2017 ANNUAL REPORT

Barceló Marbella Hotel

HISPANIA
Activos Inmobiliarios

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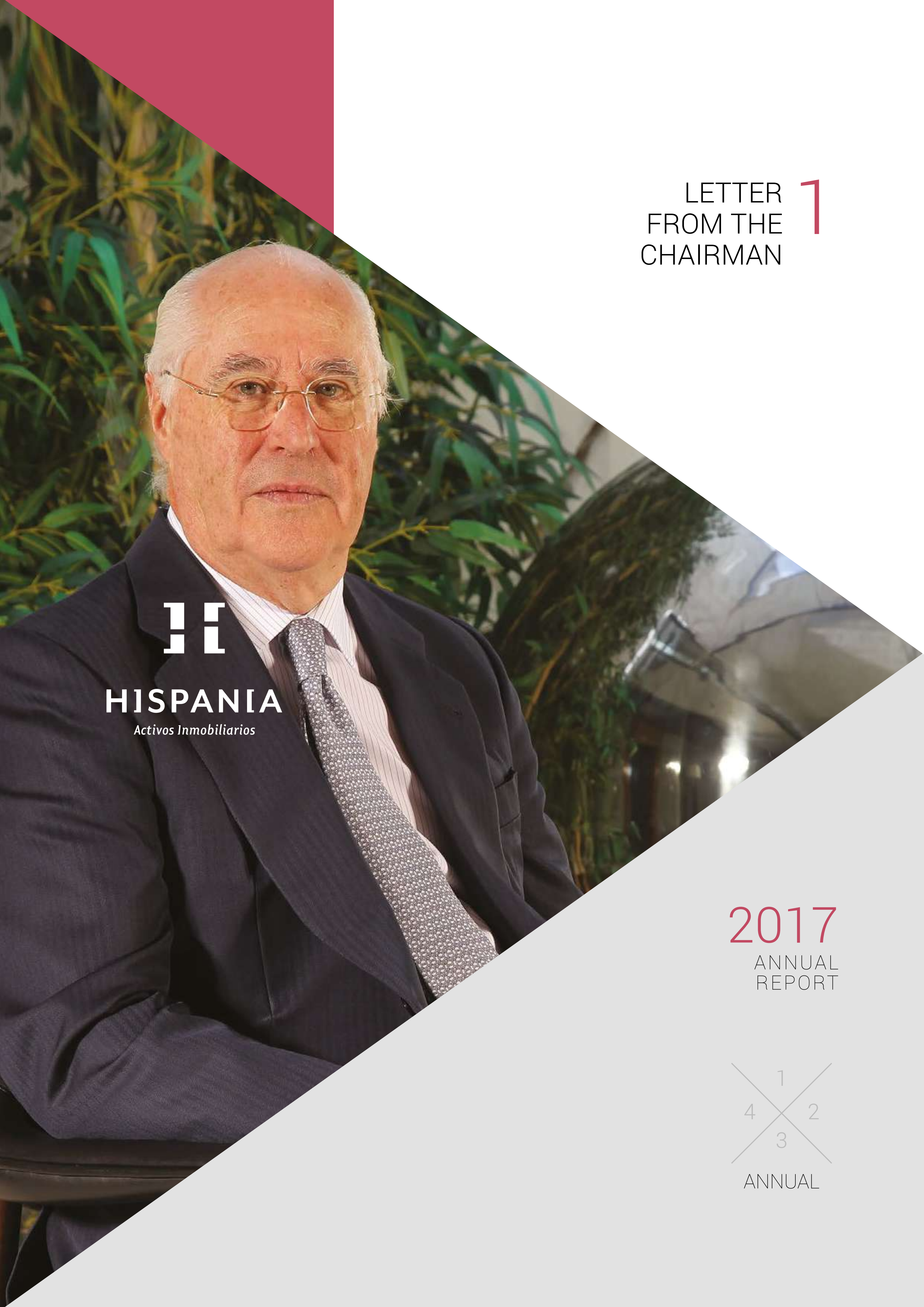
LETTER FROM THE CHAIRMAN 1



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Dear shareholders,

Hispania has completed 2017 with a set of results that has exceeded our initial expectations. All three asset classes - hotels, offices and residential - have recorded exceptional results, generating rental income of 157 million euro in 2017, representing an increase of 10% compared to 2016. During the year we have continued with an important investment pace, having invested approximately 161 million euro in hotel assets, among which it´s worth mentioning the acquisition of the 24% stake of the Barceló Group in BAY; the Selomar hotel in Benidorm or the Fergus hotel in Palma de Mallorca. Additionally, in December, Hispania signed a purchase option for the acquisition of seven hotels operated by the Alua Group which is expected to be executed by the end of February 2018.

The recurring EBITDA of the Company registered 105 million euros and the net profit per share reached €2.04/share, which adjusted by the provision of the incentive fees and the adjustment of the closing of the transaction with Barceló Group, would increase to €3.35/share representing an increase of 18.3% compared to 2016´s figure. The Company's assets have increased by 23% compared to 2016 year end, surpassing 2,400 million euro. All this results in a net asset value (EPRA NAV) of €15.93/share, which is a 16% higher than 2016´s figure.

The important revaluation of the assets and the improvement in the operating results are a result of the firm and clear strategy based on the search of attractive acquisitions, an impeccable execution of the repositioning and an excellent management of the costs, occupancy, rents and asset management.

Another important milestone during the year has been the payment of a complementary dividend of 17 million euro, which added to the interim dividend paid in the year 2016 amounts to a total of close to 45 million euros (€0.4/share) distributed, fulfilling our commitment of distributing 80% of the recurring funds from operations.

I would also like to remark that in March 2017, Hispania obtained an investment grade rating BBB- long term, with stable outlook from Standard & Poor's, who highlighted the quality and excellent location of Hispania's assets, the high barriers of entry of our hotel portfolio and its ability to generate stable and growing long-term rents. As I write this letter, Hispania is immersed in a refinancing process in which we hope to take advantage of this magnificent recognition of our credit worthiness in order to obtain the best possible terms for our debt.

During 2017, Hispania reached the equator of the project initially contemplated in the IPO, in which Azora, Hispania´s Manager, agreed to make a value return proposal, in which to define the best alternative to put into value Hispania's portfolio and maximize the return for its shareholders. According to this agreement the Manager confirmed in February 2017 its intention to proceed with the plan initially established in the Investment Management Agreement to create liquidity events and distribute of all of the net funds coming from those events as they are executed, before March 2020, date in which the Investment Management Agreement with Azora expires.

In the context of this value return proposal and given that the Company not only had remaining investment capacity but also an important portfolio of attractive investment opportunities, the Manager proposed in the General Shareholders' Meeting held in April, to continue investing until December 31st, 2017. After the approval of the investment period extension by the GSM, Hispania has continued to actively invest during 2017, ending the year having committed 100% of its investment capacity in new transactions in the hotel segment.

The successful execution of all of our investment capacity has allowed us to complete our hotel portfolio, which, once closed all the transactions currently under execution, will reach a total of 46 hotels with more than 13,100 keys, and with an important presence in the most attractive tourist areas of the Spanish geography. We have created in

Hispania ha commited 100% of its remaining investment capacity in hotel transactions

Hispania a unique hotel portfolio, with many possibilities to continue generating value.

Commitment and excellence in Corporate Governance and Sustainability

During 2017, Hispania has continued to prioritize sustainability and good corporate governance, publishing its second corporate social sustainability report, where we demonstrate our commitment to transparency in its relationship with third parties, the duty with environmental protection, the reinforcement of a positive impact on the communities in which we operate, sustainable development and excellence in good corporate governance in general.

In particular, on issues related with sustainability, during the year, Hispania has participated for the first time in the GRESB and the CDP indexes obtaining excellent ratings in both of them.

As a recognition to our commitment to improve the transparency and communication levels towards our investors, Hispania has obtained the Gold award from the European Public Real Estate Association (EPRA), both in the Best Practice Recommendations (BPR) category (the industry's standard for disclosure and transparency in financial information), and as the Most Improved Annual Report category, confirming the highest improvement in the disclosure of financial information.

Finally, it is worth highlighting the efforts made in the renovations carried out by Hispania throughout its asset portfolio. In its office portfolio, Hispania has obtained BREAM certificates in 12 buildings, in addition to the LEED Gold certificate which Hispania already had in its Cristalia Building. In addition, Hispania has a LEED Platinum certificate in process in its office development Helios, which will make it one of the highest quality and attractive building complexes in the whole of Madrid. On the other hand, in the hotel segment, Hispania has obtained the Travellife certification in 9 hotels, the 100% green energy certificate in 5 hotels and the Tripadvisor certificate of excellence in 24 hotels, rewarding its excellent service and quality.

Finally, regarding corporate governance matters, Hispania has received the Best Europe REIT Governance award in the Corporate Financial Awards 2017 of Capital Financial International, acknowledging the widespread recognition of our excellence and commitment in this matter.

Leadership in resort hotel investment

During 2017, Hispania took the necessary steps to become the first hotel owner in Spain, with a portfolio of 46 hotels which accumulate more than 13,100 keys once the committed acquisitions in progress and the Gran Bahía Real and NH Málaga extensions are completed.

The hotel cycle in Spain has continued to show its strength during the year 2017. Spain has registered an increase of more than 9% in the number of foreign

Hispania has received the Best Europe REIT Governance award in the Corporate Financial Awards 2017 of Capital Financial International

tourists who visited our country in 2017, reaching the record figure of 82 million tourists. Together with the increase in the number of tourists comes an increase in the profitability of the hotels measured by the growth of the average revenues per available room (RevPar) which has surpassed a 6% and 8% in the Canary Islands and the Balearic Islands respectively; main markets for Hispania.

The annualized hotel yield over total investment cost reached a 10.5% in 2017, making it the most profitable asset class for the Company and one of the highest compared with other real estate asset classes.

Hispania has continued to demonstrate its capacity to create value added through very attractive acquisitions and complex executions. A clear example of this is the acquisition of the 24% stake of the Barceló Group in BAY, consolidating Hispania's most profitable portfolio.

However, even if the company has completed its investment period, we still have important levers to create value and improve our results. One of the most important ones will be given by the additional profitability coming from those projects pending full refurbishments, which at year end generated limited profitability, such as the hotels in the San Miguel Cove or the Holiday Inn in Madrid. Hispania has important repositioning plans for the next two years in its hotels, which amounts to 280 million euros including the investments committed and those under execution.

An example of our ability to create value through the repositioning of the assets is the fantastic result obtained at the Portinatx Hotel, which has achieved an increase of its ADR of more than 50% in the month of August after its refurbishment, as well as an important recognition of its quality in different hotel rankings such as Tripadvisor.

Once we have completed our repositioning plan, the profitability of our hotel portfolio should reach a yield on investment of 11.5%.

Another important source of value in the future will come from our ability to generate synergies and obtain improvements in the management of our hotels, which will be possible due to the size of our portfolio and the implementation of measures and programs in which we are working together with our operators.

Finally, regarding the tourism cycle, even after having seen five consecutive years with record number of tourists, the outlook in the Spanish resort segment is very promising and is reinforced by the good trends of the hotels in the portfolio. For example, in the portfolio managed by the Barceló Group, which has started the first months of 2018 with an increase of 14% in revenues of rooms on books for January, February and March compared to the previous year, and has closed the month of January with an increase in the GOP of the hotels of 4.6% compared to January 2017.

Hispania has signed the sale agreement of its Aurelio Menéndez Building, generating a capital gain of 63% over total investment

Solid office portfolio

At the end of 2017 Hispania had a portfolio of 20 office buildings in Madrid, 5 Barcelona and one in Malaga with almost 187,000sqm.

Hispania has continued to reposition its assets under the highest quality standards, having already completed all the renovations underway, remaining only the completion of the Helios development in Madrid, which is expected to achieve the maximum LEED certification, which is the of LEED platinum.

On the other hand, the Company has actively continued to manage the occupancy rate of the portfolio, reaching 87% at the end of the period, 5 p.p over 2016 year end´s figure.

A key element in this occupancy management, are the rents associate to the contracts, which is a clear means for income growth for Hispania, having registered a 3% growth in average rents compared to 2016´s figure. The Company has achieved this rental growth primarily as a consequence of the refurbishments made, having achieved an improvement in quality and efficiency of the assets thus translating into higher attractiveness to the tenants.

Finally, it should be noted that, fulfilling Hispania's commitment with its shareholders to proceed with the sale of the assets, in June Hispania signed the divestment of its first office building through the sale agreement of its Aurelio Menéndez building in Madrid, generating a capital gain of 63% over total investment. This agreement contemplates Hispania's commitment to complete the on-going refurbishment in the building and the reception by its future tenant Uría & Menéndez. These milestones will be completed during the first quarter of 2018, date in which the sale and purchase agreement of the building will be formalized.

Unique exposure to the residential rental market

In relation to the residential segment, Hispania has continued with the renovation of its assets having completed most of the reforms of the common areas and continuing with the refurbishments of the apartments according to the pre-established plan. At the end of the year, Hispania already had a total of 432 renovated homes among the five residential complexes. The renovations and the good management of the assets have been reflected in the appraisal values having recorded an increase of 37% over the total investment made.

In addition to the progress in the refurbishment plan, Hispania continued to make progress with its retail sale plan started in 2016. During 2017, a total of 83 homes were sold, 32 in Isla del Cielo in Barcelona and 51 in Sanchinarro in Madrid. Those sales have generated an average capital gain on investment of 54% for Isla del Cielo and 22% for Sanchinarro.

Regarding the sector in general, the housing market has continued its growth path having registered an increase of 15% in the number of housing transactions in 2017 compared to the previous year, and with prospects of continuing to grow at a good pace during 2018.

2018, a new year of excellent value creation perspectives for Hispania

Hispania begins year 2018 with close to 2,500 million euro of gross asset value in Spanish real estate, having generated a return during 2017 of 17% for our shareholders in terms of asset value creation and dividend distribution. Such relevant and satisfactory results would not have been possible without the efficient work carried out by our manager Azora, and the dedication, quality and excellence of its executives. It is only right to thank them here for their efforts and the results achieved.

I would also like to thank our investors, on behalf of all the Board members including myself, for continuing to put their trust on us and having supported us on the extension of the investment period, which has allowed us to execute our hotel strategy while generating high returns for them.

Lastly, I would like to transmit to our shareholders our conviction that Hispania has a unique opportunity to generate high profitability for them, completing the repositioning plans in the hotel portfolio, advancing in the implementation of management improvement plans with our hotel operators and in the generation of synergies in the portfolio, and actively managing the full portfolio of the Company. In addition, and in the context of the value return proposal previously described, the Manager will continue to seek the best opportunities to crystalize the value of its assets, progressing with the retail sale of its residential assets, as well as evaluating the best alternatives to undertake more divestments in their office assets.

Year 2018 presents itself with magnificent perspectives on all three asset classes in which Hispania operates and our strategy continues to be full of levers for the value creation and profitability for our shareholders. All this together with the quality of the management team, its alignment with the interests of the shareholders and the commitment and dedication of the Board of Directors, headed by myself, leads me to ask you to continue trusting us to successfully complete our plans and continue making Hispania an example of value creation, corporate governance and commitment with sustainability

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Rafael Miranda
President of Hispania Activos Inmobiliarios

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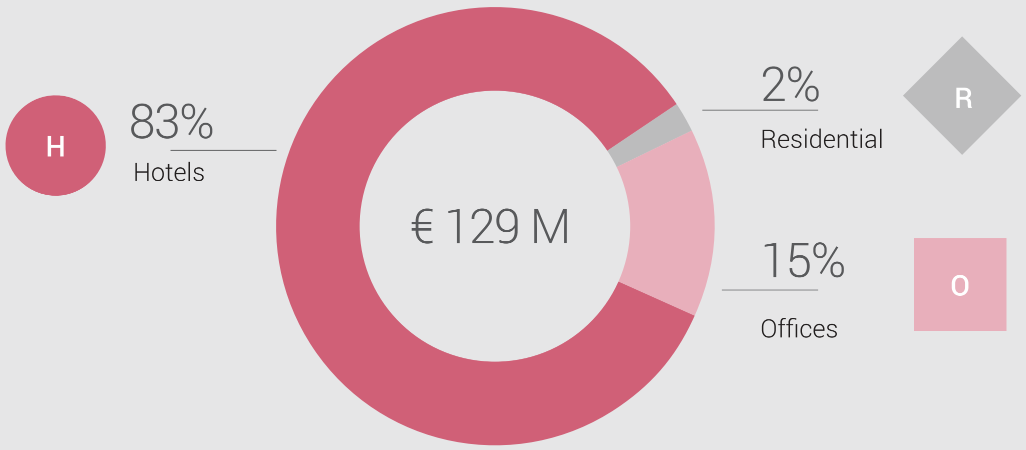
HISPANIA AT A GLANCE

MILLON EURO

REVENUES	EBITDA	NET ATTRIBUTABLE PROFIT
156.6	102.6	222.8
GAV	% ASSET REVALUATION	FINANCIAL DEBT
2,475.0	15.0%	651.8
EPRA NAV	EPRA NAV/SHARE	TOTAL SHAREHOLDERS RETURN
1,735.5	15.93	17.2%

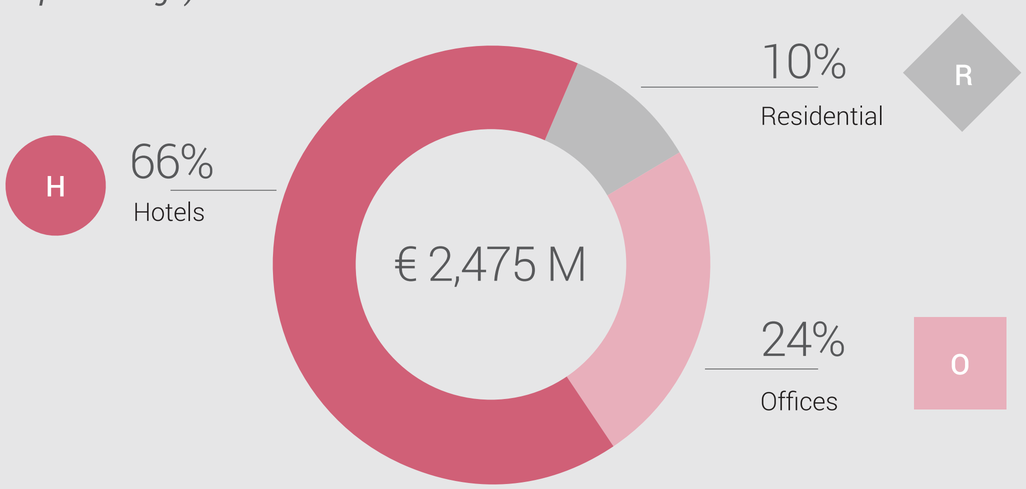
NOI per asset class 31/12/17

(Percentage)



GAV per asset class 31/12/17

(As a percentage)



2017´S MILESTONES

2017

JANUARY

The Gran Bahía Real Hotel receives the "Best Hotel Waterside" award from the luxury hotels ranking of Conde Nast Johansen for second consecutive year

FEBRUARY

Hispania confirms its original strategy to create liquidity events and return capital to its shareholders before March 2020 and extends its investment period until Dec-2017

Adquisition of NH Málaga Hotel

MARCH

Hispania obtains the investment grade rating BBB- from Standards & Poor's

Isabel Troya, Investor Relations Director, receives the award of the Best IR Professional (sell-side vote) 2017 from Institutional Investor

APRIL

Complementary Dividend of 0,16€/share

JUNY

Adquisition of the Selomar Hotel

Adquisition of the Fergus Tobago Hotel

Sale Agreement of the Aurelio Menéndez Building

JULY

Hispania obtains 55 points and two Green Stars in the GRESB Ranking in its first year participating

Hispania gets a B qualification in its first year participating in the CDP Ranking

SEPTEMBER

Hispania receives the gold medal award in the Best Practices Recommendations and the Most Improved Annual Report award from EPRA

NOVEMBER

The Barceló Teguise Hotel receives the award of Best luxury resort of the Spanish Coast and Southern Europe and Best luxury resort with Spa and Thalassotherapy of Spain by World Hotel Luxury Award

Hispania receives the Best Europe REIT Governance award at the 2017 Corporate Governance Awards of Capital Financial International

Hispania receives the first mention of the Madrid Community awards for the best energy and efficiency rehabilitation for the refurbishment of Torre 30 building in Madrid

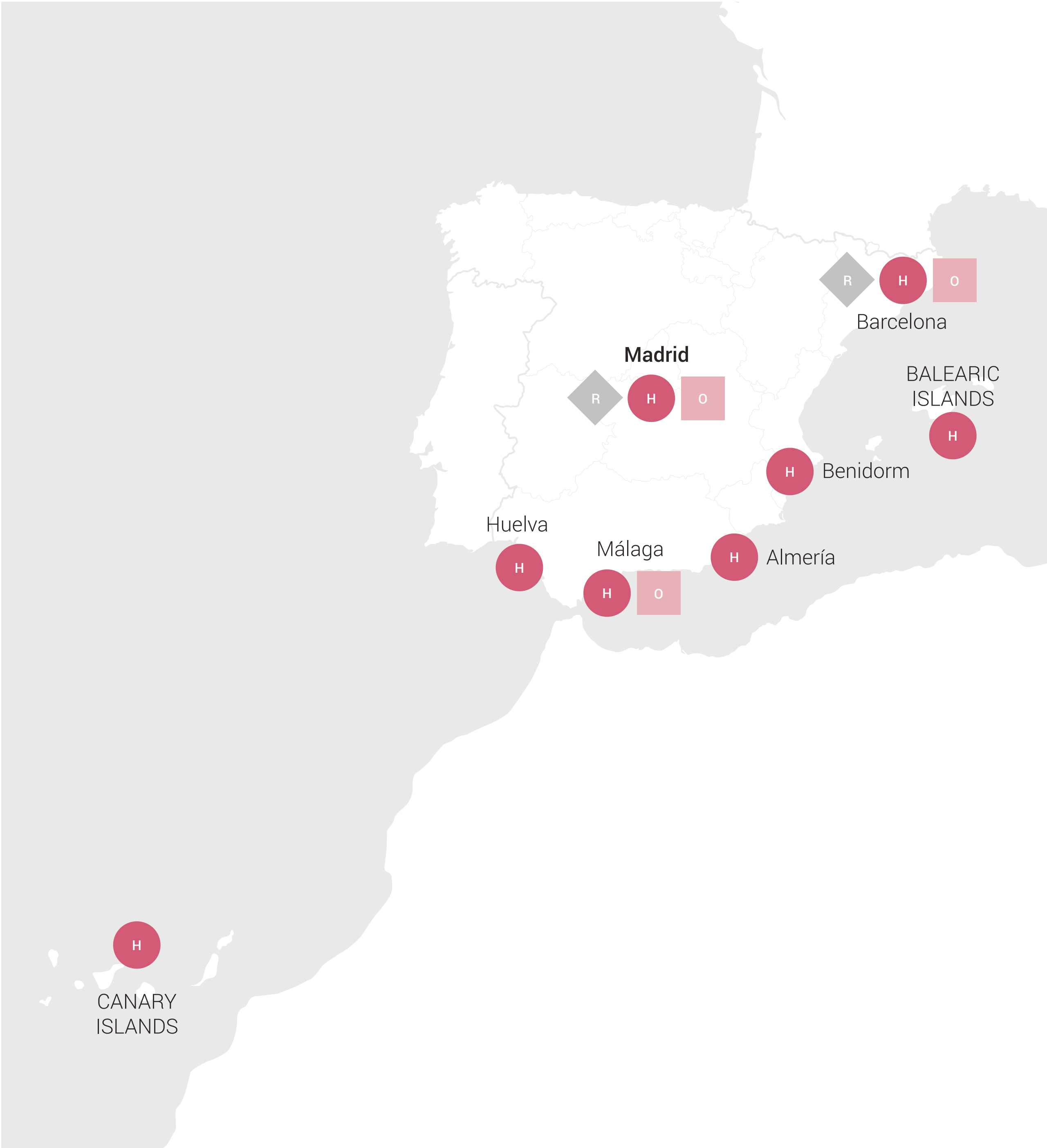
DECEMBER

Hispania signs an agreement to acquire a portfolio of seven hotels from Alua

Adquisition of the 24 % stake of BAY from Grupo Barcelo

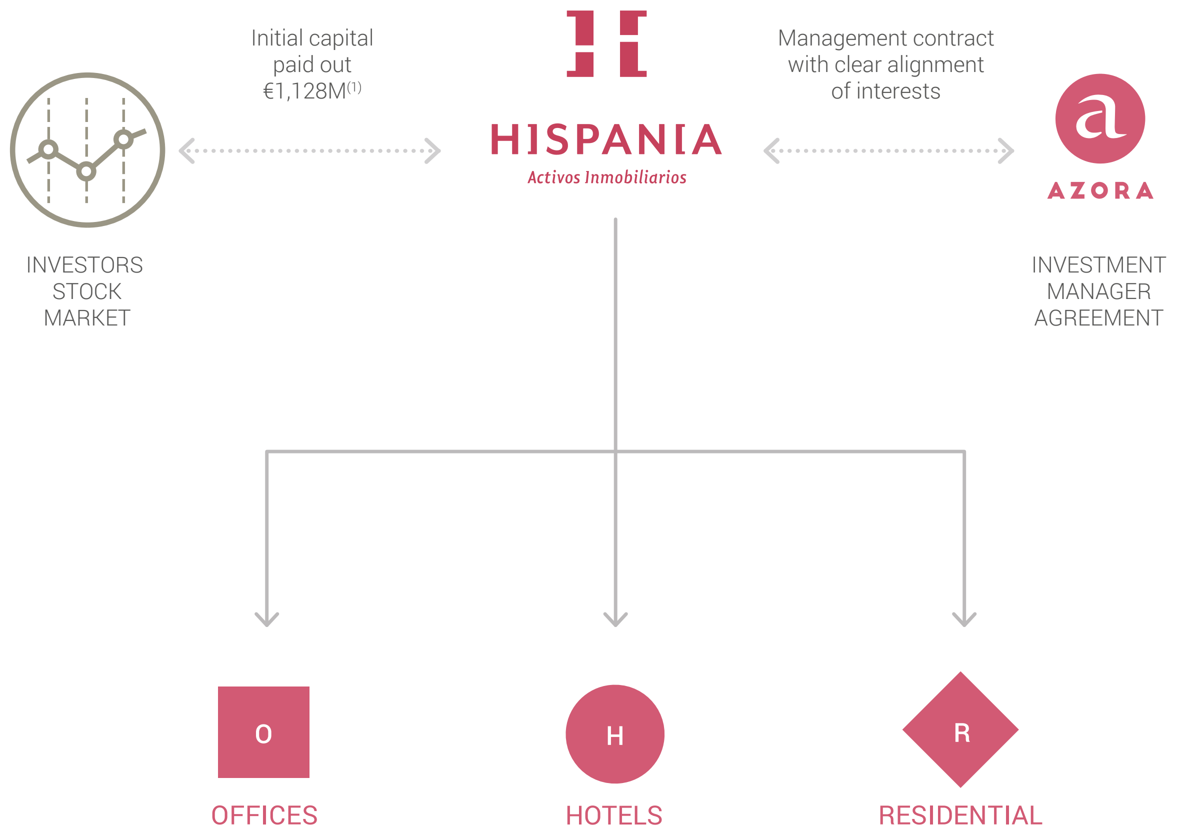
Hispania completes its investment period commiting all of its investment capacity

SPANISH PRESENCE



ORGANIZATIONAL STRUCTURE

Company structure

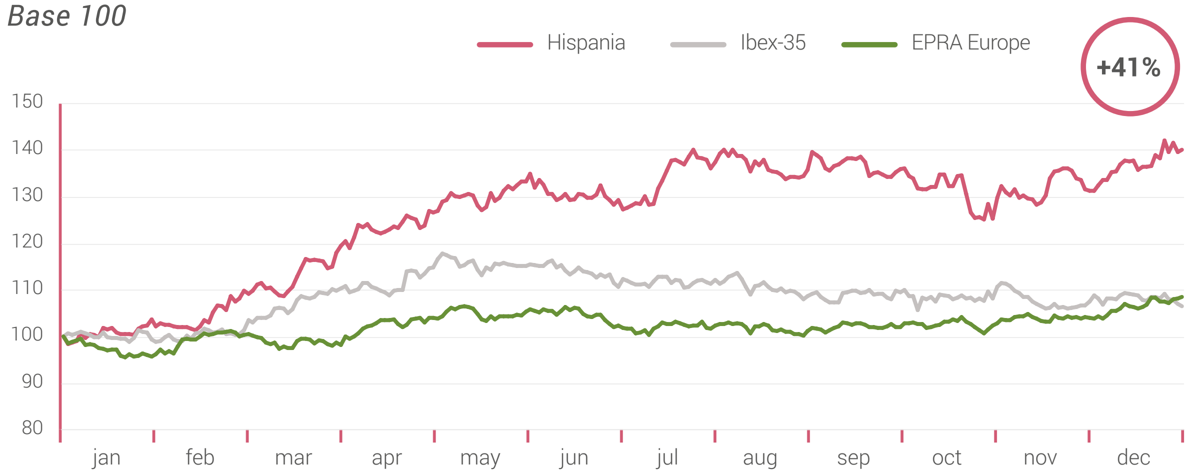


1. Capital deployed as of 31/12/2017.

HISPANIA'S SHARE PRICE PERFORMANCE

Share price for the period

Base 100



Share data

(€)

	2015	2016	2017
Price at the beginning of the period	10.80	11.95	11.15
Price at the end of the period	12.10	11.20	15.70
Maximum in the Period	15.00	12.46	15.93
Minimum in the Period	10.68	9.90	10.97
Average in the Period	**12.87**	**11.30**	**14.08**
Market Cap 31/12 (€M)	999	1,222	1,714
Shares 31/12 (Millions)	82.6	109.2	109.2
Annual Shareholder's Return (%)	*12%*	*n.a.*	*41%*

FINANCIAL ANALYSTS' RECOMMENDATIONS

Consensus Target Price

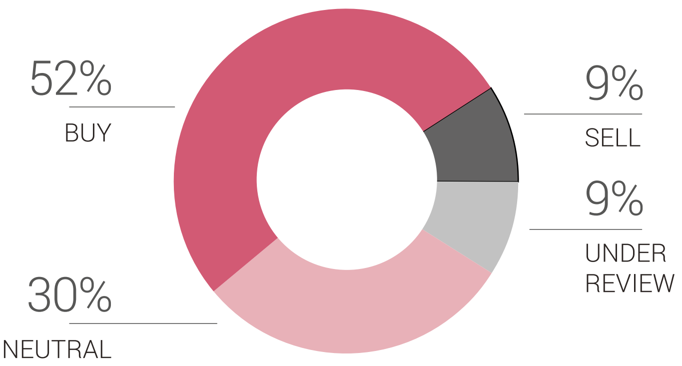
15.89€

As of 31/12/2016

As of December 2017 Hispania had 23 analysts covering the stock

Financial analysts' recommendations

(Percentage)

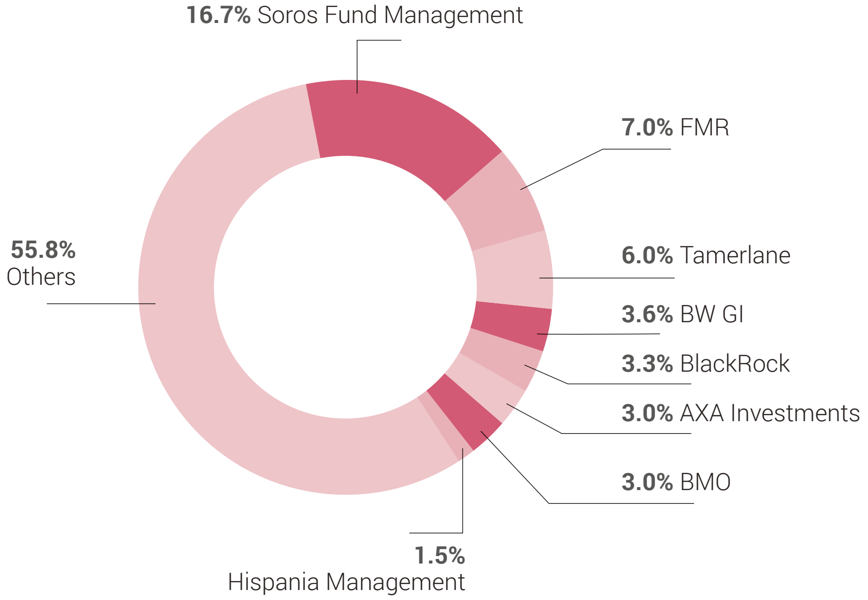


- Ahorro Corporación
- Alantra Equities
- Banco Sabadell
- Bankinter
- BBVA
- BAML
- Deutsche Bank
- Eva Dimensions
- Fidentis Equities
- Goldman Sachs
- Green Street Advisors
- GVC-Gaesco Beka
- Hartong Bank
- ING
- Intermoney
- JB Capital Markets
- Kemper & Co.
- Kepler Cheuvreux
- Link Securities
- Mirabaud Securities
- Santander GCB
- Societé Generale
- UBS

SHAREHOLDER STRUCTURE

Hispania's shareholder structure as of 31/12/17

(Percentage)



OPERATING MODEL 3

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VISION AND VALUES

At the end of 2017, Hispania completed its investment period having created a portfolio of high quality real estate assets and high income generation and revaluation, mainly in hotels. Hispania is focused on the added value creation through its investments and its active management, by which it obtains returns above the market average.

In addition to the hotel portfolio, Hispania manages a portfolio of offices with a clear repositioning and rental strategy, as well as a residential portfolio for rent with a repositioning and retail strategy.

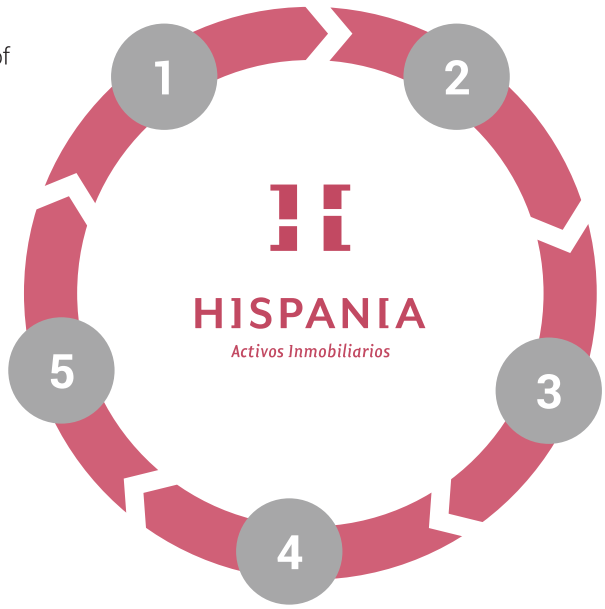
Corporate values

Strict Corporate Governance

External management by Azora supervised by a Board of Directors with a majority of independent members.

Alignment with investors

The Azora management team is closely aligned with the interest of shareholders through its investment in Hispania, its commitments to exclusivity and its remuneration scheme.



Rigour in investment

Stringent investment criteria, risk analysis and management, to ensure the construction of a quality portfolio capable of generating attractive returns that are sustainable in the long term.

Transparency

Hispania forms part of the main benchmark index for the European real-estate sector, the FTSE EPRA/Nareit Global Real Estate Index. It is also a member of the European Public Real State Association (EPRA), with wich it shares the commitment to transparency and standardization of reporting to capital markets.

Commitment and excellence

Commitment with sustainability by participating in GRESB and CDP indexes and undertaking its refurbishments with an efficiency approach and value added generation

STRATEGY

Hispania has invested mainly in hotel assets with a clear tourist focus as per their location

Hispania's goal is to generate profitability by taking advantage of the investment opportunities that arise in the Spanish real estate market. Thus, in accordance with its action criteria, Hispania has created a portfolio of high-quality real estate assets, mainly hotels, whose strategic repositioning contributes to the achievement of its objective of generating stable long-term cash flows and creating value for the shareholders.

Hispania has invested mainly in completed hotel assets with a clear tourist focus in terms of their location and with potential for renovation and/or repositioning that allows the creation of additional value on the initial investment. Hispania has focused its investment on well-established tourist destinations with a high proportion of international visitors, such as the Canary Islands or the Balearic Islands, and selectively on high-class urban areas.

Hispania's objective is to obtain an annual return of 15%. There is also an objective to keep a conservative financing structure with an LTV ratio of 40%.

Hispania manages a portfolio that includes 38 hotels with a total of more than 11,200 keys (including NH Málaga and Las Agujas extensions), 25 office buildings with an area of 153,621 sqm, and a land plot where more than 33,000 sqm of additional space will be constructed, as well as a residential portfolio that includes 5 buildings containing a total of 671 residential units. Additionally during the month of December Hispania signed an option to acquire a portfolio of 7 hotels from Grupo Alua and a hotel from Barceló which will bring the total portfolio to 46 hotels with more than 13,100 keys.

Furthermore, at year end, Hispania reached an agreement with Barcelo Group to acquire its 24% stake in Bay, consolidating its share in the company.

Hispania has clear strategies for value creation for each of the three asset classes it manages.

H

THE HOTEL MANAGEMENT STRATEGY INCLUDES, AMONG OTHERS, INITIATIVES AIMED AT:

- Optimizing the quality of the assets
- Asset repositioning and selection of the most suitable operator
- Improving the operating models by implementing good practice procedures for the management of hotel assets

O

THE OFFICE MANAGEMENT STRATEGY INCLUDES, AMONG OTHERS, INITIATIVES AIMED AT:

- Analysing the sustainability of the different sub-markets and products in the long term
- Actively managing the tenants
- Repositioning and improving the functionality of the buildings
- Optimising occupancy levels

R

THE RESIDENTIAL MANAGEMENT STRATEGY INCLUDES, AMONG OTHERS, INITIATIVES AIMED AT:

- Improving the buildings to the highest quality standards
- Optimising occupancy levels or sales rhythem depending on the asset
- Proactively maintaining the buildings
- Achieving excellence in attention to tenants
- Obtaining economies of scale in the management of costs
- Being efficient in the back-office processes (billing, collection, payment, etc.)

EXTERNAL MANAGEMENT MODEL

Hispania is managed by Azora, one of the largest independent asset managers in Spain, involving more than 200 professionals and more than 4,400 million euro of assets under management in Spain

Hispania's portfolio is managed by Azora Management S.G.IIC, S.A., a company regulated by the CNMV and belonging to the Azora Group, with which a framework agreement has been signed whereby the manager grants exclusivity to Hispania for investments in Spain, except for student accommodation assets during the investment period, which ended the 31st December 2017.

The Azora Group, founded in 2003, has developed into a multidisciplinary investment and management platform involving more than 200 professionals and more than 4,400 million euro in real estate assets under management in Spain, Europe and the United States. It is one of the largest independent asset managers in Spain, with enough resources and experience to act through the entire value chain creation, from the planning, structuring and execution of investments to the repositioning of assets, new developments and full asset management.

Azora provides a team made up of executives with wide experience in real estate management and development, investment, restructuring, mergers and acquisitions and capital markets, both in Spain and in the European and American markets.

INVESTMENT MANAGER AGREEMENT (IMA)

On 21 February 2014, Hispania and Azora signed the Investment Manager Agreement (hereinafter "IMA") that regulates and sets out the main strategic lines of the group's investment plan.

The IMA sets out the matters reserved to the Board and the Executive Committee, the broad terms of certain policies such as those concerning debt and liquidity management, and the pillars of Hispania's Corporate Governance policy, including the composition of the Board of Directors (a majority of whose members must be independent, including its Chairman) and the manner in which possible conflicts of interest are handled.

It also establishes the principles for the remuneration of Azora, with a fixed and a variable component, for its management services:

- Base fees (fixed component): 1.25% p.a., calculated on the EPRA NAV, for an EPRA NAV of up to EUR 1,200 million, and 1% for any sum above this figure.

- Incentive Fees (variable component), which does not depend on accounting references or unrealised gains of the Group, but on the funds actually distributed to the shareholders as cash flows by the Parent Company (or directly received by the shareholders in the event of a sale of Parent Company shares in a situation of change of control) as follows:

    - The Manager shall only be entitled to receive the Incentive Fees once the shareholders have obtained an accumulated annual return of 10% of the gross funds contributed to the Parent Company.

    - Once this return has been achieved, any additional return shall be distributed by equal halves (50%) between the Manager and the Shareholders.

    - Once the Manager has received the equivalent of 20% of the total return, any additional return shall be distributed as follows: 80% for the shareholders and 20% for the Manager.

The duration of the IMA is six years from the IPO of Hispania, renewable by mutual agreement at any time during that period, subject to approval by the shareholders.

The IMA establishes an investment period of three years from the IPO and a period of disinvestment of another three years. By agreement of the General Meeting of Shareholders of Hispania held on April 6th, 2017, the investment period was extended until December 31st, 2017, date in which it has been completed, committing the entire investment capacity available for Hispania.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY WITHIN HISPANIA

Compliance with legislation and good practices in the area of CRS is a key aspect of the management approach

Hispania observes and complies with best Corporate Governance practices, with the aim of being absolutely transparent with national and foreign investors as well as establishing a solid relationship of trust with other stakeholders through a proper segregation of functions, duties and responsibilities.

Compliance with legislation and good practices in the area of Corporate Responsibility and Sustainability is a key aspect of the management approach and an essential factor for the generation of value and the improvement of economic efficiency.

During 2017, Hispania has placed special emphasis on all issues of sustainability and good corporate governance, presenting itself for the first time to the GRESB and CDP indexes where it has obtained excellent ratings. In GRESB Hispania has obtained 55 points and two Green Stars exceeding the average of those first time participants.

On the other hand, in CDP, Hispania has obtained a B rating, being the highest rating in Spain for companies in the real estate sector.

It should also be noted that Hispania has obtained the Gold award from the Europen Public Real Estate Association EPRA in terms of transparency and disclosure of the information published in the financial reports, as well as the most improved award. These awards shows the commitment of Hispania in matters of transparency, and homogenization of the financial information reported to the market.

Additionally, in the ranking prepared by Institutional Investor about the directors of the listed companies, Isabel Troya, investor relations director of Hispania, has been named "Best IR Professional (Sell-Side)" of the year 2017.

Finally, it is worth highlighting the effort made in the refurbishments carried out by Hispania, after which BREAM certificates were obtained in 12 office buildings additionally to the LEED Gold Certificate it had in its Cristalia building. Furthermore, Hispania has a LEED Platinum certificate in process in its office development Helios.

As for the reforms undertaken in the hotels, Hispania opts for the LEED Gold rating in three of its projects; Holiday Inn, Las Agujas and hotels in Cala San Miguel. Hispania has the aim of obtaining management certifications in terms of sustainability of the tourism sector, such as the Travellife certification, which currently have 9 establishments.

Additionally, Hispania has obtained in 5 hotels of its portfolio the 100% green energy certificate and the Tripadvisor certificate of excellence in 24 hotels, which rewards the service quality of the hotels.

Hispania has published as every year its 2017 Corporate Social Responsibility report which can be downloaded from its website ***www.hispania.es***

CORPORATE GOVERNANCE 4

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CORPORATE GOVERNANCE MODEL

By complying rigorously with legislation and constantly developing best practices in the area of Corporate Governance, Hispania maintains transparent management for its investors and stakeholders. Trust, transparency, sustainability and the independence of the governing bodies are the four pillars of the Corporate Governance model applied by Hispania, and are reflected in the organisation and distribution of functions, duties and responsibilities among its management and decision-making bodies, in line with the best market practices.

Trust

Transparency

Independence

Sustainability

ETHICAL FRAMEWORK

Hispania has a Code of Conduct and a set of internal Regulations on Conduct in the Securities Market, which it applies rigorously and which ensure that the group's business and professional activities are conducted in strict compliance with current legislation and best practices. Under this code, the Company undertakes to preserve and treat as confidential the information that it obtains within the framework of its relations with shareholders. To this end, Hispania applies principles of transparency of information and provides a channel for complaints that is fully regulated and ensures the rigorous handling of information.

RISK MANAGEMENT

The risk management policies within the sector in which Hispania operates are determined primarily by an analysis of the investment and refurbishments projects, building occupancy management and the state of the financial markets.

The risks identified by the Company that relate to the achievement of the business objectives, according to their risk categories, are as follows:

Strategic risks:

- Reputational and corporate image risk.
- Loss of key personnel.
- Inadequate planning.
- Approval and/or monitoring of investments/divestments.

Compliance risks:

- Breach of management agreement.
- Inadequate formalisation of internal control systems and corporate policies and inadequate compliance with regulations affecting the assets in the portfolio.

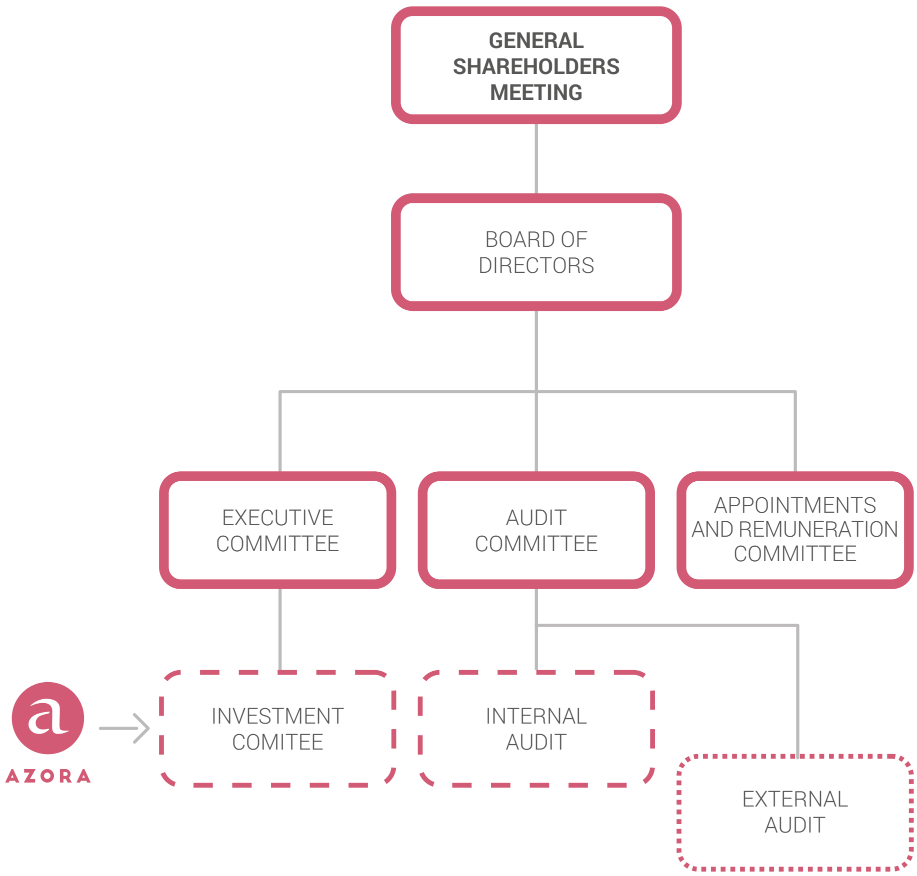
Operational risks:

- Incorrect drafting of contracts/investment agreements.
- Dependence on external suppliers.
- Errors in the treatment of management information.
- Inadequate management of clients and inadequate security of accesses/devices.
- Inadequate management of suppliers.

Financial risks:

- Faults in the reliability of financial information.
- Consolidation and reporting and incorrect calculation in preparing budgets.

CORPORATE GOVERNANCE BODIES



GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme decision-making body

The General Meeting of Shareholders (GMS) is the supreme decision-making body and delegates to the Board of Directors the governance, administration and management of Hispania, with the powers respectively assigned to them both by the legislation in force and the Articles of Association, as well as the regulations of both bodies.

The main responsibilities of this governing body are as follows:

Main Responsibilities of the GMS

- To appoint and dismiss directors, as well as to ratify or cancel provisional appointments of directors by the Board of Directors, and to examine and approve its management.
- To take any action for liability against directors, liquidators and auditors.
- To approve, where appropriate, the annual financial statements and to decide on the application of profits, and to approve, the consolidated annual financial statements.
- To decide on the issuance of bonds or other fixed-income securities, the increase or reduction of capital, any transformation, merger or demerger, the overall disposal of assets and liabilities, any transfer of the corporate domicile to another country, any winding-up of the Company and, in general, any amendment of the Articles of Association.
- To authorise the Board of Directors to increase the share capital, in accordance with the provisions of the applicable company law and of these Articles of Association.
- To authorise the acquisition of treasury shares.
- To decide on the implementation of remuneration systems involving the granting of shares or share rights, as well as of any other remuneration system linked to the value of the shares.

BOARD OF DIRECTORS

The Board of Directors is composed by seven mainly independent members

The broadest powers for the administration of the Company are delegated to the Board, which, except in matters reserved to the General Meeting of Shareholders, is the supreme decision-making body of the Company and may carry out any action that falls within the corporate purpose.

According to the agreement reached at the General Meeting of Shareholders held on April 6th, the appointment of Mr. Benjamin Barnett as a Proprietary Board Member was approved on behalf of Soros Fund Management, a manager and representative of several funds holding together a 16.7% stake in the share capital of Hispania.

The main responsibilities of the Board of Directors are summarised in the following points:

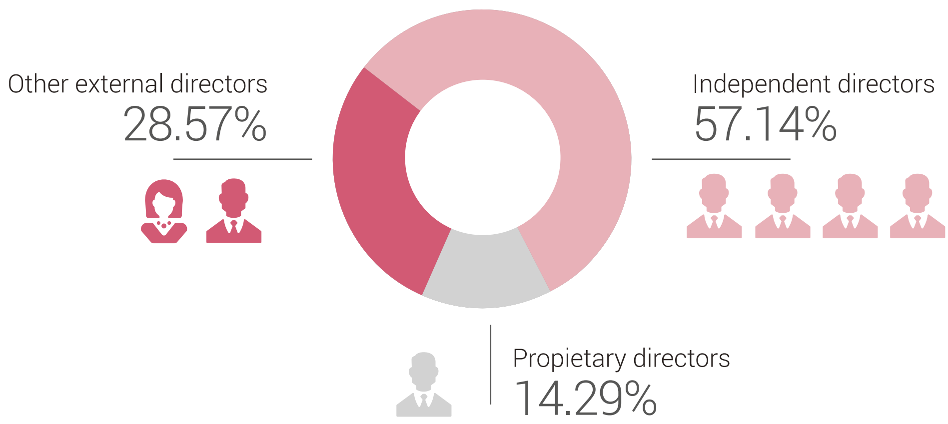
Main Responsibilities of the Board of Directors

- Review, approval and ratification of decisions made by the Delegate Committees.
- Analysis and approval of investment operations that, due to their characteristics, must be authorised by the Board.
- Review of progress in matters of Corporate Governance: (i) approval of Corporate and Internal Control Policies, (ii) monitoring of Internal Control Systems, and (iii) monitoring of good practices such as Corporate Social Responsibility.
- Examination and approval of the corresponding annual and semi-annual financial information, and of the quarterly reports to be submitted to the CNMV.
- Review and approval of the annual budgets, and monitoring of the same.

BOARD OF DIRECTORS

Composition

Structure



EXECUTIVE COMMITTEE

The Executive Committee serves as a management body for implementing the guidelines and decisions of the Board of Directors. The decisions of the Committee are not binding, and its main tasks are as follows:

Main Responsibilities

- Minority investments that allow the Company to acquire significant influence over the capital of real estate companies, or in any type of instrument linked to real estate assets that are likely to generate revenue streams in the form of certain types of debt.
- Investments, divestments or external financing of assets with a certain pre-established limit.
- Procurement of services from third parties, with a pre-established maximum price.

AUDIT COMMITTEE

The Audit Committee is responsible for the actions of Hispania in relation to the reliability of financial information, risk management and compliance. Its main functions include the following:

Main Responsibilities

- Tasks related to the activity of external auditors.
- Review and proposal for the approval of the financial statements of the Company.
- Systems for the management of relevant risks.
- Establishment and supervision of the confidential reporting system and irregularities of particular transparency for the group.
- Review and approval of transactions which may involve a link or a conflict of interest.
- Monitoring of the Internal Audit Plan.

APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee is responsible for proposing and periodically reviewing the suitability and qualification of the members of the Board of Directors, as well as the system for their remuneration. The main tasks carried out by this body are as follows:

Main Responsibilities

- To assess the skills, knowledge and experience of the members of the Board.
- To define and review its remuneration policy and prepare reports on the remuneration of independent directors in other companies.
- Compliance with the internal conduct codes and the corporate governance rules.
- Follow up of the Corporate Social Responsibility Policy and practices in place
- Monitoring of the investor relations and communication activity.

REMUNERATION POLICIES

In accordance with the provisions of Hispania's Articles of Association and internal regulations, the Board of Directors is the body responsible for setting the remuneration of the directors, on the proposal of the Appointments and Remuneration Committee.

In the processes of making its respective decisions, it draws on the advice of external consultants, taking into consideration the remuneration recommendations and policies most widely recognised at the international level.

For more information about the different components of the Corporate Governance section, please refer to the annual Corporate Governance Report in the relevant section of the Company's website ***www.hispania.es***

2017 ANNUAL FINANCIAL STATEMENTS 5

Barceló Marbella Hotel

2017
ANNUAL
REPORT

1
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3
ANNUAL

A | CONSOLIDATED INCOME STATEMENT

EPRA ANNUALISED RENTS**

133.3

MILLION EURO*

Profit and Loss Account

('000€)	DEC 2017	DEC 2016
Hotels with Fixed and Variable Rent	104,248	83,661
Hotels with Fixed Rent	10,896	9,553
Hotels under Management	14,508	24,568
LFL Portfolio	8,882	7,492
Changes in the contractual structure	5,626	17,076
Total Hotels	129,652	117,782
Total Offices	21,765	18,836
Total Residential	5,158	6,249
TOTAL REVENUE	**156,575**	**142,867**
Hotels with Fixed and Variable Rent	96,083	79,523
Hotels with Fixed Rent	10,256	9,113
Hotels under Management	1,209	3,600
LFL Portfolio	971	191
Changes in the contractual structure	238	3,409
Total Hotels	107,548	92,236
Total Offices	19,043	15,215
Total Residential	2,626	4,095
TOTAL NOI	**129,217**	**111,546**
Management Company Fees	(19,818)	(15,113)
Non-Manageable S.G.& A.	(2,036)	(1,587)
Recurring S.G.& A.	(2,101)	(1,875)
Recurring EBITDA	**105,262**	**92,971**
Non-Recurring S.G.& A.	(2,613)	(2,273)
EBITDA	**102,649**	**90,698**
Financial Result	(16,924)	(20,593)
EBTDA	**85,725**	**70,105**
Amortizacion and Depreciation	(942)	(1,351)
Other results	(5)	(479)
Total Asset Revaluation	310,181	286,212
Asset Revaluation	295,237	-
Minority interests 2H ref: Barceló	14,944	-
Settlement of Incentive Fee Agreement ref: Barceló	(27.500)	-
Cancellation of Deferred Tax Guaranty ref: Barcelo	(19,654)	-
Provision for Azora´s incentive fee	(95,000)	-
Negative goodwill	120	10,687
Proceeds from disposals of assets	3,418	364
EBT	**256,343**	**365,538**
Taxes	(7,480)	(6,564)
PROFIT AFTER TAX	**248,863**	**358,974**
Non-controlling interests	(26,034)	(50,402)
PROFIT ATTRIBUTABLE TO THE PARENT	**222,829**	**308,572**
Earnings per Share	2.04	3.17
Average n. of shares for the period	108,977,549	97,340,271

BAY´s minority stake acquisition outline

('000€)	
EPRA NAV stake Barcelo as of December 31, 2017	**173,916**
Purchase price	166,922
Share purchase + Dividends	139,422
Earn-out Barceló	27,500
EPRA NAV - Purchase price	**6,994**
Other transaction payments	(5,500)
Discount achieved for Stake over EPRA NAV	**1,494**

* Excluding hotels under management. ** Excluding assets under repositioning.

A | CONSOLIDATED INCOME STATEMENT

EPRA
ANNUALISED NOI**

124.1
MILLION EURO*

* Excluding hotels under management.
** Excluding assets under repositioning.

Total Revenues

The net revenues of the Group amounted to 157 million euro (143 million euro at the end of 2016). This amount reflects the income obtained from asset's revenue, net of bonuses and discounts together with the income obtained by the direct management of the Holiday Inn Bernabéu, Maza Hotel and Iberostar Galeón during 2017 and the Guadalmina SPA & Golf Resort Hotel, Hotel Cartago and Hotel San Miguel till the 31st of March, 2017.

The hotels segment had a very positive performance mainly thanks to the fix and variable rent hotels located in the Canary Islands with an ADR and RevPar increase of 9.4% and 9.9% respectively , compared with 2016 figures.

The office segment has experienced an improvement in occupancy of 5 percentage points compared to the end of 2016, with the portfolio occupancy reaching 87% after the lease of an additional gross area of more than 17,000 sqm during the financial year.

In the residential segment, investments have continued in order to renovate the homes to a "Premium" status in order to proceed with the retail sales plan. During 2017, 83 flats have been sold, 32 in the Isla del Cielo building and 51 in Sanchinarro.

A | CONSOLIDATED INCOME STATEMENT

Like-for-like revenues

Per asset class	Hotels	Offices	Residential	Total
2016 Rent Revenues	**117,782**	**18,836**	**6,249**	**142,867**
EPRA Like for Like [1]	5,839	1,210	(320)	6,729
Completed or in progress developments [2]	-	1,719	-	1,719
New 2016 acquisitions [3]	2,994	-	(123)	2,871
New 2017 acquisitions [4]	12,297	-	-	12,297
Disposals	(129)	-	(648)	(777)
Changes in the contractual structure [5]	(9,131)	-	-	(9,131)
2017 Rent Revenues	**129,652**	**21,765**	**5,158**	**156,575**
Total Variance (%)	**10.1%**	**15.6%**	**(17.5%)**	**9.6%**
Like-for-Like Variance (%)	**6.3%**	**6.7%**	**(6.5%)**	**5.9%**

Per location	Madrid	Barcelona	Andalusia	Canary I.	Balearic I.	Zaragoza	Total
2016 Rent Revenues	**26,040**	**8,670**	**13,593**	**71,939**	**22,091**	**534**	**142,867**
EPRA Like for Like [1]	3,314	(1,086)	915	3,137	449	-	6,729
Completed or in progress developments [2]	1,719	-	-	-	-	-	1,719
New 2016 acquisitions [3]	(123)	-	-	1,951	1,043	-	2,871
New 2017 acquisitions [4]	-	-	1,298	7,766	3,233	-	12,297
Disposals	(377)	(271)	-	-	-	(129)	(777)
Changes in the contractual structure [5]	-	-	(5,555)	-	(3,576)	-	(9,131)
2017 Rent Revenues	**30,573**	**7,313**	**10,251**	**84,793**	**23,240**	**405**	**156,575**
Total Variance (%)	**17.4%**	**(15.7%)**	**(24.6%)**	**17.9%**	**5.2%**	**(24.2%)**	**9.6%**
Like-for-Like Variance (%)	**13.7%**	**(12.9%)**	**14.6%**	**5.0%**	**3.4%**	**-**	**5.9%**

1. Including assets held in the portfolio for the last 24 months, excluding assets under repositioning, according to EPRA, whose GAV as orf 31/12/07 reaches 1,927.2 million euro.
2. Rental income from assets under repositioning which have been in the portfolio for the last 24 months.
3. Rental variation compared to last year from assets acquired during 2016 which were not in the portfolio for the 12 months 2016 period.
4. Income of the period coming from assets acquired in 2017.
5. Including the management contract change in Guadalmina Golf Hotel and Iberostar Galeon (hotel under management in 2016 until 30 March 2017, and lease contract since 31 March 2017).

REVALUATION
OF THE GROUP´S

Asset Revaluation

At the end of the period, the revaluation of the Group's property assets according to the appraisals carried out by CBRE based on RICS methodology as of 31th December 2017 has had a positive impact on the income statement of 310 million euro.

This revaluation represents an increase of 54% with respect to its acquisition price and 38% compared to the total investment including CAPEX implemented in the different assets.

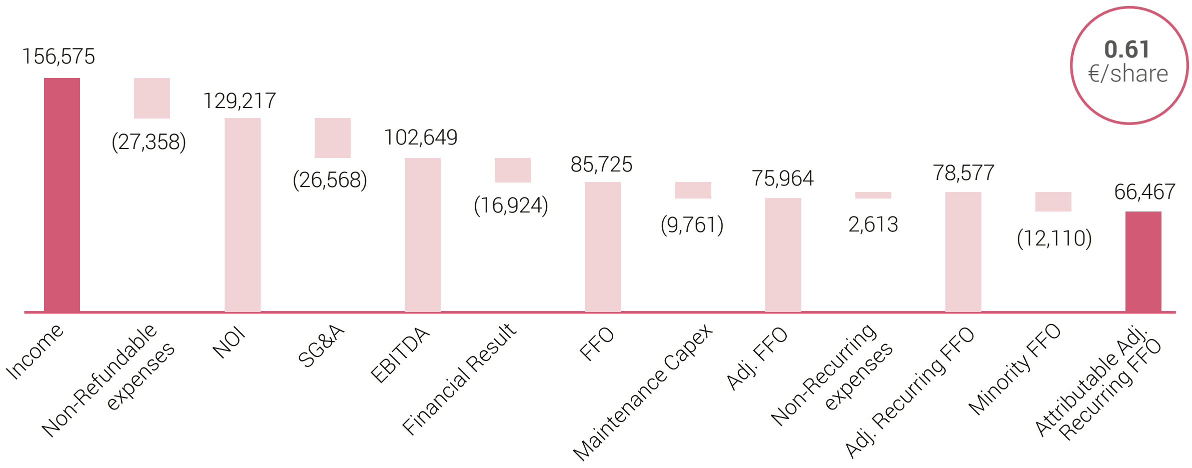
Assets revaluation

(€)	GAV	Acquisition price	% Revaluation vs. Acquisition	Total Investment (incl. Capex)	**% Revaluation vs. Investment**
Hotels with Fixed and Variable Rent	1,359,320	880,817	54%	955,467	42%
Hotels with Fixed Rent	211,450	137,948	53%	147,793	43%
Hotels under Management	68,020	50,911	34%	53,736	27%
Total Hotels	**1,638,790**	**1,069,676**	**53%**	**1,156,995**	**42%**
Offices with refurbishment completed	534,530	359,137	49%	409,090	31%
Offices parcially refurbish	-	-	-	-	-
Offices without the need of refurbishment	9,780	7,847	25%	8,043	22%
Offices under development	59,000	33,251	77%	42,873	38%
TOTAL Offices	**603,310**	**400,234**	**51%**	**460,007**	**31%**
Residential units partially refurbished	232,890	141,193	65%	170,124	37%
Residential units pending refurbishment	-	-	-	-	-
TOTAL Residential	**232,890**	**141,193**	**65%**	**170,124**	**37%**
TOTAL	**2,474,990**	**1,611,104**	**54%**	**1,787,126**	**38%**

A | CONSOLIDATED INCOME STATEMENT

The Attributable Adjusted Recurring Funds From Operation ratio for 2016 shows an increase of 22% compared to the figure recorded at year end 2016.

Recurring Funds From Operation*



* Excluding effects from straight-lining of rents.

B | CONSOLIDATED BALANCE SHEET

Assets

('000€)

	DEC 2017	DEC 2016
Investment property	2,421,920	2,001,628
Non-Current financial assets	13,595	32,701
Deposited guarantees	12,047	10,324
Deferred tax assets	11,831	11,731
NON-CURRENT ASSETS	**2,459,393**	**2,056,384**
Trade and other receivables	48,600	40,634
Credits with public administrations	13,544	11,998
Currents financial assets	9,420	5,319
Other current financial assets	2,805	1,333
Cash and cash equivalents	95,480	266,612
Non-current assets held for sale	37,500	-
CURRENT ASSETS	**207,349**	**325,896**
TOTAL ASSETS	**2,666,742**	**2,382,280**

Liabilities

('000€)

	DEC 2017	DEC 2016
Share capital	109,170	109,170
Share premium and other reserves	1,323,625	1,039,367
Treasury shares	(2,377)	(2,177)
Revaluation	8,895	6,303
Profit for the period	222,829	308,572
Interim dividend	-	(17,000)
Non-controlling interests	7	116,337
EQUITY	**1,662,149**	**1,560,572**
Non-current bank borrowings	598,403	595,066
Derivatives	13,865	23,254
Other non-current financial liabilities	18,493	29,919
Other non-current liabilities	95,000	
Guarantees	14,118	12,821
Deferred tax liabilities	77,042	73,959
NON-CURRENT LIABILITIES	**816,921**	**735,019**
Current bank borrowings	27,184	24,221
Derivatives	8,124	7,452
Other current financial liabilities	82,236	17,686
Trade and other payables	47,991	21,264
Debts with public administrations	906	16,066
Liabilities relating to Non-current assets held for sale	21,231	-
CURRENT LIABILITIES	**187,672**	**86,689**
TOTAL LIABILITIES AND EQUITY	**2,666,742**	**2,382,280**

Investment Property

The value of the real estate assets as of 31 December 2017 according to CBRE's independent valuation is 2,475 million euro, which represents a 23% growth compared to year end 2016.

GAV Evolution 31/12/17

('000€)

	HOTELS	OFFICES	RESIDENTIAL	TOTAL
GAV at the beginning of the period	**1,257,050**	**521,390**	**229,550**	**2,007,990**
Additions in the scope (1)	87,683	49	-	87,732
Disposals in the scope	(1,832)	(324)	(28,379)	(30,534)
Capex implemented	50,073	24,990	12,643	87,706
Revaluation	245,816	57,205	19,075	322,096
Impact on income statement	235,144	55,962	19,075	310,181
Impact on equity (2)	2,591	-	-	2,591
Lease straight-lining effect (3)	8,081	1,243	-	9,324
GAV at end of period	**1,638,790**	**603,310**	**232,890**	**2,474,990**
Revaluation (%)	**17.5%**	**10.5%**	**8.9%**	**15.0%**
GAV increase	**30.4%**	**15.7%**	**1.5%**	**23.3%**

(1) GAV of the assets incorporated in the year to the Group's perimeter, including transaction costs
(2) Excluiding fiscal impact
(3) Included in "Total Revenues", according with accounting standards

Like-for-like data

	HOTELS	OFFICES	RESIDENTIAL	TOTAL
GAV at the beginning of the period	**1,257,050**	**521,390**	**229,550**	**2,007,990**
Partial additions in the scope (1)	(17)	49	-	32
Partial disposals in the scope	(1,832)	(324)	(28,379)	(30,534)
Capex implemented	46,225	24,990	12,643	83,858
Revaluation	240,404	57,205	19,075	316,684
Impact on income statement	230,325	55,962	19,075	305,363
Impact on equity (2)	2,591	-	-	2,591
Lease straight-lining effect (3)	7,488	1,243	-	8,731
GAV at end of period Like for Like (4)	**1,541,830**	**603,310**	**232,890**	**2,378,030**
Revaluation (%)	**18.4%**	**10.5%**	**8.9%**	**15.4%**
GAV increase	**22.7%**	**15.7%**	**1.5%**	**18.4%**

(1) Including transaction costs
(2) Excluiding fiscal impact
(3) Included in "Total Revenues", according with accounting standards
(4) Assets owned by the Group at the beginning of the year

CAPEX breakdown per purpose

	HOTELS	OFFICES	RESIDENTIAL	TOTAL
Acquisitions	3,391	-	-	3,391
Developments	668	8,731	-	9,399
Like for Like Portfolio[1]	46,013	16,259	12,643	74,915
TOTAL CAPEX	**50,073**	**24,990**	**12,643**	**87,706**

(1) Assets owned by the Group at the beginning of the year, excluding developments.

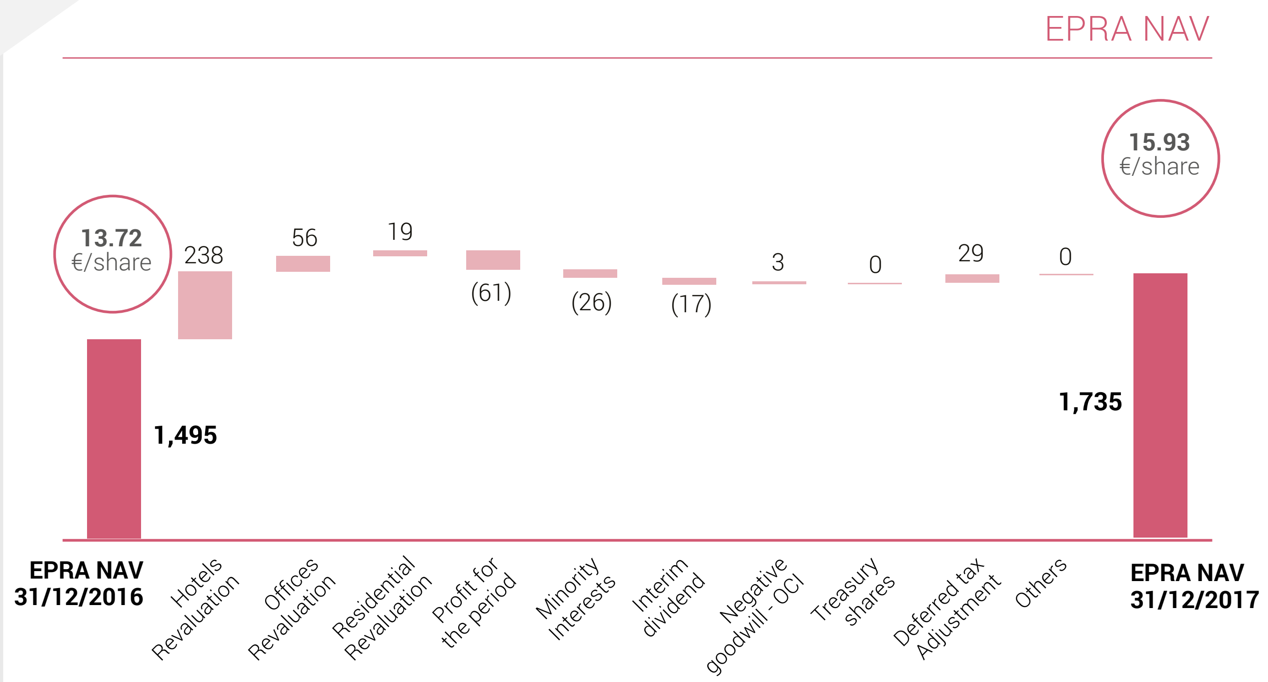
CAPEX OF THE PERIOD

Equity

As of 31st December 2017 the share capital is represented by 109,169,542 shares with a par value of 1 euro each, fully subscribed and paid-up.

As of 31 December 2016, the Parent Company has 198,006 shares held as treasury stock, for a total amount of 2,377 million euro.

The NAV according to EPRA recommendations amounts to 1,735 million euro equivalent to 15.93 € / share, which meant an increase of 16% compared to year end 2016.



FINANCIAL DEBT

651.8

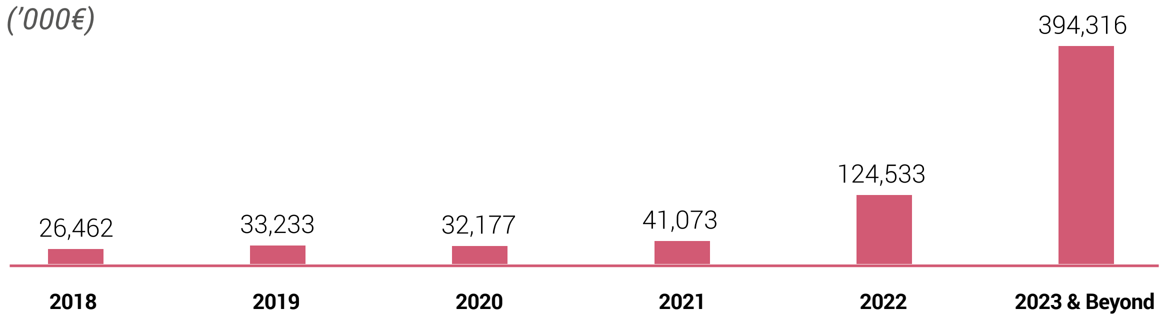
MILLION EURO

Debt

Hispania recorded a total financial debt of 652 million euro at the end of the period, with an average cost of 2.6% with the interest rate risk of the group financing covered by contracting certain swaps covering 100% of the outstanding nominal value during the period of validity of the same, with a maturity between 5 and 10 years. As of 31 December 2017, the total percentage of debt covered amounts to 88%.

The financial debt is mainly composed of financing with final maturities over 10 years. However, given the amortisation schedule to be implemented during the life of each of these loans, the weighted average duration of the group's total debt stands around 6.2 years.

Financial Debt Amortization Calendar ('000€)



C | CONSOLIDATED STATEMENT OF CASH FLOWS

CASH AND CASH EQUIVALENTS

95.5

MILLION EURO

Cash Flow Statement

('000€)	DEC-17	DEC-16
EBITDA	**102,649**	**90,698**
Net interest payments	(19,131)	(17,248)
Net working capital variation	230	(24,571)
Net Public Administrations variation	(1,562)	(3,353)
Other assets and liabilities variation	(27,046)	(9,873)
Operating Cash Flow	**55,140**	**35,653**
Property investments acquisitions	(165,193)	(192,921)
Financial Assets acquisitions	(3,000)	(60,710)
Proceeds from disposals of assets	33,595	1,953
Proceeds from disposals of financial assets	-	-
Total Investment Cash Flow	**(134,598)**	**(251,678)**
Proceeds from issuance of equity instruments	-	221,979
Other operations with non-controlling interests	(80,516)	7,431
Treasury shares	(136)	(1,089)
Dividends	(17,999)	(36,027)
Net variation in Banks Borrowings	6,977	69,653
Cash Flow after Financial activities	**(91,674)**	**261,947**
Cash and cash equivalents at the beggining of the period	266,612	220,690
Cash and cash equivalents at the end of the period	95,480	266,612
Total Cash Flow for the period	**(171,132)**	**45,922**

C | CONSOLIDATED STATEMENT OF CASH FLOWS

TOTAL INVESTMENT FOR THE PERIOD*

160.7

MILLION EURO

*Investment in acquisitions

At year end 2017, Hispania Group decreased its cash position by 171 million euro.

The cash flow from operating activities resulted in a cash inflow of 55 million euro. The difference between the EBITDA generated and the cash flow from operating activities is mainly driven by the pre-agreed payments from the subsidiaries owner of the assets of Dunas and Leading Hospitality.

The cash flow from investment activities resulted in a cash outflow of the Group amounting to 135 million euro. This cash outflow has materialised in the acquisitions of the NH Malaga Hotel, Fergus Tobago Hotel, Selomar Hotel, Las Mirandas and La Mareta landplot, as well as in CAPEX executed on the assets already acquired for their improvement and repositioning and the sale of 83 homes from Isla del Cielo and Sanchinarro.

Finally, cash flow from financing activities resulted in a net outflow of 92 million euro, coming as a result of part of the payment for the acquisition of the BAY stake from Grupo Barceló, dividend payments worth 18 million euro and debt amortization for a total of 7 million euro.

D | CORPORATE TRANSACTIONS

Hispania held its 2017 Annual General Meeting on the 6th of April

2017 General Shareholders Meeting

Hispania held its 2017 Annual General Meeting on the 6th of April in the Hotel Villamagna (Paseo de la Castellana, 22) at 10:00 am. It was held on first call and with a quorum of 72%, where all the proposed items contemplated in the Agenda were approved with a wide majority. The Agenda included the following points:

ONE.- Examination and, where appropriate, approval of (i) the individual annual financial statements of the Company for 2016 (comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and the notes to the financial statements) and the management report; (ii) and the consolidated annual financial statements of the Company for 2016 (comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of changes in net equity, consolidated cash flow statement and the notes to the consolidated financial statements) and the management report.

TWO.- Examination and, where appropriate, approval of the proposed allocation of profit or loss for the year ended 31 December 2016.

THREE.- Review and, where appropriate, approval of the management of the Board of Directors in 2016.

FOUR.- Reelection of Ernst & Young, S.L. as the auditors of the accounts for the Company and the consolidated group for the years 2017, 2018 and 2019.

FIVE.- Appointment of Mr. Benjamin Barnett as proprietary board member of the Company and conclusion of the total number of members of the Board of Directors of the Company as seven (7).

SIX.- Extension up to 31 December 2017 of the investment period limit date (Investment Period) as per the

All proposed items contemplated in the Agenda were approved with a wide majority

investment manager agreement (Investment Manager Agreement or

SEVEN.- Authorisation to the Board of Directors for the derivative acquisition of own shares in accordance with the limits and requirements set out in the Spanish Companies Law. Delegation of powers to the Board of Directors for the execution of this resolution. Revocation of previous authorisations.

EIGHT.- Approval of the Remuneration of the Board Member's policy.

NINE.- Approval of the reduction of the period of notice of Extraordinary General Meetings under Article 515 of the Spanish Companies Act.

TEN.- Delegation of powers to formalise and execute all the resolutions adopted by the Ordinary General Shareholders' Meeting, to convert them into a public document, and to interpret, amend, supplement, develop and register them.

ELEVEN.- Consultative voting on the "Annual Report on Remuneration in the Company" for 2016.

In 2017 Hispania paid a complementary dividend of 17 million euro

Dividends

On 10 April 2017, Hispania paid a complementary dividend on the results of the 2016 financial year, after it was approved by the general shareholders' meeting held on 6 April 2017. The dividend involved a total distribution of 17.2 million euro, or €0.16/share.

S&P Rating

On 8 March 2017, Hispania obtained investment grade BBB- long term credit rating, with a stable outlook from Standard & Poor's Global Rating ("S&P"). S&P highlighted Hispania's exposure to the international vacational tourism industry, in which Spain is world leader.

Furthermore, they emphasized the quality and excellent location of Hispania's hotel assets, which make a unique and irreplaceable portfolio protected by its high entry barriers, such as the coastal laws or the moratoriums of specific locations such as the Canary Islands.

E | EVENTS SUBSEQUENT TO THE CLOSE OF THE PERIOD

Hispania diversifies its hotel operators incorporating Iberostar

Hotel management contracts

During February 2018, Hispania reached an agreement with the Iberostar Group to operate its three hotels in the San Miguel Cove. The contract contemplates a fixed rent for the three hotels of 6 million euro plus a variable rent of 56% of the operating profit of the hotels net of the fixed rent.

During the period of time prior to the completion of the works contemplated in the hotels, the rent will be 89% of the operating profit of the hotels, including a fixed component.

EPRA INFORMATION 6

Barceló Marbella Hotel

2017
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Indicators *

('000€)

	31/12/17	31/12/17 (€/share)	Hotels	Offices	Residential	2016
EPRA Earnings	(69,423)	(0.64)				54,000
EPRA Adjusted Earnings	72,731	0.67				54,000
EPRA NAV	1,735,490	15.93				1,495,189
EPRA NNNAV	1,650,507	15.15				1,431,497
EPRA Net Initial Yield (NIY)	6.0%		6.8%	3.7%	n.a.	6.5%
EPRA "Topped-up" NIY	6.1%		6.8%	4.1%	n.a.	6.6%
Net Reversion Yield on GAV	7.1%		7.9%	5.0%	n.a.	7.1%
EPRA Vacancy Rate	12.6%		n.a.	12.6%	n.a.	18.9%
EPRA Cost Ratio (including direct vacancy costs)	30.3%					27.5%
EPRA Cost Ratio (excluding direct vacancy costs)	29.6%					26.5%

* See Glossary for terminology description.

EPRA EARNINGS - Reconciliation*

('000€)	31/12/17	31/12/16
Earnings per IFRS income statement	**222,829**	**308,572**
Change in value of investment properties	(310,181)	(286,212)
Profits or losses on disposal of investment properties	(3,418)	(364)
Goodwill impairment	(120)	(10,208)
Change in value of investment properties in associates	-	-
Changes in fair value of financial instruments, debt and associated close-out cost	274	100
Acquisition costs on share deals	928	990
Deferred tax in respect of EPRA adjustments	2,783	2,770
Non-controlling interests in respect of the above	17,481	38,352
EPRA Earnings	**(69,423)**	**54,000**
Incentive Fee Provision	95,000	-
Liquidation Barcelo Operation	47,154	-
EPRA Adjusted Earnings	**72,731**	**54,000**
Weighted average number of shares (excluding treasury shares)	108,977,549	97,340,271
EPRA EARNINGS PER SHARE (EUROS)	**(0.64)**	**0.55**
EPRA ADJUSTED EARNINGS PER SHARE (EUROS)	**0.67**	**0.55**

EPRA NAV - Reconciliation*

('000€)	31/12/17	31/12/16
Net Asset Value per the Financial Statements	**1,662,142**	**1,444,236**
Change in fair value of non current assets	-	-
Fair value of financial instruments	6,578	14,686
Deferred tax	66,770	36,267
Fair value of financial instruments in associates	-	-
Deferred tax in associates	-	-
EPRA NAV	**1,735,490**	**1,495,189**
Number of shares (excluding treasury shares)	108,971,536	108,981,421
EPRA NAV PER SHARE (EUROS)	**15.93**	**13.72**

* See Glossary for terminology description.

EPRA NNNAV - Reconciliation*

('000€)	31/12/17	31/12/16
EPRA NAV	**1,735,490**	**1,495,189**
Fair value of financial instruments	(6,577)	(14,686)
Formalised debt expenses	(11,637)	(12,739)
Deferred tax	(66,769)	(36,267)
Fair value of financial instruments in associates	-	-
Deferred tax in associates	-	-
EPRA NNNAV	**1,650,507**	**1,431,497**
Number of shares (excluding treasury shares)	108,971,536	108,981,421
EPRA NNNAV PER SHARE (EUROS)	**15.15**	**13.14**

EPRA Vacancy Rate - Reconciliation*

('000€)				31/12/17	31/12/16
	Hotels	**Offices**	**Residential**	**Total**	**Total**
Vacant Space ERV	n.a.	2,939	n.a.	2,939	6,196
Total ERV	n.a.	23,391	n.a.	23,391	32,745
EPRA Vacancy Rate	**n.a.**	**12.6%**	**n.a.**	**12.6%**	**18.9%**

* See Glossary for terminology description.

EPRA Net Initial Yield (NIY) & Topped-up Net Initial Yield - Reconciliation*

('000€)				31/12/17	31/12/16
	Hotels	**Offices**	**Residential**	**Total**	**Total**
Investment property – wholly owned	1,638,790	603,310	232,890	2,474,990	2,007,990
Investment property – share of JVs/Funds	-	-	-	-	-
Portfolio under refurbishment	(139,190)	(96,500)	(232,890)	(468,580)	(441,750)
Completed property portfolio	**1,499,600**	**506,810**	**-**	**2,006,410**	**1,566,240**
Allowance for estimated purchasers' costs	43,875	18,466	n.a.	62,341	48,915
Gross up completed property portfolio valuation (A)	**1,543,475**	**525,276**	**n.a.**	**2,068,751**	**1,615,155**
Annualised cash passing rental income	111,243	22,034	n.a.	133,278	112,311
Property outgoings	(6,716)	(2,443)	n.a.	(9,159)	(8,050)
Annualised net rents (B)	**104,527**	**19,591**	**n.a.**	**124,118**	**104,261**
Notional rent expiration of rent free periods or other lease incentives	236	1,844	n.a.	2,081	2,868
Topped-up net annualised rent (C)	**104,764**	**21,435**	**n.a.**	**126,199**	**107,129**
EPRA Net Initial Yield (NIY) - (B/A)	**6.8%**	**3.7%**	**n.a.**	**6.0%**	**6.5%**
"Topped-up" EPR Net Initial Yield (NIY) - (C/A)	**6.8%**	**4.1%**	**n.a.**	**6.1%**	**6.6%**

* See Glossary for terminology description.

EPRA Cost Ratios - Reconciliation *

('000€)	**31/12/17**	**31/12/16**
S.G.& A. & Management Company Fees	26,568	20,848
Net operating expenses	16,509	11,746
Management fees income less actual/estimated profit element	-	-
Other operating income/recharges intended to cover overhead expenses less any related profits	-	-
Share of Joint Ventures expenses	-	-
Exclude (if part of the above):		
Investment Property depreciation	-	-
Ground rent costs	-	-
Service charge costs recovered through rents but not separately invoiced	(64)	(64)
EPRA Costs (including direct vacancy costs) (A)	**43,012**	**32,530**
Direct vacancy costs	(975)	(1,182)
EPRA Costs (excluding direct vacancy costs) (B)	**42,037**	**31,348**
Gross Rental Income less ground rent costs - per IFRS	142,067	118,299
Service fee and service charge costs components of Gross Rental Income (if relevant)	-	-
Service charge costs recovered through rents but not separately invoiced	(64)	(64)
Gross Rental Income (C)	**142,003**	**118,235**
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS) (A/C)	**30.3%**	**27.5%**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS) (B/C)	**29.6%**	**26.5%**

* See Glossary for terminology description.

BUSINESS ACTIVITY IN THE PERIOD 7

Barceló Marbella Hotel

HISPANIA
Activos Inmobiliarios

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During 2017, the number of tourists has increased by 9% reaching a total of close to 82 million tourist

Development of the Tourism Industry

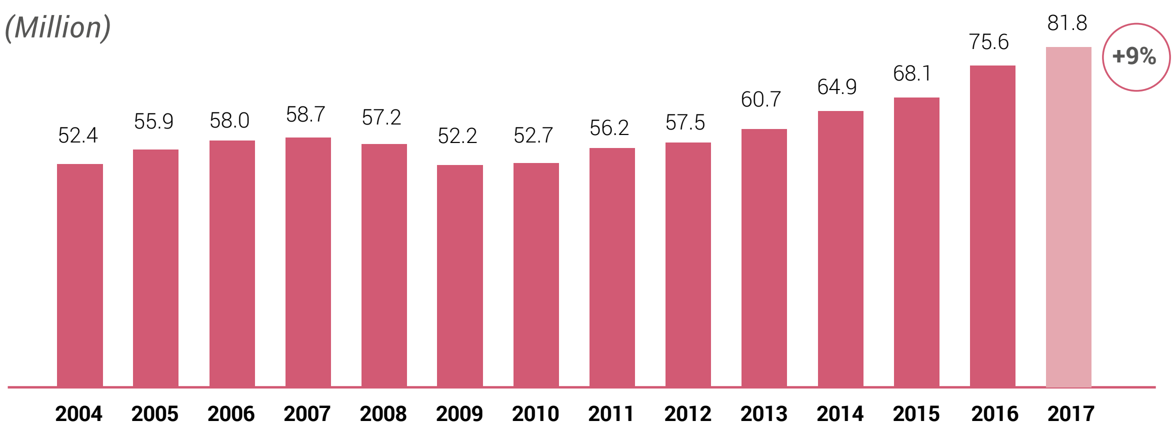
During the 2017 financial year, the Tourism GDP registered a growth of 4.4%, that is eight years in a row of growth above that registered by the Spanish GDP. This sector represents more than 11.5% of the Spanish GDP, with 134 billion euro according to the global Exceltur 2017 report. Therefore, the tourism sector is the main driver of economic growth and employment generation in Spain.

The positive tourism year 2017 translates into a 6.3% improvement in the results of Spanish tourism companies compared to 2016, according to Exceltur's tourist business climate survey.

On the other hand, according to an Irea report, hotel investment has reached 3.9 billion euro, exceeding by 79% the investment made in 2016 of 2.2 billion euro.

Source: INE

Arrival of foreign tourists in Spain



HISPANIA
Activos Inmobiliarios

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The number of tourists who arrived in Spain during financial year 2017 has increased by 9% compared to 2016, reaching a total of almost 82 million tourists. Among the 82 million tourists who arrived in Spain during this period, 87% did so for leisure and holiday purposes. Regarding the organisation of the trip, 71% of tourists choose not to purchase tourist packages, in line with the new paradigm of the industry by which the final tourist prefers to contract the different items of their trip separately (flights, accommodation, etc).

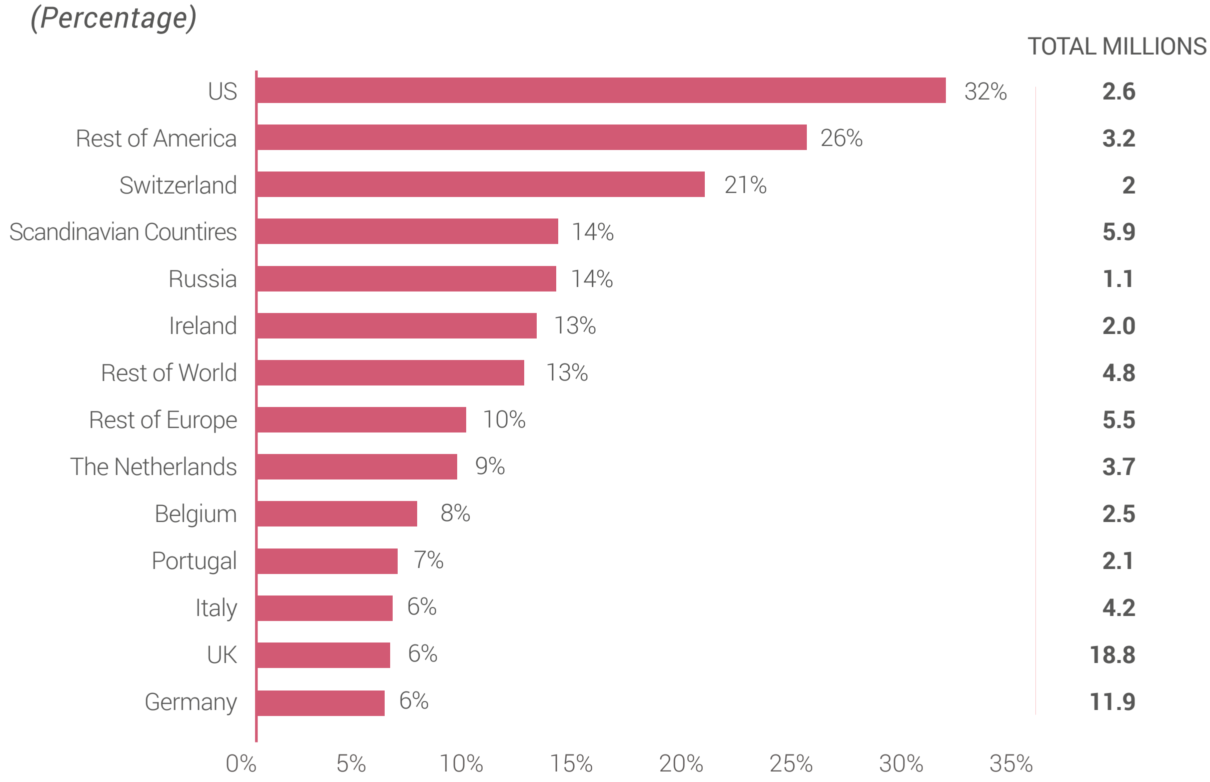
Additionally, it is worth noting the growth in total spending of foreign tourists during 2017, which went up by 12%, exceeding 86,8 billion euros. In terms of average expenditure per person, the figure stands at 1,062 euro, representing a 3.3% increase.

During 2017 there has been a significant increase in tourists from America, thus increasing the diversity of tourism in Spain. It should be noted that despite the referendum in the United Kingdom, British tourists have recorded a 6%

Souce: INE

International tourists in Spain by tourism-sending country. 2017 vs 2016

(Percentage)



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TOURIST SPENDING INCREASE

12%

growth compared to 2016 as well as an 8% increase in total spending compared to the previous year. On the other hand, the rest of the markets continue registering remarkable increases, like the Swiss market with a growth of 21%, the Nordic market with 14%, or the Russian market with 14%. Germany continues to be one of the main tourism originators for Spain, with increases of 6% and almost 12 million tourists.

There has been a recovery during the period of competing destinations in the Mediterranean, mainly due to the recovery of tourism from Asian countries in its surroundings and Eastern Europe. In Turkey, Russia's recovery represents 55% of the total recovery thanks to the lifting of the restrictions imposed on Russian tourists in 2016. Central European countries (main originators of tourism to Spain) continue registering a decrease in the number of tourists like Germany (-8%), or the United Kingdom (-3%) (Data by the Turkish National Institute).

According to the latest data reported by INE for 2017, a RevPar growth of 6% was observed in hotels in the Canary Islands and 8% in the Balearic Islands. These increases in profitability in holiday hotels, especially on the coast, are mainly due to an increase in prices, which recorded an average growth of 7% in the Canary Islands and in the Balearic Islands compared to the same period in 2016.

ADR, occupancy and RevPar

Source: INE

	ADR			Occupancy			RevPar		
	2016	2017	Growth	2016	2017	Growth	2016	2017	Growth
Spain	82.0	87.3	6%	66%	67%	1p.p.	53.7	58.7	9%
Madrid	80.5	88.4	10%	68%	72%	4p.p.	55.0	64.2	17%
Canary I.	90.2	96.6	7%	86%	85%	-1p.p.	77.9	82.7	6%
Balearic I.	91.8	98.6	7%	82%	82%	0p.p.	74.8	80.5	8%

Hotels in the Canary Islands have registered a 9.4% growth in ADR and 9.9% in RevPar

Business Performance

The hotel segment has had a very solid performance on the back of the holiday portfolio and mainly in the fixed and variable rent hotels in the Canary Islands that have recorded solid results for financial year 2017, registering a 9.4 % growth in ADR and 9.9% growth in RevPar compared to financial year 2016.

With the exception of the hotels under management that will be subject to full repositioning as well as the change of operator, most of Hispania's hotels have registered stabilised revenues during 2017.

Hotel portfolio ratios[1]

	Keys	Occupancy Rate		ADR Total[2]		Total RevPar[3]		
		31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16	%
Hotels with Fixed and Variable Rent	**8,791**	**86.3%**	**86.1%**	**136.3**	**125.0**	**117.6**	**107.5**	**9%**
Canaries	5,551	88.8%	88.2%	139.0	126.8	123.4	111.8	10%
Balearic	2,492	84.1%	84.3%	129.3	119.0	108.7	100.3	8%
Andalusia	748	75.1%	76.1%	139.3	130.9	104.6	99.6	5%
Hotels with Fixed Rent	**1,099**	**85.1%**	**84.4%**	**165.0**	**153.1**	**140.4**	**129.2**	**9%**
Madrid	161	70.5%	64.9%	84.0	81.9	59.2	53.2	11%
Barcelona	70	84.0%	82.4%	142.3	135.9	119.5	111.9	7%
Canaries	630	89.4%	90.4%	193.7	179.1	173.2	161.8	7%
Andalusia	238	83.8%	82.2%	150.4	137.5	126.1	113.1	11%
Hotels under Management	**495**	**77.1%**	**72.7%**	**120.1**	**112.3**	**92.6**	**81.6**	**13%**
Madrid	313	67.4%	59.8%	114.5	109.2	77.2	65.3	18%
Balearic	182	93.7%	94.9%	129.7	117.6	121.5	111.5	9%
TOTAL	**10,385**	**85.7%**	**85.2%**	**138.6**	**127.3**	**118.8**	**108.5**	**9%**

1. Accumulated date as of 31 of December. Excluding Portinatx, Selomar and Dunas Don Gregory hotels.
2. Average Daily Rate, including rate of the accomodation, Food & Beverage and other components.
3. Total Revenue per Available Room including F&B and other income of the hotels.

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During this year, operator's results from the variable rent hotels recorded an increase of 9% in revenues compared to the same period from the previous year, and 15% in EBITDAR, a measure on which the rent of Hispania's hotels with fixed income and equities is calculated.

It is worth mentioning that during 2017, the Dunas Don Gregory Hotel and the Dunas Mirador Hotel have undergone a repositioning that involved the closing of the hotels over a period of time, resulting in a decrease in income to both assets.

In the Atlantis portfolio, the Suites Atlantis Hotel has also undergone renovations, negatively impacting its results during the same period.

Hotel's segment income at 31/12/16

('000€)

	Fixed Rent	Variable Rent	Total Rent
Hotels with Fixed and Variable Rent	49,543	54,705	104,248
Hotels with Fixed Rent	10,846	50	10,896
Hotels under Management	-	14,508	14,508
Total Hotels	**60,389**	**69,263**	**129,652**

Hotel's Segment Income per location

('000€)

	Madrid	Barcelona	Andalusia	Canary I.	Balearic I.	Zaragoza	TOTAL
2016 Rent Revenues	**8,704**	**1,351**	**13,163**	**71,939**	**22,091**	**534**	**117,782**
EPRA Like for Like [1]	1,396	12	846	3,136	449	-	5,839
Completed or in progress developments [2]	-	-	-	-	-	-	-
New 2016 acquisitions [3]	-	-	-	1,951	1,043	-	2,994
New 2017 acquisitions [4]	-	-	1,298	7,766	3,233	-	12,297
Disposals	-	-	-	-	-	(129)	(129)
Changes in the contractual structure [5]	-	-	(5,555)	-	(3,576)	-	(9,131)
2017 Rent Revenues	**10,100**	**1,363**	**9,752**	**84,792**	**23,240**	**405**	**129,652**
Total Variance /%)	**16%**	**1%**	**(26%)**	**18%**	**5%**	**(24%)**	**10%**
Like-for-Like Variance (%)	**16%**	**1%**	**14%**	**5%**	**3%**	**-**	**6%**

1. Including assets hold in the portfolio for the last 24 months, excluding assets under repositioning, according to EPRA
2. Rental income from assets under repositioning which have been in the portfolio for the last 24 months
3. Rental variation compared to last year from assets acquired during 2016 which were not in the portfolio for the 12 months of 2016 period
4. Income of the period coming from assets acquired in 2017
5. Including the management contract change in Guadalmina Golf Hotel and Iberostar Galeon (hotel under management in 2016 until 30 March 2017, and lease contract since 31 March 2017).

Initial Business Plan by operator[1]

	2017 Real[2]	2016 Real[2]	% 2017 vs 2016	Initial Business Plan FY 2017
Hotel's Total Revenue	**339,517**	**311,833**	**9%**	**280,212**
Barceló	232,511	209,765	11%	187,731
Atlantis	41,948	37,629	11%	37,533
Dunas	45,180	45,858	(1%)	35,977
Fergus	5,159	4,830	7%	5,105
GAT	14,720	13,750	7%	13,866
Hotel's EBITDAR	**123,238**	**106,940**	**15%**	**89,694**
Barceló	84,682	73,697	15%	62,106
Atlantis	15,486	13,138	18%	14,302
Dunas	17,167	15,186	13%	7,102
Fergus	2,222	1,980	12%	1,935
GAT	3,681	2,939	25%	4,250
Owner's Fixed Rent	**43,079**	**33,520**	**n/a**	**44,226**
Barceló	29,541	27,145	9%	30,693
Atlantis	7,434	6,376	17%	7,434
Dunas	4,148	n/a	n/a	4,149
Fergus	605	n/a	n/a	600
GAT	1,350	n/a	n/a	1,350
Owner's Variable Rent	**54,093**	**37,083**	**n/a**	**35,767**
Barceló	35,003	31,404	11%	24,624
Atlantis	6,469	5,678	14%	5,323
Dunas	9,427	n/a	n/a	2,598
Fergus	1,248	n/a	n/a	1,045
GAT	1,946	n/a	n/a	2,177
Total Owner's Rent	**97,172**	**70,603**	**n/a**	**79,993**

1. Initial Business Plan contemplated in the original lease agreement
2. It does not include the income of the shopping centres or income from the Straight-lining of the contracts

Repositioning Projects

Hispania continues to implement its repositioning plans for hotels, having already invested more than 100 million euros since 2014.

During financial year 2017, the first phase of the renovations of the Portinatx Hotel in Ibiza, the Dunas Don Gregory Hotel and the Dunas Mirador Hotel, both in

Hispania has invested more than 100 million euro in refurbishments

Gran Canaria, were completed and work continues on the expansion of the NH Málaga Hotel and the Atlantis Suites Hotel in Fuerteventura.

At the Barceló Portinatx Hotel, the hotel's full renovation was completed pending the second phase in which an extension of the leisure area will be carried out with a sea-view restaurant and a fitness area, whose works will begin once the licenses requested have been obtained. The renovation of the hotel has allowed an increase in ADR of 51% in August 2017 vs. August 2016, also achieving significant improvements in the TripAdvisor ratings and in other agents' ratings.

In the Dunas Hotels & Resort portfolio, construction on the Dunas Don Gregory hotel was completed in August after renovating all of the rooms, and expanding the restaurant and pool area, reaching an approximate cost of 11.5 million euro. Additionally, the renovation of the Dunas Mirador Hotel was completed, with the inauguration taking place on July 1st.

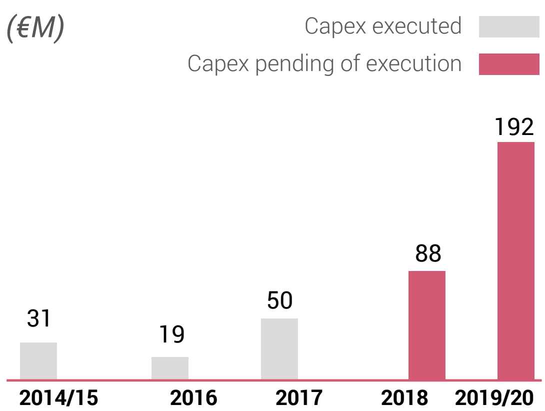
Contemplating those works in progress, the renovation of the rooms and F&B areas of the Atlantis Suites Hotel in Fuerteventura was completed, and the renovation of the common areas, swimming pools and lobby is currently underway and will be completed during the first half of 2018. The total cost of the hotel's renovation is estimated around 12 million euros, which is expected to enable a significant increase in the hotel's ADR once the second phase of the renovation has been completed.

It is also worth mentioning that the expansion works of the NH Málaga hotel are ongoing, and are expected to finish in early 2019.

Regarding the hotels that will be subject to renovation, it is worth noting the project of San Miguel's cove, for which the relevant licenses have been requested. The project includes the renovation of the Cartago and Galeón hotels, and the demolition and reconstruction of the Club San Miguel Hotel. These renovations will lead

Hispania's renovation plan for the next two years amounts to 280 million euro

Capex Plan*



(*) Including the agreed capex for the hotels included in the Alua transaction.

to the conversion of the Cártago and Galeón hotels to the 4* category, and the hotel Club San Miguel to the 5* category. In addition, a Wellness Centre will be built between the Cártago and Galeón hotels as well as a restaurant area on the beach. All projects are expected to be completed between 2019 and 2020.

Another asset that will undergo a comprehensive renovation is the Holiday Inn Hotel in Madrid, which is expected to start work during the second quarter of 2018, closing the hotel to carry out the project.

In addition, licences have been requested to renovate the Fergus Tobago Hotel. A complete renovation will be carried out to convert the hotel into a 5*, which will include upgrades to the facilities, common areas and rooms. The pilot rooms are expected to be ready during the first quarter of 2018.

At the Ponent Playa Hotel, the repositioning and updating project has started, and the relevant licenses have already been requested with an estimated investment of 13 million euros.

Finally, in the Las Agujas project Hispania has started the expansion of the Bahia Real 5* Gran Lujo Hotel, with 120 new rooms on the beach front. Urban planning is being carried out before the basic project. The intention is to make a hotel that is the premium area of the Bahía Real Hotel, whose estimated investment is 32 million euros. In line with the project of Las Agujas, the updating project of the Bahía Real Hotel has started, which will be implemented during 2018 and 2019, where the renovation will take place with the hotel in operation.

The CAPEX renovation plan for the hotel portfolio amounts to 280 million for the years 2018-20.

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Hotels revaluation

(€)	GAV	Acquisition price	% Revaluation vs. Acquisition	Total Investment (incl. Capex)	% Revaluation vs. Investment
Hotels with Fixed and Variable Rent	1,359,320	880,817	54%	955,467	42%
Hotels with Fixed Rent	211,450	137,948	53%	147,793	43%
Hotels under Management	68,020	50,911	34%	53,736	27%
TOTAL HOTELS	**1,638,790**	**1,069,676**	**53%**	**1,156,995**	**42%**

Hispania's hotels have gained more than 40% in value over total investment

Hotel Portfolio Revaluation

The hotel segment assets have been significantly revaluated, reaching 42% compared to the total investment made at year end.

Investment Activity

NH Málaga

In February, Hispania acquired the 4* NH Málaga hotel, located in the centre of Málaga next to the Guadalmedina River, for a total amount of 23 million euros. The NH Málaga Hotel currently has 133 rooms and large rooms for events, and an extension that includes 112 additional rooms is being carried out, which will involve an additional investment of 18 million euros, adding a total of 245 rooms. Of the 18 million euros, 2 million euros will be used to update the furniture of the original 133 rooms. The expansion work began in the spring of 2017 and will be fully completed during the first half of 2019, at which time the expansion will be transferred.

NH Hotel Group will continue to operate the hotel through a long-term lease. This lease includes a fixed income structure for the first two years, which will be complemented by a variable income component, once the hotel expansion has been completed.

1. NH Málaga

Hotel Selomar

In June, Hispania acquired the Selomar Hotel in Benidorm with a total of 245 rooms for approximately 16 million euros. The hotel is located on the beach front of Benidorm's Levante beach, with easy access to the historic centre. As part of the acquisition strategy of the hotel, Hispania will invest around 19 million euros in its comprehensive renovation. Total investment, including repositioning, will amount to 35 million euros. The Barceló Group will be the hotel's operator of through a lease with a fixed and variable component, under the framework agreement that exists with Hispania.

Hispania has carried out the acquisition of the hotel through its BAY Hotels & Leisure subsidiary.

2. Hotel Selomar

Hotel Fergus Tobago

Furthermore, in June Hispania completed the acquisition of the Fergus Tobago hotel on the island of Mallorca for a total of 20 million euros. The hotel, located on the beach front of the Son Matíes beach, Palmanova, currently has a total of 275 rooms within the 3* category. As part of Hispania's strategy in this acquisition, a renovation of about 14 million euros will be carried out, upgrading the hotel's category to 5*, becoming the first 5* hotel located in Palmanova's beach front. The renovation is expected to be completed during May 2019.

Fergus Hotels will continue as operator of the hotel through a lease with a fixed component equivalent to 6.5% of the investment, to which a variable component will be added, thus obtaining similar returns to the rest of the Balearic portfolio.

Hispania has carried out the investment through its BAY Hotels & Leisure subsidiary.

1. Hotel Fergus Tobago

Alua's portfolio

Hispania signed a purchase option on December 21st with Alchemy for the acquisition of seven hotels of the Alua Hotels & Resorts chain, for a total of 165 million euros. Hispania expects to implement said purchase option by the end of February 2018.

The portfolio of Alua Hotels & Resorts under this operation brings together more than 1,700 rooms in seven hotels spread across the Balearic Islands (AluaSoul Palma, AluaSoul Mallorca Resort, AluaSoul Alcudia Bay, AluaSoul Ibiza and AluaSun Torrenova) and the Canary Islands (Ambar Beach in Fuerteventura and Parque San Antonio in Tenerife).

Alua Hotels & Resorts will continue to operate the hotels through a lease agreement with a fixed and variable component, in line with the rest of Hispania's hotels. As part of the transaction, Hispania expects to invest

2. Hotel Alua Soul Mallorca Resort

BAY´s minority stake acquisition outline

('000€)

EPRA NAV stake Barcelo as of December 31, 2017	**173,916**
Purchase price	166,922
Share purchase + Dividends	139,422
Earn-out Barceló	27,500
EPRA NAV - Purchase price	**6,994**
Other transaction payments	(5,500)
Discount achieved for Stake over EPRA NAV	**1,494**

around 20 million euros in renovating four of the seven hotels, given that the other three were already fully repositioned in 2016 and 2017.

Acquisition of the participation of the Barceló Group in BAY Hotels & Leisure

In December, Hispania signed an agreement with the Barceló Group for the acquisition of its 24% stake in Bay Hotels & Leisure SOCIMI, S.A., known as BAY, as well as for the termination of the Shareholders' Agreement and the renewal of the Investment Agreement between the two entities. The agreed price for the purchase of the shares including the settlement of the incentive fee agreed in the Shareholders' Agreement, stood at 155 million euros. In addition, the Barceló Group will be paid an amount equal to the expected dividend in BAY for the financial year 2017, valued at approximately 11 million euros, as well as other compensatory and/or settlement payments, which will result in a total payment for the entire transaction of 172.4 million euros.

Simultaneously, Hispania has acquired the Barceló Guadalmina Hotel from the Barceló Group for a total of 19 million euros. The 4* hotel, located in Guadalmina Alta (San Pedro de Alcántara), was built in 2004 and has 206 rooms. With this hotel Hispania consolidates its position in Marbella, where it already owns the Guadalmina Hotel with 178 rooms.

The Barceló Group will continue to be a strategic partner for Hispania, operating 19 of its 46 hotels through different group brands.

Divestment operations

Sale of the Maza Hotel

According to the agreement adopted during the acquisition of the company Leading Hospitality, owner of the majority of the Holiday Inn Hotel in Madrid and the Maza Hotel in Zaragoza, the Maza Hotel was sold for a total value of 2.4 million euros.

The sale of this hotel generated capital gains of 30% above the GAV, and 33% above the initial investment made in the asset.

This hotel was not a strategic asset for Hispania given its small size and location.

The international touristic demand will continue its upward trend

Outlook for the sector

According to the Exceltur report of 2017, it is estimated that tourism industry 2018 will continue its upward trend. Despite the potential impact of the institutional conflict in Catalonia and the slight recovery of competing destinations in the Eastern Mediterranean region, international tourism demand in Spain will continue to grow during the next year against a backdrop of strengthening European economies, of the improvement of the economy of long distance markets (North America, Latin America and Asia) and increased air connectivity.

A new growth of Tourism GDP of 3.3% is estimated for 2018, exceeding once again the forecast for the Spanish economy with 2.4%. This growth of almost 100 basic point above the Spanish economy would be the ninth consecutive year in which Tourism GDP exceeds economic growth in Spain.

A positive economic scenario is also expected for Spanish households and companies, which will benefit Spanish tourist consumption in their travels. Most Spanish tourism entrepreneurs expect another improvement in their results and sales during 2018, with job creation and price recovery, although at more moderate rates than in 2017.

O | OFFICES

Development of the Office Market

According to the JLL report, the office market has continued its upward trend during 2017, registering an inter-year increase of 21% in Spain in total leased surface.

According to the Savills Aguirre Newman report, this increase is especially evident in Madrid and Barcelona, where the volume of contracts in 2017 has exceeded 630,000 sqm in Madrid wich represents an inter-year increase of 28%, and 340,000 sqm in Barcelona, representing an inter-year increase of 4%.

The office availability rate in Madrid and Barcelona has continued to fall, dropping to 10.3% in Madrid and 7.5% in Barcelona in the fourth quarter of the year, according to JLL data.

During 2017 Hispania has signed more than 17,000 sqm in new leases

Prime rentals have continued to increase in both cities during 2017. According to the Savills Aguirre Newman report, continuing its upward trend, Madrid started increasing in 2013, reaching €30/sqm/month at the end of 2017, representing an inter-year increase of 7.4%. In Barcelona, the inter-year increase has been 12.9%, with average rents of €19/sqm/month.

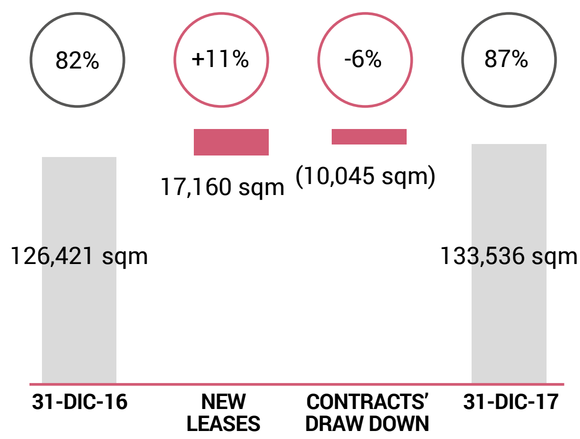
According to the JLL report, from an investing point of view, a total investment of 2.21 billion euros was reached in 2017, almost 20% less than the previous year, basically due to lack of product. Meanwhile, yields have remained stable at 3.75% in Madrid and 4% in Barcelona.

Business Performance

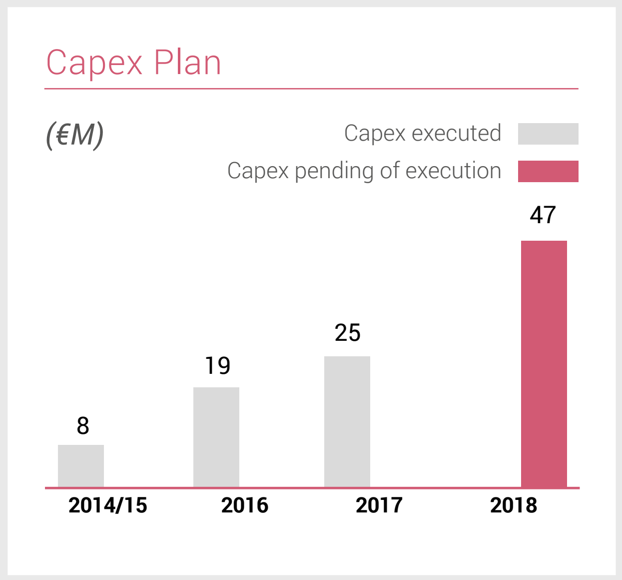
Hispania has continued its intense commercialisation efforts, increasing occupation to 87% with gross rentals of

Increase in Occupancy

(Sqm and percentage)



Hispania has invested a total of 52 million euro in repositionings up to the end of the year



over 17,000sqm during the period. With the latest rents, Hispania has nearly half of its buildings 100% rented. In addition, there are another 9 buildings with an occupancy greater than 70% of their surface area, and there are only 4 buildings with a lower occupancy.

Occupancy increased during 2017 in the buildings Príncipe de Vergara, Avenida de Bruselas, Glories Avenida Diagonal, the ON Building, Málaga Plaza, Rafael Morales and Comandante Azcárraga.

Regarding repositioning operations, Hispania has completed most of its renovations during 2017, the only project left being the construction development of Helios, where the estimated periods for the completion of the work are being met and finalisation is set for the third quarter of 2018.

One of the most important projects in the office segment is the Aurelio Menéndez Building, where works have been completed and the acceptance and building occupancy phase by its tenant are currently under way; Uria y Menendez, a necessary prior stage in the completion of the purchase and sale of the building.

Remodelling of the Foster Wheeler Building was also completed in 2017, involving improvements to the ventilation system and renovation of the office spaces, among other items. In addition, work on the América Building was completed, including getting it ready for occupancy, fitting out the offices and waterproofing the basement areas, as well as redesigning the lobby. Lastly, the completion of the remodelling of the common areas of the Glories-Gran Vía Building should be mentioned.

The pending capex plan in the office portfolio amounts to 47 million for the 2018 financial year, exclusively earmarked for the development of Helios.

The office segment has seen an important revaluation of its assets, reaching 31% over total investments made.

O | OFFICES

Offices revaluation

	GAV	Acquisition price	% Revaluation vs. Acquisition	Total Investment (incl. Capex)	% Revaluation vs. Investment
Offices with refurbishment completed	534,530	359,137	49%	409,090	31%
Offices parcially refurbish	-	-	-	-	-
Offices without the need of refurbishment	9,780	7,847	25%	8,043	22%
Offices under development	59,000	33,251	77%	42,873	38%
TOTAL Offices	**603,310**	**400,234**	**51%**	**460,007**	**31%**

Office's income per location

('000€)

	Madrid	Barcelona	Andalusia	Total
2016 Rent Revenues	**13,477**	**4,930**	**429**	**18,836**
EPRA Like for Like [1]	1,799	(658)	69	1,210
Completed or in progress developments [2]	1,719	-	-	1,719
New 2016 acquisitions [3]	-	-	-	-
New 2017 acquisitions [4]	-	-	-	-
Disposals	-	-	-	-
2017 Rent Revenues	**16,995**	**4,272**	**498**	**21,765**
Total Variance /%)	**26%**	**(13%)**	**16%**	**16%**
Like-for-Like Variance (%)	**14%**	**(13%)**	**16%**	**7%**

1. Including assets hold in the portfolio for the last 24 months, excluding assets under repositioning, according to EPRA
2. Rental income from assets under repositioning which have been in the portfolio for the last 24 months
3. Rental variation compared to last year from assets acquired during 2016 which were not in the portfolio for the 12 months of 2016 period
4. Income of the period coming from assets acquired in 2017

O | OFFICES

Divestment operations

Hispania commenced the announced divestment of its office portfolio with the sale of the Aurelio Menéndez Building, fullfiling its commitment to its shareholders for whom the divestment should generate high returns.

Hispania concluded the sale of its offices in Aurelio Menéndez (40-42 Calle Suero de Quiñones) in June 2017 with a GLA of over 4,800sqm, for a total of 37.5 million euros, the equivalent of €7,800/sqm. The sale of the building represents 39% over the appraised value in June 2017 (including pending investment). Uría Menéndez has 100% of the GLA, rented for 7.5 years.

Hispania concluded the sales agreement with a commitment to complete the project and the entry of its tenant, milestones required to execute the purchase and sale agreement for the building.

The good forecast for the office sector will continue during the next two years in Madrid and Barcelona

Outlook for the sector

According to the report by Savills Aguirre Newman, during 2018 more than 90,000sqm will be added to the market in Madrid on new construction surface, while the rehabilitation of more than 110,000sqm is expected, of which 63% are currently available. The good forecasts will continue in 2019 with an estimate of new stock of more than 220,000sqm and a rehabilitation of more than 110,000sqm with 64% available.

On the Barcelona side, the new offer will reach more than 300,000sqm over the next two years, already registering an occupancy commitment of 64% of the new surface available in 2018.

R | RESIDENTIAL

Hispania has refurbished a total of 432 homes until the end of the year

Development of the Residential Market

A total of 464,423 residences were sold in Spain during the financial year 2017, representing an increase of 16.4% compared to 2016.

According to the latest data reported by Idealista for financial year 2017, the sales price for housing in Barcelona was €4,284/sqm, reaching an inter-year rate of increase of 10.4%, while Madrid recorded an inter-year increase of 12.5%, reaching an average price of €3,285/sqm.

As for price development in the rental sector, the average price in Spain is €9.7/sqm/month, registering an annual increase of 18.4%. The annual increase in Madrid was 7.9%, recording an average rental rate of €15.5/sqm. As for Barcelona, it maintained its leading position as the most expensive city in Spain despite having recorded a 2.4% drop in prices, with an average rent of €17.50/sqm/month.

Business Performance

The residential portfolio at the close of the 2017 financial year showed an average rent of €12/sqm, an increase of 15% compared to the 2016 financial year.

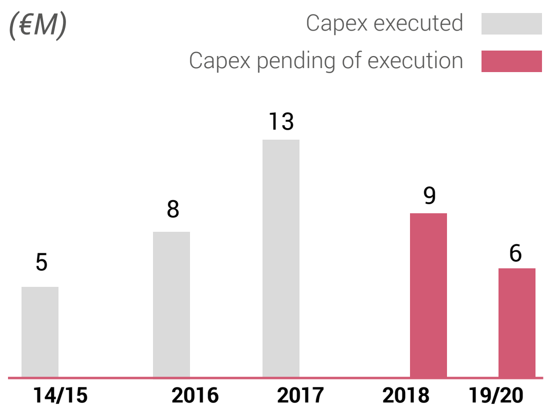
As of 31 December 2017, there were a total of 174 units remodelled in the Sanchinarro Complex since its acquisition, while at the Isla del Cielo Complex the total remodelled units were 144.

Remodelling of other complexes was also begun, including the common areas, with a total of 47 apartments remodelled in Majadahonda, 52 in Hispanidad and 15 in San Sebastian de los Reyes during the 2017 financial year.

R | RESIDENTIAL

Hispania has invested a total of 26 million euro in residential refurbishments until the end of the year

Capex Plan



The pending capex for the residential portfolio amounts to 15 million euros for the 2018-2020 financial years.

There has been a significant revaluation of the assets in the residential segment, reaching 37% over total investments.

Residential revaluation

	GAV	Acquisition price	% Revaluation vs. Acquisition	Total Investment (incl. Capex)	% Revaluation vs. Investment
Residential units partially refurbished	232,890	141,193	65%	170,124	37%
Residential units pending refurbishment	-	-	-	-	-
TOTAL RESIDENCIAL	**232,890**	**141,193**	**65%**	**170,124**	**37%**

R | RESIDENTIAL

Residential's Segment Income per location

('000€)

	Madrid	Barcelona	Total
2016 Rent Revenues	**3,860**	**2,389**	**6,249**
EPRA Like for Like [1]	119	(439)	(320)
Completed or in progress developments [2]	-	-	-
New 2016 acquisitions [3]	(123)	-	(123)
New 2017 acquisitions [4]	-	-	-
Disposals	(377)	(271)	(648)
2017 Rent Revenues	**3,479**	**1,679**	**5,158**
Total Variance /%)	**(10%)**	**(30%)**	**(17%)**
Like-for-Like Variance (%)	**4%**	**4%**	**(6%)**

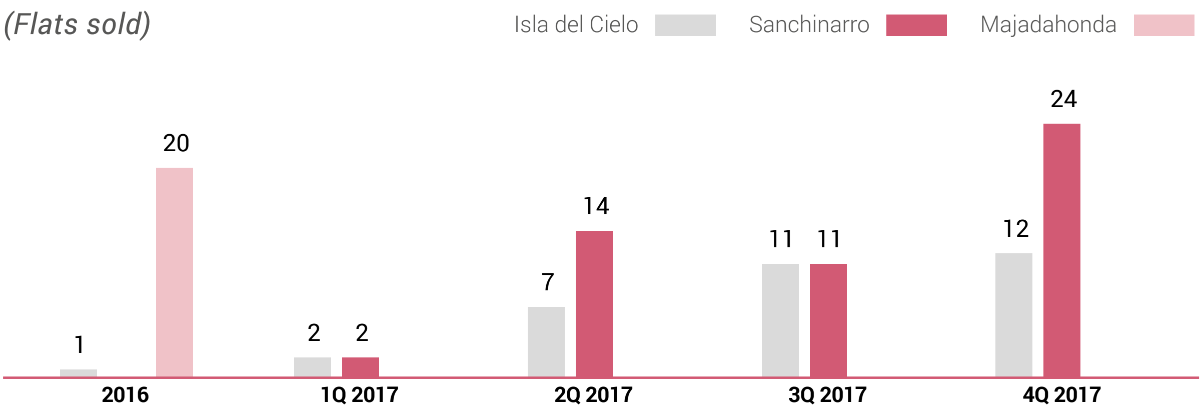
Hispania is continuing its retail sales plan that started at the end of the 2016 financial year

Divestment operations

Hispania is continuing its retail sales plan that started at the end of the 2016 financial year. A total of 84 apartments had been sold between Isla del Cielo and Sanchinarro by the end of the year in addition to 20 apartments with option to buy that were sold in Majadahonda in the beginning of 2016, when the protection period for the building ended. Moreover, at year-end, down payment contracts had been signed for an additional 15 apartments.

1. Including assets hold in the portfolio for the last 24 months, excluding assets under repositioning, according to EPRA
2. Rental income from assets under repositioning which have been in the portfolio for the last 24 months
3. Rental variation compared to last year from assets acquired during 2016 which were not in the portfolio for the 12 months of 2016 period
4. Income of the period coming from assets acquired in 2017

Retail sales plan



Outlook for the sector

Based on the BBVA report on the real estate market, the purchase and sale of residences is expected to increase by about 6% during 2018, reaching almost 550,000 transactions.

Construction activity will continue to respond to the positive development of the demand. An increase of construction permits of 16% is expected in 2018, translating into 92,000 new housing construction permits.

As for sales prices in 2018, an increase of around 5% is expected, given the still reduced offer of newly completed units.

ANNEXES 8

Barceló Marbella Hotel

2017
ANNUAL
REPORT

1
4 2
3
ANNUAL

A | SUMMARY OF HISPANIA'S HOTEL PORTFOLIO

The hotel portfolio's GAV as of year end according to CBRE amounts to 1,639 million euro

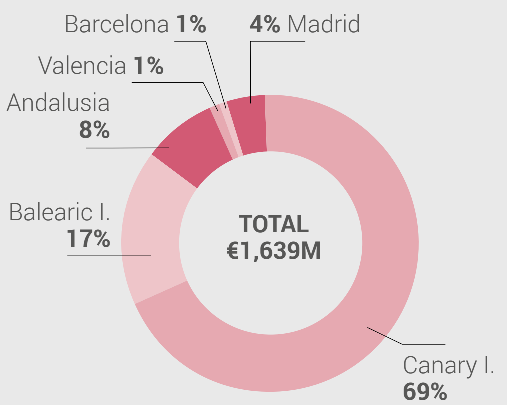
Hispania's hotel portfolio at the end of 2017 includes a total of 11,005 hotel rooms distributed in 38 hotels, two shopping centres and two land plots.

The hotel portfolio has a GAV, according to appraisals by independent valuator CBRE, totalling 1,639 million euro at 31 December 2017.

Presently, Hispania directly manages two hotel assets: the Holiday Inn Hotel and the Galeon Ibiza Hotel. This operation will be carried out through the company Gestión de Activos Turísticos, S.L. ("GAT") until an agreement is reached with the future operator of the respective hotels.

GAV Distribution per Location 31/12/17

(Percentage)

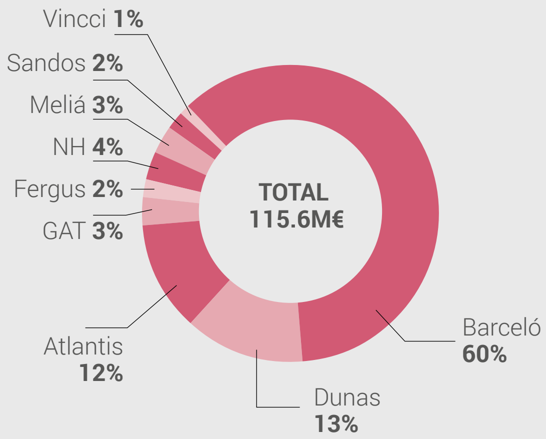


A | SUMMARY OF HISPANIA'S HOTEL PORTFOLIO

All hotels in the portfolio are subject to lease agreements with renowned operators that operate the different assets under long-term leases, except for those hotels managed by Hispania.

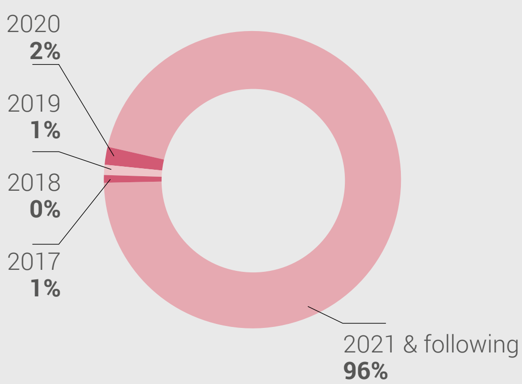
Rental Income by operator 31/12/17*

(% Passing Rent)



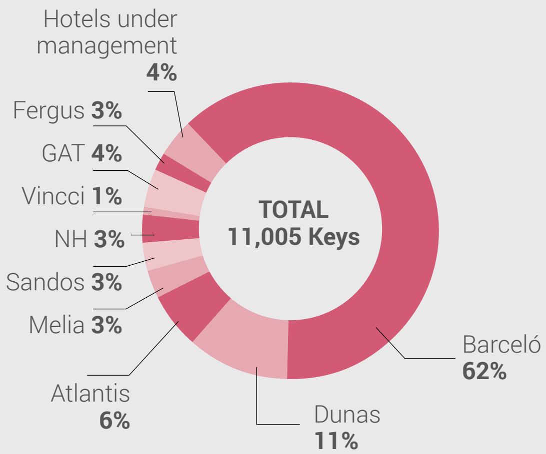
Break Option by year*

(% passing rent)



Keys distribution per operator 31/12/17

(Percentage)

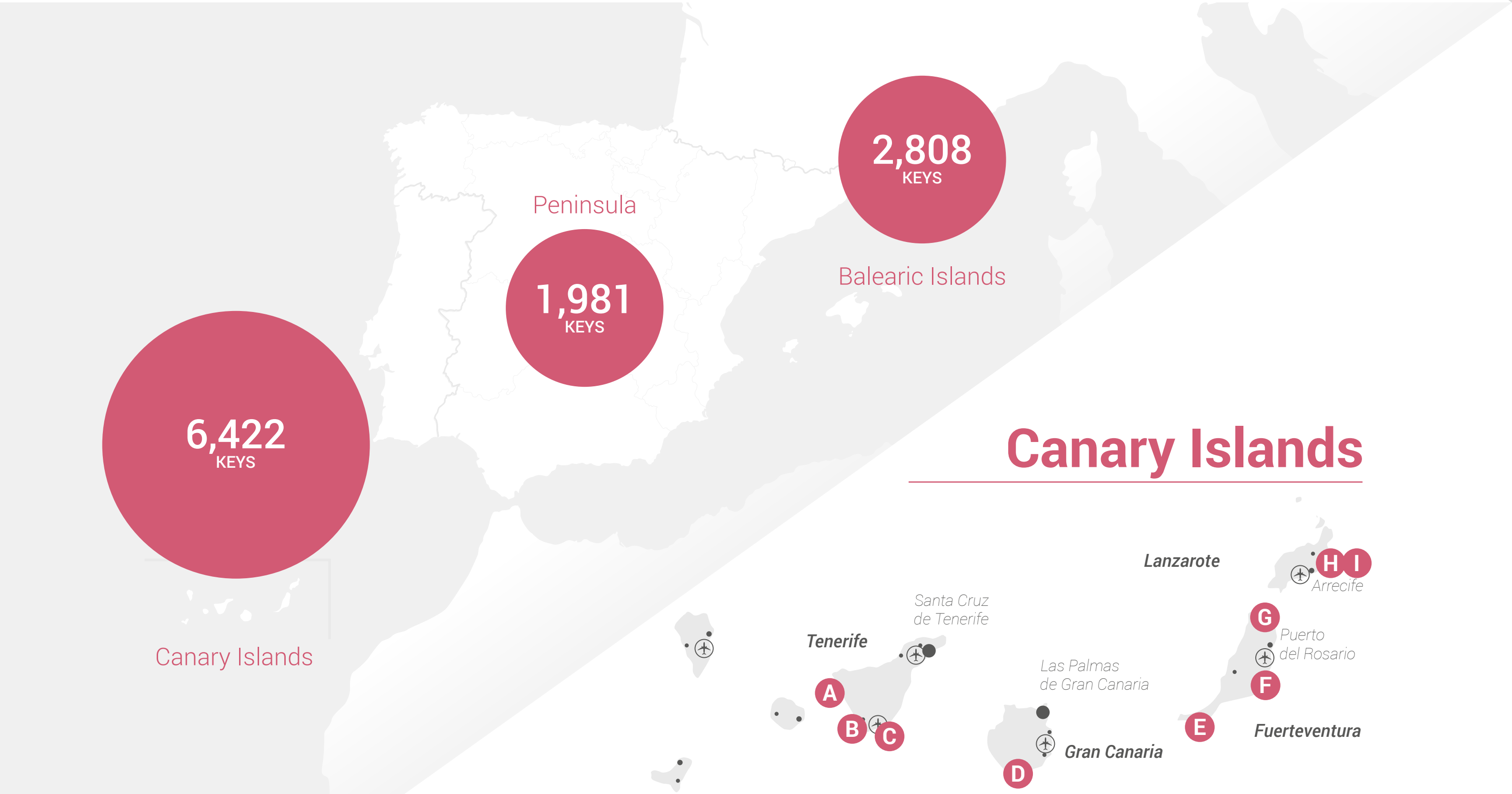


(*) Excluding hotels under management

HISPANIA
Activos Inmobiliarios

A | SUMMARY OF HISPANIA'S HOTEL PORTFOLIO

Hotels location



6,422
KEYS

- **A** Allegro Isora – **312 keys**
- **B** Meliá J. del Teide – **299 keys**
- **C** Sandos San Blas – **331 keys**
- **D** Occidental Las Margaritas – **484 keys**
  Dunas Don Gregory – **241 keys**
  Dunas Suites & Villas – **244 keys**
  Dunas Maspalomas – **262 keys**
  Dunas Mirador – **436 keys**
- **E** Occidental Jandía Mar – **485 keys**
  Occidental Jandía Playa – **634 keys**
- **F** Barceló Fuerteventura – **486 keys**
  Barceló Castillo Beach – **480 keys**
- **G** Gran Bahía Real – **242 keys**
  Parcela Las Agujas – **18,671 m²**
  Suite Atlantis – **383 keys**
- **H** Barceló Teguise – **305 keys**
  Occidental Lanzarote – **426 keys**
- **I** Occidental Lanzarote Playa – **372 keys**

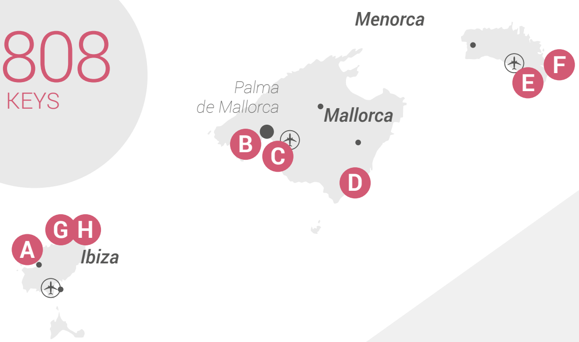
HISPANIA
Activos Inmobiliarios

A | SUMMARY OF HISPANIA'S HOTEL PORTFOLIO

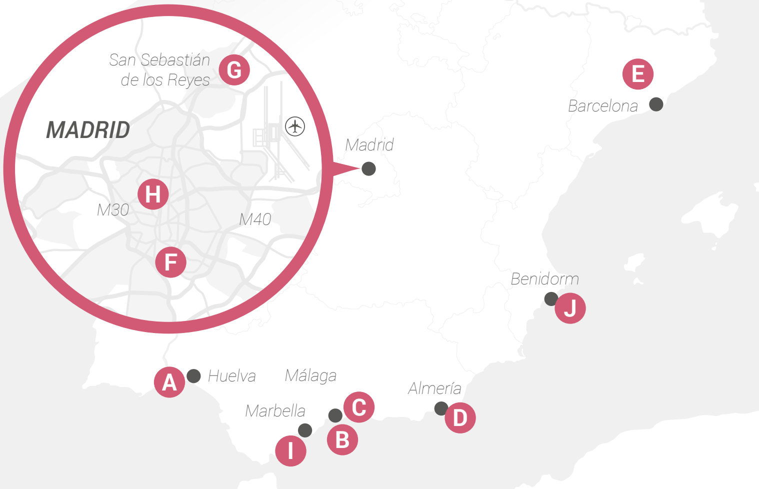
Balearic Islands

- **A** Occidental Ibiza – **346 keys**
- **B** Occidental Cala Viñas – **330 keys**
  Hotel Fergus Tobago – **275 keys**
- **C** Occidental Playa de Palma – **275 keys**
- **D** Barceló Ponent Playa – **432 keys**
- **E** Occidental Menorca – **374 keys**
- **F** Barceló Hamilton – **158 keys**
- **G** Hotel Club Cartago – **196 keys**
  Hotel Galeón – **182 keys**
  Hotel Club San Miguel – **106 keys**
- **H** Hotel Barceló Portinatx – **134 keys**

2,808
KEYS



Peninsula



1,981
KEYS

- **A** Occidental Isla Cristina – **341 keys**
- **B** Guadalmina – **178 keys**
- **C** NH Málaga – **133 keys**
  Vincci Málaga – **105** keys
- **D** Barceló Cabo de Gata – **229 keys**
- **E** Hesperia Ramblas – **70 keys**
- **F** NH Pacífico – **62 keys**
- **G** NH SS de los Reyes – **99 keys**
- **H** Holiday Inn Bernabéu – **313 keys***
- **I** Barceló Marbella – **206 keys**
- **J** Hotel Selomar – **245 keys**

* Hispania doesn't own 100% of the hotel keys, but has a management contract to operate the full hotel.

A | SUMMARY OF HISPANIA'S HOTEL PORTFOLIO

Main parameters 31st December 2017[1]

	Acquisition date	Construction date	Last refurbishment date	Category (*)	Keys (number)	Number of Hotels	Operator	Contract Type	Contract Length (years)	GAV (€Mn)	GAV (€/Key)
Portfolio Barceló	Oct-15 - Dec-17	1961 - 2013	2008 - 2017	3*/4*	6603	18	Barceló	Fixed Rent (50% BP EBITDAR) + Variable Rent (Up to 89% EBITDAR)	13.0 - 43.1	892.8	135,204
Portfolio Dunas	Dec-16	1974 - 1998	2004 - 2011	3-4*	1183	4	Dunas	Fixed Rent (50% BP EBITDAR) + Variable Rent (Up to 95% Adjusted EBITDAR)	9.0 - 39.0	171.2	144,717
Atlantis Hotels Fuerteventura	Jun-15	1987 - 2003	2003-2016	5* Deluxe/4*	625	2	Atlantis	Fixed Rent (50% BP GOP) + Variable Rent (Up to 89% GOP)	5.0 - 20.0	169.0	270,464
Hotel Guadalmina [2] Marbella	Apr-14	1962	1999	4*	178	1	GAT	Fixed Rent (450,000 €) + Variable Rent (Up to 79% GOP)	5.0 - 5.0	35.5	199,438
Hotel Fergus Tobago Mallorca	Jun-17	1972	2006	3*	275	1	Fergus	Fixed Rent (514,284 € in 2017) + Variable Rent (Up to 85% GOP)	6.5 - 14.5	21.8	79,382
Hotel Cartago y Club San Miguel [2] Ibiza	Jun-16	1960- 1968	1989 - 2012	3*	302	2	GAT	Fixed Rent (100,000 €) + Variable Rent (Up to 92% GOP)	0.0 - 3.0	25.9	85,629
Hotel Selomar Benidorm	Jun-17	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	17.3	n/a
Plots Las Mirandas y La Mareta Fuerteventura y Lanzarote	May-17	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13.3	n/a
Plot next to the Hotel Bahia Real Fuerteventura	Feb-16	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	12.5	n/a
TOTAL VARIABLE RENT HOTELS					**9,411**	**29**			**11.2 - 38.0**	**1,359.3**	**144,439**
Hotel Meliá Jardines del Teide Tenerife	Sept-14	2001	2015	5*	299	1	Meliá	Fixed Rent (with rental increase up to 2017)	7.1 - 12.1	58.8	196,622
Hotel Sandos San Blas Tenerife	Dec-15	2008	n.a.	5*	331	1	Sandos	Fixed Rent	2.8 - 2.8	69.5	209,970
Hotel NH Málaga Málaga	Feb-17	1999	n.a.	4*	133	1	NH Hoteles	Fixed Rent	19.1 - 39.1	27.8	209,023
Hotel Hesperia Ramblas Barcelona	Oct-14	2009	n.a.	3*	70	1	Hesperia	Fixed Rent with small variable component according to performance (with rental increase up to 2019)	8.2 - 8.2	23.8	339,429
NH Hotels Madrid	Jul-14	2003-2004	n.a.	3*	161	2	NH Hoteles	Fixed Rent with small variable component according to performance	1.3 - 6.3	17.4	108,075
Hotel Vincci Málaga Málaga	Jan-15	2006	n.a.	4*	105	1	Vincci	Fixed Rent with small variable component according to performance	3.1 - 3.1	14.2	135,238
TOTAL FIXED RENT HOTELS					**1,099**	**7**			**6.1 - 10.6**	**211.5**	**192,402**
Hotel Holiday Inn Bernabeu Madrid	Oct-15	1984	n.a.	4*	313	1	GAT	n/a	n/a	47.7	152,396
Hotel Galeón Ibiza	Jun-16	1968	2015	3*	182	1	Iberostar	n/a	n/a	20.3	111,648
TOTAL HOTELS UNDER MANAGEMENT					**495**	**2**			**n/a**	**68.0**	**137,414**
TOTAL PORTFOLIO [2]				**-**	**11,005**	**38**			**10.6 - 35.1**	**1,638.8**	**148,913**

(1) See terms in Glossary.

(2) On 30/03/17 Hispania signed an agreement with GAT to operate the hotels through a fixed and variable lease contract. From Q2 2017 the rent of these hotels fall into F&V rent.

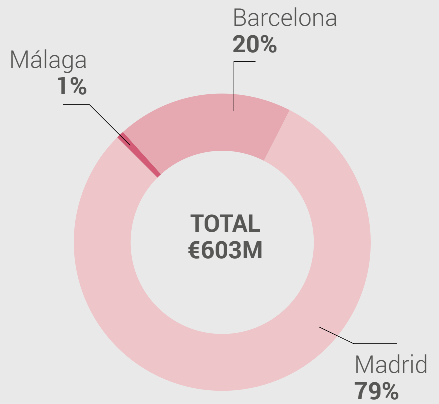
B | SUMMARY OF HISPANIA'S OFFICE PORTFOLIO

The office portfolio has 153,621 sqm of gross leasable area (GLA) distributed among the 25 assets managed by the Group and a plot of land, in which an additional 33,124 sqm will be built, reaching a total of 186,745 sqm in 26 assets. As of 31 December 2017, the portfolio had an occupancy of 87%. The average rent at the end of the quarter was €14/ sqm.

In terms of GAV, the book value of said assets (considering CBRE's valuations at 31 December 2017), totalled a value of 603 million euro.

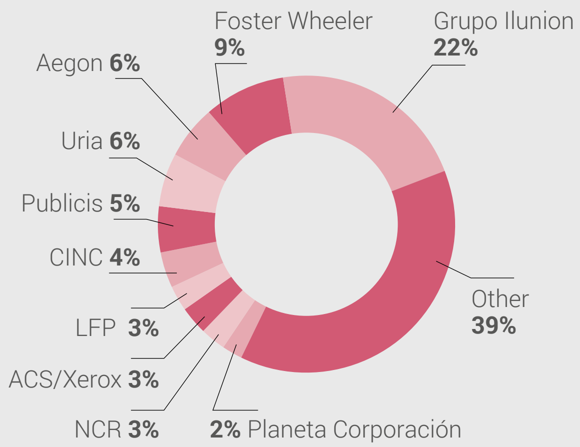
GAV Distribution per Location 31/12/17

(Percentage)



Main Tenants as percentage of rent 31/12/16

(% Passing Rent)

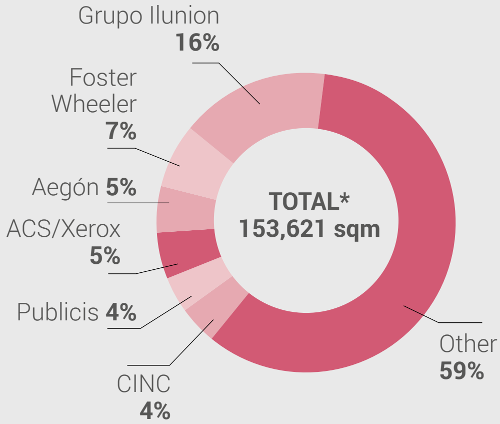


B | SUMMARY OF HISPANIA'S OFFICE PORTFOLIO

The office portfolio recorded a total GAV of 603 million euro as of 31 December 2017 according to CBRE

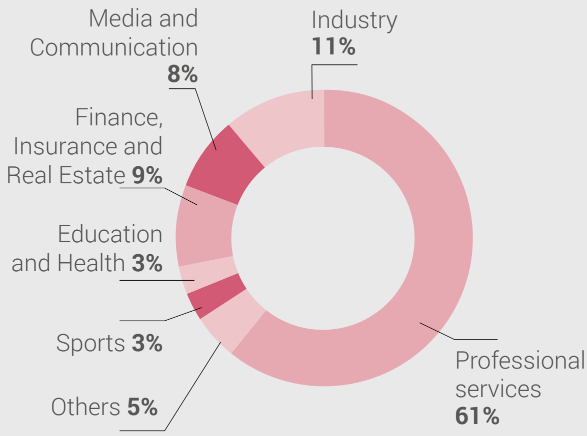
Main Tenants (sqm) at 31/12/17

(Percentage)



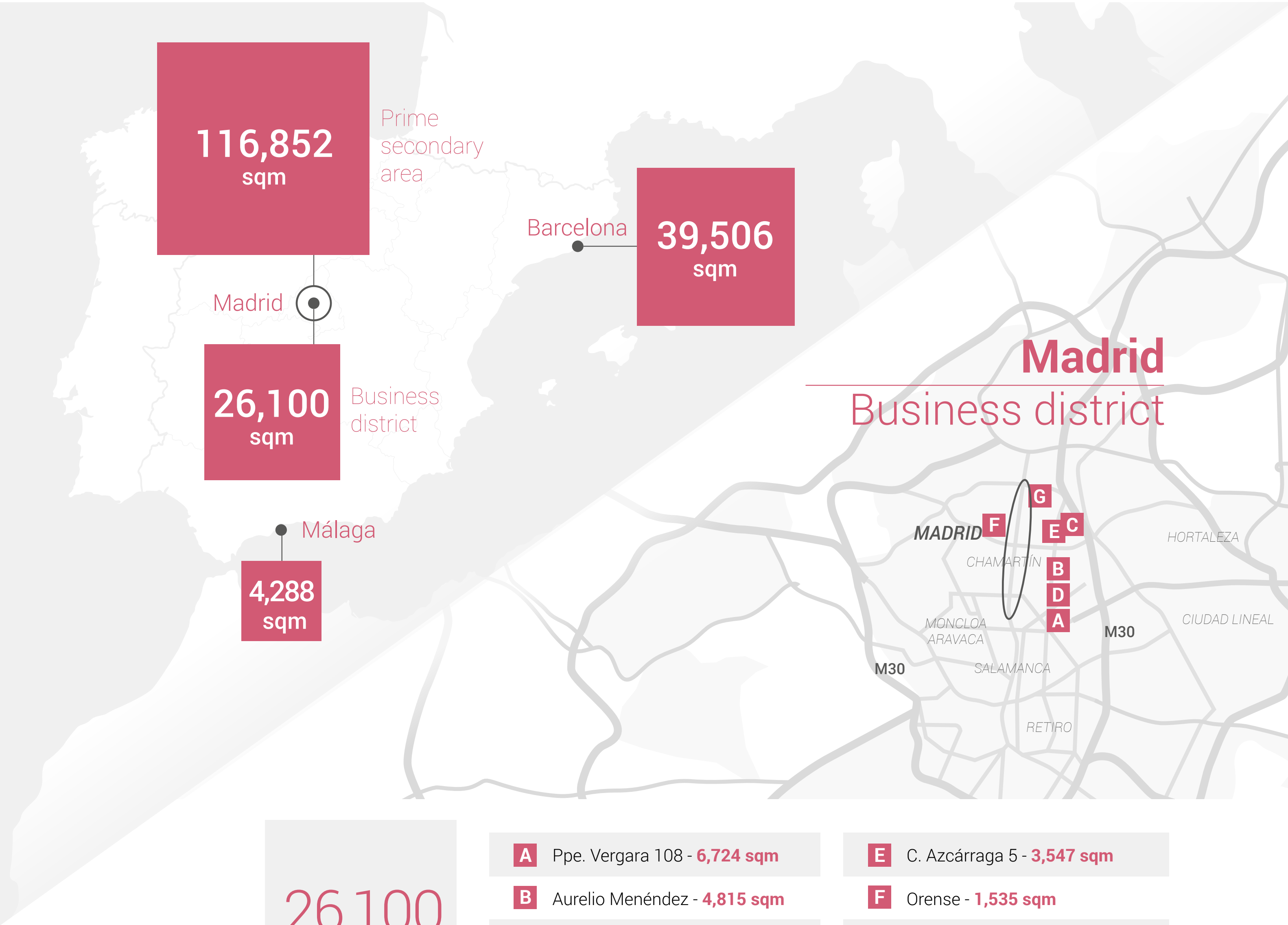
Tenants per activity sector

(% passing rent)



B | SUMMARY OF HISPANIA'S OFFICE PORTFOLIO

Offices location

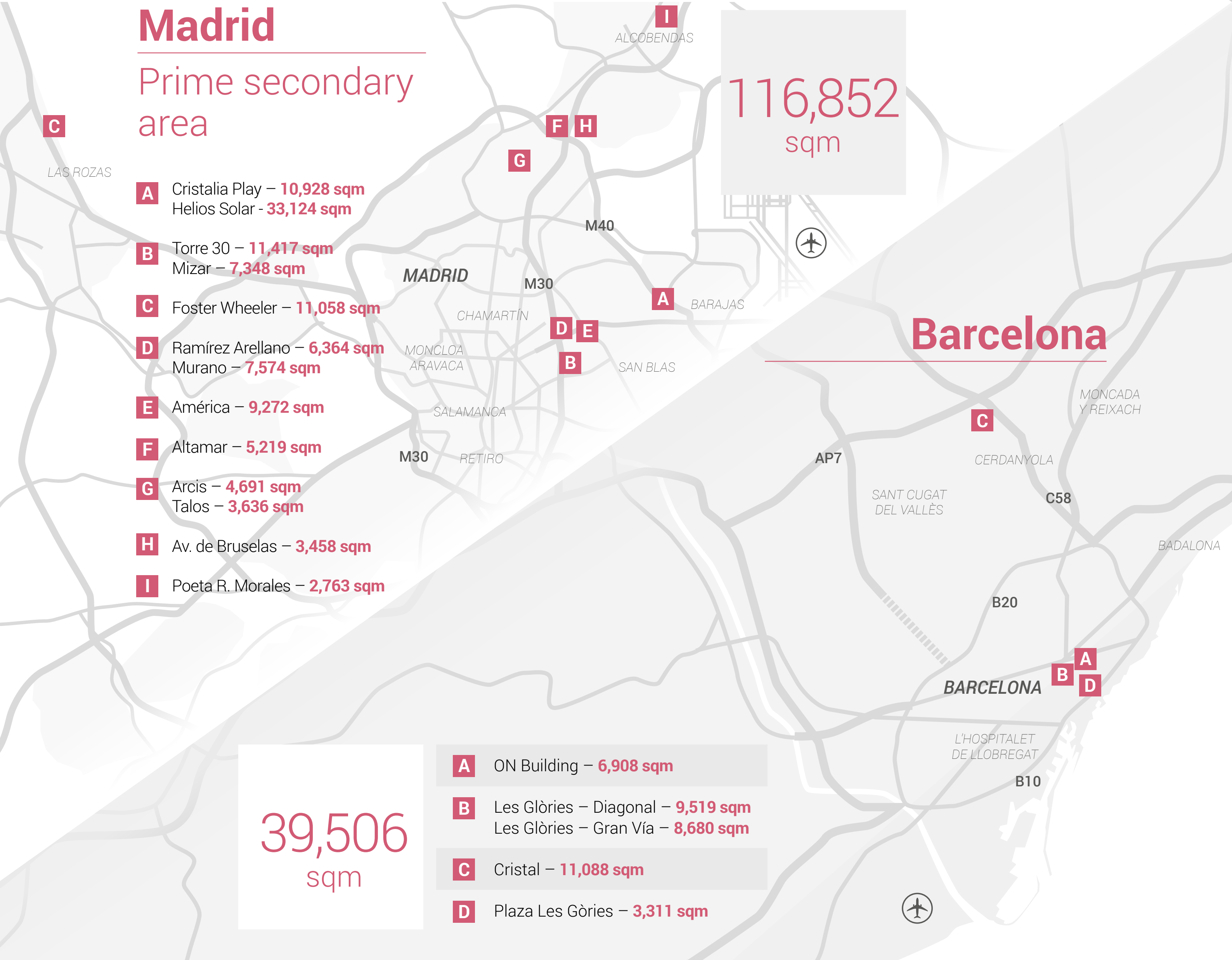


26,100 sqm

- **A** Ppe. Vergara 108 - **6,724 sqm**
- **B** Aurelio Menéndez - **4,815 sqm**
- **C** C. Azcárraga 3 - **5,138 sqm**
- **D** Pechuán - **3,579 sqm**
- **E** C. Azcárraga 5 - **3,547 sqm**
- **F** Orense - **1,535 sqm**
- **G** Avda. Burgos - **762 sqm**
- Prime CBD

HISPANIA
Activos Inmobiliarios

B | SUMMARY OF HISPANIA'S OFFICE PORTFOLIO



Madrid

Prime secondary area

116,852 sqm

- **A** Cristalia Play – **10,928 sqm**
  Helios Solar - **33,124 sqm**
- **B** Torre 30 – **11,417 sqm**
  Mizar – **7,348 sqm**
- **C** Foster Wheeler – **11,058 sqm**
- **D** Ramírez Arellano – **6,364 sqm**
  Murano – **7,574 sqm**
- **E** América – **9,272 sqm**
- **F** Altamar – **5,219 sqm**
- **G** Arcis – **4,691 sqm**
  Talos – **3,636 sqm**
- **H** Av. de Bruselas – **3,458 sqm**
- **I** Poeta R. Morales – **2,763 sqm**

Barcelona

39,506 sqm

- **A** ON Building – **6,908 sqm**
- **B** Les Glòries – Diagonal – **9,519 sqm**
  Les Glòries – Gran Vía – **8,680 sqm**
- **C** Cristal – **11,088 sqm**
- **D** Plaza Les Gòries – **3,311 sqm**

B | SUMMARY OF HISPANIA'S OFFICE PORTFOLIO

Main parameters 31st December 2017*

	Acquisition date	Construction date	Last refur-bishment date	Gross Leasable Area (sqm)	Monthly Rent (€/sqm)	Total Occupancy (%)	EPRA Vaccancy (%)	Main Tenants	WALT (years)	GAV (€ Mn)	GAV (€ / sqm)
Torre 30 Building	Jul-14	1968	2016	11,417	16.5	100%	0%	Grupo Ilunion	11.5 - 11.5	50.0	4,379
Príncipe de Vergara Building	Mar-15	1990	2017	6,724	18.2	92%	8%	Babel Sistemas de Información, EAE Business School, Premier Tax Free, Eltiempo,es, Ambilamp	2.2 - 4.1	41.5	6,172
Cristalia Play Building	Jun-15	2011	n.a.	10,928	14.2	67%	33%	Aegon	3.9 - 8.9	40.5	3,706
Aurelio Menendez Building	Sep-15	1991	2017	4,815	n.a.	100%	n.a.	Uría Menéndez	7.4 - 17.4	37.5	7,788
Foster Wheeler Building	Jun-15	1991	2017	11,058	13.9	100%	0%	Foster Wheeler	3.0 - 3.0	31.5	2,849
Mízar Building	Jun-14	2002	2015	7,348	16.8	100%	0%	Grupo Ilunion, Eysa, Paramount	9.9 - 9.9	27.4	3,722
Murano Building	Jul-14	1997	2015	7,574	13.5	100%	0%	La Liga, Veolia, Manifiesto	3.0 - 7.2	26.1	3,446
América Building	Dec-15	1994	2017	9,272	11.3	73%	27%	La Razón, Planeta	1.9 - 1.9	26.0	2,804
Ramírez de Arellano Building	Jul-14	2008	n.a.	6,364	13.5	100%	0%	Publicis	0.4 - 0.4	23.9	3,755
Comandante Azcárraga. 3 Building	Jul-14	2009	2015	5,138	14.5	84%	16%	NCR, Erhardt, Alpama, Grupo Lobe	3.0 - 7.1	18.8	3,659
Pechuán Building	Jul-14	1995	2012	3,579	20.9	100%	0%	Grupo Ilunion	11.5 - 11.5	19.0	5,309
Altamar Building	Dec-15	2000	2017	5,219	12.0	89%	11%	TNT, Banco Santander, Banca March	1.9 - 2.7	17.0	3,257
Arcis Building	Jul-14	2008	2010	4,691	11.8	25%	75%	Quental Technologies, Tarlogic	2.0 - 2.4	12.5	2,658
Av, de Bruselas Building	Jul-14	2000	2016	3,458	11.9	97%	3%	Bosch, Flir, IDL, Portucel, Regus	1.8 - 4.5	11.0	3,181
Comandante Azcárraga. 5 Building	Jul-14	1980	2011	3,547	11.9	100%	0%	Grupo Ilunion	11.5 - 11.5	10.1	2,847
Talos Building	Jul-14	2010	n.a.	3,636	11.0	100%	0%	Escuela Reggio	2.0 - 4.0	9.8	2,690
Orense Building (single floor)	Jul-14	1980	2015	1,535	20.0	100%	0%	Joca	4.0 - 6.0	6.4	4,137
Rafael Morales Building	Jul-14	2003	2016	2,763	9.4	53%	47%	Centro Genética Avanzada, Riso Ibérica, DEB	1.3 - 2.3	5.5	1,991
Av, de Burgos Building (single floor)	Jul-14	1990	2015	762	12.0	100%	0%	MobileOne2One	2.9 - 6.9	2.3	3,018
Helios Development	Oct-14	Under development	n.a.	33,124	n.a.	n.a.	n.a.	n.a.	n.a.	59.0	1,781
TOTAL MADRID				**142,951**	**14.8**	**88%**	**10%**		**5.0 - 6.8**	**475.7**	**3,327**
Glòries - Diagonal Building	Jun-14	1995	2017	9,519	14.7	66%	34%	Bagursa, Sage, Bobst, Adaptive	2.8 - 5.6	37.3	3,913
Glòries - Gran Vía Building	Jun-14	1995	2017	8,680	12.0	93%	7%	Atento, Televida, Deretil	1.2 - 3.0	33.3	3,832
On Building	Jul-14	2006	2017	6,908	13.9	96%	4%	CINC, Compo, CHR Hansen, Sidel	1.2 - 6.3	24.0	3,478
Plaza Les Glóries Building	Oct-15	1995	2016	3,311	13.2	100%	0%	Gore-Tex	7.5 - 7.5	12.8	3,873
Cristal Building	Dec-15	1994	2017	11,088	7.1	78%	22%	ACS/Xerox	0.8 - 4.1	11.9	1,073
TOTAL BARCELONA				**39,506**	**11.7**	**83%**	**16%**		**2.0 - 4.9**	**119.3**	**3,019**
Málaga Plaza Building Malaga	Jul-14	1993	2016	4,288	12.7	87%	13%	Sequel, Deloitte, Integrated, Janssen	1.3 - 1.7	8.4	1,959
TOTAL PORTFOLIO				**186,745**	**14.0**	**87%**	**12%**	**-**	**4.2 - 6.2**	**603.3**	**3,231**

(*) See terms in Glossary.

C | SUMMARY OF HISPANIA'S RESIDENTIAL PORTFOLIO

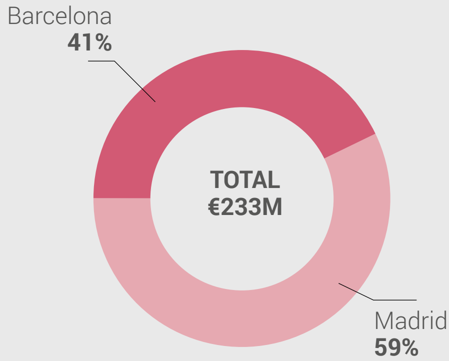
Hispania has continued with the execution of its retail sales plan

Hispania manages a residential portfolio consisting of a total of 5 assets, one located in Barcelona and another four in the Community of Madrid. In total, the company's portfolio of residential assets totalled 671 homes at year end (167 in Barcelona and 504 in Madrid).

In terms of GAV, the book value of said assets (according to CBRE's valuations at 31 December 2016), totalled a value of 233 million euro.

GAV Distribution per Location 31/12/17

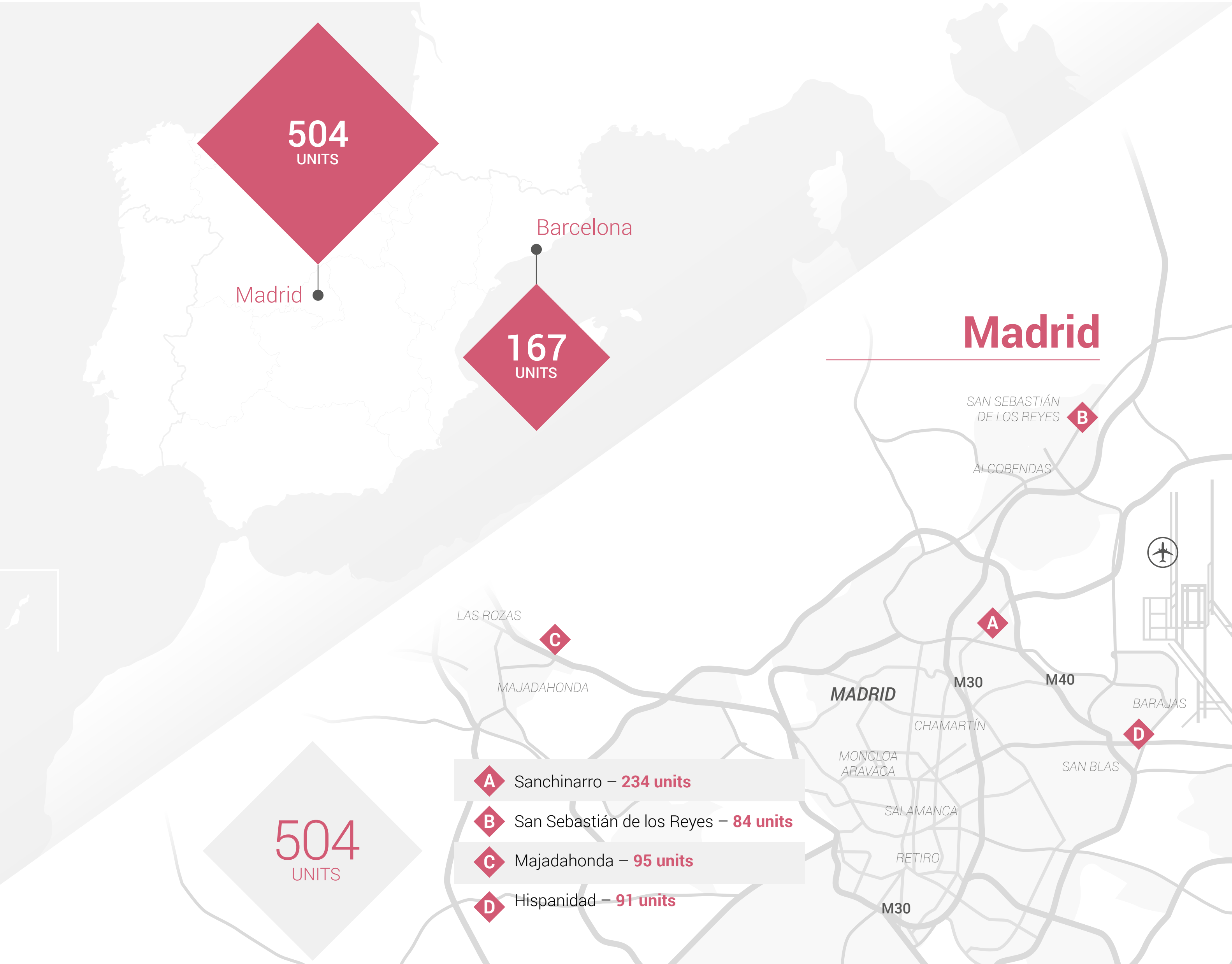
(Percentage)



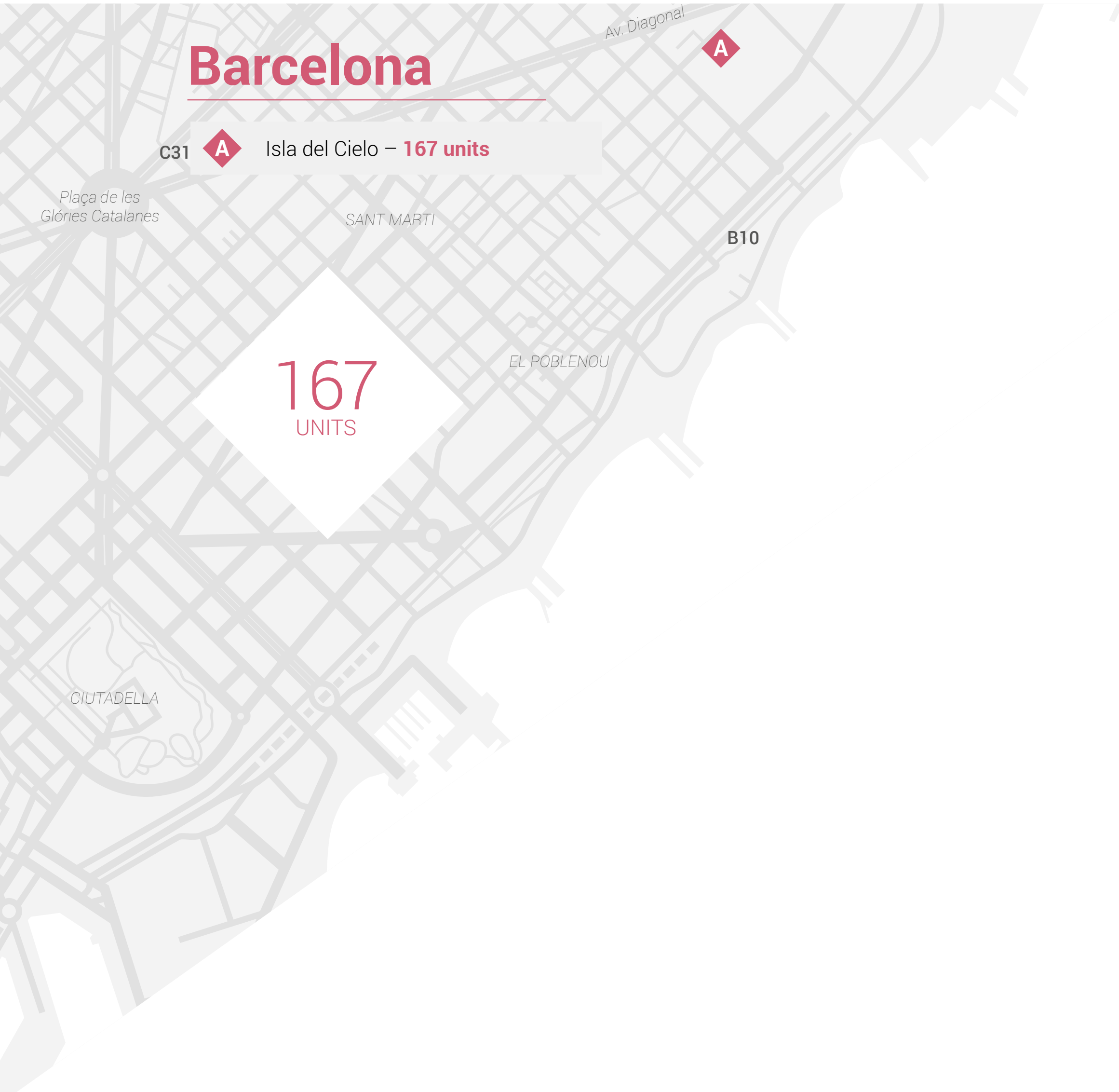
HISPANIA
Activos Inmobiliarios

C | SUMMARY OF HISPANIA'S RESIDENTIAL PORTFOLIO

Residential assets location



C | SUMMARY OF HISPANIA'S RESIDENTIAL PORTFOLIO



C | SUMMARY OF HISPANIA'S RESIDENTIAL PORTFOLIO

Main parameters 31st December 2017[1]

	Acquisition Date	Construction date	Last refurbishment date	Gross Leasable Area (square meter)	Dwellings (#)	Average Gross Monthly Rent (€/(sqm)	Occupancy (%)	GAV - Appraisals (€ Mn)	GAV (€ / sqm)
Residential Units Sanchinarro	Mar-15	2004 - 2005	On going	21,166[2]	234	11.6	63%	73.8	3,244[3]
Residential Units Majadahonda	Jul-14	2005	On going	8,009	95	8.7	43%	24.5	3,059
Residential Hispanidad	Mar-16	2004	On going	6,296	91	14.7	54%	22.1	3,517
Residential Units S.S. Reyes	Jul-14	2006	On going	8,375	84	8.7	40%	16.1	1,922
TOTAL MADRID				**43,846**	**504**	**11.4**	**54%**	**136.5**	**2,997[3]**
Residential Units Isla del Cielo Barcelona	May-14	2003	On going	19,324	167	14.7	36%	96.4	4,988
TOTAL PORTFOLIO				**63,170**	**671**	**12.0**	**49%**	**232.9**	**3,606[3]**

(1) See terms in Glosary

(2) Additionally, the buildings have 1,083 sqm of commercial area

(3) €/sqm excluding the commercial area and parkings linked to the commercial area

D | ALTERNATIVE MAGNITUDES INDICATORS AND RECONCILIATION WITH IFRS

Reconciliation Consolidated Financial Statement IFRS - Analytical results Annual Report

('000€)	Hotels	Offices	Residential	Total Investment Properties	Corporate results	Total
Income from leases and services rendered	129,652	21,765	5,158	156,575	-	156,575
Revenues (A)	**129,652**	**21,765**	**5,158**	**156,575**	**-**	**156,575**
Other operating income	953	1,219	277	2,450	-	2,450
Operating costs	(23,057)	(3,941)	(2,809)	(29,808)	-	(29,808)
NOI (B)	**107,548**	**19,043**	**2,626**	**129,217**	**-**	**129,217**
Operating costs	-	-	-	-	(26,568)	(26,568)
EBITDA (C)	**107,548**	**19,043**	**2,626**	**129,217**	**(26,568)**	**102,649**
Finance costs	(12,568)	(5,763)	(2,180)	(20,511)	(583)	(21,094)
Finance income	3,792	-	-	3,792	181	3,973
Exchange differences	-	-	-	-	2	2
Impairment of financial instruments	-	-	-	-	(47)	(47)
Change in fair value in financial instruments	-	-	-	-	242	242
Financial Results (D)	**(8,776)**	**(5,763)**	**(2,180)**	**(16,719)**	**(205)**	**(16,924)**
EBTDA ((E) = (C)+(D))	**98,772**	**13,280**	**446**	**112,498**	**(26,773)**	**85,725**
Net gain/(loss) on sales of assets, depreciation and amortisation charge	(336)	-	2,849	2,513	(42)	2,471
Negative Goodwill	120	-	-	120	-	120
Incentive Fee Provision	-	-	-	-	(95,000)	(95,000)
Liquidation Barcelo Operation	(47,154)	-	-	(47,154)	-	(47,154)
Revaluation of investment property	235,144	55,962	19,075	310,181	-	310,181
EBT (F)	**286,546**	**69,242**	**22,370**	**378,158**	**(121,815)**	**256,343**
Income tax	-	-	-	-	(7,480)	(7,480)
Net consolidated profit	**286,546**	**69,242**	**22,370**	**378,158**	**(129,295)**	**248,863**
Net profit attributed to non-controlling interests	-	-	-	-	(26,034)	(26,034)
Net profit attributed to the Parent Company - Consolidated Financial Statement IFRS	**286,546**	**69,242**	**22,370**	**378,158**	**(155,329)**	**222,829**

D | ALTERNATIVE MAGNITUDES INDICATORS AND RECONCILIATION WITH IFRS

Breakdown of investment properties revaluation

('000€)	HOTELS	OFFICES	RESIDENTIAL	TOTAL
investment properties revaluation - Annual Report	**245,816**	**57,205**	**19,075**	**322,096**
Impact on income statement (IFRS Consolidated Financial Statement)	**243,225**	**57,205**	**19,075**	**319,505**
Included on "Revaluation of investment property"	235,144	55,962	19,075	310,181
Included on "Rental Income"	8,081	1,243	-	9,324
Impact on Equity (IFRS Consolidated Financial Statement)	**2,591**	**-**	**-**	**2,591**
Included on "Revaluation reserves"[1]	2,591	-	-	2,591

(1) Tax impact excluded

Reconciliation Portoflio valuation (IFRS Consolidated Financial Statements) - GAV valuation report

('000€)	**2017**
Investment property	2,356,700
Tangible assets	65,220
Other current financial assets	259
Non-current assets held for sale	37,500
Portoflio valuation - IFRS Consolidated Financial Statements	**2,459,679**
Lease straight-lining effect	15,311
GAV valuation report	**2,474,990**

D | ALTERNATIVE MAGNITUDES INDICATORS AND RECONCILIATION WITH IFRS

Reconciliation Equity IFRS Consolidated Financial Statement - Net Asset Value used on EPRA NAV calculation

('000€)	**2017**
Share capital	109,170
Share premium	966,638
Shareholder contributions	540
Treasury shares	(2,377)
Reserves	151,177
Reserves in consolidated companies	213,101
Revaluation	7,502
Profit for the period	222,829
Interim dividend	-
Valuation adjustments	(6,439)
Non-controlling interests	7
Equity Consolidated Financial Statement IFRS	**1,662,149**
(-) Non-controlling interests	(7)
Net Asset Value Consolidated Financial Statements	**1,662,142**

D | ALTERNATIVE MAGNITUDES INDICATORS AND RECONCILIATION WITH IFRS

Alternative magnitudes indicators and reconciliation with IFRST[1]

Concept	Description
Adjusted FFO	*It is calculated by reducing maintenance capex to Funds from operations (FFO)*
Capex (Capital Expenditure)	*CAPEX are funds used by the Group to upgrade current investment properties.*
EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)	*EBITDA helps the Group and its investors evaluate the ongoing operating performance of its properties and facilitate comparisons with other REITs and real estate companies. This measure is calculated by deducting management company fees and others S.G. & A. expenses from NOI.*
EBTDA (Earnings before taxes, depreciation, and amortization)	*This measure is calculated by deducting finacial result from EBITDA.*
EPRA Passing NOI	*The annualised cash rental NOI being received as at a certain date, excluding the net effects of straight-lining for lease incentives. NOI from assets under under refurbishment are excluded.*
EPRA Passing Rents	*The annualised cash rental income being received as at a certain date, excluding the net effects of straight-lining for lease incentives. Rents form assets under refurbishment are excluded.*
FFO (Funds from operations)	*Funds from operations (FFO) refers to the figure used by real estate investment trusts (REITs) to define the cash flow from their operations. It is calculated by reducing finacial result to EBITDA.*
Financial Debt	*It is the main tool for measuring a Group´s indebtedness. It is calculated as the sum of the financial debts held with credit institutions and other financial creditors.*
NOI (Net Operating Income)	*Calculation used to analyze real estate investments that generate income. Net operating income equals all revenue form the property minus all reasonably necessary operating expenses.*
Non-Manageable S.G.& A.	*SG&A expenses not directly assignable to investment properties which, by their nature, are difficult to manage by the Group's Management. The most relevant examples are the tax on economic activities and non-deductible VAT associated with residential activity.*
Non-Recurring S.G.& A.	*SG&A expenses not directly assignable to investment properties, which are not generated on a recurring basis. The main expenses included in this heading are those related to the closing of corporate operations, share deals and costs related to failed deals.*
Recurring Adjusted FFO	*It is considered an indication of the recurring cash flows generated by the Group's ordinary activity. It is calculated by non recurring SG&A to Adjusted Funds from operations (FFO)*
Recurring S.G.& A.	*SG&A expenses that, although not directly assignable to the assets, are necessary and recurrent for the ordinary management of the Group.*

(1) On October 5, 2015 the European Securities Markets Authority (ESMA) issued guidelines governing the submission of alternative performance measures (APM) mandatory regulated for the information published from July 3, 2016 for listed companies. Some of the indicators presented in this table are reconciled with the indicators calculated with the consolidated financial statements IFRS adopted by the European Union in Annex I of this Annual Report.

E | GLOSSARY
Description of the main metrics

Concept	Description
ADR (Average daily rate)	ADR is a metric widely used in the hospitality industry to indicate the average realized room rental per day, used to measure the operating performance of a lodging hotel. ADR can be measured against a hotel´s historical performance. It can algo be used as a measure of relative performance, since the metric can be compared to other hotels that have similar characteristics such as size, clientele and location. The formula is room revenue divided by rooms sold.
Alúa Portfolio	Portfolio comprised of 7 hotels (1,701 keys) located in the Balearic and the Canary Islands on which a purchase option has been signed for an eventual acquisition. This option is expected to be exercised at the end of February 2018. Alua Hotels & Resorts will remain as the operator of the hotels through a lease agreement with a fixed component and a variable component in line with the rest of the hotels of Hispania.
Aurelio Menendez Building	Building full refurbishment works finished in Q4 2017. Tenant will ocupy 100% of the leased space in 1T 2018. Previously known as Principe de Vergara Auditorio Building. Rent nos disclosed due to confidentiality clauses in the rental contract
Dunas Portfolio	Portfolio comprised of 4 hotels located in Gran Canaria, acquired in December 2016
Ebitda	Operating Earnings before any effect of the net revaluations, amortizations, provisions, interest and taxes
EPRA Earnings	IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, impairments and gains/losses on investing property disposals, and acquisition costs on share deals.
EPRA Adjusted Earnings	EPRA Earning excluding Incentive Fees and the impacts of the liquidation of the Barcelo operation
EPRA Cost Ratio	Administrative & operating costs (including & excluding costs of direct vacancy), excluding Incentive Fee, divided by gross rental income.
EPRA NAV	Net Asset Value under IFRS, adjusted to exclude certain items, such us financial instruments revaluation and deferred taxation on property and derivative valuations, not expected to crystalise in a long-term investment property business model.
EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property, increased with (estimated) purchasers' costs.
EPRA "Topped-up" NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.
GAT	Gestión de Activos Turísticos. Hotel operator operating the hotels under management and the hotels Guadalmina, San Miguel and Cartago under fixed and variable contract.
GAV	Gross Asset Value, CBRE appraisal as of 31.12.2017
GLA	Gross Leasable Area. In offices it includes 1.882 sqm of commercial area (728 sqm in Glories-Diagonal, 559sqm in P.Vergara 108 and 596sqm in P.V. Auditorio) and in Residential 1.083 sqm of commercial area.
Holiday Inn Bernabeu	Hispania does not own 100% of the hotel's rooms, but is currently negotiating the acquisition of the remaining rooms
Hotels under Management	Hotels under management. Includes Holiday Inn Bernabeu, Guadalmina, Maza, and the three hotels of the San Miguel Cove (Hotel Cartago, Hotel Galeón, Hotel Club San Miguel). On 30/03/17 Hispania signed an agreement with GAT to operate the hotels Guadalmina, Cartago and Club San Miguel through a fixed and variable lease contract. From Q2 2017 the rent of these hotels will fall into F&V rent.
Hotels under refurbishment	Hotels under management, hotels Portinatx and Selomar and Las Agujas, La Mareta and Las Mirandas plot are considered "Hotels under refurbishment " for the purposes of EPRA Net Initial Yield (NIY) & Topped-up Net Initial Yield.
Hotels with Fixed Rent	Hotels with fixed rent. Includes NH SS Reyes, NH Madrid Sur, NH Málaga, Hesperia Ramblas, Vincci Malaga, Melia Jardines del Teide and Sandos San Blas

E | GLOSSARY

Concept	Description
Hotels with Fixed and Variable Rent	Hotels with variable rent and fixed component. Includes 19 Barcelo hotels, 2 shopping malls, Tobago Hotel, 4 Dunas hotels, Gran Bahía Hotel, Suites Atlantis Hotel, Selomar Hotel, a plot next to the Bahia Real Hotel and La Mareta and Las Mirandas plots. Since 2Q 2017, Guadalmina Golf, Club San Miguel and Cartago hotels fall in F&V hotels.
Initial Base Case	Initial Base Case for Atlantis, Barceló, Dunas, Fergus and GAT which is attached to the lease agreement and by which the fixed rent and the excess to the variable rent is calculated
Offices with refurbishment completed	Includes the following buildings Arcis, Av Burgos 8, Av. Bruselas, C. Azcarraga, 3, C. Azcarraga, 5, Cristalia, Málaga, Mízar, Murano, Orense 81, Pechuán, Pl. les Glòries, Rafael Morales, Torre 30, On Building, Altamar, P. Vergara 108, Av. Diagonal, Gran Via, Ramirez Arellano, Aurelio Menendez, America, Cristal, Foster Wheeler
Offices without the need of refurbishment	Includes Talos building
Offices under development	Consisting exclusively of a plot of land located in Madrid, acquired in 4Q 2016.
Offices under refurbishment	Aurelio Menendez building and Helios plot are considered "Offices under refurbishment" for the purposes of EPRA Net Initial Yield (NIY) & Topped-up Net Initial Yield, y del EPRA Vacancy Rate ratios.
Residential Buildings under refurbishment	All residential buildings are excluded for the purposes of EPRA Net Initial Yield (NIY) & Topped-up Net Initial Yield ratios, due to the progressive refurbishment and divestment of the dwellings no yet reformed as of 31.12.2017
Total Investment	Investment including acquisition prices, transaction costs and implemented capital expenditure as of 31.12.2017
Torre 30 Building	Previously known as NCR Building. Tenant occupied 100% of the GLA in October 2016, when the full refurbishment works finished.
Number of Units	Units in residential are dwellings, and in hotels equals keys. Hispania does not own 100% of the Holiday Inn Hotel although it manages the full asset.
LTV Gross	Loan to value, financial debt/GAV
LTV Net	Loan to value, net financial debt/GAV
Monthly rent (€/sqm)	OFFICES: Rent of the office and commercial leased area without expenses as of 31.12.2017 RESIDENTIAL: Total Rent of the leased area (including expenses) as of 31.12.2017
Occupancy Level	Occupancy as of 31.12.2017 of the office space (including commercial area), and in residential excluding commercial area (commercial area within residential is fully leased)
RevPar (Revenue per available room)	Revenue per available room (RevPAR) is a performance metric used in the hotel industry and is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. It may also be calculated by dividing a hotel's total room revenue by the total number of available rooms in the period being measured. RevPAR is used in the hotel industry to make an assessment regarding a hotel's operations and its ability to fill its available rooms at an average rate. Increasing a property's RevPAR means that its average room rate or its occupancy rate are increasing.
Total ADR	ADR using, not only the room rental, but the total sales of the hotel establishment, divided by the number of rooms sold.
Total RevPar	RevPar using, not only the room rental, but the total sales of the hotel establishment, divided by the number of available rooms.
WALT - Periodo Medio de Arrendamiento	Weighted average lease term from 31.12.2017until first break option and total contract length taking into account the leased area (in hotels including potential extensions and excluding the commercial premisses of Hesperia Ramblas)

2017

ANNUAL
REPORT

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3

ANNUAL

HISPANIA
Activos Inmobiliarios

Hispania Activos Inmobiliarios SOCIMI S.A. | C/ Serrano 30, 2º izquierda | 28001 Madrid

Production and coordination: ***Deva***
Design: ***Una Pareja como la Nuestra***
Photography: ***Hispania library photos***