, 2014 included elsewhere in this prospectus.

4) Tree Inversiones Inmobiliarias, S.A.

This column is derived from the audited annual accounts as of and for the twelve month period ended December 31, 2013 and the interim financial statements as of and for the three month period ended March 31, 2014 of Tree Inversiones Inmobiliarias, S.A. subject to limited review.

5) Fair value valuation of assets and liabilities

This pro forma adjustment reflects the fair value of the assets and liabilities of Tree Inversiones Inmobiliarias, S.A. that will be acquired by the Company. Tax effect of the fair value valuation has been also considered as a part of this pro forma adjustment.

The calculation for the impact is shown below:

		Thousands of Euros
(1)	Carrying amount of the investment properties as of March 31, 2014	1,011,710
(2)	Fair value of the investment properties	1,460,907
(3)=(2)-(1)	Fair value adjustment of investment properties	449,197
(4)	Fair value of embedded derivative included in the rental agreement	219,986
(5)= (3)+(4)	Total Fair value adjustment	**669,183**

- Fair value adjustment of investment properties: This adjustment has been obtained from the valuations performed by Savills as of December 31, 2013, adjusted by the disposal of properties occurred in the three month period ended March 31, 2014 and the fair value of the embedded derivative included in the rental agreements signed with the current tenants. Since the rental update conditions are considered by Savills when valuing the investment properties, in order to recognize the derivative, such amount have been deducted from the valuation.

- Fair value of embedded derivative: this adjustment corresponds to the fair value of the annual rental update conditions included in the rental agreements with the current tenants. Such conditions have been bifurcated, valued and recognized in the pro forma financial statements separately from the main contract as a financial instrument - derivative.

  For the valuation of the embedded derivative, the Company has based its estimation on the future total revenue derived from the contract adjusted by the credit risk of the counterparty. The estimate of the future rental incomes has been based on the swaps Eurozone inflation curve at the date of the analysis (harmonized CPI in the euro area without tobacco) and considered the respective counterparty credit risk. In this sense, the methodology for the valuation applied is based on a discounted cash flow model. The valuation of the embedded derivative has been estimated as of March 31, 2014, and therefore its value as of the date of the acquisition of Tree by the Company, could vary.

As of the date of this Prospectus, the accounting treatment of such annual rental update conditions and the corresponding need to bifurcate them from the main contract and recognize them as an embedded derivative is still under discussion pending a final decision by competent regulators. Following any such decision, the definitive accounting treatment may imply that the annual rental update conditions may not qualify as an embedded derivative and may therefore not be bifurcated, valued and recognized separately from the main contract in the Company's financial statements relating to any future accounting periods.

Regarding the fiscal impact of the pro forma adjustment for the fair value of assets and liabilities as a result of the inclusion of Merlin Properties, S.A., and Tree Inversiones Inmobiliarias, S.A. in SOCIMI tax regime, the Board of Directors of the Company has made the following estimates for the purpose of quantification:

1. The recovery of real estate investments will be through their use and sale.

2. Regarding the use and sale of real estate investments, the Company has made the following estimates:

   a. Sale of investment properties from 2015. The amount of capital gain affected by these sales amounts to 156,215 thousand euros, and the estimated tax rate average is 9.95%.

   b. For all other investment property, the estimation of the Board of Directors of the Company is that their value will be recovered through use (230,053 thousand euros), except what regards the value of land, which is estimated to be recovered through sale, once the buildings are fully depreciated.

      The amount of capital gain relating to the land amounts to 62,929 thousand euros, and the estimated tax rate is 3.59%.

3. Regarding the embedded derivative, to the extent that this instrument represents an asset entirety related to real estate, the Company estimated that the applicable tax rate is 0% (Tax Regime Socimi).

4. Finally, concerning to the tax that, under certain circumstances, is imposed on the payment of dividends, the Board of Directors of the Company estimates that it has no fiscal impact because it will be assumed by the shareholders who cause it, by withholding the payment of their corresponding dividends.

The calculation for the impact is shown below:

		Fair Value Adjustment (€'000)	Tax Rate	Deferred tax Liabilites (€'000)
	Capital gain obtained through:			
(1)	Real estate investment	156,215	9,95%	15,549
(2)	Land sale	62,929	3,59%	2,259
(3)	Use	230,053	0%	-
(4)	Embedded derivative	219,986	0%	-
(5)=(1)+(2)+(3)+(4)		**669,183**		**17,808**

6) Depreciation and amortization of fair value valuation

These pro forma adjustments reflect the depreciation of the fair value adjustment of the investment properties.

The Company has separated the fair value adjustment between land and buildings applying the same percentage obtained from the gross cost of the investment properties as included in the financial statements of Tree Inversiones Inmobiliarias, S.A.

Also, the depreciation has been estimated considering the remaining useful life of the investment properties as of March 31, 2014.

7) Gain on the acquisition

This pro forma adjustment reflects the net income obtained due to the Transaction. According to Company's Board of Directors, the estimated purchase price will amount to Euro 742,406 thousands. The calculation for the impact is shown below:

		Thousands of Euros
	Tree Inversiones Inmobiliarias, S.A.	
(1)	Equity as of March 31, 2014	100,408
(2)	Fair value adjustment (net of the tax effect)	651,375
(3)= (1)+(2)		751,783
(4)	Consideration transferred	742,406
(5)=(3)-(4)	Gain on acquisition	9,377

SPANISH TRANSLATION OF THE SUMMARY

RESUMEN

Sección A – Introducción y advertencias		
A.1	**Introducción**	**ESTE RESUMEN DEBE LEERSE COMO INTRODUCCIÓN AL FOLLETO, TODA DECISIÓN DE INVERTIR EN LAS ACCIONES ORDINARIAS DEBE ESTAR BASADA EN LA CONSIDERACIÓN POR PARTE DEL INVERSOR DEL FOLLETO EN SU CONJUNTO.** **Cuando se presente ante un tribunal una demanda sobre la información contenida en el folleto, el inversor demandante podría, en virtud del Derecho nacional de los Estados miembros, tener que soportar los gastos de la traducción del folleto antes de que dé comienzo el procedimiento judicial.** La responsabilidad civil sólo se exigirá a las personas que hayan presentado la nota de síntesis, incluida cualquier traducción de la misma, y únicamente cuando la nota de síntesis sea engañosa, inexacta o incoherente en relación con las demás partes del folleto, o no aporte, leída junto con las otras partes del folleto, información fundamental para ayudar a los inversores a la hora de determinar si invierten o no en dichos valores. Los términos empleados en esta sección cuya primera letra está en mayúscula tienen el significado atribuido en el Folleto salvo que del contexto se deduzca otro significado o que cuenten con una definición propia en esta sección.
A.2	**Posible venta posterior o la colocación final de los valores por parte de los intermediarios financieros**	No aplicable. La Sociedad no contratará ningún intermediario financiero para proceder a una venta posterior o a la colocación final de los valores que requiera la publicación de un folleto después de la publicación de este documento.

Sección B – Emisor y posibles garantes		
B.1	**Nombre legal y comercial del emisor**	El emisor tiene la denominación social de MERLIN Properties, SOCIMI, S.A. El nombre comercial del emisor es "MERLIN Properties".
B.2	**Domicilio y forma jurídica del emisor**	La Sociedad se constituyó como sociedad anónima en España bajo la Ley de Sociedades de Capital, cuyo texto refundido fue aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio. MERLIN Properties tiene su domicilio social en Madrid, Paseo de la Castellana, 42, 28046 Madrid. La Sociedad se constituyó por un plazo ilimitado. **<u>Régimen jurídico de la Sociedad</u>** La Sociedad ha optado por el régimen de Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario ("***SOCIMI***") y ha notificado dicha

		elección a la Dirección General de Tributos por medio de la comunicación pertinente. Dicha elección resultará de aplicación hasta que la Sociedad renuncie a su aplicabilidad o no cumpla con los requisitos del Régimen de SOCIMI. Una entidad con derecho a optar por el Régimen SOCIMI puede solicitar la aplicación del régimen fiscal especial aunque en el momento de la solicitud dicha entidad no cumpla con todos los requisitos necesarios, siempre y cuando los cumpla en el plazo de dos años (a contar desde el momento en el que se solicita este régimen fiscal especial ante la DGT). Además, dicha entidad dispondrá de un año de gracia para subsanar el incumplimiento de algunos de los requisitos exigidos.
B.3	**Descripción y factores clave relativos al carácter de las operaciones en curso del emisor y de sus principales actividades, declarando las principales categorías de productos vendidos y/o servicios prestados, e indicación de los mercados principales en los que compite el emisor.**	La Sociedad ha acordado adquirir Tree, una sociedad que posee una cartera de activos inmobiliarios que formarán los activos originales de la Sociedad (la *Cartera Original*") y Bosque, la sociedad gestora de las propiedades de Tree. A fecha de este Folleto, la Cartera Original comprende 880 sucursales y cinco edificios situados en España, arrendados completamente al BBVA con una renta anual prevista para el 2014 de €88.516.326, lo cual implica un rendimiento del 5,61%. La Sociedad aprobó la adquisición de la Cartera Original el 11 de abril de 2014 tras la realización de un estudio de mercado y de los activos y un análisis financiero con el apoyo de valoraciones independientes de los activos que formaban parte de la Cartera Original. La adquisición de la Cartera Original se llevarás a cabo mediante la adquisición del 100% de las acciones de Tree. De conformidad con el contrato de compromiso irrevocable en virtud del cual la adquisición de la cartera de activos de Tree fue acordada, la contraprestación total a pagar por la Sociedad por el 100% de las acciones de Tree y de Bosque es de €739.483.659 y €3.006, respectivamente, en base a un informe de valoración inmobiliaria independiente preparado por Savills de fecha 9 de junio de 2014. La rentabilidad objetivo prevista por la Sociedad una vez que los Ingresos Netos hayan sido invertidos en su totalidad es una combinación de rentabilidad anual por dividendos de entre 4% a 6% más la creación de valor mediante aumentos en el EPRA NAV de la Sociedad, con un objetivo de rentabilidad apalancada total del 10% anual. Esto es sólo un objetivo y no una previsión de beneficios. No se puede asegurar que dicho objetivo pueda o vaya a cumplirse y, dicho objetivo no debe ser considerado como una indicación de los resultados o rendimientos previstos o reales de la Sociedad. Por consiguiente, los inversores no deben basarse en esta Rentabilidad Objetivo al decidir si invertir, o no, en las Acciones Ordinarias. La Rentabilidad Objetivo no es un hecho y no debe utilizarse como una indicación de resultados futuros. Ni la Sociedad, los Consejeros, las Entidades ni cualquiera de sus respectivos asesores, directivos, consejeros, filiales o representantes pueden asegurar que la Rentabilidad Objetivo será alcanzada o que los resultados actuales no van a variar significativamente respecto de la Rentabilidad Objetivo. **<u>Estrategia de Negocio</u>** La principal actividad de la Sociedad será la adquisición (directa o indirecta), gestión activa, funcionamiento y rotación selectiva de Activos Inmobiliarios Comerciales de alta gama en los segmentos *Core* y *Core Plus*, principalmente en España y, en menor medida, en Portugal. El Equipo Gestor tiene intención de centrarse en la creación tanto de ingresos adecuados como de sólidos rendimientos del capital para la Sociedad con una Rentabilidad Objetivo anual

		en los términos establecidos en este Folleto. Los segmentos "*Core*" son segmentos con activos inmobiliarios de alta gama, con un flujo de caja a largo plazo estabilizado que deriva de arrendamientos y de las bajas necesidades de gastos de capital, que son más fáciles de financiar y generalmente lideran las tasas de capitalización más bajas. Los segmentos "*Core Plus*" son segmentos con activos de buena calidad, que normalmente representan para el inversor la oportunidad de incrementar el rendimiento de la inversión en el activo a través de algún evento (por ejemplo, el activo puede tener alguna vacante programada o algún arrendamiento próximo, lo cual daría al propietario la oportunidad de incrementar las rentas) al igual que activos que pueden beneficiarse de ciertas mejoras o restauraciones por las que el inversor puede pedir rentas más altas después y mejorar su rentabilidad. El Equipo Gestor pretende centrarse en la generación de ingresos adecuados y de rendimientos de capital elevados para la Sociedad con una Rentabilidad Objetivo en los términos señalados en este Folleto. *Los pilares estratégicos* La Estrategia de Negocio de la Sociedad se basa en tres pilares estratégicos: (i) Activos Inmobiliarios Comerciales: centrarse en activos inmobiliarios comerciales y, en particular, oficinas, espacios destinados al comercio minorista, hoteles y propiedades logísticas. (ii) Zonas geográficas: centrarse principalmente en España y, en menor medida, en Portugal (con un límite máximo del 25%). Dentro de España la Sociedad espera que la mayoría de sus activos estén situados en Madrid y Barcelona, aunque también podría considerar otras zonas urbanas importantes. En relación con Portugal, la Sociedad pretende centrarse principalmente en la adquisición de activos situados en Lisboa. (iii) Apalancamiento: pretender que se mantenga por debajo del 50% *loan-to-value* (LTV) (calculado sobre el valor total bruto de activos (Total GAV) más la tesorería disponible en la Sociedad tras la realización de la Oferta). *Tipos de propiedades* Las adquisiciones target que cumplirían con los pilares estratégicos de la Sociedad son, entre otros, activos situados en España y, en menor medida, en Portugal, con las siguientes características: • €60 millones a €150 millones por activo; • oficinas y espacios destinados al comercio minorista adquiridos en el centro de Madrid, Barcelona y otras zonas urbanas importantes; • espacios destinados al comercio minorista en centros de ciudades y ciertas zonas de los suburbios; • propiedades logísticas situadas cerca de centros de transporte; • ubicaciones y activos secundarios de calidad prime o buena; • hospitales urbanos prime en Madrid, Barcelona y Lisboa; • oficinas/activos destinados al comercio minorista prime en la zona de Lisboa; • especial atención en propiedades infragestionadas con potencial de desarrollo; y • propiedades en ubicaciones que se benefician de inversiones

		extranjeras directas internas. Las propiedades residenciales, construidas y para ser desarrolladas, están excluidas como tipo de propiedades target. *Apalancamiento* La Sociedad pretende usar el apalancamiento para intentar aumentar, a largo plazo, la rentabilidad de los Accionistas. El nivel de apalancamiento será supervisado cuidadosamente por la Sociedad en función del perfil de riesgo del activo de que se trate, la disponibilidad de condiciones crediticias generalmente favorables y el coste de los préstamos. La Sociedad también pretende continuar con la utilización de derivados de cobertura cuando se considere adecuado para mitigar tipo de interés y/o riesgo de inflación. El nivel de apalancamiento está sujeto a los siguientes criterios: (i) mientras que la Sociedad busca mantener un ratio de apalancamiento (*gearing LTV ratio*) estable (calculado sobre el GAV Total más la tesorería disponible en la Sociedad tras la realización de la Oferta) de entre 30% y 40%, el importe total comprometido bajo cualquier financiación externa inmediatamente posterior a la realización de cualquier adquisición de oportunidades de activos o contratación de financiaciones externas no puede ser superior a un máximo de 50% LTV; (ii) la financiación de deuda para adquisiciones será evaluada caso por caso inicialmente con referencia a la capacidad de la Sociedad para soportar el apalancamiento y al perfil de riesgo del activo que será adquirido; y (iii) la deuda en propiedades de desarrollo estará, en la medida de lo posible, restringida para evitar recurrir a otros activos de la Sociedad. Sin perjuicio de lo anterior, el Consejo de Administración podrá modificar la política de apalancamiento de la Sociedad (incluido el nivel de endeudamiento) cuando lo considere oportuno en función de las condiciones económicas, los costes relativos de la deuda y del capital, el valor razonable de los activos de la Sociedad, el crecimiento y las oportunidades de adquisición, así como de cualesquiera otros factores que considere oportunos. *Generación de oportunidades* El Equipo gestor tiene una comprobada trayectoria en la generación de oportunidades de inversión de inversiones inmobiliarias y considera que está bien posicionado para implementar la Estrategia de Negocio debido a su sólida trayectoria en activos inmobiliarios comerciales en España y Portugal, la red para la búsqueda de operaciones fuera del mercado con la que cuenta y como consecuencia de la alta visibilidad que la Sociedad espera conseguir como entidad cotizada. El Equipo Gestor espera generar operaciones mediante subastas competitivas, subastas restringidas y operaciones fuera del mercado. Se espera que las adquisiciones de la Sociedad procedan principalmente de una combinación de las siguientes vías esenciales (conocidas al detalle por el Equipo Gestor): • Instituciones bancarias/receptores/prestatarios • SAREB • Instituciones públicas • Grandes empresas • Inversores privados e institucionales • Inversores en préstamos incumplidos *Gestión activa de los activos* El Equipo Gestor tiene intención de mejorar los perfiles de ingresos y añadir

		valor a la cartera de propiedades de la Sociedad mediante técnicas de gestión activa que incluirían (según resulten de aplicación): • la renegociación o cesión de los arrendamientos; • mejora de la duración de los arrendamientos y del perfil del arrendatario; • la implementación de mejoras físicas; • la mejora de los diseños y la optimización del espacio de determinados activos; • el cambio de la mezcla de inquilinos de ciertas propiedades; • refinanciaciones de deuda; entre otras. *Rotación de activos* Aunque la Sociedad busca tener activos por un periodo de tiempo relativamente largo, reconoce que puede crearse valor mediante la rotación de activos en la cartera en el tiempo. El número de años por el que se espera que los activos se mantengan en la cartera puede variar dependiendo de, entre otros factores, las condiciones de mercado, la composición en el tiempo de la cartera y la situación de cada propiedad concreta. Sin embargo, cualquiera de dichas rotaciones de activos está sujeta al cumplimiento de los requisitos establecidos bajo el Régimen de SOCIMI incluyendo el periodo mínimo de tres años de tenencia de activos inmobiliarios. *Restricciones regulatorias* De acuerdo con el Régimen de SOCIMI, la Sociedad estará obligada, entre otras cosas, a llevar a cabo un Negocio de Arrendamiento de Inmuebles y cumplir con los siguientes requisitos: (i) invertir al menos el 80% del valor bruto de los activos en activos inmobiliarios urbanos arrendables, terrenos adquiridos para el desarrollo de propiedades inmobiliarias urbanas arrendables, siempre y cuando el desarrollo empiece dentro de los tres años siguientes a la adquisición, o en acciones de otras SOCIMIs, o entidades extranjeras o filiales que realicen las actividades mencionadas anteriormente con requisitos de distribución similares, y (ii) al menos el 80% de los ingresos anuales netos deben provenir de ingresos de alquiler y de dividendos o ganancias de capital en relación con los activos anteriormente referidos. La Sociedad dispondrá de un periodo de gracia de dos años desde el día en que se optó por el régimen de SOCIMI, al final del cual deberá cumplir con sus requisitos. Además, la Sociedad dispondrá de un año de gracia para subsanar el incumplimiento de cualquiera de los requisitos exigidos. **<u>Estrategia Financiera</u>** El uso principal por la Sociedad de los Ingresos Netos de la Emisión será financiar (i) la adquisición de Tree y de Bosque; (ii) adquisiciones de activos inmobiliarios futuros de forma coherente con la Estrategia de Negocio; y (iii) los gatos operativos de la Sociedad. La Sociedad pretende tener los Ingresos Netos invertidos en su totalidad en los 24 meses siguientes a la Admisión. La Sociedad puede optar por financiar una parte de ciertas adquisiciones con financiaciones de deuda (inicialmente, mediante financiación hipotecaria principalmente, y en el futuro, mediante la emisión de deuda y valores de deuda convertibles u otras financiaciones que estén disponibles para la Sociedad). La Sociedad y el Equipo Gestor tienen intención de determinar el nivel adecuado de préstamo en relación con cada operación concreta. **<u>Compromisos de los miembros del Equipo Gestor</u>**

		Exclusividad A excepción de las obligaciones en cuanto a los Mandatos en Proceso (Pipeline Mandates) y los Mandatos Históricos (*Legacy Mandates*), el Equipo Gestor actuará exclusivamente para la Sociedad respecto de cualquier tipo de generación de operaciones hasta que todos los ingresos netos obtenidos por la Sociedad estén invertidos en su totalidad en oportunidades adecuadas. Esta exclusividad cubre la recaudación de ingresos en la Oferta al igual que cualesquier otro aumento de capital que la Sociedad pueda llevar a cabo en el futuro en el mercado público. Sin embargo, una excepción a lo anterior es que el Equipo Gestor no actuará en exclusiva para la Sociedad respecto de la adquisición de activos residenciales y/o préstamos incumplidos en la medida en que estas actividades deriven de compromisos existentes o futuros con The Blackstone Group y/o Deutsche Bank AG. *No competencia* Cada miembro del Equipo Gestor se abstendrá, y procurará que las personas o entidades por él controladas se abstengan, ya sea directa o indirectamente, de: (i) adquirir o invertir (en nombre y por cuenta propia o de un tercero) en algún activo inmobiliario que se encuentre dentro de los parámetros de la Estrategia de Negocio de la Sociedad (salvo por las siguientes adquisiciones de activos que están expresamente permitidas: (a) activos inmobiliarios que no generan rentabilidad con un valor de mercado inferior a €5 millones (este límite se aplicará de forma acumulativa); (b) activos residenciales de uso propio; (c) activos inmobiliarios en los que la Sociedad ha tenido oportunidad de invertir pero ha decidido no hacerlo y ha consentido que el miembro en cuestión del Equipo Gestor pueda perseguir la oportunidad, o (ii) actuar como asesor para cualquier inversor que sea competidor de la Sociedad para la adquisición de propiedades, con las mismas excepciones establecidas en relación con (i) anterior. *Conflictos de interés* MAGIC Real Estate no constituirá o invertirá en una SOCIMI, y/o sociedad inmobiliaria que esté involucrada en un negocio con objeto igual, análogo o complementario al objeto social de la Sociedad. Además, para reducir aún más el riesgo de posibles conflictos de interés, los accionistas de MAGIC Real Estate han suscrito una carta de intenciones (*letter of intent*) con la Sociedad de fecha 5 de junio de 2014, en virtud de la cual han acordado negociar de buena fe, durante el periodo de 12 meses tras la Admisión, la venta del 100% de las acciones en MAGIC Real Estate a la Sociedad si esta última lo considera conveniente. Esta posible adquisición por la Sociedad tendría que ser aprobada por la Junta General de Accionistas. En caso de ser aprobada, la Sociedad deberá encomendar su supervisión y ejecución a un comité ad-hoc formado en su totalidad por consejeros independientes. **<u>Política de Tesorería</u>** La Sociedad tiene la intención de mantener los Ingresos Netos no empleados en la adquisición de Tree y de Bosque, estimados aproximadamente en €722 millones, como tesorería o equivalente de tesorería o en depósitos bancarios con uno o más bancos. **<u>Proveedores de servicios al solicitante</u>** *El Equipo Gestor* Las operaciones del día a día de la Sociedad, incluyendo la implementación de la Estrategia de Negocio, serán llevadas a cabo por el Equipo Gestor,

compuesto por profesionales del sector inmobiliario y de las finanzas con una amplia experiencia en los mercados inmobiliarios españoles y portugueses y un historial notable creando valor para los accionistas. El Equipo Gestor está liderado por D. Ismael Clemente (Consejero Delegado), D. David Brush (Jefe de Información) y D. Miguel Ollero (Director Financiero/Gerente de Operaciones) y cuenta con nueve miembros. Los seis miembros restantes del Equipo Gestor son D. Francisco Rivas, D. Enrique Gracia, D. Luis Lázaro, D. Miguel Oñate y D. Fernando Ramírez y, tras la ejecución de la adquisición de Tree y de Bosque, D. Manuel García Casas, que es actualmente Director General de Tree.

Además, la Sociedad pretende confiar inicialmente en otros tres profesionales con experiencia (D. Enrique Fonseca, D. Antonio Rivas y D. Arnaud Leroy). Adicionalmente, tras la ejecución de la adquisición de Tree, cuatro empleados de Bosque que realmente están involucrados en la gestión de Tree se unirán a la Sociedad (D. Jaime de Vicente, D. Javier López, D. Luis Martín y Dña. María José Stefania) y un empleado de Tree (D. Óscar Rivero) seguirá siendo empleado de Tree. En consecuencia, la plantilla total de la Sociedad tras la adquisición de Tree será de 17 empleados (incluyendo a D. Óscar Rivero). El Equipo Gestor espera alcanzar una base estable de entre 24 y 26 empleados, una vez se hayan invertido totalmente los Ingresos Netos.

Cuatro empleados de la Sociedad, D. Ismael Clemente (Presidente Ejecutivo y Consejero Delegado), D. Luis Lázaro (Gestión de Activos) y D. Miguel Oñate (Gestión de Activos) continuarán como Personal Clave bajos los Contratos de MAGIC (*MAGIC Contracts Key Employees*) conforme a los numerosos acuerdos actualmente vigentes y firmados entre MAGIC Real Estate y distintos terceros.

El Personal Clave bajos los Contratos de MAGIC dedicará parte de su tiempo a supervisar y gestionar determinados activos administrados en última instancia por MAGIC Real Estate. Tres empleados adicionales de la Sociedad (D. Francisco Rivas, D. Enrique García y D. Enrique Fonseca) dedicarán parte de su tiempo a ayudar al Personal Clave bajos los Contratos de MAGIC.

Remuneración del Equipo Gestor

El sistema de remuneración de la Sociedad incluye los siguientes elementos:

(i) Remuneración anual, que comprende:

– remuneración fija anual; y

– planes de incentivos / retribución variable anual

(ii) Plan de Acciones para el Equipo Gestor (*Management Stock Plan*).

A fecha del presente Folleto, el Equipo Gestor no ha recibido importe alguno bajo el sistema de remuneración de la Sociedad.

(i) *Remuneración Anual*

Costes previstos de la Remuneración Anual

El importe correspondiente a la retribución anual computará como parte de los costes operativos totales (*Annual Total Overheads*). La remuneración global anual del Equipo Gestor no será superior al importe equivalente a los costes operativos totales menos los gastos corrientes anuales (Annual Running Costs).

La remuneración fija anual representará inicialmente aproximadamente el 40 por 100 de los gastos de personal de los miembros del Equipo Gestor, y los planes de incentivos representarán aproximadamente el 60 por 100 de dichos gastos, sujeto al cumplimiento de los costes operativos totales.

		Los costes operativos totales (*Annual Total Overheads*) de la Sociedad serán el mayor de (a) 6,0% de los Ingresos Brutos por Rentas consolidado de la Sociedad y (b) 0,6% del EPRA NAV consolidado de la Sociedad más cualquier saldo de caja disponible a nivel consolidado de la Sociedad, y será calculado usando los valores a final de año de la Sociedad con referencia a sus estados financieros consolidados para el ejercicio en cuestión. Los planes de incentivos actuarán como amortiguador para alcanzar el límite anteriormente referido. <u>Remuneración fija anual</u> La remuneración fija anual constituye el componente base del sistema de remuneración de la Sociedad y debe ser pagada mensualmente. Este elemento está vinculado a las características esenciales de los cargos ocupados por cada empleado, tales como (i) su relevancia en la Sociedad, (ii) el impacto que pueda tener en el rendimiento de la entidad, y (iii) el ámbito de la responsabilidad asumida. La remuneración fija anual incluirá el componente en efectivo y cualquier remuneración en especie que pueda ser concedido a los empleados, tales como como el uso de un vehículo, seguros médicos y seguros de vida. <u>Plan de incentivos</u> La política de remuneración variable de la Sociedad se basará en el establecimiento de objetivos individuales. La remuneración variable constará de dos elementos: – Bonus anual, al que todos los empleados de la Sociedad tienen, en principio, derecho a inicialmente, el 50 por 100 del plan de incentivos; y – Bonus anual restringido (*Annual Restricted Bonus*), al que sólo los miembros del Equipo Gestor tienen derecho, inicialmente, al 50 por 100 de la retribución variable anual. (ii) *Plan de Acciones para el Equipo Gestor* Además, la Sociedad ha acordado conceder un incentivo de remuneración variable anual adicional al Equipo Gestor tal y como se determine por la Comisión de Nombramientos y Retribuciones, vinculado a las acciones de la Sociedad, que ha sido designado para incentivar y recompensar al Equipo Gestor por generar beneficios para los accionistas de la Sociedad. <u>Disposiciones relativas a las indemnizaciones</u> Los contratos de trabajo suscritos entre cada miembro del Equipo Gestor y la Sociedad contienen disposiciones que otorgan, a dichos miembros, derecho al pago de indemnizaciones por despido sustanciales si su relación laboral fuese terminada en circunstancias que no sean las siguientes (i) renuncia voluntaria, (ii) muerte, jubilación o incapacidad permanente total o absoluta, (iii) despido disciplinario procedente en caso de relaciones laborales, o (iv) en caso de Consejeros ejecutivos, la separación del cargo de consejero debido a un incumplimiento de sus deberes, la realización de cualquier acto u omisión que cause cualquier daño a la Sociedad, o la existencia de una reclamación de responsabilidad social corporativa en contra del Consejero ejecutivo presentada por la Sociedad. Si la terminación se produce durante el primer año tras la Admisión, el miembro en cuestión tendría derecho a cinco veces su remuneración global bruta (incluyendo remuneración fija anual, retribución variable anual y Acciones Ordinarias otorgadas en virtud del Plan de Acciones para el Equipo Gestor). En caso de que dicha terminación tenga lugar una vez transcurrido el primer año desde la Admisión, dicha indemnización se

		reduciría en un 20% cada año durante los próximos cuatro años. **Servicios de auditoría** Deloitte proveerá servicios de auditoría a la Sociedad. Mientras la Sociedad no tenga ninguna filial y no prepare estados financieros consolidados, los estados financieros de la Sociedad se prepararán de conformidad con el Plan General de Contabilidad aprobado por el Real Decreto 1514/2007, de 16 de noviembre (*Spanish GAAP*). Tras la adquisición de Tree, los estados financieros de la Sociedad se prepararán de conformidad con IFRS-EU en relación con sus cuentas anuales. Los honorarios de auditoría cobrados por Deloitte se negocian anualmente y están expresados en la carta anual de compromiso de Deloitte. **Tasadores de inmuebles** Las valoraciones de los activos inmobiliarios de la Sociedad se harán (i) a 30 de junio de cada año a través de una valoración externa limitada (i.e. una valoración limitada que no implica inspección física de los inmuebles y que busca actualizar la valoración del 31 de diciembre anterior, incorporando cambios significativos que puedan haber tenido lugar en las condiciones del mercado y/o en los activos correspondientes (i.e. arrendamientos, gastos de capital, adquisiciones o responsabilidades legales)) y (ii) a 31 de diciembre de cada año a través de una valoración física, en cada caso llevada a cabo por una adecuado y cualificado tasador con autorización *Royal Institute of Chartered Surveyors* (RICS) nombrado por el Comité de Auditoría y Control. Se prevé que la primera valoración externa tenga lugar el 31 de diciembre de 2014 (asumiendo la adquisición de Tree y/o por lo menos algún inmueble por esa fecha). Por tanto, a 30 de junio de 2014, ninguna valoración externa limitada va a haber sido realizada. Las tasaciones de los activos inmobiliarios de la Sociedad se realizarán de conformidad con las secciones adecuadas del Libro Rojo RICS a fecha de la tasación. Este es un estándar de tasación de activos inmobiliarios aceptado a nivel internacional.
B.4a	**Descripción de las tendencias recientes más significativas que afecten al emisor y a los sectores en los que ejerce su actividad**	Las economías de España y de Portugal han empezado a mostrar signos de recuperación tales como que el PIB de ambos países ha comenzado a aumentar y la prima de riesgo de la deuda soberana ha empezado a disminuir. La recuperación económica se ha reflejado en la mejora de los indicadores inmobiliarios tales como los rendimientos de la propiedad o los valores capital de la propiedad que parecen evidenciar la recuperación del mercado. Los rendimientos medios de determinados tipos de inmuebles en centros de negocios y en zonas industriales de Madrid y Barcelona se han comprimido desde finales del año 2012, con niveles, a finales del año 2013, en ambas ciudades alrededor del 4,8% (-38 bps) para locales comerciales, 6,0% (-25 bps) para oficinas y 8,3% (+25 bps) para espacios logísticos industriales. El valor del capital para este tipo de propiedades en Madrid ha mostrado una tendencia similar y a finales del año 2013 era de aproximadamente €52.600/m2, €3600/m2 y €698/m2 respectivamente; un 11%, 1% y -7% de variación si lo comparamos con los bajos niveles respectivos alcanzados durante la crisis. En Barcelona es muy similar, con valores del capital de aproximadamente €52.600/m2, €3.600/m2 y €921/m2 para cada tipo de inmueble respectivamente, presentando un aumento frente a los respectivos niveles del suelo durante la crisis de 20%, 3& y 2% respectivamente. El mercando inmobiliario portugués ha mostrado también signos de recuperación en 2012. Los rendimientos de la propiedad a finales de 2013 en centros de negocios y en zonas industriales de Lisboa eran de aproximadamente 7,5% (-75 bps) para oficinas y 9,3% (-25 bps) para espacios logísticos industriales. Los valores del capital también han mostrado signos de

		recuperación a finales de 2013 en €2.960/m2 y €420/m2, respectivamente, suponiendo un incremento del 10% y del 3% respectivamente desde 2012 (fuente: CBRE). En resumen, los valores de los locales comerciales, oficinas e inmuebles logísticos en Madrid y Barcelona han sufrido una importante contracción desde 2007, y a pesar de una mejora en la perspectiva económica, fueron un 18%, un 54% y un 50% (en Madrid), y un 9%, un 52% y un 46% (en Barcelona) inferiores para cada tipo de propiedad, respectivamente, a finales del año 2013. Los valores de las oficinas y los inmuebles industriales en Lisboa fueron un 31% y un 47% inferiores a finales del año 2013 en comparación con los de 2007.
B.5	**Descripción del grupo**	No aplicable. La Sociedad actualmente no tiene filiales. Sin embargo, la Sociedad ha acordado, condicionado a y con efectos tras la Admisión, la compra del 100% del capital social de Tree, sociedad propietaria de la Cartera Original que constituirá una parte significativa de los activos y será la base del plan estratégico de la Sociedad, y del 100% del capital social de Bosque.
B.6	**Accionistas principales**	A fecha de este Folleto, el capital social emitido de la Sociedad asciende a €60.000 divididos en 60.000 acciones de la misma clase representadas por anotaciones en cuenta con €1 de valor nominal. Todas estas acciones están íntegramente desembolsadas. En el momento de su constitución, el Accionista Único de la Sociedad era MAGIC Real Estate, después vendió, el 9 de junio de 2014, sus acciones de la Sociedad a MAGIC Kingdom. Por tanto, en la fecha de este Folleto, MAGIC Kingdom tiene 60.000 Acciones Ordinarias que representan el 100% del capital social emitido por la Sociedad. El Equipo Gestor (incluyendo a D. Ismael Clemente y a D. Miguel Ollero) se ha comprometido a invertir, indirectamente a través de su vehículo de inversión MAGIC Kingdom, €7,5 millones en Acciones Ordinarias. MAGIC Kingdom ha adquirido las 60.000 Acciones Ordinarias que MAGIC Real Estate mantenía por €600.000 y va a invertir €6,9 millones en Acciones de la Emisión. Como resultado, MAGIC Kingdom tendrá 750.000 Acciones Ordinarias que representarán el 0,5% del capital social de la Sociedad (en el supuesto de una Emisión de €1.500 millones en la que no se ejercita la Opción de Sobreadjudicación). MAGIC Kingdom va a endeudarse para financiar parcialmente la mencionada adquisición y suscripción de Acciones Ordinarias. Por ello, se prevé que parte o la totalidad de las acciones que MAGIC Kingdom mantenga de la Sociedad serán pignoradas en garantía de esa deuda. En virtud de los Contratos de Suscripción con los Inversores Ancla (*Cornerstone Investors Subscription Agreements)*, los Inversores Ancla se comprometen a suscribir al Precio de Emisión, sujeto a la condición de que el Contrato de Colocación (*Placing Agreement*) no sea rescindido de acuerdo con sus términos, y la satisfacción de otras condiciones determinadas (incluyendo, en determinados casos, una Emisión mínima de €1.250 millones, asumiendo que no se ejercita la Opción de Sobreadjudicación), la cantidad agregada de 52.025.000 Acciones Ordinarias que representan un 34,669% del capital social de la Sociedad siguiente a la Admisión (en el supuesto de una Emisión de €1.500 millones en la que no se ejercita la Opción de Sobreadjudicación (*Over-allotment Option*). La Sociedad no tiene constancia de ninguna persona que, directa o indirectamente, individual o conjuntamente, ejerza o pueda ejercer control sobre la Sociedad en el momento de la Admisión o en un momento inmediatamente posterior a ella.

B.7	**Información financiera fundamental histórica**	*Sección A: Información financiera histórica de la Sociedad*

La información financiera seleccionada de la Sociedad para el periodo de siete días finalizado el 31 de marzo de 2014, que se muestra a continuación, ha sido preparada de acuerdo con el Plan General Contable español:

(I) Balance

	Fecha 31 de marzo de 2014 **(en €)**
ACTIVOS	
ACTIVO CORRIENTE	**60.084**
− Clientes	84
− Otros créditos con las AA.PP.	84
− Otros activos líquidos equivalentes	60.000
− Tesorería	60.000
Total Activo	**60.084**
PATRIMONIO NETO Y PASIVO	
PATRIMONIO NETO	**54.564**
− Fondos propios	54.564
− Capital social	60.000
− Reservas	(390)
− Resultados de ejercicios anteriores	(5.046)
PASIVO CORRIENTE	**5.520**
− Acreedores comerciales	5.520
− Proveedores	5.445
− Otras deudas con AA.PP.	75
Total Patrimonio Neto y Pasivo	**60.084**

(II) Cuenta de Pérdidas y Ganancias

	7 días hasta el 31/03/2014 **(en €)**
OPERACIONES CONTINUADAS	
Otros gastos de explotación	(5.046)
RESULTADO DE EXPLOTACIÓN	**(5.046)**
RESULTADO ANTES DE IMPUESTOS	**(5.046)**
PÉRDIDAS DEL PERIODO	**(5.046)**

(III) Estado de Flujos de Efectivo

	7 días hasta el 31/03/2014 **(en €)**
Flujo de efectivo de las actividades de explotación	390
Flujo de efectivo de las actividades de inversión	—
Flujo de efectivo de las actividades de financiación	59.610
Efecto del tipo de cambio de divisas	—
Aumento/disminución neta del efectivo o equivalentes	**60.000**

Efectivo o equivalentes al final del ejercicio	60.000

Desde el 31 de marzo de 2014, no se han producido alteraciones significativas en la posición financiera o comercial de la Sociedad la Sociedad, ésta no ha llevado a cabo actividades ni se ha endeudado.

La información financiera seleccionada de la Sociedad para el periodo de siete días finalizado el 31 de marzo de 2014, que ha sido preparada de acuerdo con el Plan General Contable español, no mostraría diferencias significativas si se hubieran aplicado las normas contables IFRS-EU.

Sección B: Información financiera histórica de Tree

La información financiera seleccionada de la Tree para el periodo de tres meses finalizado el 31 de marzo de 2014 y para cada uno de los ejercicios finalizados el 31 de diciembre de 2011, 2012 y 2013 que se muestran a continuación, ha sido preparada de acuerdo con el Plan General Contable español:

(I) Resumen del Balance

	Para el periodo			
	31 de marzo de 2014 (sin auditar)	**31 de diciembre de 2013 auditada**	**31 de diciembre de 2012 auditada**	**31 de diciembre de 2011 auditada**
	(en miles de €)			
ACTIVO				
ACTIVO NO CORRIENTE:	**1.036.159**	**1.047.481**	**1.165.482**	**1.218.147**
− Inmovilizado intangible	64	56	—	—
− Inmovilizado material	23	18	21	23
− Inversiones inmobiliarias	1.011.710	1.022.848	1.102.180	1.159.037
− Inversiones financieras a largo plazo	12.610	12.674	12.938	13.474
− Activos por impuesto diferido	11.752	11.885	50.343	45.613
ACTIVO CORRIENTE	**11.075**	**15.978**	**9.634**	**24.451**
− Clientes	180	377	161	146
− Inversiones en empresas del grupo y asociadas a corto plazo	—	646	704	—
− Inversiones financiras a corto plazo	97	119	40	47
− Tesorería y otros activos líquidos equivalentes	10.798	14.836	8.729	24.258
Total Activo	**1.047.234**	**1.063.459**	**1.175.116**	**1.242.598**
PATRIMONIO NETO Y PASIVO				
PATRIMONIO NETO	**100.408**	**(111.183)**	**(106.163)**	**(46.578)**
− Patrimonio neto	171.356	(39.110)	(19.625)	21.911
− Capital social	9.323	6.960	6.960	6.960
− Prima de emisión	260.648	52.873	52.873	52.873
− Reservas	(481)	(481)	(497)	(497)
− Resultados de ejercicios anteriores	(98.462)	(78.961)	(37.425)	(29.585)
− Resultado del ejercicio	328	(19.501)	(41.536)	(7.840)

− Ajustes por cambio de valor	(70.948)	(72.073)	(86.538)	(68.489)
PASIVO NO CORRIENTE:	**914.200**	**1.125.032**	**1.251.861**	**1.261.509**
− Deudas a largo plazo	914.200	927.221	1.054.050	1.082.191
− Deudas con empresas del grupo y asociadas a largo plazo	—	197.811	197.811	179.318
PASIVO CORRIENTE:	**32.626**	**49.610**	**29.418**	**27.667**
− Deudas a corto plazo	30.711	29.511	26.776	24.317
− Deudas con empresas del grupo y asociadas a corto plazo	—	16.966	-	365
− Acreedores comerciales y otras cuentas a pagar	1.915	3.133	2.642	2.985
Total Patrimonio Neto y Pasivo	**1.047.234**	**1.063.459**	**1.175.116**	**1.242.598**

(II) Cuenta de Pérdidas y Ganancias

	31 de marzo 2014 sin auditar	**31 de marzo 2013 sin auditar**	**31 de diciembre 2013 auditadas**	**31 de diciembre 2013 auditadas**	**31 de diciembre 2013 auditadas**
	(en miles de €)				
Importe neto de cifra de negocios	22.304	22.895	93.387	92.978	95.245
Otros ingresos de explotación	546	323	12		32
Gastos de personal	(14)	(13)	(90)	(91)	(75)
Otros gastos de explotación	(1.164)	(1.321)	(9.847)	(8.567)	(11.793)
Gastos de amortización y depreciación	(7.620)	(7.829)	(31.004)	(31.726)	(33.282)
Deterioro de alquileres e ingresos por la venta de activos inmobiliarios	2.142	2.444	27.541	12.713	51.863
Otras pérdidas y ganancias			(3)	8	29
GANANCIAS DEL PERIODO	16.194	16.499	79.996	65.315	102.019
Ingresos financieros	3	3	90	180	589
Gastos financieros	(14.996)	(21.142)	(88.754)	(90.390)	(113.355)
− Deudas con empresas del grupo y asociadas	(361)	(5.263)	(25.766)	(22.848)	(35.320)
− Deudas con terceros	(14.635)	(15.879)	(62.988)	(67.542)	(78.035)
Variación de valor razonable de instrumentos financieros	(337)	(613)	(5.220)	(4.628)	(459)
RESULTADO FINANCIERO	(15.330)	(21.752)	(93.884)	(94.838)	(113.225)
RESULTADO ANTES DE IMPUESTOS	864	(5.253)	(13.888)	(29.523)	(11.206)
RESULTADO DEL EJERCICIO	328	(8.755)	(19.501)	(41.536)	(7.840)

(III) Estado de Flujos de Efectivo

	31 de marzo 2014 sin auditar	**31 de marzo 2013 sin**	**31 de diciembre 2013 auditadas**	**31 de diciembre 2013 auditadas**	**31 de diciembre 2013 auditadas**

		auditar			
	(en miles de €)				
Flujo de efectivo de las actividades de explotación	(498)	5.410	6.439	(16.029)	(28.776)
Flujo de efectivo de las actividades de inversión	5.711	7.972	76.079	38.363	163.900
Flujo de efectivo de las actividades de financiación	(9.251)	11.952	(76.411)	(37.863)	(320.483)
− Ingresos y amortizaciones en relación con instrumentos de patrimonio neto					
o Aseguramiento y repago de instrumentos de patrimonio neto	2.150				(9.227)
o Adquisición de instrumentos de patrimonio neto propios					5
− Ingresos y amortizaciones en relación con instrumentos de deuda					
o Aseguramiento de deuda de empresas del grupo o asociadas				18.493	
o Rescate y amortización de deuda con entidades financieras	(11.401)	(11.952)	(76.411)	(56.356)	(283.579)
o Rescate y amortización de deuda a entidades del grupo					(27.682)
AUMENTO O DISMINUCIÓN NETA DEL EFECTIVO O EQUIVALENTES	(4.038)	1.430	6.107	(15.529)	(185.359)
Efectivo o equivalente al final del periodo	10.798	10.159	14.836	8.729	24.258

Desde el 31 de marzo de 2014 (fecha en la que se elaboró el informe intermedio de información financiera respecto de las cuentas de Tree), no se han producido alteraciones significativas en la posición financiera o comercial de la Tree más allá de la venta de 18 sucursales por un precio total de €24 millones.

La información financiera seleccionada de Tree para el periodo de tres meses finalizado el 31 de marzo de 2014 y para cada uno de los ejercicios finalizados el 31 de diciembre de 2011, 2012 y 2013, que ha sido preparada de acuerdo con el Plan General Contable español, no mostraría diferencias significativas si se hubieran aplicado las normas contables IFRS-EU.

B.8 **Información financiera seleccionada pro forma**

La Información Condensada Pro Forma sin auditar incluida en este Folleto expone el estado de resultados pro forma condensados y no auditados de la Sociedad para el año finalizado el 31 de diciembre de 2013 y para el periodo de tres meses finalizado el 31 de marzo de 2014, así como el balance pro forma condensado y no auditado de la Sociedad a 31 de marzo de 2014, que está basado en, y debe ser leído conjuntamente con, los estados financieros a y para el ejercicio finalizado el 31 de diciembre de 2013 de Tree, junto con los estados financieros intermedios de Tree a y para el periodo finalizado el 31 de marzo de 2014, junto con los estados financieros de la Sociedad a y para el período de siete días finalizado el 31 de marzo de 2014, todo ello preparado de acuerdo con el Plan General de Contabilidad aprobado por el Real Decreto 1514/2007, de 16 de noviembre (*Spanish GAAP*).

La Información Condensada Pro Forma sin auditar se ha incluido para ilustrar, sobre una base pro forma, la adquisición de Tree por la Sociedad asumiendo que la transacción se realizó por un precio de €742.406.000 (excluyendo los costes y gastos de adquisición) al principio del ejercicio fiscal presentado a efectos de la cuenta de resultados y al final del periodo más reciente presentado a efectos del balance.

(I) Balance condensado pro forma sin auditar a 31 de marzo de 2014

	Merlin Properties, S.A. 31 de marzo de 2014 (3)	**Tree Inversiones Inmobiliarias, S.A. 31 de marzo de 2014 (4)**	**Ajustes pro forma al valor razonable de las inversiones inmobiliarias (5)**	**Balance pro forma**
ACTIVO				
ACTIVO NO CORRIENTE:		**1.036.159**	**669.183**	**1.705.342**
− Inmovilizado intangible		64		64
− Inmovilizado material		23		23
− Inversiones inmobiliarias		1.011.710	449.197	1.460.907
− Derivados			219.986	219.986
− Otros activos no corrientes		24.362		24.362
ACTIVO CORRIENTE	**60**	**11.075**		**11.135**
− Clientes		180		180
− Inversiones en empresas del grupo y asociadas a corto plazo				97
− Tesorería y otros activos líquidos equivalentes	60	10.798		10.858
Total Activo	**60**	**1.047.234**	**669.183**	**1.716.477**
PATRIMONIO NETO Y PASIVO				
PATRIMONIO NETO	**55**	**100.408**	**651.375**	**751.838**
PASIVO NO CORRIENTE:		**914.200**	**17.808**	**932.008**
− Deudas a largo plazo		822.943		822.943
− Derivados		77.012		77.012
− Otras deudas financieras		14.245		14.245
− Deudas con las AA.PP			17.808	17.808
PASIVO CORRIENTE:	**5**	**32.626**		**32.631**
− Deudas a corto plazo		30.711		30.711
− Acreedores comerciales y otras cuentas a pagar	5	1.915		1.920
Total Patrimonio Neto y Pasivo	**60**	**1.047.234**	**669.183**	**1.716.477**

(II) Cuenta de resultados pro forma sin auditar para el periodo de tres meses que finaliza el 31 de marzo de 2014

	Merlin Properties , S.A.	**Tree Inversiones Inmobiliarias**	**Ajustes pro forma de la depreciació**	**Ajustes pro forma de las ingresos de**	**Pro forma 31 de**

	31 de marzo de 2014 (3)	, S.A. 31 de marzo de 2014 (4)	n del valor razonable (6)	la aquisición (7)	marzo de 2014 cuenta de resultados
Importe neto de cifra de negocios		22.850			22.850
Gastos de personal		(14)			(14)
Otros gastos de explotación	(5)	(1.164)			(1.169)
Gastos de amortización y depreciación		(7.620)	(3.903)		(11.523)
Deterioro de alquileres e ingresos por la venta de activos inmobiliarios		2.142			2.142
GANANCIAS DEL PERIODO	(5)	16.194	(3.903)		12.286
Ingresos financieros		3		9.377	9.380
Gastos financieros		(14.996)			(14.996)
Variación de valor razonable de instrumentos financieros		(337)			(337)
RESULTADO FINANCIERO		(15.330)		9.377	(5.953)
RESULTADO ANTES DE IMPUESTOS	(5)	864	(3.903)	9.377	6.333
Impuesto sobre beneficios		(536)			(536)
RESULTADO DEL EJERCICIO		328	(3.903)	9.377	5.797

(III) Cuenta de resultados pro forma sin auditar para el ejercicio que finaliza el 31 de diciembre de 2013

	Merlin Properties, S.A. 31 de diciembre de 2013	Tree Inversiones Inmobiliarias, S.A. 31 de diciembre de 2013	Ajustes pro forma de la depreciación del valor razonable (6)	Ajustes pro forma de las ingresos de la adquisición (7)	Pro forma 31 de diciembre de 2013 cuenta de resultados
Importe neto de cifra de negocios		93.399			93.399
Gastos de personal		(90)			(90)
Otros gastos de explotación		(9.847)			(9.847)
Gastos de amortización y depreciación		(31.004)	(15.612)		(46.616)
Deterioro de alquileres e ingresos por la venta de activos inmobiliarios		27.541			27.541
Otros ingresos / gastos de la explotación		(3)			(3)
GANANCIAS DEL PERIODO		79.996	(15.612)		64.384
Ingresos financieros		90		9.377	9.467
Gastos financieros		(88.754)			(88.754)

		Variación de valor razonable de instrumentos financieros		(5.220)			(5.220)
		RESULTADO FINANCIERO		(93.884)		9.377	(84.507)
		RESULTADO ANTES DE IMPUESTOS		(13.888)	(15.612)	9.377	(20.123)
		Impuesto sobre beneficios		(5.613)			(5.613)
		RESULTADO DEL EJERCICIO		(19.501)	(15.612)	9.377	(25.736)

B.9	**Estimación de los beneficios**	No aplica. Este Folleto no contiene estimaciones o previsiones de beneficios.
B.10	**Descripción de la naturaleza de cualquier salvedad en el informe de auditoría sobre la información financiera histórica**	En relación con los estados financieros intermedios históricos auditados de la Sociedad, para el periodo de siete días finalizado el 31 de marzo de 2014, los auditores entienden que los estados financieros intermedios adjuntos presentan la imagen fiel, en todos sus aspectos significativos, del capital y de la posición financiera de la Sociedad a 31 de marzo de 2014, así como de los resultados de sus operaciones y sus flujos de efectivo para el periodo de siete días finalizado en esa fecha, de conformidad con el marco normativo de información financiera aplicable a la Sociedad y, en particular, con los principios contables y reglas en él contenidos. En relación con los estados financieros históricos auditados de Tree para los años finalizados el 31 de diciembre de 2013, 2012 y 2011, los auditores consideran que los estados financieros de 2013, 2012 y 2011, respectivamente, presentan la imagen fiel, en todos sus aspectos significativos, del capital y de la posición financiera de Tree a 31 de diciembre de 2013, 2012 y 2011, respectivamente, así como de los resultados de sus operaciones y de sus flujos de efectivo para el año finalizado en esa fecha, de conformidad con el marco normativo de información financiera aplicable a la Sociedad y, en particular, con los principios contables y reglas en él contenidos.
B.11	**Capital de explotación**	No aplica. La Sociedad opina, considerando los ingresos netos que recibirá la Sociedad a resultas de la Emisión, que el capital circulante disponible por la Sociedad es suficiente para cubrir sus necesidades actuales y, en particular, para al menos los próximos 12 meses desde la fecha de este Folleto.

Sección C – Valores		
C.1	**Descripción del tipo y de la clase de valores ofertados y/o admitidos a cotización**	Las acciones ordinarias tienen un valor nominal de €1,00 cada una. El código ISIN que ha sido asignado a las Acciones Ordinarias es el ES0105025003. Las Acciones de la Emisión recibirán un código ISIN provisional, el cual será reemplazado por el código ISIN de las Acciones Ordinarias en el momento de la Admisión. Todas las acciones de la Sociedad son de la misma clase y actualmente la Sociedad no tiene otra clase de acciones.
C.2	**Divisa de emisión de los valores**	Las acciones ordinarias se emitirán en euros.
C.3	**Número de acciones emitidas**	En el momento de la Admisión, habrá emitidas entre 150.050.000 y 172.560.000 Acciones Ordinarias con valor nominal de €1 por acción. Todas las Acciones Ordinarias estarán íntegramente desembolsadas. Se

		espera que el número definitivo de Acciones Ordinarias que serán emitidas en la Emisión sea determinado y anunciado mediante la publicación de un Hecho Relevante el 26 de junio de 2014 una vez que la Colocación haya concluido.
C.4	**Derechos vinculados a los valores**	Las acciones ordinarias serán totalmente desembolsadas en el momento de su emisión, tendrán igualdad de rango entre ellas y acarrearán derecho a percibir dividendos y otras distribuciones que se declaren o paguen en adelante en relación con las Acciones Ordinarias. Las Acciones Ordinarias confieren a sus propietarios los derechos recogidos en los Estatutos Sociales y en la legislación mercantil española, como son, entre otros, (i) el derecho de asistencia a las juntas de la Sociedad y el derecho a tomar la palabra y votar en ellas, (ii) el derecho a percibir dividendos en proporción al capital social desembolsado en la Sociedad, (iii) el derecho de suscripción preferente en la emisión de nuevas Acciones Ordinarias en aumento de capital por aportaciones dinerarias, y (iv) el derecho a recibir los activos que resten en proporción a la participación en el capital social en caso de que se liquide la Sociedad.
C.5	**Cualquier restricción sobre la libre transmisibilidad**	Bajo la ley española, la Sociedad no puede imponer restricciones en sus Estatutos Sociales a la libre transmisibilidad de sus Acciones Ordinarias. No obstante, los Estatutos Sociales contienen obligaciones de indemnización para los Accionistas Significativos en favor de la Sociedad diseñadas para desincentivar la posibilidad de que haya que pagar un dividendo a un Accionista Significativos. Si se paga un dividendo a un Accionista Significativo, la Sociedad podrá deducirse, del importe a pagar a ese Accionista Significativo, un importe equivalente a los costes fiscales incurridos por la Sociedad como consecuencia del pago de dicho dividendo (el Consejo de Administración mantendrá cierta discreción al decidir si ejercitar este derecho en caso de que la realización de dicha deducción ponga a la Sociedad en una posición peor). Asimismo, los Estatutos Sociales contendrán ciertas obligaciones de información en relación con los Accionistas o beneficiarios efectivos de las Acciones Ordinarias que estén sujetos a un régimen legal especial aplicable a fondos de pensiones o planes de beneficios (como ERISA, tal y como se define en el Folleto). La Sociedad podrá requerir de cualquier Accionista o beneficiario efectivo de las Acciones Ordinarias la información que la Sociedad considere necesaria o útil para determinar si dicha persona está sujeta a un régimen legal especial aplicable a fondos de pensiones o planes de beneficios. También, de conformidad con lo establecido en los Estatutos Sociales, la Sociedad podrá adoptar las medidas que considere adecuadas para evitar cualquier efecto negativo sobre la Sociedad o sus Accionistas como consecuencia de la aplicación de leyes y reglamentos relacionados con fondos de pensiones o planes de beneficios (en concreto, ERISA). El objetivo de estas disposiciones es proporcionar a la Sociedad la posibilidad de minimizar el riesgo de que Inversores de Planes de Beneficios (u otros inversores similares) tengan una participación de cualquier clase en el capital de la Sociedad igual o superior al 25%. La Colocación de Acciones Ordinarias y la tenencia de Acciones Ordinarias por inversores puede verse afectada por los requisitos legales o regulatorios de su propia jurisdicción, que puede 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 de la Sociedad. Adicionalmente, MAGIC Kingdom (el vehículo de inversión a través del cual los miembros del Equipo Gestor tienen las Acciones Ordinarias) han firmado acuerdos de no enajenación, tal como se expone con más detalle en el apartado E5 siguiente.
C.6	**Admisión a cotización en un mercado regulado**	Se solicitará la admisión a negociación de la totalidad de las Acciones Ordinarias de la Sociedad en las Bolsas de Valores de Madrid, Barcelona, Bilbao y Valencia, así como su incorporación al Sistema de Interconexión Bursátil (Mercado Continuo). La Sociedad espera que sus Acciones Ordinarias estén admitidas a negociación y cotización en las Bolsas de Valores españolas el 30 de junio de 2014 o en fechas cercanas. El símbolo bajo el cual cotizarán las Acciones Ordinarias será anunciado a través de la publicación de un Hecho Relevante antes de la Admisión.
C.7	**Política de dividendos**	La Sociedad tiene intención de mantener una política de dividendos que tenga debidamente en cuenta unos niveles sostenibles de distribución de dividendos, y que refleje la previsión de la Sociedad de obtención de beneficios recurrentes adecuados. La Sociedad no pretende crear reservas que no puedan ser distribuidas a los Accionistas salvo por las legalmente requeridas. La Sociedad efectuará distribuciones de dividendos cuando el Consejo de Administración lo considere adecuado. No obstante, de conformidad con el Régimen de SOCIMI, la Sociedad estará obligada a adoptar acuerdos de distribución del beneficio obtenido en el ejercicio, después de cumplir cualquier requisito relevante de la Ley de Sociedades de Capital, en forma de dividendos, a los Accionistas, debiéndose acordar su distribución dentro de los seis meses posteriores a la conclusión de cada ejercicio, en la forma siguiente: (i) al menos el 50% de los beneficios derivados de la transmisión de inmuebles y acciones o participaciones en Filiales Cualificadas (*Qualifying Subsidiaries*); siempre que los beneficios restantes deben ser reinvertidos en otros activos inmobiliarios dentro de un periodo máximo de tres años desde la fecha de la transmisión o, sino, el 100% de los beneficios deben ser distribuidos como dividendos una vez transcurrido dicho periodo; (ii) el 100% de los beneficios obtenidos por recepción de los dividendos pagados por Filiales Cualificadas (*Qualifying Subsidiaries*); (iii) al menos el 80% del resto de los beneficios obtenidos. Si el acuerdo de distribución de dividendos no se adopta en el plazo legalmente establecido, la Sociedad perderá su condición de SOCIMI respecto del ejercicio al que se refieren los dividendos. Únicamente aquellos Accionistas que estén inscritos en el sistema de registro, compensación y liquidación de valores gestionado por Iberclear a las 23:59 horas (CET) del día en el que se adopte el acuerdo de distribución de dividendos tendrán derecho al cobro de los referidos dividendos. El pago de dividendos se realizará a los titulares de Acciones Ordinarias que lo sean en ese momento. Salvo que la Junta General de Accionistas o el Consejo de Administración acuerden lo contrario, los Estatutos Sociales disponen que los dividendos serán pagaderos a los 30 días de la fecha de adopción del acuerdo de distribución de dividendos. El criterio de registro de fechas mencionado anteriormente tiene por objetivo que la Sociedad pueda identificar a tiempo a los Accionistas Significativos antes de tener que distribuirles el dividendo. De acuerdo con los Estatutos Sociales, cualquier Accionista debe de notificar al Consejo de Administración toda adquisición de acciones que implique

		que ese Accionista alcance un interés en la Sociedad igual o superior al 5% de su capital social. Si se distribuye un dividendo a favor de un Accionista Significativo, la Sociedad podrá deducirse del importe a pagar a ese Accionista Significativo, un importe equivalente a los costes fiscales incurridos por la Sociedad como consecuencia del pago de dicho dividendo.

Sección D – Riesgos		
D.1	**Información fundamental sobre los principales riesgos específicos del emisor o de su sector de actividad**	Antes de invertir en las Acciones Ordinarias, los potenciales inversores deben considerar los riesgos asociados con ellas. La Sociedad quiere destacar los siguientes asuntos a los inversores y futuros Accionistas: ***1. La Sociedad es de nueva creación*** La Sociedad fue constituida el 25 de marzo de 2014 y no tiene información financiera histórica disponible. ***2. La adquisición de Tree es una operación negociada en el contexto de una relación de afiliación (affiliated relationship).*** La Sociedad se ha comprometido irrevocablemente a adquirir, siempre que la Admisión tenga lugar, el 100% del capital social de Tree por un total de €739.483.659. Esta operación ha sido negociada en el marco de una relación de afiliación en la medida en que ciertos directores de Tree también son miembros del Equipo Gestor. Como resultado de la adquisición de Tree por la Sociedad, los siguientes importes corresponderán a los miembros del Equipo Gestor anteriormente referidos. Dichos importes deberán ser soportados en última instancia por los Accionistas de Tree: − Presidente Ejecutivo: €6,3 millones después de impuestos (€13,7 millones antes de impuestos); − Consejero Ejecutivo: €4,9 millones después de impuestos (€10,6 millones antes de impuestos)); y − Otros miembros del Equipo Gestor: Un total de €3,4 millones después de impuestos (€7,4 millones antes de impuestos). ***3. Los miembros del Equipo Gestor tienen derecho al pago de indemnizaciones al término de su relación laboral con la Sociedad.*** Si la terminación se produce durante los primeros años después de la Admisión, ello podría tener un efecto adverso considerable sobre la situación financiera de la Sociedad. ***4. Tree, que fue constituida en 2009, tiene niveles significativos de deuda y ha incurrido en pérdidas en cada uno de sus ejercicios fiscales desde su constitución.*** El pasivo financiero total de Tree ascendía a €842,9 millones el 31 de mayo de 2014, con fechas de vencimiento comprendidas entre marzo y septiembre de 2017. Si Tree no fuese capaz de refinanciar o disminuir dicho pasivo financiero llegado el vencimiento, nos encontraríamos ante un potencial efecto material adverso para la viabilidad futura de la Sociedad. Además, teniendo en cuenta el importe y los términos del endeudamiento de Tree, así como la obligación de reinvertir el 50% de los dividendos netos

		que Merlin perciba de la misma, no es previsible que Merlin reciba dividendos significativos de Tree, al menos hasta 2018, si no se refinanciase la deuda actual de la compañía y/o mejorase un escalón el rating de BBVA, liberando a la compañía del barrido de cuenta (*cash sweep*). ***5. Las acciones de Tree están pignoradas a los prestamistas de Tree.*** Los Accionistas de Tree otorgaron un derecho real de prenda sobre las acciones de Tree en garantía del cumplimiento de las obligaciones de pago derivadas de los contratos de financiación de Tree. Cuando se complete la prevista adquisición de Tree por parte de la Sociedad, las acciones permanecerán pignoradas. ***6. Contrato de Reinversión de Dividendos.*** Se requerirá que la Sociedad reinvierta el 50% de los dividendos recibidos de Tree mediante la suscripción de aumentos de capital en esta sociedad. Dicho compromiso puede tener un efecto adverso en su situación financiera y puede implicar que la Sociedad necesite endeudarse para poder cumplir con sus obligaciones de distribución de dividendos a sus Accionistas de conformidad con lo establecido en el régimen de SOCIMI. ***7. La Emisión será revocada automáticamente si los compromisos de suscripción recibidos de los inversores son insuficientes para que la Sociedad pueda adquirir Tree y Bosque***. ***8. Los Inversores Ancla no están sujetos a compromisos de no transmisión y pueden vender sus Acciones Ordinarias en cualquier momento.*** Si estos inversores optan por vender sus acciones tras la Admisión, el precio de mercado de las Acciones Ordinarias podría disminuir, causando por tanto daños materiales a los otros Accionistas. 1. Riesgos generales – La Sociedad es de nueva creación y todavía no ha llevado a cabo ninguna adquisición. – La Sociedad ha acordado la compra de la Cartera Original en los términos convenidos entre la Sociedad y los Accionistas de Tree, y algunos miembros del Equipo Gestor percibirán un pago tras la adquisición de Tree por parte de la Sociedad. – Tree mantiene niveles importantes de deuda y todavía no ha obtenido beneficios. – La cartera de activos de la Sociedad se centrará en el mercado de activos inmobiliarios español y portugués, y por tanto la Sociedad se encontrará más expuesta que otras empresas más diversificadas a los riesgos políticos, económicos y a otros factores que afecten a los mercados españoles y, en menor medida, a los portugueses. – En determinadas circunstancias, la Emisión podría no realizarse o ser cancelada. – La Sociedad deberá reinvertir el 50% del total neto de la obligatoria distribución de beneficios realizada por Tree. 2. Riesgos derivados de la actividad de la Sociedad y de su negocio inmobiliario *A) Riesgos derivados de la actividad de la Sociedad*

		I. Generales – Las inversiones de la Sociedad se centrarán en determinadas clases de activos. – Los costes derivados de potenciales adquisiciones que finalmente no son completadas afectarán al rendimiento de la Sociedad. – No se garantiza la obtención de un rendimiento objetivo. – La Sociedad puede no tener control sobre su cartera de activos y, por tanto, puede estar sujeta a riesgos derivados de inversiones minoritarias y joint ventures. – Se prevé que el valor actual neto de la Sociedad fluctúe a lo largo del tiempo. – Puede que la Sociedad enajene los activos con un retorno menor del esperado o negativo, o incluso que no sea capaz de enajenarlos. – Puede haber retrasos o dificultades en el empleo de los Ingresos Netos (debido a retrasos en la identificación y/o adquisición de inversiones apropiadas). – La competencia puede afectar a la capacidad de la Sociedad para realizar las inversiones apropiadas y para mantener a los inquilinos con contratos de alquiler óptimos. – La Sociedad puede adquirir diferentes tipos de préstamos vinculados a activos inmobiliarios, algunos de ellos con categoría de deuda subordinada que tiene un rango inferior a la deuda senior y puede que no se cobre en caso de incumplimiento del deudor. – Los préstamos vinculados a activos inmobiliarios están sujetos intente renegociar su contrato a lo largo de la vigencia del al riesgo de que el inquilino de esos inmuebles no cumpla o alquiler, esto puede llevar a que el deudor no pueda devolver el préstamo o a que el activo correspondiente pierda parte de su valor. – En caso de insolvencia del deudor, la facultad de la Sociedad para ejecutar el activo que garantiza la deuda puede verse afectada por la legislación concursal que sea aplicable al determinado deudor o activo. – El retorno que obtenga la Sociedad en sus préstamos vinculados a activos inmobiliarios puede verse gravemente afectado si, en caso de impago del deudor, la Sociedad no logra obtener el activo que garantiza la deuda. – El repago de los préstamos puede quedar sujeto a la disponibilidad de mecanismos de refinanciación o a la venta del activo que garantiza la deuda. – La Sociedad puede estar sujeta al riesgo de prepago de sus activos de deuda (loan assets). – La estructura financiera de la Sociedad puede ser ineficiente a lo largo del periodo en el que los Ingresos Netos están siendo invertidos. – La Estrategia de Negocio de la Sociedad incluye apalancamiento, algo que incrementa el riesgo en que incurre la Sociedad y la expone al riesgo derivado de los préstamos.

		– Puede que la Sociedad no obtenga financiación o que no sea capaz de hacerlo en términos satisfactorios. – Si la Sociedad se endeuda con tipo de interés variable quedará sujeta a riesgos derivados de la fluctuación del tipo de interés. – La capacidad de la Sociedad para repartir dividendos dependerá de su habilidad para generar ingresos distribuibles y de su acceso a flujos de efectivo suficientes. *II) Riesgos específicos derivados de la Cartera Original* – La Cartera Original está arrendada en su totalidad a un único inquilino. – Los análisis previos (due diligence) realizados en relación con la Cartera Original pueden no haber detectado la totalidad de los riesgos y responsabilidades derivados de la misma. – El valor de la Cartera Original a lo largo del tiempo puede ser inferior al precio a pagar en la adquisición de Tree. – Las acciones de Tree quedaron pignoradas en los Contratos de Financiación. – Tree está expuesto al rating crediticio de BBVA. – La capacidad de la Sociedad para repartir dividendos dependerá de su habilidad para generar ingresos distribuibles y de su acceso a flujos de efectivo suficientes. *B) Riesgos derivados del sector inmobiliario en general* – El valor de los activos que la Sociedad adquiera y las rentas producidas por el arrendamiento de éstos quedarán sujetas a las fluctuaciones del mercado inmobiliario español y portugués. – El negocio de la Sociedad puede verse materialmente afectado de manera negativa por una serie de factores inherentes a la compra, venta y gestión de inmuebles. – Invertir en determinadas clases de inmuebles comerciales conlleva algunos riesgos inherentes a esas determinadas clases de activos. – El valor de los activos inmobiliarios es, por su propia naturaleza, subjetivo e incierto. – Se prevé que la composición de la cartera de activos de la Sociedad varíe. – Los análisis previos (due diligence) realizados en relación con una operación pueden no detectar la totalidad de los riesgos y responsabilidades derivados de la misma. – Los activos inmobiliarios son ilíquidos. – La Sociedad puede depender de la actuación de terceros contratistas y los proyectos en promoción, construcción o rehabilitación pueden sufrir retrasos, no ser completados o no lograr los resultados esperados. – La Sociedad puede quedar sujeta a obligaciones tras la enajenación de activos. – La Sociedad puede enfrentarse a posibles reclamaciones relacionadas con la promoción, construcción y/o rehabilitación de

		sus bienes inmuebles. – La Sociedad puede registrar pérdidas sustanciales superiores a sus coberturas por seguros o provenientes, en su caso, de acontecimientos no asegurables. <u>3. Riesgos relativos al Equipo Gestor, los trabajadores de la Sociedad y el Consejo de Administración</u> – La Sociedad depende del rendimiento y de la experiencia del Equipo Gestor. – El rendimiento actual y anterior del Equipo Gestor no garantiza el rendimiento futuro de la Sociedad. – Los miembros del Equipo Gestor pueden incurrir en conflictos de interés a la hora de emplear su tiempo y su trabajo entre la Sociedad y MAGIC Real Estate. – El *Management Stock Plan* está basado en valoraciones netas actuales (EPRA NAV) y la volatilidad de los precios de los inmuebles puede dar lugar a un derecho a percibir pagos más cuantiosos en caso de alcanzarse el nivel más alto del ciclo. – No se garantiza que el Equipo Gestor vaya a implementar con éxito la Estrategia de Negocio de la Sociedad. – Los acuerdos entre la Sociedad y el Equipo Gestor fueron negociados en el contexto de una relación de afinidad y pueden contener aspectos menos favorables para la Sociedad que los que hubieran sido pactados en caso de que se hubiese negociado con terceras partes. – Está previsto que los miembros del Equipo Gestor reciban pagos significativos cuando termine su prestación de servicios para la Sociedad. – La Sociedad no mantiene un control total sobre el Equipo Gestor y la Sociedad puede sufrir perjuicios si se ve afectada su reputación o la de MAGIC Real Estate. – La Sociedad depende del rendimiento y de la permanencia del Equipo Gestor. – Existe riesgo de que resulte dañada la reputación del Consejo de Administración y que tenga impacto material perjudicial en la Sociedad. – Pueden existir circunstancias en las que los Consejeros tengan conflictos de interés con la Sociedad. <u>4. Riesgos regulatorios y relativos a la estructura y fiscalidad</u> – Existe el riesgo de que la Sociedad se considere un FIA en España o en cualquier otra jurisdicción del EEE. – La Sociedad está sometida a determinadas leyes y reglamentos propios de la actividad inmobiliaria. – Las leyes, los reglamentos y las normas en materia de medioambiente, salubridad, seguridad, estabilidad, planeamiento y urbanismo pueden exponer a la Sociedad a costes y responsabilidades no previstos. – Los activos de la Sociedad podrían ser considerados “activos del

		plan" (plan assets), los cuales se encuentran sujetos a ciertos requisitos de ERISA y/o de la sección 4975 del Código, lo cual podría implicar que la Sociedad tenga que abstenerse de realizar ciertas inversiones. – La Sociedad espera que tanto ella como Tree sean clasificadas como sociedades de inversión extranjera pasiva, lo que generalmente tendrá consecuencias fiscales negativas para los inversores sujetos a tributación estadounidense. – La Sociedad puede dejar de ser considerada una SOCIMI española, lo que acarrearía consecuencias adversas para la Sociedad y para su capacidad de entregar un retorno a los accionistas. – Cualquier cambio en la legislación fiscal (incluido el régimen de SOCIMIs) puede afectar negativamente a la Sociedad. – Las restricciones del régimen de SOCIMIs pueden limitar la capacidad de la Sociedad y su flexibilidad para crecer mediante adquisiciones. – Determinadas enajenaciones de activos pueden tener consecuencias negativas en el régimen de SOCIMIs español. – La tributación de las ganancias del capital obtenidas por determinados inversores con motivo de la transmisión de sus Acciones Ordinarias bajo el régimen fiscal español. – La Sociedad puede quedar sujeta a tributación adicional si paga un dividendo a un Accionista Significativo y ello implica una pérdida de beneficios para la Sociedad. – La Sociedad no puede imponer restricciones a la libre transmisibilidad de las Acciones Ordinarias y la adquisición de Acciones Ordinarias por parte de determinados inversores puede afectar negativamente a la Sociedad. <u>5. Riesgos relativos a la economía</u> Dado que los activos de la Sociedad se concentrarán en España y, en menor medida, en Portugal, ésta puede verse negativamente afectada por un desarrollo económico adverso en España, Portugal u otras regiones, o por preocupaciones derivadas de la estabilidad de la Eurozona. <u>6. Riesgos relativos a la información financiera pro forma condensada y no auditada</u> La información financiera pro forma condensada y no auditada que ha sido incluida en el Folleto no representa, y puede que no ofrezca, una imagen fiel de la situación financiera actual o futura y de los resultados de la actividad de la Sociedad.
D.3	**Información fundamental sobre los principales riesgos específicos de los valores**	– Puede no llegar a formarse un mercado líquido para las Acciones Ordinarias. – El precio de mercado de las acciones de la Sociedad puede no reflejar el valor de los activos de la Sociedad y fluctuar considerablemente en respuesta a diferentes factores. – La Sociedad puede emitir nuevas acciones ordinarias en el futuro, lo que puede conllevar la dilución de los accionistas. – La consecución del rendimiento objetivo fijado por el Equipo

		Gestor puede provocar la dilución del interés de los inversores en la Sociedad. – La venta de acciones por parte el Equipo Gestor, Inversores Ancla o cualquier otro inversor significativo, o la posibilidad de estas ventas, podría afectar negativamente al precio de las Acciones Ordinarias. – Los intereses de los Inversores Ancla o de cualquier otro inversor significativo pueden entrar en conflicto con los de otros Accionistas. – Puede suceder que los accionistas Estados Unidos y de jurisdicciones fuera de la UE no puedan ejercitar sus derechos de adquisición o suscripción preferente para adquirir nuevas acciones. – Puede ser difícil para los accionistas fuera de España realizar notificaciones judiciales o ejecutar sentencias extranjeras contra los Consejeros de la Sociedad. – Las fluctuaciones de los tipos de cambio pueden exponer a un inversor cuya divisa no sea el euro al riesgo de tipo de cambio. – La compra de acciones de la Sociedad no garantiza el derecho a asistir a las Juntas de Accionistas.

Sección E – Oferta		
E.1	**Ingresos netos totales y cálculo de los gastos totales de la emisión/oferta**	La Sociedad espera obtener unos Ingresos Netos de aproximadamente €1.461.600.000 (en el supuesto de una Emisión de €1.500 millones y asumiendo que no se ejercita la Opción de Sobreadjudicación (*Over-allotment Option*)), después de deducir comisiones y otros honorarios y gastos a pagar por la Sociedad relacionados con la Emisión que ascienden aproximadamente a €38,4 millones.
E.2	**Motivos de la oferta y destino de los ingresos**	El principal destino de los Ingresos Netos de la Emisión será la financiación de la adquisición del 100% de las acciones de Tree y de Bosque, y futuras adquisiciones inmobiliarias, así como sufragar las gastos operativos de la Sociedad derivados del Plan de Negocio de la Sociedad descrito en la sección 5 de la Parte VII (*Información sobre la Sociedad*). La Sociedad prevé invertir la totalidad de los Ingresos Netos dentro de los 24 meses siguientes a la Admisión.
E.3	**Descripción de las condiciones de la oferta**	Se espera que los ingresos brutos de la Emisión estén en torno a €1.500 millones (asumiendo que no se ejercite la Opción de Sobreadjudicación). Se espera que valor final de la Emisión sea determinado y comunicado mediante Hecho Relevante el o alrededor del 26 de junio de 2014, una vez que la colocación ha sido finalizada y las Entidades encargadas del Libro Demanda y la Sociedad hayan acordado el número de Acciones Ordinarias que formarán parte de la Colocación de Acciones. Adicionalmente, la Sociedad ha otorgado a favor de Credit Suisse Securities (Europe) Limited, que representa a las Entidades encargadas del Libro Demanda, una Opción de Sobreadjudicación en virtud de la cual la Sociedad puede emitir hasta 22,5 millones de Acciones Ordinarias adicionales al Precio de Emisión, que representarían el 15% de las Acciones Ordinarias contenidas en la Emisión antes del ejercicio de la

		Opción de Sobreadjudicación. Se espera que ciertos inversores suscriban, antes de la Admisión, contratos de préstamo de valores (*stock lending agreements*) con el Agente de Estabilización (*Stabilisation Manager*), actuando en representación de los *Managers*, para la sobreadjudicación de Acciones Ordinarias a realizar en relación con la Emisión y que será cubierto con la Opción de Sobreadjudicación proporcionada por la Sociedad. En virtud del Contrato de Colocación, el Contrato de Suscripción y Colocación de Banca March y el Contrato de Colocación de DBPWM, los *Managers*, Banca March y DBPWM, según corresponda, acordarán, bajo ciertas condiciones, actuando de manera conjunta y no solidariamente, llevar a cabo esfuerzos razonables para conseguir suscriptores de hasta 89.785.000 Acciones de la Colocación (*Placing Shares*) al Precio de Emisión representando hasta un 59,833% del capital social emitido por la Sociedad en el momento de la Admisión (sobre la base de una Emisión de €1.500 millones y asumiendo que no se ejercita la Opción de Sobreadjudicación). BNP PARIBAS Securities Services, Sucursal en España, con domicilio social sito en Calle Ribera del Loira 28, 28042 Madrid, será el banco agente de la Emisión. La Colocación, la Colocación de Banca March y la Colocación de DBPWM se llevará a cabo a través de una oferta a inversores contemplando las restricciones de venta descritas en la sección 11 de la Parte XIV (*La Emisión*) de este Folleto (a) fuera de Estados Unidos en *transacciones offshore* tal como se define y respetando el Reglamento S; y (b) en Estados Unidos a inversores que sean razonadamente considerados *Qualified Institutional Buyers* tal como se define y de acuerdo con la Regla 144A u otra exención, o transacción no sujeta, a los requisitos de registro del *U.S. Securities Act*. La Colocación, la Colocación de Banca March y la Colocación de DBPWM está condicionada, entre otras cosas, a que devenga incondicional el Contrato de Colocación en todos los sentidos una vez se hayan cumplido ciertas condiciones previas y no haya sido rescindido de acuerdo con sus términos por las Entidades encargadas del Libro Demanda. En el momento de la constitución, el accionista único de la Sociedad era MAGIC Real Estate, que después vendió su participación en la Sociedad a MAGIC Kingdom. Por tanto, en la fecha de este Folleto, MAGIC Kingdom mantiene 60.000 Acciones Ordinarias que representan el 100% del capital capital social emitido de la Sociedad. El Equipo Gestor se ha comprometido a invertir €7,5 millones en la Sociedad a través de su vehículo de inversión, MAGIC Kingdom. MAGIC Kingdom ha adquirido las 60.000 Acciones Ordinarias que MAGIC Real Estate mantenía por un precio de €10,00 por Acción Ordinaria y va a suscribir 690.000 Acciones de la Emisión, por un total de €6,9 millones. Como resultado, MAGIC Kingdom tendrá 750.000 Acciones Ordinarias que representarán el 0,5% del capital social de la Sociedad (en el supuesto de una Emisión de €1.500 millones en la que no se ejercita la Opción de Sobreadjudicación). La Sociedad ha firmado determinados Contratos de Suscripción con Inversores Ancla mediante los cuales los Inversores Ancla se comprometen a suscribir, al Precio de Emisión, la cantidad agregada de 52.025.000 Acciones Ordinarias, sujeto a la condición de que el Contrato de Colocación no sea rescindido de acuerdo con sus términos, y la

		satisfacción de otras condiciones determinadas (incluyendo, en determinados casos, una Emisión mínima de €1.250 millones). La Colocación y la Emisión finalizarán de acuerdo con lo previsto en el Acuerdo de Colocación, que incorpora las cláusulas usuales de terminación. Si, antes de la Fecha de Suscripción, la Sociedad y las Entidades Colocadoras deciden que los compromisos de subscripción que han recibido de los inversores son insuficientes para reunir suficientes Ingresos Netos para llevar a cabo la adquisición de Tree y Bosque tras la Admisión, el Contrato de Colocación se extinguirá y la Emisión no se realizará. Adicionalmente, el Contrato de Colocación contiene los habituales supuestos de rescisión contractual, como por ejemplo (i) infracción material por parte de la Sociedad en las representaciones, garantías y compromisos recogidos en el Contrato de Colocación; (ii) un cambio material adverso en la situación (financiera, operacional, legal u otras) o en los beneficios, gestión, actividad comercial, solvencia o expectativas de la Sociedad o de Tree; y (iii) determinados eventos de fuerza mayor, tales como la suspensión o limitación material en la negociación de valores en general en el mercado de valores español o por el estallido de una guerra o por actos de terrorismo. En esas circunstancias, la Emisión no se realizará. Adicionalmente, el Contrato de Colocación se extinguirá automáticamente si la Admisión no ha sido completada antes del 30 de septiembre de 2014, en ese caso, las Entidades encargadas del Libro Demanda o los suscriptores finales, según aplique, quedarán obligados a devolver las Acciones de la Emisión a la Sociedad (si éstas fueron entregadas), y la Sociedad queda obligada a devolver la cantidad pagada (si la hubiese) a las Entidades encargadas del Libro Demanda o los suscriptores finales, según aplique, junto con los intereses devengados desde la fecha en que las Entidades encargadas del Libro Demanda o los suscriptores finales, según aplique, realizaran el pago por las Acciones de la Emisión hasta la fecha en la que la Sociedad devuelva el Precio de la Emisión.
E.4	**Descripción de cualquier interés que sea importante para la emisión/oferta, incluidos los conflictivos**	En virtud del Contrato de Compromiso Irrevocable, la Sociedad se ha comprometido irrevocablemente a adquirir, después de la Admisión y sujeto a que ésta se realice, el 100% del capital social de Tree por un total de €739.483.659 (excluyendo costes y gastos). Los términos relevantes del Contrato de Compromiso Irrevocable fueron principalmente negociados entre la Sociedad y los Accionistas de Tree en el contexto de la Emisión. Siete de los ocho miembros del Equipo Gestor (nueve tras la adquisición de Tree) (D. Ismael Clemente, D. Miguel Ollero, D. Enrique Gracia, D. Luis Lázaro, D. Miguel Oñate, D. Francisco Rivas and D. Fernando Ramírez) son actualmente socios de MAGIC Real Estate, fundadora de la Sociedad y de MAGIC Kingdom, el actual Accionista Único. Como resultado tras la adquisición de Tree por parte de la Sociedad, algunos miembros del Equipo Gestor tendrán derecho a percibir determinados pagos derivados de determinados contratos y acuerdos. Expuestos a continuación se muestran las cantidades netas que tendrán derecho a percibir los miembros del Equipo Gestor (salvo D. David Brush) derivadas de los pagos que recibirá MAGIC Real Estate en virtud del Contrato de Gestión de Cartera, el Contrato de Servicios de Asesoramiento Estratégico y determinados acuerdos con Deutsche Bank, S.A.E.

Cantidades netas que tendrán derecho a	Contrato de Gestión de Cartera(2)	Contrato de Servicios de Asesoramiento Estratégico(3)	Acuerdos con Deutsche Bank, S.A.E.(4)

percibir los miembros del Equipo Gestor[1] (€ en millones)			
Presidente ejecutivo	0,2	0,4	5,7
Consejero delegado	0,2	0,4	4,3
Resto del Equipo Gestor (y otros empleados)	0,3	0,7	2,8
TOTAL	**0,7**	**1,5**	**12,8**

(1) Todas las cantidades son netas en relación con el 54% del IRPF.

(2) Pago incentivo del Plan de Negocio a pagar a Bosque en virtud del Contrato de Gestión de Cartera y atribuido de manera individual en base a cada remuneración.

(3) Pago por asesoramiento a ingresar a MAGIC Real Estate en virtud del Contrato de Servicios de Asesoramiento Estratégico y atribuido de manera individual en base a la participación en el origen, ejecución y posterior gestión de la transacción.

(4) Pago por rendimiento a ingresar a MAGIC Real Estate en virtud del plan de incentivos a ejecutivos de Deutsche Bank, S.A.E. y del acuerdo de delegación de la gestión con Deutsche Bank, S.A.E.

Los pagos estimados mostrados provienen de acuerdos negociados en el pasado entre partes independientes y serán abonados, bien por los Accionistas de Tree o bien por Deutsche Bank, S.A.E., según corresponda.

Adicionalmente:

(a) Banca March es *Co-Lead Manager* y el *mandated lead arranger* y un prestamista en los Contratos de Financiación. Además, es el accionista final de Alcudia (un Accionista de Tree);
(b) BBVA es un *Co-Lead Manager* y el arrendador en los Contratos de Arrendamiento de BBVA;
(c) BNP PARIBAS es *Co-Lead Manager* y su filial, BNP PARIBAS Securities Services, Sucursal en España, es el banco agente de la Emisión;
(d) Deutsche Bank Luxembourg, S.A., una sociedad que forma parte del grupo Deutsche Bank, es un *mandated lead arranger* así como el agente de garantías en los Contratos de Financiación y en los Contratos de Cobertura;
(e) Deutsche Bank, S.A.E. es *Co-Lead Manager*, contraparte de MAGIC Real Estate en un Contrato de Gestión Delegada y gestor de inversiones de ciertos Accionistas de Tree; y
(f) Société Générale es un *Co-Lead Manager*, *mandated lead arranger* y un prestamista en el Contrato de Financiación Senior.

Adicionalmente, hay excepciones para la exclusividad del Equipo Gestor y las obligaciones de no competencia frente a la Sociedad (como se describe en el B.3 anterior) en relación con los Mandatos en Proceso y los Mandatos Históricos.

Salvo por los asuntos expuestos arriba y por el vínculo profesional derivado de la prestación de asesoramiento legal y financiero en relación

		con la Emisión, la Sociedad no tiene constancia de otras conexiones o intereses económicos significativos entre la Sociedad y las entidades que participan en la Emisión (Consejeros, Secretario de la Sociedad, Entidades encargadas del Libro Demanda, Banco Agente y asesores legales).
E.5	**Nombre de la persona o de la entidad que se ofrece a vender el valor** **Acuerdos de no enajenación**	No existen otros oferentes además de la propia Sociedad que ofrezcan la venta de las Acciones Ordinarias. Desde la firma del Contrato de Colocación y por un período de 270 días desde la fecha de la Admisión, la Sociedad, en virtud de lo acordado en el Contrato de Colocación, no podrá, sin previa autorización unánime y escrita de las Entidades encargadas del Libro Demanda (que no podrá ser denegada o demorada sin motivo): (i) directa o indirectamente, emitir, ofrecer, pignorar, vender, pactar su venta, vender ninguna opción o contrato de compra, comprar ninguna opción o contrato de venta, otorgar ninguna opción, derecho o warrant para comprar, prestar, pignorar o de cualquier otro modo transferir o disponer de acciones o cualquier otro valor convertible en, ejercitable o canjeable por Acciones Ordinarias, o presentar ninguna solicitud de registro bajo el *Securities Act* en relación con cualquiera de las anteriores, o (ii) llevar a cabo permutas u otros acuerdos o transacciones que transfieran, en todo o en parte, directa o indirectamente, las efectos económicos derivados de la propiedad de las Acciones Ordinarias, bien cuando la permuta o la transacción descrita en los puntos (i) y (ii) anteriores sea liquidada mediante la entrega de Acciones Ordinarias o de otros valores convertibles, ejercitables o intercambiables por Acciones Ordinarias, en efectivo o de otra manera. Dichos compromisos de no transmisión no aplican a (i) la emisión de Acciones de la Emisión, (ii) las Acciones Ordinarias que sean emitidas en relación la Opción de Sobreadjudicación y (iii) las Acciones Ordinarias que sean emitidas en relación con la potencial adquisición de MAGIC Real Estate por parte de la Sociedad durante los 12 meses siguientes a la Admisión, siempre y cuando MAGIC Real Estate acepte quedar sujeto a los compromisos de no transmisión durante el resto del periodo de no transmisión. El Contrato de Colocación incluye como condición suspensiva que las Entidades encargadas del Libro Demanda reciban una carta relativa al compromiso de no transmisión (*lock up letter*) por parte de MAGIC Kingdom, el vehículo de inversión a través del cual los miembros del Equipo Gestor tienen las Acciones Ordinarias. En virtud de los términos de dicha carta relativa al compromiso de no transmisión, MAGIC Kingdom se compromete, durante el periodo que comienza en la fecha del Contrato de Colocación y que finaliza cuando transcurran 720 días contados desde la Admisión, sin recibir una previa autorización unánime y escrita de las Entidades encargadas del Libro Demanda (que no podrá ser denegado o demorado sin motivo), a no: (i) directa o indirectamente, emitir, ofrecer, pignorar, vender, pactar su venta, vender ninguna opción o contrato de compra, comprar ninguna opción o contrato de venta, otorgar ninguna opción, derecho o warrant para comprar, prestar, pignorar o de cualquier otro modo transferir o disponer de Acciones Ordinarias o cualquier otro valor convertible en, ejercitable o canjeable por Acciones Ordinarias; (ii) o llevar a cabo permutas u otros acuerdos o transacciones que transfieran, en todo o en parte, directa o indirectamente, las efectos

		económicos derivados de la propiedad de las Acciones Ordinarias, bien cuando la permuta o la transacción descrita en los puntos (i) y (ii) anteriores sea liquidada mediante la entrega de Acciones Ordinarias o de otros valores convertibles, ejercitables o intercambiables por Acciones Ordinarias, en efectivo o de otra manera. Dichos compromisos de no transmisión no resultarán de aplicación a (i) ningún acuerdo entre MAGIC Kingdom y cualquier institución financiera que haya otorgado, o lo haga en el futuro, financiación para la suscripción de las citadas Acciones Ordinarias por parte de MAGIC Kingdom, siempre que esas Acciones Ordinarias sólo sean utilizadas para garantizar el pago u otras obligaciones derivadas de tal financiación contraída por MAGIC Kingdom; (ii) transmisiones de Acciones Ordinarias a favor de los accionistas de MAGIC Kingdom o sus familiares directos (como son los parientes, hermanos y hermanas, esposa o pareja de hecho o descendientes en línea de cualquiera de ellos), siempre y cuando el adquirente acepte quedar sujeto a los compromisos de no transmisión durante el resto del periodo de no enajenación; (iii) en caso de una oferta pública de acciones parcial o total sobre el capital social emitido de la Sociedad que sea recomendada por el Consejo de Administración; (iv) la implementación de un acuerdo (*scheme of arrangement*) en relación con la venta de Acciones Ordinarias de la Sociedad que sea recomendado por el Consejo de Administración; (v) un acuerdo de reestructuración que sea recomendado por el Consejo de Administración; y (vi) cualquier recompra por parte de la Sociedad de Acciones Ordinarias en los mismos términos que fueron ofrecidos a todos los Accionistas. Adicionalmente, cada uno de los miembros del Equipo Gestor, en virtud del *Management Stock Plan* y salvo en los casos recogidos más abajo, no enajenarán las Acciones Ordinarias recibidas como parte de o en virtud del *Management Stock Plan* antes de que transcurra un año desde la entrega de las Acciones Ordinarias a cualquier miembro del Equipo Gestor. La limitación a la enajenación no será aplicable (i) si la relación laboral o mercantil se extingue o termina por jubilación, despido, fallecimiento, enfermedad o discapacidad; o (ii) en caso de cambio de control sobre la Sociedad.
E.6	**Dilución**	La Emisión diluirá en un 99,5% la participación en el capital social que MAGIC Kingdom mantiene en el capital social de la Sociedad (en el supuesto de una Emisión de €1.500 millones en la que no se ejercita la Opción de Sobreadjudicación).
E.7	**Gastos estimados aplicados al inversor por el emisor o el oferente**	No aplica. La Sociedad no cargará ningún gasto a ningún inversor en relación con la Emisión.

FOLLETO MERLIN PROPERTIES, SOCIMI, S.A. - TABLAS DE EQUIVALENCIA (Anexo I del Reglamento 809/2004)

Contenido		Apartado	Comentario
1.	**PERSONAS RESPONSABLES**		
1.1	**Todas las personas responsables de la información que figura en el documento de registro y, según los casos, de ciertas partes del mismo, con, en el último caso, una indicación de las partes. En caso de personas físicas, incluidos los miembros de los órganos de administración, de gestión o de supervisión del emisor, indicar el nombre y el cargo de la persona; en caso de personas jurídicas, indicar el nombre y el domicilio social.**	Portada 4^0 párrafo, Part XVII.1	
1.2	**Declaración de los responsables del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en el documento de registro es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido. En su caso, declaración de los responsables de determinadas partes del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en la parte del documento de registro de la que son responsables es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido.**	Portada 4^0 párrafo, Part XVII.1	
2.	**AUDITORES DE CUENTAS**		
2.1	**Nombre y dirección de los auditores del emisor para el periodo cubierto por la información financiera histórica (así como su afiliación a un colegio profesional).**	Part V, Part XVII.2 y .11.5	
2.2	**Si los auditores han renunciado, han sido apartados de sus funciones o no han sido redesignados durante el periodo cubierto por la información financiera histórica, proporcionarán los detalles si son importantes.**	N/A	
3.	**INFORMACIÓN FINANCIERA SELECCIONADA**		
3.1	**Información financiera histórica seleccionada relativa al emisor, que se presentará para cada ejercicio durante el periodo cubierto por la información financiera histórica, y cualquier periodo financiero**	N/A	MERLIN Properties se constituyó en marzo de 2014, por lo que no hay información

	intermedio subsiguiente, en la misma divisa que la información financiera		financiera previa.
3.2	**Si se proporciona información financiera seleccionada relativa a periodos intermedios, también se proporcionarán datos comparativos del mismo periodo del ejercicio anterior, salvo que el requisito para la información comparativa del balance se satisfaga presentando la información del balance final del ejercicio**	N/A	
4.	**FACTORES DE RIESGO**	Part II	
5.	**INFORMACIÓN SOBRE EL EMISOR**		
5.1.	**Historia y evolución del emisor:**		
5.1.1.	nombre legal y comercial del emisor;	Part VII, Part XVII.2	
5.1.2.	lugar de registro del emisor y número de registro;	Part V, Part XVII.2	
5.1.3.	fecha de constitución y periodo de actividad del emisor, si no son indefinidos;	Part XVII.2	Se constituyó en marzo de 2014 por un periodo indefinido.
5.1.4.	domicilio y personalidad jurídica del emisor, legislación conforme a la cual opera, país de constitución, y dirección y número de teléfono de su domicilio social (o lugar principal de actividad empresarial si es diferente de su domicilio social);	Part V, Part XVII.2	
5.1.5.	acontecimientos importantes en el desarrollo de la actividad del emisor	N/A	Se ha solicitado el régimen de SOCIMI
5.2.	**Inversiones**		
5.2.1.	Descripción, (incluida la cantidad) de las principales inversiones del emisor en cada ejercicio para el periodo cubierto por la información financiera histórica y hasta la fecha del documento de registro.	N/A	MERLIN Properties no ha llevado a cabo ninguna inversión tal y como se indica en Part XIV.14 del Folleto.
5.2.2.	Descripción de las inversiones principales del emisor actualmente en curso, incluida la distribución de estas inversiones geográficamente (nacionales y en el extranjero) y el método de financiación (interno o externo).	N/A	
5.2.3.	Información sobre las principales inversiones futuras del emisor sobre las cuales sus órganos de gestión hayan adoptado ya compromisos firmes	Part X, Part XVII.11	
6.	**DESCRIPCIÓN DEL NEGOCIO**		
6.1.	**Actividades principales**		
6.1.1.	Descripción y factores clave relativos al carácter de las operaciones del emisor y de sus principales	Part VII.5, Part VII.6	

	actividades, declarando las principales categorías de productos vendidos y/o servicios prestados en cada ejercicio durante el período cubierto por la información financiera histórica.		
6.1.2.	Indicación de todo nuevo producto y/o servicio significativos que se hayan presentado y, en la medida en que se haya divulgado públicamente su desarrollo, dar la fase en que se encuentra.		
6.2.	**Mercados principales**	Part VII.6	
6.3.	**Cuando la información dada de conformidad con los puntos 6.1. y 6.2. se haya visto influenciada por factores excepcionales, debe mencionarse este hecho.**	N/A	
6.4.	**Si es importante para la actividad empresarial o para la rentabilidad del emisor, revelar información sucinta relativa al grado de dependencia del emisor de patentes o licencias, contratos industriales, mercantiles o financieros, o de nuevos procesos de fabricación.**	N/A	Ver Part XVII.17
6.5.	**Se incluirá la base de cualquier declaración efectuada por el emisor relativa a su posición competitiva**	Part VII.3	
7.	**ESTRUCTURA ORGANIZATIVA**		
7.1.	**Si el emisor es parte de un grupo, una breve descripción del grupo y la posición del emisor en el grupo.**	N/A	El emisor será una sociedad individual.
7.2.	**Lista de las filiales significativas del emisor, incluido el nombre, el país de constitución o residencia, la participación en el capital y, si es diferente, su proporción de derechos de voto.**	N/A	
8.	**PROPIEDAD, INSTALACIONES Y EQUIPO**		
8.1.	**Información relativa a todo inmovilizado material tangible existente o previsto, incluidas las propiedades arrendadas, y cualquier gravamen importante al respecto.**	Part X, Part XVII.11	
8.2.	**Descripción de cualquier aspecto medioambiental que pueda afectar al uso por el emisor del inmovilizado material tangible.**	N/A	
9.	**ANÁLISIS OPERATIVO Y FINANCIERO**		
9.1	**Situación financiera**	Part XII y Annex 1,2 3, 4 y 5.	Respecto de MERLIN Properties y de Tree.

9.2.	**Resultados de explotación**		
9.2.1.	Información relativa a factores significativos, incluidos los acontecimientos inusuales o infrecuentes o los nuevos avances, que afecten de manera importante a los ingresos del emisor por operaciones, indicando en qué medida han resultado afectados los ingresos.	N/A	
9.2.2.	Cuando los estados financieros revelen cambios importantes en las ventas netas o en los ingresos, proporcionar un comentario narrativo de los motivos de esos cambios	N/A	
9.2.3.	Información relativa a cualquier actuación o factor de orden gubernamental, económico, fiscal, monetario o político que, directa o indirectamente, hayan afectado o pudieran afectar de manera importante a las operaciones del emisor.	Part VII.6, Part XV	MERLIN Properties ha solicitado el régimen de SOCIMI
10.	**RECURSOS DE CAPITAL**		
10.1.	**Información relativa a los recursos de capital del emisor (a corto y a largo plazo).**	N/A	
10.2.	**Explicación de las fuentes y cantidades y descripción narrativa de los flujos de tesorería del emisor.**	N/A	
10.3.	**Información sobre los requisitos de préstamo y la estructura de financiación del emisor.**	Part VII.5, Part VII.7 y Part XVII.11	Política de apalancamiento *(leverage criteria)*
10.4.	**Información relativa a cualquier restricción sobre el uso de los recursos de capital que, directa o indirectamente, haya afectado o pudiera afectar de manera importante a las operaciones del emisor.**	Part VII.5 y .6, Part XV, Part XVII.11.1	
10.5.	**Información relativa a las fuentes previstas de fondos necesarias para cumplir los compromisos mencionados en 5.2.3. y 8.1.**	Part VII.8	
11.	**INVESTIGACIÓN Y DESARROLLO, PATENTES Y LICENCIAS**	N/A	Ver XIV.17
12.	**INFORMACIÓN SOBRE TENDENCIAS**		
12.1.	**Tendencias recientes más significativas de la producción, ventas e inventario, y costes y precios de venta desde el fin del último ejercicio hasta la fecha del documento de registro.**	N/A	
12.2.	**Información sobre cualquier tendencia conocida, incertidumbres, demandas, compromisos o hechos que pudieran razonablemente tener una incidencia importante en las perspectivas del emisor, por lo menos para el ejercicio actual.**	Part VII.6	Se describen las tendencias del sector inmobiliario en España y Portugal.
13.	**PREVISIONES O ESTIMACIONES DE BENEFICIOS**		

13.1.	**Declaración que enumere los** **principales supuestos en los que el emisor ha basado su previsión o su estimación.**	N/A	No hay previsión de beneficios, pero sí se revela un objetivo de rentabilidad señalado específicamente en Part VII.1. MERLIN Properties no garantiza que estos objetivos de rentabilidad se vayan a cumplir y por lo tanto, los inversores no deberían basar su inversión únicamente en este objetivo de rentabilidad.
13.2.	**Debe incluirse un informe elaborado por contables o auditores independientes que declare que, a juicio de esos contables o auditores independientes, la previsión o estimación se ha calculado correctamente sobre la base declarada, y que el fundamento contable utilizado para la previsión o estimación de los beneficios es coherente con las políticas contables del emisor.**	N/A	
13.3.	**La previsión o estimación de los beneficios debe prepararse sobre una base comparable con la información financiera histórica.**	N/A	
13.4.	**Si el emisor publica en un folleto una previsión de beneficios que está aún pendiente, debería entonces proporcionar una declaración de si efectivamente ese pronóstico sigue siendo tan correcto como en la fecha del documento de registro, o una explicación de por qué el pronóstico ya no es válido, si ese es el caso.**	N/A	
14.	**ÓRGANOS DE ADMINISTRACIÓN, DE GESTIÓN Y DE SUPERVISIÓN, Y ALTOS DIRECTIVOS**		
14.1.	**Nombre, dirección profesional y cargo** **en el emisor de las siguientes personas, indicando las principales actividades que éstas desarrollan al margen del emisor, si dichas actividades son significativas con respecto a ese emisor:** **(a) miembros de los órganos de administración, de gestión o de supervisión;** **(b) socios comanditarios, si se trata de una sociedad comanditaria por acciones;** **(c) fundadores, si el emisor se ha establecido para un período inferior a cinco años; y** **(d) cualquier alto directivo que sea pertinente para establecer que el emisor posee las calificaciones y la experiencia apropiadas para gestionar las actividades del emisor.** **Naturaleza de toda relación familiar entre cualquiera de esas personas.** **En el caso de los miembros de los órganos de administración, de gestión o de supervisión del emisor y de las personas descritas en (b) y (d) del primer párrafo, datos sobre la preparación y experiencia pertinentes de gestión de esas personas, además de la siguiente información:**	Part V, Part IX	

	(a) nombres de todas las empresas y asociaciones de las que esa persona haya sido, en cualquier momento de los cinco años anteriores, miembro de los órganos de administración, de gestión o de supervisión, o socio, indicando si esa persona sigue siendo miembro de los órganos de administración, de gestión o de supervisión, o si es socio. No es necesario enumerar todas las filiales de un emisor del cual la persona sea también miembro del órgano de administración, de gestión o de supervisión; **(b) cualquier condena en relación con delitos de fraude por lo menos en los cinco años anteriores;** **(c) datos de cualquier quiebra, suspensión de pagos o liquidación con las que una persona descrita en (a) y (d) del primer párrafo, que actuara ejerciendo uno de los cargos contemplados en (a) y (d) estuviera relacionada por lo menos durante los cinco años anteriores;** **(d) detalles de cualquier incriminación pública oficial y/o sanciones de esa persona por autoridades estatutarias o reguladoras (incluidos los organismos profesionales designados) y si esa persona ha sido descalificada alguna vez por un tribunal por su actuación como miembro de los órganos de administración, de gestión o de supervisión de un emisor o por su actuación en la gestión de los asuntos de un emisor durante por lo menos los cinco años anteriores.** **De no existir ninguna información en este sentido que deba revelarse, efectuar una declaración a ese efecto.**		
14.2.	**Conflictos de intereses de los órganos de administración, de gestión y de supervisión, y altos directivos**	Part II, Part VII.4, Part VIII.2, Part IX.2, Part XVII	
15.	**REMUNERACIÓN Y BENEFICIOS**		
15.1.	**Importe de la remuneración pagada (incluidos los honorarios contingentes o atrasados) y prestaciones en especie concedidas a esas personas por el emisor y sus filiales por servicios de todo tipo prestados por cualquier persona al emisor y sus filiales.**	Part VIII.1.4, Part IX.5	
15.2.	**Importes totales ahorrados o acumulados por el emisor o sus filiales para prestaciones de pensión, jubilación o similares.**	N/A	
16.	**PRÁCTICAS DE GESTIÓN**		

16.1.	**Fecha de expiración del actual mandato, en su caso, y periodo durante el cual la persona ha desempeñado servicios en ese cargo.**	Part IX.1.1, Part IX.8.2.	
16.2.	**Información sobre los contratos de los miembros de los órganos de administración, de gestión o de supervisión con el emisor o cualquiera de sus filiales que prevean beneficios a la terminación de sus funciones, o la correspondiente declaración negativa**	Part IX.6	
16.3.	**Información sobre el comité de auditoría y el comité de retribuciones del emisor, incluidos los nombres de los miembros del comité y un resumen de su reglamento interno.**	Part IX.8.5	
16.4.	**Declaración de si el emisor cumple el régimen o regímenes de gobierno corporativo de su país de constitución. En caso de que el emisor no cumpla ese régimen, debe incluirse una declaración a ese efecto, así como una explicación del motivo por el cual el emisor no cumple ese régimen.**	Part IX.8.1	
17.	**EMPLEADOS**		
17.1.	**Número de empleados al final del período o la media para cada ejercicio durante el período cubierto por la información financiera histórica hasta la fecha del documento de registro (y las variaciones de ese número, si son importantes) y, si es posible y reviste importancia, un desglose de las personas empleadas por categoría principal de actividad y situación geográfica. Si el emisor emplea un número significativo de empleados eventuales, incluir datos sobre el número de empleados eventuales por término medio durante el ejercicio más reciente.**	Part VIII.1, Part IX.1.2, Part XVII.7	
17.2.	**Acciones y opciones de compra de acciones.** **Con respecto a cada persona mencionada en (a) y (d) del primer párrafo del punto 14.1, proporcionar información de su tenencia de participaciones del emisor y de toda opción sobre tales acciones a partir de la fecha practicable más reciente.**	Part IX.3, Part XVII.11.3	
17.3.	**Descripción de todo acuerdo de participación de los empleados en el capital del emisor.**	Part VIII.1.4, Part IX.3, Part XVII.11.3	
18.	**ACCIONISTAS PRINCIPALES**		
18.1.	**En la medida en que tenga conocimiento de ello el emisor, el nombre de cualquier persona que no pertenezca a los órganos de administración, de gestión o de supervisión que, directa o indirectamente, tenga un interés declarable, según el derecho nacional del emisor, en el capital o en los derechos de voto del emisor, así**	Part XVII.4	

	como la cuantía del interés de cada una de esas personas o, en caso de no haber tales personas, la correspondiente declaración negativa.		
18.2.	**Si los accionistas principales del emisor tienen distintos derechos de voto, o la correspondiente declaración negativa.**	Part XIV.2, Part XVII.4 y .6	
18.3.	**En la medida en que tenga conocimiento de ello el emisor, declarar si el emisor es directa o indirectamente propiedad o está bajo control y quién lo ejerce, y describir el carácter de ese control y las medidas adoptadas para garantizar que no se abusa de ese control.**	N/A	
18.4.	**Descripción de todo acuerdo, conocido del emisor, cuya aplicación pueda en una fecha ulterior dar lugar a un cambio en el control del emisor.**	N/A	
19.	**OPERACIONES DE PARTES VINCULADAS**	Part XVII.10	
20.	**INFORMACIÓN FINANCIERA RELATIVA AL ACTIVO Y EL PASIVO DEL EMISOR, POSICIÓN FINANCIERA Y PÉRDIDAS Y BENEFICIOS**		
20.1.	**Información financiera histórica**	Part XII, Annex 1, 2, 3, 4 y 5.	Información financiera histórica de MERLIN Properties y de Tree.
20.2.	**Información financiera pro-forma**	Part XIII y Annex 7.	
20.3.	**Estados financieros**	Annex 1, 2, 3, 4 y 5.	Respecto de MERLIN Properties y de Tree.
20.4.	**Auditoría de la información financiera histórica anual**	Annex 1, 3, 4 y 5.	Respecto de MERLIN Properties y de Tree.
20.4.1.	Declaración de que se ha auditado la información financiera histórica. Si los informes de auditoría sobre la información financiera histórica han sido rechazados por los auditores legales o si contienen cualificaciones o negaciones, se reproducirán íntegramente el rechazo o las cualificaciones o negaciones, explicando los motivos.	Annex 1.	
20.4.2.	Una indicación de otra información en el documento de registro que haya sido auditada por los auditores.	Annex 3, 4 y 5.	
20.4.3.	Cuando los datos financieros del documento de registro no se hayan extraído de los estados financieros auditados del emisor, éste debe declarar la fuente de los datos y declarar que los datos no han sido auditados.	N/A	
20.5.	**Edad de la información financiera más reciente**	Part XII y Annex 1, 2, 3, 4 y 5.	Respecto de MERLIN Properties y de Tree.

20.5.1.	El último año de información financiera auditada no puede preceder en más de: (a) 18 meses a la fecha del documento de registro si el emisor incluye en dicho documento estados financieros intermedios auditados; (b) 15 meses a la fecha del documento de registro si en dicho documento el emisor incluye estados financieros intermedios no auditados.	N/A	
20.6.	**Información intermedia y demás información financiera**		
20.6.1.	Si el emisor ha venido publicando información financiera trimestral o semestral desde la fecha de sus últimos estados financieros auditados, éstos deben incluirse en el documento de registro. Si la información financiera trimestral o semestral ha sido revisada o auditada, debe también incluirse el informe de auditoría o de revisión. Si la información financiera trimestral o semestral no ha sido auditada o no se ha revisado, debe declararse este extremo.	N/A	
20.6.2.	Si la fecha del documento de registro es más de nueve meses posterior al fin del último ejercicio auditado, debería contener información financiera intermedia que abarque por lo menos los primeros seis meses del ejercicio y que puede no estar auditada (en cuyo caso debe declararse este extremo).	N/A	
20.7	**Política de dividendos**	Part VII.10, Part XV.1.2	Política de dividendos específica para el régimen de SOCIMI. *"Mandatory dividend distribution"*
20.7.1.	Importe de los dividendos por acción por cada ejercicio para el período cubierto por la información financiera histórica, ajustada si ha cambiado el número de acciones del emisor, para que así sea comparable.	N/A	
20.8	**Procedimientos judiciales y de arbitraje**	N/A	Ver Part XVII.12
20.9	**Cambios significativos en la posición financiera o comercial del emisor**	N/A	
21	**INFORMACIÓN ADICIONAL**		
21.1.	**Capital Social**		
21.1.1.	Importe del capital emitido, y para cada clase de capital social (a) número de acciones autorizadas; (b) número de acciones emitidas e	Part XVII.3	

	íntegramente desembolsadas y las emitidas pero no desembolsadas íntegramente; (c) valor nominal por acción, o que las acciones no tienen ningún valor nominal; y (d) una conciliación del número de acciones en circulación al principio y al final del año. Si se paga más del 10 % del capital con activos distintos del efectivo dentro del periodo cubierto por la información financiera histórica, debe declararse este hecho.		
21.1.2.	Si hay acciones que no representan capital, se declarará el número y las principales características de esas acciones.	N/A	
21.1.3.	Número, valor contable y valor nominal de las acciones del emisor en poder o en nombre del propio emisor o de sus filiales.	N/A	
21.1.4.	Importe de todo valor convertible, valor canjeable o valor con garantías, indicando las condiciones y los procedimientos que rigen su conversión, canje o suscripción.	N/A	
21.1.5.	Información y condiciones de cualquier derecho de adquisición y/o obligaciones con respecto al capital autorizado pero no emitido o sobre la decisión de aumentar el capital.	Part IX.3 y .4, Part XIV.5 y .6, Part XVII.2 y.3	
21.1.6.	Información sobre cualquier capital de cualquier miembro del grupo que esté bajo opción o que se haya acordado condicional o incondicionalmente someter a opción y detalles de esas opciones, incluidas las personas a las que se dirigen esas opciones.	N/A	
21.1.7.	Historial del capital social, resaltando la información sobre cualquier cambio durante el período cubierto por la información financiera histórica.	N/A	
21.2.	**Estatutos y escritura de constitución**		
21.2.1.	Descripción del objeto social y fines del emisor y dónde pueden encontrarse en los estatutos y escritura de constitución.	Part XV.1.2	
21.2.2.	Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor relativa a los miembros de los órganos de administración, de gestión y de supervisión.	Part IX.8	
21.2.3.	Descripción de los derechos, preferencias y restricciones relativas a cada clase de las acciones existentes.	Part XVII.6	*"Shareholders' reporting obligations"*
21.2.4.	Descripción de qué se debe hacer para cambiar los derechos de los tenedores de las acciones, indicando si las condiciones son más significativas	N/A	

	que las que requiere la ley.		
21.2.5.	Descripción de las condiciones que rigen la manera de convocar las juntas generales anuales y las juntas generales extraordinarias de accionistas, incluyendo las condiciones de admisión.	Part XVII.6	*"Shareholders' meetings and voting rights"*
21.2.6.	Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor que tenga por efecto retrasar, aplazar o impedir un cambio en el control del emisor.	N/A	
21.2.7.	Indicación de cualquier disposición de las cláusulas estatutarias o reglamento interno, en su caso, que rija el umbral de propiedad por encima del cual deba revelarse la propiedad del accionista.	Part XVII.6	*"Shareholders' reporting obligations"*
21.2.8.	Descripción de las condiciones impuestas por las cláusulas estatutarias o reglamento interno que rigen los cambios en el capital, si estas condiciones son más rigurosas que las que requiere la ley.	N/A	
22	**CONTRATOS IMPORTANTES**	Part XVII.11	
23	**INFORMACIÓN DE TERCEROS, DECLARACIONES DE EXPERTOS Y DECLARACIONES DE INTERÉS**		
23.1.	**Cuando se incluya en el documento de registro una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de dicha persona, su dirección profesional, sus cualificaciones y, en su caso, cualquier interés importante que tenga en el emisor. Si el informe se presenta a petición del emisor, una declaración a ese efecto de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, con el consentimiento de la persona que haya autorizado el contenido de esa parte del documento de registro.**	Part XI	
23.2.	**En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información.**	N/A	
24	**DOCUMENTOS PRESENTADOS**	Part XVII.18	

25	**INFORMACIÓN SOBRE CARTERAS**	N/A	